

# Annual Report 2021



S A Z G A R

Engineering Works Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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## Vision

Dynamic, Quality Conscious and Ever Progressive

## Mission

- To be market leader in providing safe, economical, durable, comfortable and environment friendly means of transportation of international quality at competitive prices
- To achieve market leadership in automotive wheel - rims of all types and sizes
- Grow through innovation of new products and
- Give higher return to the stakeholders.

## Corporate Strategy

Achieve optimal performance in production and sale; continuously add value added products at competitive prices by maintaining "quality" as core element; focus on customers' satisfaction regarding sale, spares and service; explore new markets and enhance customers base; ensure right usage of company's resources; create employment opportunities; protect the interest of stakeholders; and be a part of the country's development.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mrs. Saira Asad Hameed  
Chairperson/Non-Executive Director

Mr. Mian Asad Hameed  
Chief Executive

Mr. Saeed Iqbal Khan  
Executive Director

Mr. Mian Muhammad Ali Hameed  
Executive Director

Mrs. Sana Suleyman  
Non-Executive Director

Mr. Humza Amjad Wazir  
Non-Executive Director

Mr. Umair Ejaz  
Independent Director

Mr. Sardar Ejaz Ishaq Khan  
Independent Director

Mr. Taha Mahmood  
Independent Director

### COMPANY SECRETARY

Mr. Arshad Mahmood - FCA

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Atif Rao

### REGISTERED OFFICE

88 - Ali Town, Thokar Niaz Baig,  
Raiwind Road, Lahore, Pakistan.  
[www.sazgarautos.com](http://www.sazgarautos.com)

### SHARE REGISTRAR

Corp Tec Associates (Pvt.) Limited  
503-E, Johar Town, Lahore.  
Ph# 042-35170336-37  
Fax# 042-35170338

### FACTORY

18-KM Raiwind Road, Lahore, Pakistan.

### AUDIT COMMITTEE

Mr. Umair Ejaz  
Chairman

Mr. Taha Mahmood  
Member

Mrs. Sana Suleyman  
Member

Mr. Arshad Mahmood  
Secretary

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Taha Mahmood  
Chairman

Mr. Mian Asad Hameed  
Member

Mr. Humza Amjad Wazir  
Member

Mr. Umair Ejaz  
Member

Mr. Arshad Mahmood  
Secretary

### NOMINATION COMMITTEE

Mr. Mian Asad Hameed  
Chairman

Mr. Humza Amjad Wazir  
Member

Mr. Saeed Iqbal Khan  
Member

Mr. Arshad Mahmood  
Secretary

### RISK MANAGEMENT COMMITTEE

Mr. Umair Ejaz  
Chairman

Mr. Taha Mahmood  
Member

Mr. Mian Muhammad Ali Hameed  
Member

Mr. Arshad Mahmood  
Secretary

### AUDITORS

H.Y.K & Co.  
Chartered Accountants

### BANKERS

Allied Bank Limited  
National Bank of Pakistan  
Bank Alfalah Limited  
Habib Bank Limited  
Meezan Bank Limited  
United Bank Limited- Ameen  
Bank Al - Habib Limited  
MCB Islamic Bank Limited  
Bank Islami Pakistan Limited  
Faysal Bank Limited  
Habib Metropolitan Bank



## CHAIRPERSON'S REVIEW REPORT

This review report has been prepared in compliance with Section 192(4) of the Companies Act, 2017 on the overall performance of the Board of Directors ("the Board") of **Sazgar Engineering Works Limited** ("the Company") and effectiveness of the role played by the Board in achieving the Company's objectives.

The Board performance has been evaluated in accordance with the mechanism set by the Board for this purpose and overall results are satisfactory.

The automobile sector has shown a growth of 41% despite of the sluggish economic activities, constant fluctuation in value of Pak Rupee against foreign currencies and adverse effects of different waves of COVID-19 pandemic. This is encouraging for the new entrants and existing automobile manufacturers.

During the year, the Company has recorded highest ever sales revenue of Rs. 4.03 Billion. The Company has also started trial operation of four wheelers under brand name "**BAIC**" during the year and commercial operation subsequent to the period under review. It is also imperative to mention that the Company has signed a vehicle assembly and technical cooperation agreement with a renowned Chinese Company, M/S Great Wall Motors Company Limited (GWM) for the manufacturing of passenger and commercial vehicles under brand "**HAVAL**" which is well known in Global Market.

The Board has been constituted with a balance of executive, non-executive and independent directors with requisite skills, competencies, knowledge, experience and gender diversity with reference to the Company's operations.

The Board exercised all its powers in deciding the significant matters; Four (4) Board meetings were held during the year in timely manner and sufficient time was spent by the Board to decide the matters. The directors actively participated in the process of decision making and provided their valuable contribution. Board committees have functioned in accordance with their terms of reference diligently.

The Board ensures that the vision, mission and overall corporate strategy of the Company has been prepared and adopted and adequate resources are arranged to achieve the desired business targets.

The Board continuously monitors the performance of management as well as appropriateness of the financial accounting and reporting frame work of the Company. The Board ensures that periodical and annual financial statements are prepared, reviewed and audited by the external auditors in timely manner.

The Board ensures that the company is in compliance of its statutory obligations and good corporate governance practices, system of risk identification, risk management and related internal controls is sound in design and is implemented effectively with continuous monitoring. The Company is committed in discharging its Corporate Social Responsibility. Research and development work is continuously carried on for the innovation of new products and or to make the production and existing products more efficient to maintain or expand its market share.

I would like to place on record my appreciation for the untiring efforts, teamwork and dedication shown by the Company's employees during the year under review.

I would also like to express my gratitude to the valued shareholders, customers, suppliers and financial institutions for their continued support to the Company.

September 24, 2021



**Mrs. Saira Asad Hameed**  
(Chairperson)

## DIRECTORS' REPORT

The directors of your company are pleased to present the 30<sup>th</sup> Annual Report along with the audited financial statements of the Company for the year ended 30<sup>th</sup> June 2021:

### PRINCIPAL ACTIVITIES:

The Company is principally engaged in the manufacturing and sale of Three Wheelers including Auto Rickshaws, Tractor Wheel Rims and Home Appliances during the financial year 2020-21.

The Company also commenced trial operation of passenger cars and off-road vehicles during last quarter of current financial year under brand "BAIC". The commercial production of off-road vehicle has started during the period subsequent to the year under review.

During the year, the Company has signed a vehicle assembly and technical cooperation agreement with a renowned Chinese Company, M/S Great Wall Motors Company Limited (GWM) for the manufacturing of passenger and commercial vehicles under brand "HAVAL" which is well known in Global Market. Ministry of Industries and Production Government of Pakistan has awarded us Greenfield Status by adding GWM as second principal of our Company.

The vehicles imported in CBU form, under "HAVAL" brand, have been introduced for test marketing subsequent to the period under review. The response from the market is encouraging so far.

### BUSINESS OVERVIEW:

Auto sector has performed well during the year and shown an overall growth of 41% despite of the sluggish economic activities, constant fluctuation in Pak Rupee value against foreign currencies and adverse effects of different waves of COVID-19 pandemic. The new entrants are also contributing significantly in the revival of automobile sector by offering new categories of vehicles. The recovery of this sector is playing a pivotal role in the development of economy and creation of new employment opportunities in the country.

Government's relief package and provision of financial support to the industrial sector by State Bank of Pakistan, has further strengthened the revival of economic activities in the country.

During the current financial year, the growth in production and sale was recorded in respect of cars as 60.93% and 56.74%, tractors 55.64% and 55.59%, two/three wheelers 38.82% and 38.97% respectively. (Source: Pakistan Automotive Manufacturers Association)

During the financial year, the Company has faced lot of challenges specifically the sudden shortage and rise in prices of sheet metal in local as well as in international markets which adversely affected the supply chain of sheet metal parts and substantially surged the input cost of production of company's products.

The Company has to increase the prices of its products to some extent to pass on the effect of rise in material costs to the consumers.

Despite of increased prices of products, the Company has shown a rise in production and sale of three wheelers as 29.00% & 27.63% and for tractor wheel rims as 41.63% & 42.10% respectively compared to the corresponding period of last year.

### FINANCIAL PERFORMANCE OF THE COMPANY:

Summary of financial results is given below:

### FINANCIAL RESULTS:

	2021 (Rupees)	2020 (Rupees)
Net Sales	4,033,601,008	2,891,754,502
Gross Profit	366,723,669	293,014,141
Operating Profit	125,665,610	104,835,195
Profit before Tax	104,480,003	40,773,628
Profit after Tax	75,795,332	27,633,547
Earnings Per Share	1.63	Restated 0.70

## APPROPRIATIONS:

### Bonus Shares and Cash Dividend:

The Board of Directors, at their meeting held on September 24, 2021 has recommended issuance of 30% (2020:30%) bonus shares i.e. 30 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 30<sup>th</sup> Annual General Meeting of the Company.

However, no Cash Dividend has been recommended keeping in view the requirements of funds for the manufacturing/assembly of four wheeler vehicles.

The detail of appropriation is given below:

	2021 (Rupees)	2020 (Rupees)
Profit after taxation	75,795,322	27,633,547
Other comprehensive income/(loss) for the year	(4,902,659)	(2,787,874)
Un appropriated Profit brought forward	746,583,970	829,038,827
Profit available for appropriation	817,476,633	853,884,500
<b>Appropriations:</b>		
Reserve for issuance of Bonus shares @ 30% (2020: 30%)	139,490,690	107,300,530
Un appropriated profit carried forward	677,985,943	746,583,970

### Sales Revenue:

The overall net sales revenue of the Company has increased by 39.49% from Rupees 2,891.75 million to Rupees 4,033.60 million, highest ever sales revenue during the period under review.

**Segment wise:** The net sale of Three Wheelers has increased from Rupees 2,404.97 million to Rupees 3,286.43 million reflecting an increase of 36.65%. The net sale of automotive parts has inclined by 51.52 % from Rupees 476.00 million to Rupees 721.23 million. The net sales of home appliances has decreased from Rupees 4.41 million to Rupees 3.66 million. The net sales of four wheelers has increased from Rupees 6.38 million to Rupees 22.28 million compared with the corresponding period of last year.

The sale of Three Wheelers also includes an export sale of Auto Rickshaw of Rupees 66.24 million showing an increase of 119.05% as compared to the last financial year export of Rupees 30.24 million. During the year, Company exported Auto Rickshaws to Afghanistan, Ethiopia, Kenya, Senegal, Tanzania and Japan.

The automobile sector is on revival path and its performance is encouraging for the existing as well as new entrants of automobile manufacturing.

The Company sold 15,665 units of Three Wheelers as compared to 12,274 units sold in the last financial year.

During the period, the production of tractors has increased by 55.64% (source: Pakistan Automotive Manufacturers Association), therefore, demand of tractor wheel rims from the tractor assemblers has surged during the year as compared to the previous financial year.

The sale of home appliances has decreased due to their lower demand in the market.

### Gross Profit:

Company's gross profit has increased from Rupees 293.01 million to Rupees 366.72 million showing an increase of Rupees 73.71 million compared with the corresponding period of last year, whereas, the gross profit ratio has declined from 10.13% to 9.09%.

During the year, the input cost has increased substantially due to the exorbitant rise in prices of iron sheet in the local as well as in international markets. Further escalation in input costs has occurred on account of sea freight rates. However, the Company has to pass on the effect of increase in input cost to some extent to the customers in order to minimize the adverse effect of cost escalation.

### Finance Cost:

Finance cost has decreased from Rs 64.06 million to Rs. 21.19 million showing a decline of Rs. 42.88 million compared with the corresponding period of last year. The decrease is mainly due to the lower usage of banking facilities and a reduction in profit rates on loans by State Bank of Pakistan to support the industrial sector.



### Profit Before Taxation:

Company's profit before taxation has increased from Rupees 40.77 million to Rupees 104.48 million showing a surge of Rupees 63.71 million compared with the corresponding period of last year.

### Earnings Per Share:

The Earnings per share of the Company has increased from Rs. 0.70 (restated) to Rs. 1.63 as compared to corresponding period of last year showing an increase in profits available for distribution to the shareholders.

### Production:

During the year, the company produced 15,806 units of Three Wheelers reflecting an increase of 29% compared with 12,253 units produced during the corresponding period of last year. The plant capacity utilization during the year was 79.03%.

Whereas the production of tractor wheel rim was 97,066 compared with 68,533 during the same corresponding period of last year showing an increase of 41.63%.

### RISKS AND UNCERTAINTIES:

#### Risks:

The company is exposed to a large number of internal and external risks. Risk is the chance of happening of an event that can prevent the company from achieving its objectives.

All Risks cannot be eliminated, these can be managed, mitigated and transferred to third party.

The board of directors has overall responsibility to establish and oversee the Company's Risk Management framework.

The board has established Risk Management Policies for the governance of risks and determination of company's level of risk tolerance. The board reviews annually to ensure that the management has maintained a sound system of risk identification, risk management and related internal controls to safeguard the assets, resources, reputation and interest of the company and shareholders. The system is subject to continuous

monitoring for its further improvement.

The policies on Risk Management and Internal Control containing complete detail of framework have been placed on Company's website.

The following are some of principal risks being faced by the company:

#### Market Penetration of new products:

The Company has introduced passenger cars and off-road vehicles in the market subsequent to the period under review under the brands "BAIC" and "HAVAL". This is a new segment of market for the Company and it has to face various challenges for penetration in the market.

The Company has established a solid dealership network throughout the country for the marketing, sale and after sale service of its products and this network will continuously expand in accordance with the availability of products either through own production or import of CBU. The Company is receiving inquiries on daily basis from the prospective buyers of the passenger cars and off-road vehicles and interested parties for the dealership.

The Company is also using social media for the promotion of these vehicles which has been proved to be an effective platform for the general customers.

A marketing plan has been finalized and is being implemented gradually which will help and make easy to penetrate in the market.

#### Branding of Passenger Cars and Off- Road Vehicles:

The brands "BAIC" and "HAVAL" are well known in the International Market. However, the brands are new for the Pakistani markets.

The Company has started its brand awareness campaign on social media which is effective. Alongside, the company has also imported some units of these vehicles which are being tested on local Roads and weather conditions. The results so far are encouraging. Therefore, the Company is optimistic about the quality of the vehicles and hopefully these vehicles will make their place in the market easily within a short span of time.

**Availability and Prices of Raw Material:**

The production of tractor wheel rims and sheet metal components of Three Wheelers is dependent on the availability of steel, any hurdle in availability and volatility of its prices may adversely affect the production, input cost and supply of tractor wheel rims and sheet metal components of three wheelers.

Further any failure or hurdle in supply of critical parts of three wheelers, which are procured from single source, may disturb the production of these products. To avoid such kind of situation, company carries higher level of stocks of those parts and continuously monitor the supply chain and keeps close contact with the supplier to solve any issue at an early stage.

**Currency Devaluation:**

Pak Rupee is not stable against foreign currencies. Material devaluation of Pak Rupee, if any, may deteriorate the profitability of the Company and adversely affect the sales volume. The company has a planning of availing the hedging and forward cover booking of foreign currency facility upon its availability (if it is feasible).

**Economic, Political and Law & Order conditions:**

Overall stable economic, political, law & order conditions in the country have a significant influence on the company's success. Any instability may have adverse effects on the Company's revenue and profitability.

**General Market Conditions:**

The product range of the company is very successful and contributes to it in advantageous position compared with the competitors. Any aggressive pricing policy, introduction of new products and aggressive change in after sales policy by competitors may result in lower revenue, lower profitability or lower market share of the company.

The company carries out continuous monitoring of competitors in order to recognize these risks at an early stage. Depending on the situation, product-specific and possible regionally different measures are taken to support the weaker markets.

**Regulatory and Taxation Policy:**

The automotive industry is subject to various governmental regulations. Any adverse and sudden change in the Governments' taxation and regulatory policy may have considerable impact on the company's future business.

**Sudden break down of Plant & Equipment:**

Any sudden break down of manufacturing plant and equipment may lead to stoppage of production and can create a risk in achieving the desired business targets. In order to secure and enhance the long term future viability of production facilities, the equipment is continually maintained and modernized.

The natural disasters are out of control of the company. However, the company takes appropriate precautionary measures, as far as possible, and also arrange insurance policies.

**Financial Risks:**

The Company is also exposed to various financial risks which have been stated in note 40 to the audited financial statements.

**Warranty cases:**

Warranty cases could arise if the quality of the products does not meet the requirements and regulations are not complied with or support is not provided in the required form in connection with product problems and product care. Possible claims with such risks are examined and if necessary appropriate measures are taken for the affected products. The company works continuously to maintain the product quality at required level to supply the best possible products to the customers.

**Uncertainties:**

- Volatility in prices of raw materials.
- Government's new taxation and regulatory policies.
- Pak Rupee parity against foreign currencies.
- Law and order situation in the country.
- Supply of electricity to the industry.
- Political and economic stability.
- Inflation Rate.
- Borrowing cost.

## MATERIAL CHANGES:

No material changes or commitments affecting the financial position of the company have taken place between the end of the financial year and the date of the Report except as disclosed in the Directors' Report and financial statements.

## FUTURE OUTLOOK:

COVID-19 is adversely affecting the businesses and lives of people continuously. Although the people are being vaccinated on a fast track throughout the world but unfortunately it is still out of control.

The Company is following SOP's strictly and ensuring that all of its employees are vaccinated in order to build a healthier working environment. It would be a great challenge for the Company to work under the prevailing conditions and to achieve its business targets.

Under the circumstances, the Government's efforts to support the industrial sector as well as remedial measures taken for the control of this pandemic, are appreciable.

The revival mode of auto sector is encouraging and it is hoped that this growing momentum will also continue in future.

Pak Rupee is struggling for its stability against foreign currencies. Any further depreciation of Pak Rupee may have adverse effects on Company's profitability and sales volume.

## Four Wheeler Vehicles:

The Company has successfully commenced the commercial production of Jeep BJ-40L, Off-Road vehicle, in August, 2021 under brand "BAIC". The Company is gradually increasing its production keeping in view the supply chain of the CKD components which are to be imported from China. Presently the Supply Chain is completely disturbed and shipment time has increased substantially due to heavy backlog of pending shipments on account of COVID-19.

The Company expects an easy penetration of this product into the local market because of its sturdiness, elegant design and exclusive features.

Initially 3S dealership network has been established in some major cities of Pakistan for the provision of sales, after-sales service and spares of these BAIC vehicles.

The commencement of this business shall substantially contribute in increasing the sale and profitability of the Company in future.

In addition to above, the Company has also started import and sale of Completely Built Up Units (CBU) of passenger vehicles under brand "HAVAL" which shall also contribute substantially in increasing the Company's Sales and profitability during the year to come.

## Three Wheeler Vehicles:

The Company is looking for the consistency in the growing trend of Three Wheeler Vehicles in the next financial year. However, constant depreciation of Pak Rupee against foreign currencies may adversely affect the sales volume and profitability of the Company.

The Company is also expecting manufacturing and sale of EV Three Wheeler during the period to come but due to higher price and lack of charging station, the volume of these vehicles may be at lowest scale.

The Company will continue its policy of Research and Development to innovate new products as well as to improve the quality of existing products to remain ahead of the competition.

Looking forward, your Company expects a substantial revenue and profitability from this segment of business, **IN SHA ALLAH.**

## Automotive Parts:

The Government's support to agriculture sector has resulted in growth of this sector due to which the demand of agricultural inputs like tractors, has increased substantially. The tractor industry is performing well and it is hoped that this growing trend will continue in future period as well. The increase in production of tractors will also increase the demand of company's tractor wheel rims and make contribution in increasing the sales and profitability of the company.

### Exports:

Export of three wheeler has a great significance for Pakistan where earning of every Dollar is pivotal for the stability and progress of the country. The Company is focusing on the increase in export of Three Wheelers and is continuously receiving inquiries from different countries, out of which some are being culminated into orders. The Company expects a rise in export orders in the next year.

### BUSINESS EXPANSION:

#### Manufacturing of Vehicles under brand “BAIC”:

During the current financial year, the Company completed its project of four wheeler for the manufacturing /assembly of passenger cars and off-road vehicles in a technical collaboration with a renowned Chinese Automobile manufacturer, BAIC International Development Company Limited, under the brand “BAIC”.

The Company commenced trial production of passenger cars and off-road vehicles during last quarter of current financial. The commercial production of off-road vehicle has also started during the period subsequent to the year under review.

#### Manufacturing of Vehicles under brand “HAVAL”:

During the year, the Company has also signed a vehicle assembly and technical cooperation agreement with a renowned Chinese Company, M/S Great Wall Motors Company Limited (GWM) for the manufacturing of passenger and commercial vehicles under brand “HAVAL” which is well known in Global Market. Ministry of Industries and Production of Government of Pakistan has awarded Greenfield Status by adding GWM as second principal of our Company.

The Company Expects to commence commercial production of these vehicles upto June 30, 2022.

The principle risks associated with this business are given below:

- Any adverse change in regulatory policies.
- Product acceptability by the customers.
- Devaluation of Pak Rupee.
- Large number of competitors.

- Any adverse change in rate of bank borrowing.
- Higher inflation rate.
- Availability of energy and its rising cost.

### CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. During the year, the company carried out the following activities under CSR:

#### Health:

In order to protect the employees from the pandemic COVID-19, the Company has formed SOP's and is taking all possible measures including wearing of masks, increased facilities for washing hands, provision of sanitizers, walk-through gate with chlorine spray and maintaining a social distance. The Company has also formed a committee of employees who are continuously ensuring the compliance of SOP's of the Company.

The Company is also helping its employees for their vaccination and to date majority of employees are vaccinated which has resulted in a healthier working environment.

Company made contribution of Rs. 358,500/- to various hospitals that provide free of cost medical facilities to the poor or deserving people of the society.

#### Education:

Company donated a sum of Rs. 250,000/- to the institutions which are not only looking after the poor children but are also providing them education free of cost.

#### Financial Assistance:

Company spent Rs. 510,000/- on the welfare of deceased's workers families to meet their household and children's education expenses.

#### Hajj Sponsorship:

Every year the Company sends its 2 or 3 employees for

performing Hajj which gives them spiritual satisfaction. Unfortunately, this year the Company could not send any employee to perform Hajj due to COVID-19.

#### Employment of Disabled persons:

Company creates employment opportunities for disabled persons to make them respectable and self sufficient in the society. Presently company has employed 27 disabled persons.

#### Clean Drinking Water:

Clean water is important for the health of workers. Company provides its workers clean filtered drinking water to keep them healthy and safe from different diseases.

#### Workforce Training:

Workforce development is very significant for the progress of industrial sector. The Company is committed for human resource development for the automotive sector. The new appointees are trained before they are sent to production line. Measures are also taken to improve their skills and performance.

#### Safety:

The Company takes different safety measures to safe guard its man force and working environment. Company provides safety goggles, gloves, safety shoes, welding shields, etc, to its workers. Work places are cleaned properly to avoid slips and fall. Hazardous materials are stored in designated area. The Company also takes measures to avoid the occurrence of accidents. First aid facility, fire extinguishers, dedicated Company owned Ambulance Service has been made available for the emergency situation.

#### Environment Protection:

The Company takes care of its environment in which it operates. In this regard, plantation is also done from time to time to minimize the adverse effects of climate change.

Wastages and scraps are properly managed and disposed off. Company's production scrap is also used as input material for making new components and in this way does not pollute the environment.

#### Contribution To National Exchequer:

Being a responsible citizen, the company has made a contribution of Rs. 981.38 Million to National Exchequer during the year in form of income tax, sales tax, custom duties and excise as compared to 667.84 million of last financial year reflecting an increase of 46.95%.

#### IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

Considering the applicable IFRS and going concern assumptions used for the preparation of these financial statements, the Company has assessed the accounting implications of this pandemic on these financial statements and determines that there has been no specifically quantifiable material impact of COVID-19 on the Company's financial statements for the year ended June 30, 2021.

#### DIRECTORS' REMUNERATION POLICY:

The Policy has been designed to enable the Company to attract, motivate and retain the executive and non-executive directors and to govern the Company successfully and to encourage the value addition.

The remuneration including benefits for the Executive Directors including Chief Executive is determined by the Board of Directors in accordance with the procedure laid down in the policy. However, no meeting attending fee is paid to Executive Directors.

No remuneration is paid to Non-Executive Directors except the meeting attending fee in accordance with the scale approved by the Board. The non-executive directors including independent directors who are residing outside Lahore are also paid travelling and accommodation expenses for attending the Board & Committees meetings.

No director participates in the proceedings of the meeting for determining his own remuneration.

#### BOARD OF DIRECTORS:

Presently, the Board of Directors of the Company consists of the following nine (9) directors who shall hold office up to March 19, 2023:



1. Mr. Mian Asad Hameed
2. Mrs. Saira Asad Hameed
3. Mr. Saeed Iqbal Khan
4. Mr. Mian Muhammad Ali Hameed
5. Mrs. Sana Suleyman
6. Mr. Humza Amjad Wazir
7. Mr. Sardar Ejaz Ishaq Khan
8. Mr. Umair Ejaz
9. Mr. Taha Mahmood

During the year, no casual vacancy was occurred.

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

The Board is committed to the principles of good corporate governance. The Board is pleased to confirm that the Company is in compliance with Corporate and Financial Reporting Framework of the Code of Corporate Governance as are applicable for the current year and states that:

- **Presentation of Financial Statements** The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity;
- **Books of Account** Proper books of account of the company have been maintained;
- **Accounting Policies** Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
- **Compliance with International Financial Reporting Standards (IFRS)** International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from (if any) has been adequately disclosed and explained;
- **Internal Control System** The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue in future for the improvement in controls;
- **Going Concern** There are no significant doubts upon the Company's ability to continue as a going concern;
- **Best Practices of Corporate Governance** There has

been no material departure from the best practices of corporate governance, as are applicable to the Company for the year ended June 30, 2021.

- **Financial Data of Last Years** Key operating and financial data of last six years is annexed as per annexure "A"

**Dividend** The Board of Directors, at their meeting held on September 24, 2021 has recommended issuance of 30% bonus shares i.e. 30 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 30<sup>th</sup> Annual General Meeting of the Company.

However, no Cash Dividend has been recommended keeping in view the requirements of funds for the manufacturing/assembly of four wheeler vehicles.

**Outstanding Statutory Dues** The outstanding statutory dues are given in notes to the financial statements.

**Significant Plans and Decisions:** To explore new business opportunities in automobile sector.

**Code of Business Conduct:** The Company has prepared a "Code of Business Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. It has also been placed on the company's website.

## Composition of Board:

The total number of directors are (9) nine as per the following:

- a. Male : (7) seven
- b. Female : (2) two

The composition of board is as follows:

- a. **Independent Directors:**  
Mr. Sardar Ejaz Ishaq Khan  
Mr. Umair Ejaz  
Mr. Taha Mahmood
- b. **Non-Executive Directors:**  
Mrs. Saira Asad Hameed  
Mrs. Sana Suleyman  
Mr. Humza Amjad Wazir
- c. **Executive Directors including Chief Executive:**  
Mr. Mian Asad Hameed  
Mr. Saeed Iqbal Khan  
Mr. Mian Muhammad Ali Hameed

**d. Female Directors:**

Mrs. Saira Asad Hameed  
Mrs. Sana Suleyman

**Committees of the Board:**

Name of Members	Board Audit Committee	HR&R Committee	Nomination Committee	Risk Management Committee
Mr. Umair Ejaz	**	*		**
Mr. Taha Mahmood	*	**		*
Mrs. Sana Suleyman	*			
Mr. Hamza Amjad Wazir		*	*	
Mr. Mian Asad Hameed		*	**	
Mr. Saeed Iqbal Khan			*	
Mr. Mian Muhammad Ali Hameed				*

\*\* Represents that the director is chairman of the respective committee

\* Represents that the director is member of the respective committee

**Attendance in Board and Committees' Meetings:** The number of board and committees' meetings held during the year and attendance by each director is given below:

Name of Directors	Board	Board Audit Committee	HR & R Committee	Nomination Committee	Risk Management Committee
<b>Total Meetings Held</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>
Mr. Mian Asad Hameed	4	-	1	1	-
Mrs. Saira Asad Hameed	4	-	-	-	-
Mr. Saeed Iqbal Khan	4	-	-	1	-
Mr. Mian Muhammad Ali Hameed	4	-	-	-	1
Mrs. Sana Suleyman	4	4	-	-	-
Mr. Humza Amjad Wazir	4	-	1	1	-
Mr. Sardar Ejaz Ishaq Khan	4	-	-	-	-
Mr. Umair Ejaz	4	4	1	-	1
Mr. Taha Mahmood	4	4	1	-	1

**Directors' Training Programs during the year:** The Company is in compliance of certification of Directors Training Programme. Out of nine, five directors have

acquired the Directors' Training Programme (DTP) from SECP approved Institutions whereas two directors fall under the exemption criteria of Listed Companies (Code of Corporate Governance) Regulations 2019 and also obtained exemption from SECP.

**Pattern of Shareholding:** The pattern of shareholding is annexed as per annexure "B".

**Trading in Company's Shares by** Directors, executives and their spouses and minor children during the year: Purchase, sale of Shares and change in beneficial ownership:

Name of Directors, Executives and Spouses	Bonus shares	Sale
Mr. Mian Asad Hameed	4,490,553	-
Mrs. Saira Asad Hameed	677,296	-
Mr. Saeed Iqbal Khan	480,418	-
Mr. Mian Muhammad Ali Hameed	1,245,882	-
Mrs. Sana Suleyman	7,104	-
Mr. Humza Amjad Wazir	329	-
Mr. Sardar Ejaz Ishaq Khan	255	-
Mr. Umair Ejaz	282	-
Mr. Taha Mahmood	256	-
Mr. Arshad Mahmood	7,426	-
Mrs. Naghmana Saeed	183,234	-
Mrs. Amina Humza Wazir	11,816	-
Mr. Muhammad Suleyman Khan	11,841	-

**PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS:**

The board has put in place a mechanism for the performance evaluation of its own, its committees and individual directors.

During the year, HR&R Committee has undertaken the evaluation process. The results were placed before the board for its consideration and necessary action.

**AUDITORS:**

The present auditors retire and being eligible offers themselves for reappointment. The Audit Committee and the Board of Directors have also recommended for their reappointment on the following remunerations:

	(Rupees)
a. Annual Audit	950,000
b. Half yearly review	180,000
c. Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	15,000

(Rupees)

- |   |        |
|---|--------|
| d. Certificate under CDC Regulation<br>and Report on Free-float of shares | 15,000 |
| e. Any other certificate  | 15,000 |

#### EMPLOYEES RELATIONS:

The management and employees relationship is very cordial and it is hoped that both will work with the same spirit to achieve the desired goals of the Company.

#### ACKNOWLEDGEMENT:

We would like to place on record our appreciation for the untiring efforts, teamwork and dedication shown by the Company's employees during the year under review.

We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their continued support to the Company.

Lahore:  
September 24, 2021

For and on behalf of the Board

  
Saeed Iqbal Khan  
(Director)

  
Mian Muhammad Ali Hameed  
(Director)



## ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹران 30 جون 2021 کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں کے ہمراہ کمپنی کی تیسویں (30) سالانہ رپورٹ بخوشی پیش کرتے ہیں۔

### بنیادی سرگرمیاں:

مالی سال 2020-21 کے دوران کمپنی بنیادی طور پر تھری ویلز بشمول آٹورکش، ٹریکٹر وبل رمز اور ہوم اپلائنسز کی پیداوار اور فروخت میں مصروف عمل رہی ہے۔

کمپنی نے براڈ "BAIC" کے تحت رواں مالی سال کی آخری سہ ماہی کے دوران مسافر کاروں اور آف روڈ گاڑیوں کا آزمائشی آپریشن بھی شروع کیا۔ آف روڈ گاڑیوں کی کمرشل پیداوار زیر جائزہ سال کے بعد مدت کے دوران شروع کی گئی ہے۔

سال کے دوران، کمپنی نے ایک معروف چینی کمپنی گریت وال موٹرز کمپنی لمیٹڈ (GWM) Great Wall Motors Company Limited جو کہ عالمی مارکیٹ میں مشہور ہے کے ساتھ "HAVAL" براڈ کے تحت مسافر بردار اور تجارتی گاڑیوں کو بنانے کے لئے گاڑیوں کی اسمبلی اور تکنیکی تعاون کے ایک معاہدہ پر دستخط کئے ہیں۔ حکومت پاکستان کی صنعت و پیداوار کی وزارت نے GWM کو ہماری کمپنی کے دوسرے پرنسپل کے طور پر شامل کر کے گرین فیلڈ کا درجہ دے دیا ہے۔

"HAVAL" براڈ کے تحت مکمل تیار شدہ CBU (Completely Built Up) فارم میں درآمد کی جانے والی گاڑیاں زیر جائزہ مدت کے بعد میسٹ مارکیٹنگ کے لئے متعارف کرائی گئی ہیں۔ مارکیٹ سے اب تک حوصلہ افزا جواب ملا ہے۔

### کاروبار کا مجموعی جائزہ:

آٹومبائلز کے سال کے دوران اچھی کارکردگی کا مظاہرہ کیا ہے۔ درست معاشی سرگرمیوں، غیر ملکی کرنسیوں کے مقابلہ میں پاکستان روپے کی قدر میں مسلسل اتار چڑھاؤ، اور وبا کی مرض COVID-19 کی مختلف لہروں کے منفی اثرات کے باوجود مجموعی طور پر 41 فی صد اضافہ ظاہر کیا ہے۔ آٹومبائلز میں نئی آنے والی کمپنیاں نئی ٹیکنالوجی کی گاڑیاں پیش کر کے اسکی بحالی میں بھی نمایاں کردار ادا کر رہی ہیں۔ اس شعبے کی بحالی معیشت کی ترقی اور ملک میں روزگار کے نئے مواقع پیدا کرنے میں اہم کردار ادا کر رہی ہے۔

حکومت کے امدادی پیکج اور اسٹیٹ بینک آف پاکستان کی طرف سے صنعتی شعبے کو مالی مدد فراہم کرنے سے ملک میں معاشی سرگرمیوں کی بحالی کو مزید تقویت ملی ہے۔

رواں مالی سال کے دوران، کاروں کی پیداوار اور فروخت میں اضافہ کی شرح 60.93 فی صد اور 56.74 فی صد، ٹریکٹر 55.64 فی صد اور 55.59 فی صد، دو اور تین (2&3) ویلز 38.82 فی صد اور 38.97 فی صد بالترتیب رہی۔ (ذرائع: پاکستان آٹوموبیل مینوفیکچررز ایسوسی ایشن)۔

مالی سال کے دوران، کمپنی کو بہت سے چیلنجز کا سامنا کرنا پڑا ہے خاص طور پر مقامی اور بین الاقوامی مارکیٹ میں شیٹ میٹل کی اچانک کمی اور قیمتوں میں اضافہ جس نے شیٹ میٹل آلات کی سپلائی چین کو بری طرح متاثر کیا۔ اور کمپنی مصنوعات کی پیداواری لاگت میں خاطر خواہ اضافہ ہوا۔

کمپنی نے خام مال کی لاگت میں اضافے کو کسی حد تک صارفین کو منتقل کرنے کے لئے اپنی مصنوعات کی قیمتوں میں اضافہ کیا ہے۔

مصنوعات کی قیمتوں میں اضافے کے باوجود، کمپنی نے پچھلے سال کے اسی عرصہ کے مقابلہ میں تھری ویلز کی پیداوار اور فروخت میں 29.00 فی صد اور 27.63 فی صد اور ٹریکٹر وبل رمز میں 41.63 فی صد اور 42.10 فی صد بالترتیب اضافہ ظاہر کیا ہے۔



## کمپنی کی مالیاتی کارکردگی:

مالیاتی نتائج کا خلاصہ ذیل میں دیا گیا ہے۔

## مالیاتی نتائج:

2020	2021	
(روپے)	(روپے)	
2,891,754,502	4,033,601,008	خالص فروخت
293,014,141	366,723,669	مجموعی منافع
104,835,195	125,665,610	آپریٹنگ منافع
40,773,628	104,480,003	منافع قبل از ٹیکس
27,633,547	75,795,332	منافع بعد از ٹیکس
(ری اسٹیٹ)		نی حصص آمدنی
0.70	1.63	

## تخصیصات:

### بونس حصص اور نقد منافع منقسمہ:

یورڈ آف ڈائریکٹران نے 24 ستمبر 2021 کو اپنے منعقدہ اجلاس میں (30) فی صد بونس حصص کا اجراء تجویز کیا ہے یعنی ہر سو 100 عوامی حصص پر (30) عوامی حصص جو کہ کمپنی کے آئندہ تیسویں (30) سالہ اجلاس عام میں توثیق پر منحصر ہے۔  
تاہم فورویئرڈ گارنٹیاں بنانے / اسمبلی کے لئے فیڈرل ضروریات کو مد نظر رکھتے ہوئے کسی بھی نقد منافع منقسمہ کی سفارش نہیں کی گئی ہے۔  
تخصیصات کی تفصیل درج میں دی گئی ہے۔

2020	2021	
(روپے)	(روپے)	
27,633,547	75,795,322	منافع بعد از ٹیکس
(2,787,874)	(4,902,659)	کمپنی کی دوسری سالانہ آمدن / (تقصان)
829,038,827	746,583,970	گزشتہ فیئر مختص شدہ منافع (Brought Forward)
853,884,500	817,476,633	منافع جو مختص کرنے کے لئے دستیاب ہے
		تخصیصات:
107,300,530	139,490,690	30 فی صد بونس حصص کے اجراء کے لئے ذخیرہ (2020:30)
746,583,970	677,985,943	برآوردہ فیئر مختص شدہ منافع (Carried Forward)

## میلز آمدنی:

زیر جائزہ مدت کے دوران کمپنی کی مجموعی سالانہ میلز آمدنی 39.49 فی صد اضافہ کے ساتھ 2,891.75 ملین روپے سے بڑھ کر اس سال 4,033.60 ملین روپے ہو گئی ہے۔ جو کہ اب تک کی سب سے زیادہ مجموعی آمدنی ہے۔

## حصص وار میلز آمدنی:

اس سال تھری ویلرڈی مجموعی میلز آمدنی پچھلے سال کے مقابلہ میں 2,404.97 ملین روپے سے بڑھ کر 3,286.43 ملین روپے ہو گئی ہے جو کہ 36.65 فی صد بڑھوتری کو ظاہر کرتی ہے۔ آئو میو پارٹس کی مجموعی میلز پچھلے





سال کے مقابلہ میں 476.00 ملین روپے سے بڑھ کر 721.23 ملین روپے ہو گئی ہے جو کہ 51.52 فی صد بڑھوتری کو ظاہر کرتی ہے۔ ہوم اپلائنسز کی مجموعی سیلز آمدنی پچھلے سال کے مقابلہ میں 4.41 ملین روپے سے کم ہو کر 3.66 ملین روپے ہو گئی ہے۔ فورویلرز کی مجموعی سیلز آمدنی پچھلے سال کے مقابلہ میں 6.38 ملین روپے سے بڑھ کر 22.28 ملین روپے ہو گئی ہے۔

تھری ویلرز کی فروخت میں آٹورکشی 66.24 ملین روپے کی برآمدات بھی شامل ہیں جو کہ پچھلے مالی سال کی برآمدات 30.24 ملین روپے میں 119.05 فی صد اضافہ کو ظاہر کر رہی ہیں سال کے دوران، کمپنی نے افغانستان، ایتھوپیا، کینیا، سیریکال، سیرانیہ اور جاپان کو آٹورکشی برآمد کئے۔

آٹوموبائل سیکٹر بحالی کے راستے پر ہے اور اسکی کارکردگی موجودہ اور نئے آنے والی آٹوموبائل مینوفیکچرنگ کے لئے حوصلہ افزا ہے۔

کمپنی نے پچھلے مالی سال 12,274 عدد تھری ویلرز کے مقابلہ میں اس سال 15,665 عدد فروخت کئے۔

اس عرصہ کے دوران، ٹریکٹروں کی پیداوار میں 55.64 فی صد اضافہ ہوا (ذرائع: پاکستان آٹوموبیل مینوفیکچررز ایسوسی ایشن) لہذا اس سال کے دوران، پچھلے سال کے مقابلہ میں ٹریکٹروں بنانے والوں کی طرف سے ٹریکٹروں کی طلب میں اضافہ ہوا۔ مارکیٹ طلب میں نمایاں کمی کی وجہ سے ہوم اپلائنسز کی فروخت میں کمی ہوئی ہے۔

## مجموعی منافع:

کمپنی کا مجموعی منافع 73.71 ملین روپے کے اضافہ سے پچھلے سال کے مقابلہ میں 293.01 ملین روپے سے بڑھ کر 366.72 ملین روپے ہو گیا ہے جبکہ مجموعی منافع کا تناسب 10.13 فی صد سے کم ہو کر 9.09 فی صد ہو گیا ہے۔

سال کے دوران، مقامی اور بین الاقوامی منڈیوں میں آئرن شیٹ کی قیمتوں میں بے تحاشہ اضافہ کی وجہ سے پیداواری لاگت میں خاطر خواہ اضافہ ہوا ہے۔ بحری کرایہ میں اضافہ کی وجہ سے پیداواری لاگت مزید بڑھی ہے۔ تاہم کمپنی نے لاگت میں اضافے کے منفی اثرات کو کم کرنے کے لئے پیداواری لاگت میں اضافہ کسی حد تک صارفین کو منتقل کیا ہے۔

## قرضوں کی لاگت:

قرضوں کی لاگت پچھلے سال کے مقابلہ میں 42.88 ملین روپے کی کمی کے ساتھ 64.06 ملین روپے سے کم ہو کر 21.19 ملین روپے ہو گئی ہے۔ یہ کی بنیادی طور پر بینکنگ سہولیات کے کم استعمال اور صنعتی شعبے کی مدد کے لئے اسٹیٹ بینک آف پاکستان کی جانب سے قرضوں پر منافع کی شرح میں کمی کی وجہ سے ہے۔

## قبل از ٹیکس منافع:

کمپنی کا قبل از ٹیکس منافع 63.71 ملین روپے کے اضافہ سے پچھلے سال کے مقابلہ میں 40.77 ملین روپے سے بڑھ کر 104.48 ملین روپے ہو گیا ہے۔

## آمدنی فی حصص:

کمپنی کی فی حصص آمدنی پچھلے سال کے مقابلہ میں 0.70 روپے (ری اسٹینڈ) سے بڑھ کر 1.63 روپے ہو گئی ہے جو کہ حصص داران کے لئے دستیاب منافع میں نمایاں اضافہ کو ظاہر کرتی ہے۔

## پیداوار:

سال کے دوران، تھری ویلرز کی پیداوار کی تعداد 29 فی صد اضافہ کے ساتھ پچھلے سال کے مقابلہ میں 12,253 عدد سے بڑھ کر اس سال 15,806 عدد رہی۔ سال کے دوران 79.03 فی صد پلانٹ کی صلاحیت کو بروئے کار لایا گیا۔



جبکہ ٹریکٹر ویل رم کی پیداوار اس سال 41.63 فی صد اضافہ کے ساتھ پچھلے سال 68,533 کے مقابلہ میں 97,066 رہی۔

## خطرات اور غیر یقینی صورت حال:

### خطرات:

کمپنی کو بڑی تعداد میں اندرونی اور بیرونی خطرات کا سامنا ہے۔ خطرہ ایک واقع کے رونما ہونے کا موقع ہے جو کمپنی کو اپنے مقاصد حاصل کرنے میں روک سکتا ہے۔ تمام خطرات ختم نہیں کئے جاسکتے، ان کا انتظام کیا جاسکتا ہے، کم کیے جاسکتے ہیں اور تیسری پارٹی کو منتقل کیے جاسکتے ہیں۔ بورڈ آف ڈائریکٹران کی مجموعی ذمہ داری ہے کہ کمپنی کے خطرات کے انتظامی ڈھانچے کا قیام اور نگرانی کرے۔

خطرات کی گورنس اور کمپنی کی سطح پر خطرات کو برداشت کرنے کی حد کا تعین کرنے کے لئے بورڈ نے خطرات کی انتظامی پالیسیوں کا قیام کر دیا ہے۔ بورڈ سالانہ جائزہ لیتے ہوئے یقین حاصل کرتا ہے کہ حصص داران اور کمپنی کے مفاد اور شہرت، وسائل، اثاثہ جات کو محفوظ کرنے کیلئے انتظامیہ نے خطرات کی نشاندہی، خطرات کا انتظام اور اس کے متعلقہ انٹرئل کنٹرول کا مضبوط انتظام بنا رکھا ہے۔ نظام کو مزید بہتر بنانے کے لئے اس کی مسلسل نگرانی کی جاتی ہے۔

رہسک مینجمنٹ اینڈ انٹرئل کنٹرول فریم ورک کی مکمل تفصیلات پر مبنی پالیسیاں کمپنی کی ویب سائٹ پر موجود ہیں۔

کمپنی کو درپیش چند بنیادی خطرات درج ذیل ہیں۔

## نئی مصنوعات کی مارکیٹ میں رسائی:

کمپنی نے زیر جائزہ مدت کے بعد "BAIC" اور "HAVAL" برانڈز کے تحت مسافر کاریں اور آف روڈ گاڑیاں مارکیٹ میں متعارف کرائی ہیں۔ یہ کمپنی کے لئے ایک نئی مارکیٹ ہے۔ اور اس میں رسائی حاصل کرنے کے لئے کمپنی کو بہت سارے چیلنجز کا سامنا کرنا پڑے گا۔

کمپنی نے اپنی مصنوعات کی مارکیٹنگ، فروخت اور سروس بعد از فروخت کے لئے ملک میں ایک ٹھوس ڈیلرشپ کا نظام قائم کیا ہے اور یہ نیٹ ورک کمپنی کی اپنی پیداوار یا مکمل تیار شدہ (Completely Built Up) CBU سی بی یو کی درآمد کے ذریعے مصنوعات کی دستیابی کے مطابق مسلسل بھیلے گا۔

کمپنی ان گاڑیوں کی تشہیر کے لئے سوشل میڈیا کا استعمال بھی کر رہی ہے جو کہ عام صارفین کے لئے ایک موثر پلیٹ فارم ثابت ہوا ہے۔

نئی مصنوعات کے متعارف کے لئے مارکیٹنگ منصوبے کو حتمی شکل دے دی گئی ہے جو ان کی رسائی کو آسان اور مددگار بنائے گی۔

## مسافر کاروں اور آف روڈ گاڑیوں کی برانڈنگ:

"BAIC" اور "HAVAL" برانڈز بین الاقوامی منڈیوں میں جانے پہچانے جاتے ہیں تاہم یہ برانڈز پاکستانی منڈیوں کے لئے نئے ہیں۔

کمپنی نے سوشل میڈیا پر اپنی برانڈ بیداری مہم شروع کر دی ہے جو کارآمد ہے اس کے ساتھ ساتھ، کمپنی نے ان گاڑیوں کے کچھ نوٹس بھی درآمد کئے ہیں جن کا مقامی موسمی حالات میں سڑکوں پر ٹیسٹ کیا جا رہا ہے اب تک کے نتائج حوصلہ افزا ہیں لہذا کمپنی گاڑیوں کے معیار کے بارے میں پرامید ہے اور توقع ہے کہ یہ گاڑیاں بہت کم وقت میں آسانی سے مارکیٹ میں اپنی جگہ بنالیں گی۔

## خام مال کی قیمت اور دستیابی:

ٹریکٹر ویل رمز اور تھری ویلرز کے لوہے کے پرزہ جات کی پیداوار کا انحصار لوہے کی دستیابی پر ہے اس لئے اسکی دستیابی میں کسی بھی قسم کی رکاوٹ اور اس کی قیمتوں میں اتار چڑھاؤ تھری ویلرز کے لوہے کے پرزہ جات اور ٹریکٹر ویل رمز کی پیداوار، ان کی لاگت اور فراہمی پر برا اثر کر سکتی ہے۔



مزید آٹورکس کے اہم پرزہ جات جو واحد ذریعے سے خریدے جاتے ہیں کی فراہمی میں کوئی رکاوٹ یا ناکامی ان مصنوعات کی پیداوار کو متاثر کر سکتی ہے۔ اس صورت حال سے بچنے کیلئے کمپنی ان پرزہ جات کا اونچی سطح کا شناک جمع کر لیتی ہے اور فراہمی سلسلے کو گہرائی کرتی ہے اور سپلائرز کے ساتھ قریبی رابطے میں رہتی ہے تاکہ ابتدائی سطح پر ہی مسئلے کو حل کیا جاسکے۔

### روپے کی قدر میں کمی:

غیر ملکی کرنسیوں کے مقابلہ میں پاکستانی روپیہ مستحکم نہیں ہے۔ پاکستان روپے کی قیمت میں اگر کوئی نمایاں کمی ہوتی ہے تو یہ کمپنی کے منافع کو کم کر سکتی ہے اور فروخت کے حجم پر منفی اثر ڈال سکتی ہے۔ کمپنی کا منصوبہ ہے کہ وہ غیر ملکی کرنسی کی جنگ (hedging) اور فارورڈ کوریجنگ (forward cover booking) کی دستیابی اگر سودمند ہو تو اس سے استفادہ کیا جائے۔

### اقتصادی، سیاسی اور امن و امان کی صورت حال:

ملک میں مجموعی طور پر مستحکم اقتصادی، سیاسی اور امن و امان کی صورت حال کمپنی کی کامیابی پر اہم اثر رکھتے ہیں۔ کسی بھی قسم کا عدم استحکام کمپنی کی آمدن اور منافع پر برا اثر ڈال سکتا ہے۔

### عام مارکیٹ کے حالات:

کمپنی کی مصنوعات کی اقسام بہت اچھی ہیں اور حریف کے مقابلہ میں ان کو فائدہ مند برتری حاصل ہے۔ حریف کی جانب سے قیمتوں میں کوئی بھی جارحانہ کمی، نئی مصنوعات کا تعارف اور بعد از فروخت پالیسی میں جارحانہ تبدیلی کمپنی کی کم آمدن، کم منافع اور مارکیٹ حصہ داری میں کمی کے نتیجے کی صورت میں ہو سکتی ہے۔

کمپنی حریفوں پر مسلسل نظر رکھے ہوئے ہے تاکہ ان خطرات کی ابتدائی مراحل پر پہچان ہو سکے۔ ممکنہ علاقائی، مخصوص پیداواری اشیاء کے حالات کے مد نظر کمزور منڈیوں کی سپورٹ کے لئے مختلف اقدامات کئے جاتے ہیں۔

### ریگولیٹری اور ٹیکس پالیسی:

آئٹو اینڈ سٹری پر بہت سے حکومتی قوانین نافذ العمل ہیں۔ ان قوانین یا ٹیکس پالیسی میں کوئی بھی منفی یا اچانک تبدیلی کمپنی کے مستقبل کے کاروبار پر گہرے اثرات مرتب کر سکتی ہے۔

### پلائٹ اور آلہ جات میں اچانک خرابی:

پلائٹ اور آلہ جات میں اچانک خرابی پیداوار میں رکاوٹ کا باعث بن سکتی ہے اور کاروبار کے مطلوبہ اہداف کو حاصل کرنے میں خطرہ پیدا کر سکتی ہے۔ اس صورت حال سے بچنے کے لئے اور مستقبل میں پیداواری صلاحیت کو بڑھانے کے لئے پلائٹ اور آلہ جات کی مسلسل دیکھ بھال کی جاتی ہے اور ان میں جدت لائی جاتی ہے۔

قدرتی آفات کمپنی کے اختیارات سے باہر ہیں۔ تاہم کمپنی احتیاطی تدابیر اور ممکنہ اقدامات اختیار کرتی ہے اور انسورنس پالیسیوں کا اہتمام بھی کرتی ہے۔

### مالیاتی خطرات:

کمپنی کو مختلف مالی خطرات بھی لاحق ہیں جو حتمی شدہ مالیاتی گوشواروں کے نوٹ 40 میں بیان کر دیئے گئے ہیں۔

### دارائی مقدمات:

دارائی مقدمات عموماً ہو سکتے ہیں اگر اشیاء معیار پر پورا نہ اترتی ہوں اور قوانین کی پاسداری نہ کی جاتی ہو یا اشیاء کی دیکھ بھال اور اشیاء میں نقص کے مسائل کے لئے مطلوبہ سپورٹ فراہم نہ کی جاتی ہو۔ ایسے خطرات کے پیش نظر ممکنہ دعوؤں کی جانچ پڑتال کی جاتی ہے اور اگر ضروری ہو تو متاثرہ اشیاء کے لئے مناسب اقدامات کیے جاتے ہیں۔ کمپنی گاہکوں کو ممکنہ بہترین اشیاء فراہم کرنے کے لئے اشیاء کی کوالٹی کو مطلوبہ سطح پر رکھنے کے لئے مسلسل کام کرتی ہے۔



## غیر یقینی صورت حال:

- خام مال کی قیمتوں میں اتار چڑھاؤ
- حکومت کی نئی ٹیکس اور قوانینی پالیسیاں
- غیر ملکی کرنسی کے مقابلہ میں پاکستانی روپے کی قدر
- ملک میں قانون اور امن وامان کی صورت حال
- انڈسٹری کو بجلی کی فراہمی
- سیاسی اور اقتصادی استحکام
- افراط زر کی شرح
- قرضے کی لاگت

## نمایاں تبدیلیاں:

سوائے ان تبدیلیوں کے جو کہ ڈائریکٹران کی رپورٹ اور مالی گوشواروں میں ظاہر کردی گئی ہیں کوئی نمایاں تبدیلی یا معاہدہ جو کہ کمپنی کی مالی پوزیشن پر اثر انداز ہو سکے، مالی گوشواروں اور رپورٹ کی تاریخ کے دوران نہیں ہوا ہے۔

## مستقبل پر نقطہ نظر:

**COVID-19** لوگوں کے کاروبار اور زندگیوں کو مسلسل متاثر کر رہا ہے اگرچہ دنیا بھر میں ویکسینیشن کا عمل تیزی سے جاری ہے لیکن بد قسمتی سے یہ اب بھی قابو سے باہر ہے۔ کمپنی **SOP's** پر سختی سے عمل پیرا ہے اور یقینی بن رہی ہے کہ صحت مندانہ ماحول میں کام کرنے کے لئے اس کے تمام ملازمین کی ویکسینیشن کی جائے۔ کمپنی کے لئے موجودہ حالات میں کام کرنا اور اپنے اہداف کو حاصل کرنا ایک بڑا چیلنج ہے۔

ان حالات کے پیش نظر حکومت کی صنعتی شعبے کی مدد کے ساتھ ساتھ اس وبا کی مرض پر قابو پانے کے لئے کئے گئے اقدامات قابل تعریف ہیں۔ آئوٹسٹر کی بحالی حوصلہ افزا ہے۔ اور امید ہے کہ یہ ترقی کی بڑھتی ہوئی رفتار مستقبل میں بھی جاری رہے گی۔

پاکستانی روپیہ غیر ملکی کرنسی کے مقابلہ میں اپنے استحکام کے لئے جدوجہد کر رہا ہے۔ پاکستانی روپے کی قدر میں مزید کمی کمپنی کے منافع اور فروخت کے حجم پر منفی اثرات مرتب کر سکتی ہے۔

## فوری ردگذاڑیاں:

کمپنی نے اگست 2021 میں براڈ "BAIC" کی جیپ **BJ-40L** آف روڈ گاڑیوں کی تجارتی پیداوار شروع کر دی ہے۔ کمپنی چین سے درآمد کئے جانے والے **CKD** اجزاء کی سپلائی چین (**Supply Chain**) کو مد نظر رکھتے ہوئے اپنی پیداوار میں مزید اضافہ کر رہی ہے۔ **COVID-19** کی وجہ سے حالیہ سپلائی چین مکمل طور پر متاثر ہے اور بھاری مقدار میں زیر التوا ترسیل کی وجہ سے شپمنٹ کا دورانیہ بھی بڑھ گیا ہے۔

کمپنی ان مصنوعات کی مضبوطی، خوبصورت ڈیزائن اور خصوصیت کی وجہ سے مقامی مارکیٹ میں آسانی سے رسائی کی توقع رکھتی ہے۔

"BAIC" گاڑیوں کی فروخت، بعد از فروخت سروس اور سپئر پارٹس فراہم کرنے کے لئے ابتدائی طور پر پاکستان کے کچھ بڑے شہروں میں **3S** ڈیلر شپ نیٹ ورک قائم کئے گئے ہیں۔ اس کاروبار کا آغاز کمپنی کے لئے مستقبل میں فروخت اور منافع بڑھانے میں اہم کردار ادا کرے گا۔

مذکورہ بالا کے علاوہ، کمپنی نے "HAVAL" برانڈ کی مکمل تیار شدہ مسافر گاڑیوں (**CBU**) کی درآمد اور فروخت بھی شروع کر دی ہے جو کہ آنے والے سال کے دوران کمپنی کی فروخت اور منافع کو بڑھانے میں اہم کردار ادا کرے گی۔



## تھری ویلر گاڑیاں:

کمپنی اگلے مالی سال میں تھری ویلرز کے بڑھتے ہوئے رجحان پر نظر رکھے ہوئے ہے۔ تاہم غیر ملکی کرنسی کے مقابلہ میں پاکستانی روپے کی مسلسل گرتی ہوئی قدر کمپنی کی فروخت کے حجم اور منافع پر منفی اثرات ڈال سکتی ہے۔

کمپنی آنے والی مدت کے دوران ای وی تھری ویلر کی تیاری اور فروخت کی توقع بھی کر رہی ہے لیکن زیادہ قیمت اور چارجنگ سیشن کی کمی کی وجہ سے ان گاڑیوں کا حجم کم ترین سطح پر ہو سکتا ہے۔

کمپنی مقابلہ میں آگے رہنے کے لئے نئی مصنوعات کی ایجاد کرنے اور اپنی موجودہ مصنوعات کی کوالٹی کو بہتر کرنے کے لئے اپنی تحقیق اور ترقی کے طریقہ کار کو جاری رکھے گی۔

اللہ کے فضل و کرم سے مستقبل پر نظر رکھتے ہوئے آپ کی کمپنی کا روبرو اس حصہ سے نمایاں فروخت اور منافع کی توقع رکھتی ہے۔

## آٹو موٹیو پارٹس:

حکومت کی جانب سے زراعت کے شعبے میں تعاون کے نتیجے میں اس شعبے میں ترقی ہوئی ہے جس کی وجہ سے ٹریکٹر جیسے زرعی آلات کی طلب میں خاطر خواہ اضافہ ہوا ہے۔ ٹریکٹر انڈسٹری اچھی کارکردگی کا مظاہرہ کر رہی ہے اور امید ہے کہ یہ بڑھتا ہوا رجحان مستقبل میں بھی جاری رہے گا۔ ٹریکٹروں کی پیداوار میں اضافے سے کمپنی کے ٹریکٹر وبل مرکز کی طلب میں بھی اضافہ ہوگا اور کمپنی کی فروخت اور منافع میں بڑھوتری ہوگی۔

## برآمدات:

تھری ویلرز کی برآمد پاکستان کے لئے بڑی اہمیت رکھتی ہے جہاں ہر ایک ڈالر کی آمدنی ملتی ترقی اور استحکام کے لئے اہم ہے کمپنی تھری ویلرز کی برآمد میں اضافے پر توجہ مرکوز کر رہی ہے اور مختلف ممالک سے مسلسل انکوائریز موصول ہو رہی ہیں جن میں سے کچھ آرڈر میں تبدیل ہو جاتی ہیں۔ کمپنی توقع کرتی ہے کہ اگلے سال برآمدی آرڈر میں اضافہ ہوگا۔

## کاروبار میں توسیع:

### برانڈ "BAIC" کے تحت گاڑیوں کی تیاری:

رواں مالی سال کے دوران، کمپنی نے معروف چائینیز آٹو موبائل صنعت کار بایک انٹرنیشنل ڈویلپمنٹ کمپنی لمیٹڈ کے ساتھ تکنیکی تعاون سے برانڈ "BAIC" کی مسافر کاریں اور آف روڈ گاڑیاں تیار کرنے / بنانے کے لئے پروجیکٹ مکمل کر لیا ہے۔

کمپنی نے موجودہ مالی سال کے آخری سہ ماہی کے دوران مسافر کاروں اور آف روڈ گاڑیوں کی آزمائشی پیداوار شروع کی۔ آف روڈ گاڑیوں کی تجارتی سطح پر پیداوار اگلے سال زیر جائزہ مدت کے بعد شروع ہوئی ہے۔

### برانڈ "HAVAL" کے تحت گاڑیوں کی تیاری:

سال کے دوران کمپنی نے ایک معروف چائینیز کمپنی Great Wall Motors Company Limited (GWM) کے ساتھ عالمی شہرت یافتہ برانڈ "HAVAL" کے تحت مسافر اور تجارتی گاڑیوں کی تیاری کے لئے اسمبلی اور تکنیکی تعاون کے معاہدہ پر دستخط کئے۔ حکومت پاکستان کی صنعت اور پیداوار کی وزارت نے GWM کو ہماری کمپنی کے دوسرے پرنسپل کے طور پر شامل کر کے گرین فیلڈ کا درجہ دے دیا ہے۔

کمپنی 30 جون 2022 تک ان گاڑیوں کی تجارتی پیداوار شروع کرنے کی توقع رکھتی ہے۔

اس منصوبے کے ساتھ منسلک بنیادی خطرات ذیل میں دیئے جاتے ہیں:

- قانونی پالیسیوں میں کوئی بھی منفی تبدیلی
- گاہک کی جانب سے مصنوعات کی قبولیت
- پاکستان روپے کی قدر میں کمی
- زیادہ تعداد میں حربوں کا ہونا





- بینک سے قرض لینے کی شرح میں کوئی منفی تبدیلی
- افراط زر کی شرح میں اضافہ
- توانائی کی دستیابی اور اس کی بڑھتی ہوئی لاگت

## ادارے کی سماجی ذمہ داری:

کمپنی کی یہ سماجی ذمہ داری ہے کہ وہ اپنے ملازمین، ان کے اہل خانہ، اپنے ارد گرد کے لوگوں اور اپنے معاشرے کے لوگوں کے رہنے کے معیار کو بلند کرنے کیلئے اقدامات جاری رکھے۔ اس سال کمپنی نے سماجی ذمہ داری کے تحت مندرجہ ذیل خدمات سرانجام دیں:

## صحت:

کمپنی نے وبا کی مرض COVID-19 سے ملازمین کی حفاظت کے لئے ایس او پیز (SOP's) تشکیل دیے ہیں اور ماسک پہننے، ہاتھ دھونے کی اضافی سہولیات، سیٹا نوز کی فراہمی، کلورین سپرے کے ساتھ واک تھرو گیٹ اور معاشی فاصلہ سمیت ہر ممکن اقدامات کر رہی ہے۔ کمپنی نے ایس او پیز (SOP's) کی تعمیل کو یقینی بنانے کے لئے ایک کمپنی بھی تشکیل دی ہے۔

کمپنی اپنے ملازمین کی ویکسینیشن کے لئے مدد کر رہی ہے اور آج تک ملازمین کی اکثریت نے ویکسینیشن کروالی ہوئی ہے جس کے نتیجے میں کام کرنے کا صحت مندانہ ماحول پیدا ہوا ہے۔

کمپنی نے 358,500/- روپے مختلف ہسپتالوں کو دیے ہیں جو کہ معاشرے کے غریب یا مستحق لوگوں کو مفت طبی سہولیات فراہم کرتے ہیں۔

## تعلیم:

کمپنی نے ان اداروں کو 250,000/- روپے دیئے جو کہ نہ صرف غریب بچوں کی دیکھ بھال کرتے ہیں بلکہ ان کو بلا معاوضہ تعلیم بھی فراہم کرتے ہیں۔

## مالی معاونت:

کمپنی نے 510,000/- روپے اپنے مرحوم ملازمین کے اہل خانہ کی فلاح و بہبود اور ان کے بچوں کی تعلیم کے لیے خرچ کئے۔

## جسپانسرز شپ:

کمپنی ہر سال دو یا تین ملازمین کو جج کی ادائیگی کے لئے بھیجتی ہے جس سے انہیں روحانی اطمینان حاصل ہوتا ہے۔ بد قسمتی سے کمپنی اس سال COVID-19 کی وجہ سے کسی ملازم کو جج پر نہیں بھیج سکی۔

## معذور افراد کے لیے روزگار:

کمپنی معذور افراد کے لیے روزگار کے مواقع پیدا کرتی ہے تاکہ وہ معاشرے کے باعث اور خود مختار افراد بن سکیں۔ اس وقت کمپنی میں 27 معذور افراد کام کرتے ہیں۔

## پینے کا صاف پانی:

پینے کا صاف پانی ملازمین کی صحت کے لیے اہم ہے۔ کمپنی اپنے ملازمین کو صاف اور فلٹر شدہ پینے کا پانی مہیا کرتی ہے تاکہ وہ صحت مند اور مختلف بیماریوں سے محفوظ رہیں۔

## افراد کی قوت کی تربیت:

انڈسٹریل ٹیکنالوجی کی ترقی کے لئے افرادی قوت کی نشوونما بہت اہمیت رکھتی ہے۔ کمپنی آڈیو ویڈیو کے لئے انسانی وسائل کی ترقی کے لئے کام کرتی ہے۔ نئی تقریروں کو پیداداری لائن پر بھیجنے سے پہلے تربیت دی جاتی ہے۔ افرادی قوت کی مہارت اور کارکردگی کو بہتر بنانے کے لئے اقدامات کئے جاتے ہیں۔



### حفاظت:

کمپنی اپنی افرادی قوت اور کام کرنے کے ماحول کی حفاظت کے لئے مختلف اقدامات کرتی ہے کمپنی اپنے ملازمین کو حفاظتی جوتے، ویلڈنگ شیلڈ وغیرہ مہیا کرتی ہے۔ کام کرنے کی جگہ کو مناسب طریقے سے صاف کیا جاتا ہے تاکہ پھسلن اور گر کرنے سے بچا جاسکے۔ خطراتی مواد کو ان کی مقررہ جگہوں پر رکھا جاتا ہے۔ کمپنی حادثات کے نمودار ہونے کے بچاؤ کے لئے اقدامات کرتی ہے۔ ایمرجنسی حالات سے نمٹنے کے لیے ابتدائی طبی امداد کی سہولت، آگ بجھانے کے آلات، وقف شدہ کمپنی کی ملکیتی ایمرجنسی سروس دستیاب ہوتی ہیں۔

### ماحولیاتی حفاظت:

کمپنی جس ماحول میں کام کرتی ہے اس کا خیال رکھتی ہے اس حوالے سے موی تبدیلیوں کے منفی اثرات کو کم سے کم کرنے کے لئے وقتاً فوقتاً شجرکاری بھی کی جاتی ہے۔

ضیاعیات اور کڑن کو مناسب طریقے سے سنبھالا اور تصرف میں لایا جاتا ہے۔ کمپنی کی پیداوار کا کڑن، مواد کی صورت میں نئے پرزے بنانے میں بھی استعمال ہوتا ہے۔ جس کی وجہ سے ماحول آلودہ نہیں ہوتا۔

### قومی خزانے میں شراکت:

ایک ذمہ دار شہری کی حیثیت سے آپ کی کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز کی مد میں پچھلے سال 667.84 ملین روپے کے مقابلہ میں اس سال 981.38 ملین روپے جمع کرائے ہیں جو کہ 46.95 فی صد اضافہ کو ظاہر کرتے ہیں۔

### مالی گوشواروں پر COVID-19 کا اثر:

ان مالی گوشواروں کی تیاری کے لئے استعمال ہونے والے قابل اطلاق IFRS اور کام جاری رکھنے والے مغروضوں پر غور کرتے ہوئے کمپنی نے ان مالی گوشواروں پر اس وبائی مرض کے اکاؤنٹنگ مضمرات کا اندازہ کیا ہے اور تعین کیا ہے کہ COVID-19 کا کمپنی کے 30 جون 2021 کے مالی گوشواروں پر کوئی قابل قدر اثر نہیں پڑا۔

### ڈائریکٹران کے مشاہرہ کی پالیسی:

یہ پالیسی کمپنی کو اس قابل بنانے کے لئے ڈیزائن کی گئی ہے جس سے وہ ایگزیکٹیو اور نان-ایگزیکٹیو ڈائریکٹران کو متوجہ کرے، ان کی حوصلہ افزائی کرے اور ان کو اپنے پاس برقرار رکھے اور کمپنی کو کامیاب طریقے سے چلانے اور اس کی قدر میں اضافہ کی حوصلہ افزائی کرے۔

بورڈ آف ڈائریکٹران چیف ایگزیکٹیو سمیت ایگزیکٹیو ڈائریکٹران کے لئے مشاہرہ بشمول فوائد کا تعین پالیسی میں طے کردہ طریقہ کار کے مطابق کرتے ہیں۔ تاہم ایگزیکٹیو ڈائریکٹران کو کسی بھی اجلاس میں شرکت کرنے کی فیس ادا نہیں کی جاتی ہے۔

بورڈ کی جانب سے منظور شدہ سکیل کے مطابق نان ایگزیکٹیو ڈائریکٹران کو اجلاس میں شرکت کرنے کی فیس کے علاوہ کسی مشاہرہ کی ادائیگی نہیں کی جاتی ہے۔ آزاد ڈائریکٹران سمیت نان ایگزیکٹیو ڈائریکٹران جولہ سے باہر مقیم ہیں انہیں بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کرنے کے لئے سفری اور رہائشی اخراجات بھی ادا کئے جاتے ہیں۔ کوئی بھی ڈائریکٹر اپنا مشاہرہ طے کرنے کے لئے اجلاس کی کاروائی میں حصہ نہیں لیتا ہے۔

### بورڈ آف ڈائریکٹرز:

کمپنی کے موجودہ بورڈ آف ڈائریکٹرز مندرجہ ذیل نو (9) ڈائریکٹرز پر مشتمل ہیں۔ جو 19 مارچ 2023 تک عہدہ پر فائز ہیں گے۔

1. جناب میاں اسد جمید 2. محترمہ مسزہ اسد جمید 3. جناب سعید اقبال خان 4. جناب میاں محمد علی حمید 5. محترمہ شامہ سلیمان 6. جناب حمزہ امجد وزیر 7. جناب سردار اعجاز اسحاق خان 8. جناب عمیر اعجاز 9. جناب طہ محمود

سال کے دوران کوئی آسامی خالی نہیں ہوئی۔



### کوڈ آف کارپوریٹ گورننس کی تعمیل:

بورڈ اچھے کارپوریٹ گورننس کے اصولوں پر عمل پیرا ہے۔ بورڈ بخوشی تصدیق کرتا ہے کہ کمپنی موجودہ نافذ العمل کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل میں ہے اور بیان کرتا ہے کہ:

### مالی گوشواروں کی عکاسی:

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی (Equity) میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

### اکاؤنٹس کی کتاہیں:

کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو برقرار رکھا ہے۔

### اکاؤنٹنگ پالیسیاں:

ان مالیاتی گوشواروں کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کی مستقل بنیادوں پر بیرونی کی گئی ہے اور اکاؤنٹنگ کے تجزیہ معقول اور دانش مندانہ رائے پر مبنی ہیں۔

### انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ کی پیروی:

ان مالیاتی گوشواروں کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیاری، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے اور اگر کہیں انحراف ہوا ہے تو اس کو مناسب طریقے سے ظاہر اور بیان کیا گیا ہے۔

### انٹرنل کنٹرول سسٹم:

انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی مسلسل کی جارہی ہے۔ کنٹرول میں بہتری کے لئے مستقبل میں بھی نگرانی جاری رہے گی۔

### کام جاری رکھنے کی اہلیت:

بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کوئی نمایاں شک نہیں ہے۔

### کارپوریٹ گورننس کے اصول:

کارپوریٹ گورننس کے رہنما اصول جن کا اطلاق کمپنی کے مالی سال مختتم 30 جون 2021 پر لاگو ہوتا ہے سے انحراف نہیں کیا گیا ہے۔

### پچھلے چھ سالوں کا فنانشل ڈیٹا:

گزشتہ چھ سال کا اہم کاروباری اور مالیاتی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک (Annexure A) ہے۔

### منافع منقسمہ:

بورڈ آف ڈائریکٹران نے 24 ستمبر 2021 کو اپنے منعقدہ اجلاس میں تیس (30) فی صد بونس حصص کا اجراء تجویز کیا ہے یعنی ہر سو 100 عمومی حصص تیس (30) عمومی حصص جو کہ کمپنی کے آئندہ تیسویں (30) سالانہ اجلاس

عام میں توثیق پر منحصر ہے۔

تاہم گاڑیاں بنانے / اسمبلی کے لئے کے لئے فنڈز کی ضروریات کو مد نظر رکھتے ہوئے کسی بھی نقد منافع منقسمہ کی سفارش نہیں کی گئی ہے۔

### واجب الادا قانونی واجبات:

واجب الادا قانونی محصولات مالیاتی گوشواروں کے نوٹس میں دیے گئے ہیں۔



### اہم فیصلے اور منصوبے:

گاڑیوں کے شعبہ میں کاروبار کے نئے مواقعوں کو تلاش کرتے رہنا۔

### کاروبار کا ضابطہ اخلاق:

کمپنی نے کاروبار کا ضابطہ اخلاق تیار کیا ہے اور یقین دہانی کی گئی ہے کہ اس سے متعلقہ پالیسیوں اور طریقہ کار کو پوری کمپنی میں پھیلا یا جائے۔ اس کو کمپنی کی ویب سائٹ پر بھی آویزاں کیا گیا ہے۔

### بورڈ کی ساخت:

ڈائریکٹران کی کل تعداد (9) نو ہے جو کہ درج ذیل ہے:

الف۔ مرد (7) سات      ب۔ عورت (2) دو

بورڈ کی ساخت مندرجہ ذیل ہے۔

اے۔ آزاد ڈائریکٹران:	جناب سردار اعجاز اسحاق خان	جناب عمیر اعجاز	جناب طلحہ محمود
بی۔ نان ایگزیکٹو ڈائریکٹران:	محترمہ سائرہ اسد جمید	محترمہ ثناء سلیمان	جناب حمزہ امجد وزیر
سی۔ چیف ایگزیکٹو سمیت ایگزیکٹو ڈائریکٹران:	جناب میاں اسد جمید	جناب سعید اقبال خان	جناب میاں محمد علی حمید
ڈی۔ عورت ڈائریکٹران:	محترمہ سائرہ اسد جمید	محترمہ ثناء سلیمان	

### بورڈ کمیٹیاں:

ممبران کے نام	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونیریشن کمیٹی	نومینیشن کمیٹی	رسک مینجمنٹ کمیٹی
جناب عمیر اعجاز	**	*		**
جناب طلحہ محمود	*	**		*
محترمہ ثناء سلیمان	*			
جناب حمزہ امجد وزیر		*	*	
جناب میاں اسد جمید		*	**	
جناب سعید اقبال خان			*	
جناب میاں محمد علی حمید				*

\* ڈائریکٹر متعلقہ کمیٹی میں چیئر مین ہے۔

\* ڈائریکٹر متعلقہ کمیٹی میں ممبر ہے۔

### بورڈ اور کمیٹی کے اجلاس میں حاضری:

اس سال کے دوران بورڈ اور کمیٹیوں کے منعقدہ اجلاس کی تعداد کی تفصیل اور ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹران کے نام	بورڈ	بورڈ آف آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونیریشن کمیٹی	نومینیشن کمیٹی	رسک مینجمنٹ کمیٹی
کل منعقدہ اجلاس	4	4	1	1	1
جناب میاں اسد جمید	4	-	1	1	-



-	-	-	-	4	محترمہ سائرہ اسد حمید
-	1	-	-	4	جناب سعید اقبال خان
1	-	-	-	4	جناب میاں محمد علی حمید
-	-	-	4	4	محترمہ ثناء سلیمان
-	1	1	-	4	جناب حمزہ امجد وزیر
-	-	-	-	4	جناب سردار اعجاز اسحاق خان
1	-	1	4	4	جناب عمیر اعجاز
1	-	1	4	4	جناب طہ محمود

### سال کے دوران ڈائریکٹرز ٹینگ پروگرام:

کمپنی سرٹیفیکیشن آف ڈائریکٹرز ٹینگ پروگرام کی پیروی میں ہے۔ (9) میں سے پانچ (5) ڈائریکٹران نے ایس ای سی پی کے منظور شدہ اداروں سے ڈائریکٹرز ٹینگ پروگرام حاصل کیا ہے جبکہ دو (2) ڈائریکٹران کولسنیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت استثناء حاصل ہے اور ایس ای سی پی سے بھی استثناء حاصل کیا ہے۔

### شیئر ہولڈنگ کی ترتیب:

شیئر ہولڈنگ کی ترتیب بطور Annexure B لف ہے۔

### کمپنی کے حصص میں تجارت:

سال کے دوران ڈائریکٹران، ایگزیکٹوز اور ان کی شریک حیات اور تابع بچوں کی طرف سے حصص میں تجارت۔

### حصص کی خرید و فروخت اور ان میں تبدیلی:

فروخت	بونس حصص	ڈائریکٹران، ایگزیکٹوز اور شریک حیات کے نام
-	4,490,553	جناب میاں اسد حمید
-	677,296	محترمہ سائرہ اسد حمید
-	480,418	جناب سعید اقبال خان
-	1,245,882	جناب میاں محمد علی حمید
-	7,104	محترمہ ثناء سلیمان
-	329	جناب حمزہ امجد وزیر
-	255	جناب سردار اعجاز اسحاق خان
-	282	جناب عمیر اعجاز
-	256	جناب طہ محمود
-	7,426	جناب ارشد محمود
-	183,234	محترمہ نعمانہ سعید
-	11,816	محترمہ آمنہ حمزہ وزیر
-	11,841	جناب محمد سلیمان خان





### بورڈ، کمیٹیوں اور انفرادی ڈائریکٹران کی کارکردگی کی جانچ پڑتال:

بورڈ نے اپنی کمیٹیوں اور انفرادی ڈائریکٹران کی کارکردگی کی جانچ پڑتال کے لئے ایک طریقہ کار مرتب کیا ہے۔ اس سال کے دوران، جیو سن ریسورس اینڈ ریمو نیویشن کمیٹی نے جانچ پڑتال کا عمل کیا ہے۔ نتائج کو بورڈ کے غور و خوض اور ضروری کارروائی کے لئے پیش کیا گیا۔

### آڈیٹرز:

موجودہ آڈیٹرز ریٹائر ہوئے ہیں اور اہلیت کی بنیاد پر انہوں نے اپنے آپ کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے بھی مندرجہ ذیل معاوضوں پر ان کی دوبارہ تقرری کے لئے تجویز کیا ہے۔

روپے		
950,000	سالانہ آڈٹ فیس	-1
180,000	ششماہی جائزہ	-2
15,000	سیٹنٹ آف کمپلائنس وولسٹیڈ کمپنیز (کوڈ آف کارپوریشن گورنس) ریگولیشن، 2019	-3
15,000	سی ڈی سی ریگولیشن کے تحت سرٹیفکیٹ اور فری فلوٹ حصص پر رپورٹ	-4
15,000	کسی بھی سرٹیفکیٹ کے لئے	-5

### ملازمین سے تعلقات:

انتظامیہ اور ملازمین کے تعلقات بہت خوشگوار ہیں اور یہ امید کی جاتی ہے کہ دونوں کمپنی کے مطلوبہ مقاصد کے حصول کے لئے ایک ہی جذبے کے ساتھ کام کریں گے۔

### اظہار تشکر:

ہم اپنی کمپنی کے ملازمین کی ان تھک کوششوں، ٹیم ورک اور لگن جس کا اظہار انہوں نے موجودہ سال کے دوران کیا ہے کے شکر گزار ہیں۔ ہم اپنے معزز حصص داران، گاہکوں، سپلائرز اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

### لاہور:

**24 ستمبر 2021**

بورڈ آف ڈائریکٹرز کی جانب سے

میاں محمد علی حمید  
ڈائریکٹر

سعید اقبال خان  
ڈائریکٹر

**SUMMARY OF LAST SIX YEARS' FINANCIAL RESULTS**
**ANNEXURE-A**

Description	2021	2020	2019	2018	2017	2016
<b>R U P E E S</b>						
<b>Profit &amp; Loss Account:</b>						
Turnover	4,033,601,008	2,891,754,502	3,218,523,838	3,968,217,110	3,618,144,493	2,873,866,541
Gross Profit	366,723,669	293,014,141	330,722,331	444,912,891	379,481,004	288,686,425
Operating Profit	108,053,417	89,866,167	132,481,095	247,993,771	202,980,483	149,453,460
Profit before taxation	104,480,003	40,773,628	111,844,513	254,678,642	204,113,745	153,957,796
Profit after taxation	75,795,322	27,633,547	81,997,158	186,005,018	142,821,941	107,669,738
<b>Statement of Financial Position</b>						
Paid up share capital	464,968,950	357,668,420	215,668,420	215,668,420	179,723,680	179,723,680
Capital reserve - Share premium account	557,406,192	557,406,192	-	-	-	-
Accumulated Profit	817,476,633	853,884,500	829,038,827	741,695,967	594,064,626	509,691,079
Fixed Capital Expenditure	1,844,803,734	1,318,409,750	998,187,948	708,814,230	533,057,992	244,653,763
Other long term assets	33,004,918	31,003,008	28,215,108	21,119,673	17,256,294	14,894,352
Net current assets / (liabilities)	453,101,502	862,362,360	388,941,345	387,033,041	361,809,654	548,424,835
Long term liabilities	540,290,511	459,315,412	370,637,154	159,602,557	138,335,634	118,558,191
<b>Significant Ratios:</b>						
Gross profit ratio %	9.09	10.13	10.28	11.21	10.49	10.05
Profit/(loss) before tax ratio %	2.59	1.41	3.48	6.42	5.64	5.36
Fixed assets turnover ratio %	218.65	219.34	322.44	559.84	678.75	1,174.67
Price earning ratio - times	103.19	178.83	72.35	33.04	41.36	6.26
Return on capital employed % (Before I & Tax)	4.54	4.03	9.36	22.20	22.25	18.50
Return on equity ratio (after Tax)	4.12%	1.56%	7.85%	19.43%	18.46%	15.62%
Market value per share (PSX) Rs.	168.21	124.59	219.85	284.98	273.93	31.25
Break up value per share	39.57	49.46	48.44	44.39	43.05	38.36
Long term Debt : Equity ratio	30 : 70	26 : 74	35 : 65	17 : 83	18 : 82	17 : 83
Current ratio	1.20 : 1	2.47 : 1	1.70 : 1	1.79 : 1	1.73 : 1	2.48 : 1
Interest cover ratio - times	5.93	1.64	5.60	53.02	115.06	56.39
Cash Dividend %						
Interim Dividend	-	-	-	0.00	12.50	10.00
Final Dividend	-	-	-	-	0.00	15.00
Scrip Dividend %	30	30	-	-	20.00	-
Earnings per share Rs.	1.63	0.70	3.04	8.62	6.62	4.99

**Note:**

Earnings Per Share, consequently Price Earning ratio, has been adjusted to reflect the effect of bonus shares for the year 2020.



# SAZGAR ENGINEERING WORKS LIMITED

FORM-34

ANNEXURE - B

THE COMPANIES ACT, 2017 (SECTION 227 (2)(f))  
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2021  
SAZGAR ENGINEERING WORKS LIMITED  
Registration Number: 0025184

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD	PERCENTAGE %
	FROM	TO		
835	1	100	52,267	0.11%
1,308	101	500	443,802	0.95%
772	501	1,000	660,641	1.42%
1,132	1,001	5,000	2,652,888	5.71%
170	5,001	10,000	1,276,661	2.75%
49	10,001	15,000	613,598	1.32%
25	15,001	20,000	441,645	0.95%
21	20,001	25,000	484,670	1.04%
10	25,001	30,000	290,010	0.62%
6	30,001	35,000	192,961	0.41%
9	35,001	40,000	347,890	0.75%
5	40,001	45,000	211,830	0.46%
5	45,001	50,000	246,250	0.53%
6	50,001	55,000	311,844	0.67%
2	60,001	65,000	130,000	0.28%
1	65,001	70,000	69,900	0.15%
3	70,001	75,000	222,200	0.48%
1	75,001	80,000	78,310	0.17%
1	80,001	85,000	81,200	0.17%
2	85,001	90,000	170,672	0.37%
2	95,001	100,000	197,043	0.42%
2	100,001	105,000	205,200	0.44%
2	105,001	110,000	215,100	0.46%
1	115,001	120,000	116,733	0.25%
1	120,001	125,000	125,000	0.27%
1	125,001	130,000	130,000	0.28%
2	135,001	140,000	272,624	0.59%
1	140,001	145,000	142,600	0.31%
1	150,001	155,000	150,910	0.32%
1	155,001	160,000	156,710	0.34%
1	160,001	165,000	161,000	0.35%
1	165,001	170,000	169,500	0.36%
1	180,001	185,000	182,000	0.39%
1	185,001	190,000	187,200	0.40%
1	195,001	200,000	199,999	0.43%
1	205,001	210,000	209,950	0.45%
1	210,001	215,000	213,700	0.46%
1	220,001	225,000	221,800	0.48%
1	225,001	230,000	225,117	0.48%
1	265,001	270,000	270,000	0.58%
1	790,001	795,000	794,014	1.71%
1	2,080,001	2,085,000	2,081,814	4.48%
1	2,930,001	2,935,000	2,934,950	6.31%
1	3,095,001	3,100,000	3,096,800	6.66%
1	5,395,001	5,400,000	5,398,826	11.61%
1	19,455,001	19,460,000	19,459,066	41.85%
<b>4,393</b>			<b>46,496,895</b>	<b>100.00%</b>

  
MIAN MUHAMMAD ALI HAMEED  
DIRECTOR

  
Saeed Iqbal Khan  
(Director)




## PATTERN OF SHAREHOLDING

Annexure-B/I

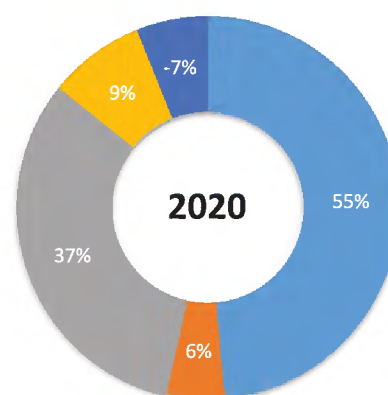
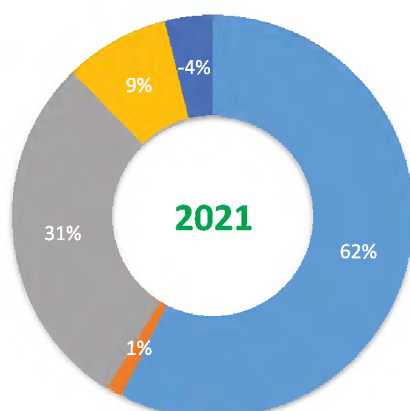
CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	SHAREHOLDING
<b>I Directors, Chief Executive Officer, and their Spouse And Minor Children</b>		
i. Mr. Mian Asad Hameed	19,459,066	41.85%
ii. Mrs. Saira Asad Hameed	2,934,950	6.31%
iii. Mr. Saeed Iqbal Khan	2,081,814	4.48%
iv. Mr. Mian Muhammad Ali Hameed	5,398,826	11.61%
v. Mrs. Sana Suleyman	30,786	0.07%
vi. Mr. Humza Amjad Wazir	1,426	0.00%
vii. Mr. Sardar Ejaz Ishaq Khan	1,107	0.00%
viii. Mr. Umair Ejaz	1,222	0.00%
ix. Mr. Taha Mahmood	1,110	0.00%
x. Mrs. Naghmana Saeed W/o Mr. Saeed Iqbal Khan	794,014	1.71%
xi. Mr. Muhammad Suleyman Khan spouse of Mrs. Sana Suleyman	51,311	0.11%
xii. Mrs. Amina Humza Wazir W/o Mr. Humza Amjad Wazir	51,203	0.11%
<b>II Associated Companies, Undertakings &amp; Related Parties</b>	Nil	-
<b>III NIT and ICP</b>	Nil	-
<b>IV Banks, Development Financial Institutions, Non Banking Financial Institutions</b>	81,200	0.17%
<b>V Insurance / Takaful Companies</b>		
i. JUBILEE LIFE INSURANCE COMPANY LIMITED	3,096,800	6.66%
ii. DAWOOD FAMILY TAKAFUL LIMITED	226,000	0.49%
iii. ADAMJEE LIFE ASSURANCE COMPANY LIMITED	165,600	0.36%
<b>VI Modarabas and Mutual Funds</b>		
i. FIRST ALNOOR MODARABA	10,000	0.02%
ii. TRUST MODARABA	3,000	0.01%
iii. B.R.R. GUARDIAN MODARABA	156,710	0.34%
iv. CDC - TRUSTEE ALFALAH GHP INCOME FUND	1,000	0.00%
v. MC FSL TRUSTEE JS - INCOME FUND	1,500	0.00%
vi. CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1,350	0.00%
vii. CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	19,500	0.04%
viii. CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	214	0.00%
ix. ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	4,100	0.01%
x. CDC - TRUSTEE FAYSAL MTS FUND - MT	221,800	0.48%
xi. CDC - TRUSTEE PAKISTAN INCOME FUND - MT	22,500	0.05%
xii. CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	101,800	0.22%
xiii. CDC - TRUSTEE HBL INCOME FUND - MT	103,400	0.22%
<b>VII Shareholders Holding 10% (other than above S.No. I)</b>	Nil	-
<b>VIII General Public</b>		
a. Local	9,793,998	21.06%
b. Foreign	5,990	0.01%
<b>IX Others (to be specified)</b>		
Joint Stock Companies	1,110,335	2.39%
Government Holding	225,117	0.48%
Charitable Trust /Pension / Provided Fund	196,680	0.42%
Cooperative Societies	8,866	0.02%
Investment Companies	132,600	0.29%
<b>TOTAL</b>	<b>46,496,895</b>	<b>100.00%</b>

  
**MIAN MUHAMMAD ALI HAMEED**  
 DIRECTOR

  
**Saeed Iqbal Khan**  
 (Director)

## STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	June 30, 2021	%	June 30, 2020	%
Rupees				
<b>VALUE ADDITION</b>				
Gross Sales	4,732,642,876		3,391,189,678	
Other Operation Income	17,612,193		14,969,028	
<b>Total Income</b>	<b>4,750,255,069</b>		<b>3,406,158,706</b>	
Addition of material and services and other expenses	3,227,255,700		2,252,123,135	
<b>TOTAL VALUE ADDITION</b>	<b>1,522,999,369</b>		<b>1,154,035,571</b>	
<b>VALUE DISTRIBUTION</b>				
<b>To Government</b>				
Worker Welfare Fund	690,918		952,260	
Sales Tax	699,041,868		499,435,176	
Income Tax & Custom Duties	248,559,678		137,398,975	
	<b>948,292,464</b>	62%	<b>637,786,411</b>	55%
<b>To Employees</b>				
Workers' profits participation fund	5,543,487		2,233,024	
Salaries, wages and benefits	472,182,489		422,321,022	
	<b>477,725,976</b>	31%	<b>424,554,046</b>	37%
<b>To Finance Providers</b>				
Financial charges to providers of finance	21,185,607	1%	64,061,567	6%
<b>To Shareholders</b>				
Dividend to shareholders	139,490,690	9%	107,300,530	9%
<b>Retained in / (Distributed) from Business</b>				
Un-appropriated Profit	(63,695,368)	-4%	(79,666,983)	-7%
<b>TOTAL VALUE DISTRIBUTION</b>	<b>1,522,999,369</b>	<b>100%</b>	<b>1,154,035,571</b>	<b>100%</b>



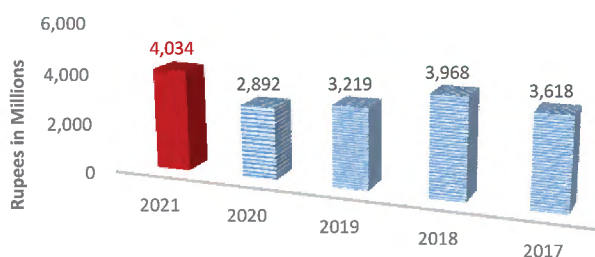
■ Government 
 ■ Finance Provider 
 ■ Employees 
 ■ Shareholders 
 ■ Business



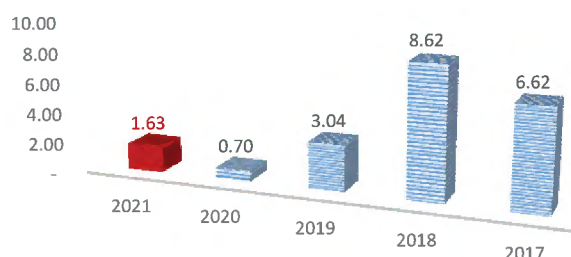


## FINANCIAL PERFORMANCE

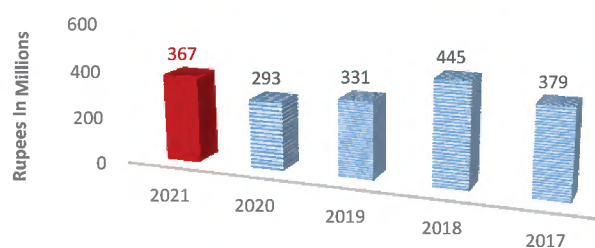
### TURNOVER



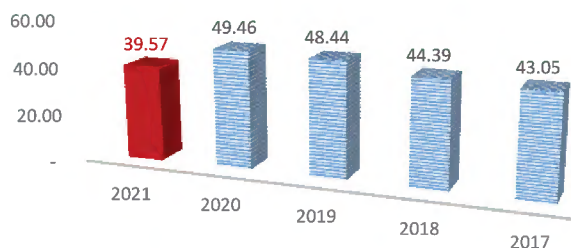
### EARNINGS PER SHARE RS.



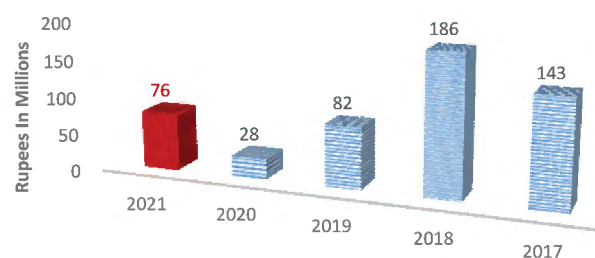
### GROSS PROFITS



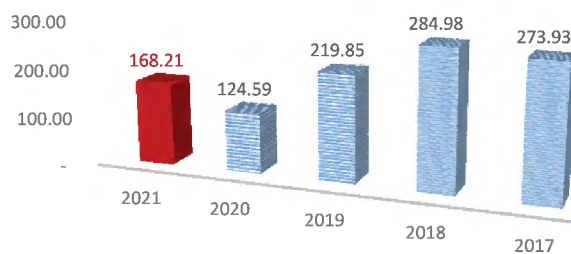
### BREAK UP VALUE PER SHARE RS.



### NET PROFIT AFTER TAX



### MARKET VALUE PER SHARE (PSX) RS.





## Independent Auditor's Review Report to the Members of Sazgar Engineering Works Limited

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Sazgar Engineering Works Limited** (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

H.Y.K and Co.  
Chartered Accountants  
Lahore  
September 24, 2021

Engagement Partner: Younus Kamran

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**NAME OF COMPANY: SAZGAR ENGINEERING WORKS LIMITED  
YEAR ENDED: JUNE 30, 2021**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are (9) nine as per the following:
  - a. Male: (7) seven
  - b. Female: (2) two

2. The composition of board is as follows:

i	Independent Directors	Mr. Sardar Ejaz Ishaq Khan, Mr. Umair Ejaz, Mr. Taha Mahmood
ii	Non-Executive Directors	Mrs. Saira Asad Hameed, Mrs. Sana Suleyman, Mr. Humza Amjad Wazir
iii	Executive Directors	Mr. Mian Asad Hameed, Mr. Saeed Iqbal Khan, Mr. Mian Muhammad Ali Hameed
iv	Female Directors	Mrs. Saira Asad Hameed, Mrs. Sana Suleyman

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Detailed as below; five directors have completed their Directors' Training Certification (DTC), two directors fall under the exemption criteria of the Regulations and also obtained exemption from SECP. Two directors shall comply with the Regulations within prescribed time period:

**Directors exempt from DTC:**

1. Mr. Mian Asad Hameed
2. Mr. Saeed Iqbal Khan

**Directors who have completed their DTC:**

1. Mrs. Saira Asad Hameed
2. Mrs. Sana Suleyman
3. Mr. Mian Muhammad Ali Hameed
4. Mr. Sardar Ejaz Ishaq Khan
5. Mr. Taha Mahmood

**Directors yet to acquire DTC:**

1. Mr. Umair Ejaz
2. Mr. Humza Amjad Wazir

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:


S. No.	Name of Committees	Name of Members and Chairman
a)	Audit Committee	Chairman: Mr. Umair Ejaz Members: Mrs. Sana Suleyman , Mr. Taha Mahmood
b)	HR and Remuneration Committee	Chairman: Mr. Taha Mahmood Members: Mr. Mian Asad Hameed, Mr. Humza Amjad Wazir, Mr. Umair Ejaz
c)	Nomination Committee	Chairman: Mr. Mian Asad Hameed Members: Mr. Saeed Iqbal Khan, Mr. Humza Amjad Wazir
d)	Risk Management Committee	Chairman: Mr. Umair Ejaz Members: Mr. Mian Muhammad Ali Hameed, Mr. Taha Mahmood

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Committee	Frequency
Audit Committee	Quarterly, Yearly
HR and Remuneration Committee	Yearly, as and when require
Nomination Committee	Yearly, as and when require
Risk Management Committee	Yearly, as and when require

15. The board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board



**Mrs. Saira Asad Hameed**  
(Chairperson)

**September 24, 2021**



## Independent Auditor's Report to the Members of Sazgar Engineering Works Limited

### Report on the Audit of Financial Statements

#### Opinion

We have audited the annexed financial statements of **Sazgar Engineering Works Limited** (the Company), which comprise the statement of financial position as at **June 30, 2021**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2021** and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





S. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Capitalization of property, Plant and Equipment and Capital Work in Progress</b></p> <p>Refer notes 3.3 and 15 to the financial statements.</p> <p>The Company has made significant capital expenditure on four wheeler projects. We identified capitalization of property, plant and equipment as key audit matters because there is a risk that amounts being capitalized may not meet the capitalization criteria.</p>	<p>Our audit procedures to access the capitalization of property, plant and equipment and Capital Work in Progress, amongst others, include the followings,</p> <ol style="list-style-type: none"> <li>Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system;</li> <li>Tested on sample basis, the costs incurred on assets with supporting documentation and contracts.</li> <li>Assessed the nature of costs incurred for the capital assets through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; and</li> <li>Inspected supporting documents for the date capitalization when assets was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.</li> <li>Evaluated whether any impairment indicators exist that could trigger impairment for tangible assets.</li> <li>Assessed the adequacy of the related disclosures made in the financial statements in this respect with regard to the applicable accounting and reporting standards.</li> </ol>





<p><b>2.</b></p>	<p><b>Contingent Liabilities</b></p> <p>Refer notes 14.1 to the financial statements.</p> <p>Company has significant contingent liabilities in respect of Income Tax, Sales Tax, Punjab Social Security Institution, The Employees' Old Age Benefits Institution and other claim matters, which are pending adjudication at various appellate forums.</p> <p>Contingences require management to make judgements and estimates in relation to the interpretation of laws, Statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be require under such contingences.</p> <p>Due to significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgements and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key audit matter.</p>	<p>Our audit procedures, amongst other, included in following:</p> <ol style="list-style-type: none"> <li>Obtained an understanding of the Company's process and controls over litigations through meetings with the management and review of minutes of the meetings of Board of Directors and Board Audit Committee;</li> <li>Obtained and assessed details of the pending tax and other legal matters and discussed the same with the Company's management;</li> <li>Circularized confirmations to the Company's external legal and tax counsels for their view on legal position of the Company relation to these pending matters;</li> <li>Involved internal tax professionals to assess management's conclusion on contingent tax and other legal matters and evaluate consistency of such conclusions with the views of management and external tax and legal counsels engaged by the company;</li> <li>Checked correspondence of the Company with the relevant authorities including judgements or orders passes by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and Assessed the adequacy of the related disclosures made in the financial statements in this respect with regards to the applicable reporting standards.</li> </ol>
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## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;



- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Younus Kamran.

*HYK & Co.*

H.Y.K and Co.  
Chartered Accountants  
Lahore

Date: September 24, 2021




## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	5.1	1,000,000,000	500,000,000
Issued, subscribed and paid-up share capital	5.2	464,968,950	357,668,420
Capital reserve - Share premium account	5.3	557,406,192	557,406,192
Revenue reserve - Un-appropriated Profit		817,476,633	853,884,500
		1,839,851,775	1,768,959,112
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Long term financing	6	295,398,663	249,407,861
Lease Liabilities	7	-	7,800,000
Deferred liabilities	8	244,891,848	202,107,551
Deferred Grant	9	5,699,176	5,170,602
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	2,008,188,102	413,569,969
Unclaimed dividend		1,407,358	1,443,792
Profit accrued on loans and other payables	11	8,998,064	40,073,361
Short term borrowings	12	119,679,608	-
Current portion of long term liabilities	13	134,125,605	131,637,943
		2,272,398,737	586,725,065
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,658,240,199</b>	<b>2,820,170,190</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	15	1,844,421,043	1,318,332,806
Intangible assets	16	382,691	76,944
Long term loan and advances	17	28,959,063	27,490,153
Long term deposits	18	4,045,855	3,512,855
Deferred taxation	8.2	54,931,308	21,670,008
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	19	3,278,289	5,281,932
Stock-in-trade	20	817,897,347	660,110,327
Trade debts	21	116,923,695	122,597,252
Loans & advances	22	31,012,216	16,101,921
Trade deposits and short term prepayments	23	1,625,987,971	66,248,138
Other receivables	24	115,423,629	129,928,799
Cash and bank balances	25	14,977,092	448,819,055
		2,725,500,239	1,449,087,424
<b>TOTAL ASSETS</b>		<b>4,658,240,199</b>	<b>2,820,170,190</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

  
**MIAN MUHAMMAD ALI HAMEED**  
DIRECTOR

  
**SAEED IQBAL KHAN**  
DIRECTOR

  
**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER




**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2021**

		June 30, 2021	June 30, 2020
	Note	Rupees	Rupees
Sales - Net	26	4,033,601,008	2,891,754,502
Cost of sales	27	3,666,877,339	2,598,740,361
<b>Gross Profit</b>		<b>366,723,669</b>	293,014,141
Distribution cost	28	126,876,804	96,378,289
Administrative expenses	29	122,369,793	100,432,901
Other operating expenses	30	9,423,655	6,336,784
		<b>258,670,252</b>	203,147,974
		<b>108,053,417</b>	89,866,167
Other income	31	17,612,193	14,969,028
<b>Operating profit before finance cost</b>		<b>125,665,610</b>	104,835,195
Finance cost	32	21,185,607	64,061,567
<b>Profit before taxation</b>		<b>104,480,003</b>	40,773,628
Taxation	33	28,684,681	13,140,081
<b>Profit after taxation</b>		<b>75,795,322</b>	27,633,547
<b>Earnings per share - Basic and diluted</b>	34	<b>1.63</b>	Restated 0.70

The annexed notes 1 to 48 form an integral part of these financial statements.

  
**MIAN MUHAMMAD ALI HAMEED**  
 DIRECTOR

  
**SAEED IQBAL KHAN**  
 DIRECTOR

  
**MUHAMMAD ATIF RAO**  
 CHIEF FINANCIAL OFFICER



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
Note	Rupees	Rupees
<b>PROFIT AFTER TAXATION FOR THE YEAR</b>	<b>75,795,322</b>	27,633,547
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	-	-
Items that may be reclassified subsequently to profit or (loss)	-	-
Items that will not be reclassified subsequently to profit or (loss)		
- Remeasurement of post employment benefit obligation	(4,902,659)	(2,787,874)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>70,892,663</b>	24,845,673

The annexed notes 1 to 48 form an integral part of these financial statements.

  
**MIAN MUHAMMAD ALI HAMEED**  
 DIRECTOR

  
**SAEED IQBAL KHAN**  
 DIRECTOR

  
**MUHAMMAD ATIF RAO**  
 CHIEF FINANCIAL OFFICER

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital Rupees	Share Premium Account Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2019	215,668,420	-	829,038,827	1,044,707,247
Transaction with owner, recognize directly in equity				
Issuance of Right Shares	142,000,000	568,000,000	-	710,000,000
Right Shares Issuance Expenses	-	(10,593,808)	-	(10,593,808)
Total Transaction with owner, recognized directly in equity	142,000,000	557,406,192	-	699,406,192
Comprehensive Income for the period				
Profit after taxation	-	-	27,633,547	27,633,547
Other Comprehensive Income / (Loss)	-	-	(2,787,874)	(2,787,874)
Total comprehensive income for the year ended June 30, 2020	-	-	24,845,673	24,845,673
Balance as at June 30, 2020	357,668,420	557,406,192	853,884,500	1,768,959,112
Transaction with owner, recognize directly in equity				
Issuance of Bonus Shares	107,300,530	-	(107,300,530)	-
Total Transaction with owner, recognized directly in equity	107,300,530	-	(107,300,530)	-
Comprehensive Income for the period				
Profit after taxation	-	-	75,795,322	75,795,322
Comprehensive Income / (Loss)	-	-	(4,902,659)	(4,902,659)
Total comprehensive income for the year ended June 30, 2021	-	-	70,892,663	70,892,663
Balance as at June 30, 2021	464,968,950	557,406,192	817,476,633	1,839,851,775

The annexed notes 1 to 48 form an integral part of these financial statements.

  
**MIAN MUHAMMAD ALI HAMEED**  
DIRECTOR

  
**SAEED IQBAL KHAN**  
DIRECTOR

  
**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER


**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

		June 30, 2021	June 30, 2020
	Note	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	42,207,245	6,211,752
Finance cost paid		(52,260,904)	(39,683,414)
Income tax paid/deducted at source		(45,654,098)	(57,373,495)
Employees retirement benefit - Gratuity Paid		(3,962,220)	(2,876,090)
Workers Profit Participation Fund Paid		(2,233,024)	(6,080,459)
<b>Net cash used in operating activities</b>		<b>(61,903,001)</b>	<b>(99,801,706)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, Plant and Equipment Purchased		(549,608,015)	(342,567,018)
Increase in long term security deposits		(533,000)	(193,000)
Proceeds from sale of Property, Plant and Equipment		2,300,000	7,020,000
<b>Net cash used in investing activities</b>		<b>(547,841,015)</b>	<b>(335,740,018)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceed from Right Share issuance		-	710,000,000
Payment of Right Share issuance Expenses		-	(10,593,808)
Proceeds from long term financing		138,644,362	162,144,850
Repayment of Long term liabilities		(24,637,322)	-
Proceeds from short term borrowings		515,718,756	2,240,603,700
Repayment of short term borrowings		(396,039,148)	(2,240,603,699)
Repayment of lease liability		(72,800,000)	-
Profit on bank deposits		15,051,839	16,894,817
Dividend Paid		(36,435)	(52,442)
<b>Net cash generated from financing activities</b>		<b>175,902,052</b>	<b>878,393,418</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(433,841,963)</b>	<b>442,851,694</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>448,819,055</b>	<b>5,967,361</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	36	<b>14,977,092</b>	<b>448,819,055</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

  
**MIAN MUHAMMAD ALI HAMEED**  
 DIRECTOR

  
**SAEED IQBAL KHAN**  
 DIRECTOR

  
**MUHAMMAD ATIF RAO**  
 CHIEF FINANCIAL OFFICER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Sazgar Engineering Works Limited was incorporated in Pakistan on September 21, 1991 as a Private Limited Company and converted into a Public Limited Company on November 21, 1994. The Company is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of automobiles, automotive parts and household electric appliances. The registered office of the company is situated at 88- Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore. The geographic location of three wheeler, wheel rim and household electric appliances manufacturing facility is located at 18 K.m Raiwind Road, Lahore and four wheeler manufacturing facility, which is under construction, is situated at Western Tank Link Road, Near Ijtimah Chowk, Sundar Road, Raiwind, Lahore.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of; International Financial Reporting Standards (IFR Standards) issued by the International Accounting Standards Board (IASB) as notified under the companies Act, 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFR Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the recognition of employees retirement benefits at present value.

#### 2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Company.

#### 2.4 New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards and Companies Act, 2017 that are effective in current year:

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

#### 2.5 New accounting standards, IFRIC interpretations and amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the Company:

The following standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations:

Standards	Interpretation	Effective date
IFRS-3	Business Combinations - reference to the Conceptual Framework	January 01, 2022
IFRS-9	Financial instruments (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - costs of fulfilling a contract	January 01, 2022

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

### 3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The Significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all the years presented.

#### Employee benefits

##### Defined benefit plan

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan.

The Company operates an unfunded gratuity scheme for all its permanent employees. The provision is made on the basis of actuarial valuation by using the projected unit credit method. In calculating the Company's obligation in respect of a plan, any actuarial gains and losses are recognized immediately in the statement of comprehensive income.

### 3.2 Compensated Absences

The Company accounts for compensated absences of its employees on un-availed balance of leave in the period in which the leave is earned.

### 3.3 Property, Plant and Equipment-Owned

Operating fixed assets except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Land and capital work in progress are stated at cost. Cost in relation to self manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. Cost of tangible fixed assets consists of historical cost, borrowing cost pertaining to the construction/erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on all property, plant and equipment except freehold land is charged by applying the reducing balance method in accordance with the rates specified in note no. 15.1 of these financial statements, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant from previous estimates.

Normal maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and replacements are capitalized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Disposal of an asset is recognized when significant risks and rewards, incidental to the ownership of the assets have been transferred to the buyer. Gain or Loss on disposal of Property, Plant and Equipment is determined by comparing the carrying amount of the assets with the realized sale proceeds and is recognized in the current year's statement of profit or Loss.

### 3.4 Impairment of fixed assets

The company assesses at each statements of financial position date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

### 3.5 Intangible Assets

The Intangible Assets are stated at cost less accumulated amortization and identified impairment loss, if any. The cost of intangible assets is amortized over a period of five (5) years using the straight line method.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Amortization on additions to the intangible assets is charged from the month in which an asset is capitalized and / or is available for use, while no amortization is charged for the month in which the asset is disposed off. The amortization expense is charged to the statement of profit or Loss.

International Accounting Standard (IAS) 38 "Intangible Assets" requires review of amortization period and the amortization method at least at each financial year end. Accordingly the management assesses at each statement of financial position date the assets' residual values and useful lives in addition to considering any indication of impairment, and adjustments are made if impact on amortization is significant.

### **3.6 Loan, advances and prepayments**

These are recognized at cost, which is fair value of the consideration given. However, an assessment is made at each statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount.

### **3.7 Leases**

The Company as a lessee, at inception of a contract, assesses whether a contract is, or contains, a lease, based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The right-of-use asset is depreciated in line with normal depreciation policy adopted for assets owned by the Company. The security deposits are made part of the cost of right of use assets and treated as residual value of the asset. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities include the net present value of the lease payments comprising of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The company has elected not to recognise right of use assets and lease liabilities for short term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **3.8 Taxation**

#### **Current and Prior Year**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted by the statement of financial position date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any and taxes paid under the Final tax regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is charged or credited in the statement of profit or loss, except in case where the item to which the deferred tax asset or liability pertains, is recorded in comprehensive income or equity, the corresponding deferred tax charge is also recognized in other comprehensive income or equity.

### 3.9 Trade debts and other receivables

These are recognized and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade debts.

### 3.10 Store, spares and loose tools

These are valued at weighted average cost except items in transit which are valued at cost comprising invoice value and other charges paid thereon.

The company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment, if any, is also made for slow moving items identified as surplus to the requirements or future usability of the company.

### 3.11 Stock-in-trade

Stock in trade is valued at the lower of weighted average cost and net realizable value. The average cost in relation to work in process and finished goods represents direct costs of raw materials, labour and appropriate portion of overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

The company reviews the carrying amount of stock in trade on a regular quarterly basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in its usage pattern and physical form of related stock in trade. The provision of slow moving is determined based on the management's assessment regarding their future usability.

Cost of work in process and finished goods include direct material, labour and appropriate portion of manufacturing expenses.

### 3.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rates of exchange approximating those prevalent at the statement of financial position date. All exchange differences are charged to statement of profit or loss.

### 3.13 Revenue recognition

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer under contract.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to statements of profit or loss in the period in which they are incurred.

### 3.15 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, a reportable segment is identified where it becomes a distinguishable component that is engaged in providing an individual product or service or a group of related products or services within a particular economic environment and that is subject to risks and returns that are different from those of other segments. Expenses which cannot be directly allocated activity-wise, are apportioned on appropriate basis as required by Chief Operating Decision Maker.

### 3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand, balances with banks and short term borrowings facilities.

### 3.17 Trade and accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

### 3.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

### 3.19 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

#### 3.19.1 Financial assets

The Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) Fair value through statement of profit or loss;
- c) Fair value through statement of comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or statement of comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021****Recognition and derecognition**

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. In the case of a financial asset at fair value through statement of profit or loss (FVTPL), the Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**(i) Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of profit or loss and presented in other operating income/(expenses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**(ii) Fair value through statement of comprehensive income (FVTCL)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTCL. Movements in the carrying amount are taken through statement of comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in statement of profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in statement of comprehensive income is reclassified from equity to statement of profit or loss and recognized in other income/expenses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expenses and impairment expenses are presented as separate line item in the statement of profit or loss.

**(iii) Fair value through statement of profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVTCL are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of profit or loss and presented in operating gains/(losses) in the period in which it arises.

**De-recognition of financial assets**

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Impairment of financial assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVTCL. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Cash and bank balances

For trade debts, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company recognizes in statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

### Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

### 3.19.2 Financial Liabilities

#### Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- At fair value through statement of profit or loss; and
- Other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

#### (i) Fair value through statement of profit or loss

Financial liabilities at fair value through statement of profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through statement of profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through statement of profit or loss.

#### (ii) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

#### De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

### 3.19.3 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 3.20 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in the statement of profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labour, an appropriate proportion of overheads and other directly attributable expenditure. Other development expenditure is recognized in the statement of profit or loss as an expense as incurred.

Expenditure on development activities, capitalized during the year, are classified under "Intangible Assets".

### 3.21 Earning Per Share

The Company presents Earning Per Share (EPS) data for its ordinary shares, EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year.

### 3.22 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved.

### 3.23 Warranty Expenses

Warranty expenses are recorded as and when valid claims are received from customers.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards. These standards require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

	Notes
a) Liability in respect of staff retirement benefits.	3.1
b) Useful life of depreciable Property, Plant and Equipment and amortizable Intangible assets.	3.3 & 3.5
c) Taxation	3.8
d) Stock in trade	3.11
e) Contingencies and Commitments	14

Estimates and judgments are continually evaluated and are based on historic experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

## 5 SHARE CAPITAL

### 5.1 AUTHORIZED SHARE CAPITAL

June 30, 2021 Number	June 30, 2020 Number		June 30, 2021 Rupees	June 30, 2020 Rupees
100,000,000	50,000,000	Ordinary shares of Rupees 10 each	1,000,000,000	500,000,000

Note

### 5.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

21,363,000	21,363,000	Ordinary shares of Rupees 10 each fully paid in cash	213,630,000	213,630,000
25,133,895	14,403,842	Ordinary shares of Rupees 10 each allotted as bonus shares	251,338,950	144,038,420
46,496,895	35,766,842		464,968,950	357,668,420

5.2.1

5.2.1 These shares include 10,730,053 bonus shares of Rs.10 each ( June 30, 2020: Nil) issued by the company during the current year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 5.3 CAPITAL RESERVE

Premium on issuance of Right Shares  
Less: Expenses of Right Share Issuance

Note

June 30, 2021	June 30, 2020
Rupees	Rupees
557,406,192	568,000,000
-	(10,593,808)
<b>557,406,192</b>	<b>557,406,192</b>

5.3.1 This amount represents the amount of premium received on the Right shares issued.

### 6 LONG TERM FINANCING

#### DIMINISHING MUSHARAKAH - Islamic banking

MCB Islamic Bank Limited.  
Meezan Bank Limited  
Habib Bank Limited

6.1  
6.2  
6.3

54,506,490	64,109,989
279,703,531	212,477,505
95,314,247	39,458,309
<b>429,524,268</b>	<b>316,045,803</b>
134,125,605	66,637,943
<b>295,398,663</b>	<b>249,407,861</b>

Less: Amount due within twelve months, shown under current portion of long term liabilities

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	PURPOSE OF FACILITY	RATE OF PROFIT	NUMBER OF INSTALLMENT	REPAYMENT COMMENCEMENT DATE	DATE OF MATURITY	TENURE	SECURITY
			IN MILLION									
6.1	MCB Islamic Bank Limited - Diminishing Musharakah	2021	30.00	30.00	-	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.35% with floor of 7.00% and Cap of 15.00%	Quarterly Installments	April 2020	January 2025	Six years including One Year grace period	-Paripassu charge over fixed assets of Rs. 90.00 Million. -Personal guarantees of some of the directors.
			1.70	1.70	-	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.35% with floor of 7.00% and Cap of 21.00%	Quarterly Installments	Feb-21	November 2024	Six years including One Year grace period	
			35.71	33.99	1.72	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.75% with floor of 12.00% and Cap of 20.00%	Quarterly Installments	Feb-21	November 2025	Six years including One Year grace period	
		2021 - Total	67.41	65.69	1.72							
		2020	30.00	30.00	-	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.35% with floor of 12.00% and Cap of 20.00%	Quarterly Installments	April 2020	January 2025	Six years including One Year grace period	
			1.70	1.70	-	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.35% with floor of 12.00% and Cap of 20.00%	Quarterly Installments	Three Months after the date of trial production	October 2024	Six years including One Year grace period	
			35.71	33.99	1.72	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.75% with floor of 12.00% and Cap of 20.00%	Quarterly Installments	Three Months after the date of trial production	September 2025	Six years including One Year grace period	
		2020 - Total	67.43	65.69	1.72							
6.2	Meezan Bank Limited - Diminishing Musharakah	2021	370.00	258.49	90.29	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.75% with floor of 8.00% and Cap of 22.00%	Quarterly Installments	August 2021	Nov 2025	Six years including Two year and 7 months grace period	-Paripassu charge over fixed assets of Rs. 493.33 million. -Personal guarantees of some of the directors.
				21.22		For the acquisition of four wheeler Plant & Machinery.	SBP rate plus 4%	Quarterly Installments	October 2021	April 2026	Five years and six months including 9 months grace period	
		2021 - Total	370.00	279.71	90.29							
		2020	370.00	212.48	157.52		KIBOR plus 1.75% with floor of 8.00% and Cap of 22.00%	Quarterly Installments	August 2020	May 2025	Six years including One Year and 7 months grace	
6.3	Habib Bank Limited - Diminishing Musharakah (Sub-Limit of Note No.10.4)	2021	134.68	134.68	-	For the payment of wages and salaries for the month April-2020 to September-2020	Fixed at the rate 3.00%	Quarterly Installments	January 2021	October 2022	2.5 Years	-Paripassu charge over fixed assets of Rs. 214.00 million. -Paripassu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
		2020	70.26	44.63	25.63	For the payment of wages and salaries for the month April-2020 to June-2020	Fixed at the rate 3.00%	Quarterly Installments	January 2021	October 2022	2.5 Years	-Paripassu charge over fixed assets of Rs. 214.00 million. -Paripassu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>7 LEASE LIABILITIES</b>			
Present value of minimum lease payments		-	72,800,000
Less: Current portion shown under current liabilities	13	-	65,000,000
		-	7,800,000

The amount of future payments and the periods in which these payments will become due are as under:

Due not later than one year:			
Minimum lease payments		-	69,030,272
Less: Future finance charges		-	4,030,272
Present value		-	65,000,000
Due later than one year and not later than five years:			
Minimum lease payments		-	8,229,064
Less: Future finance charges		-	429,064
Present value		-	7,800,000
		-	72,800,000

- 7.1** The Company entered into islamic financing arrangement of Nil million (2020: Rs.93.75) with ORIX Modaraba for lease of Car Welding Line. The lease term of these arrangements is Nil years (2020: Rs. 3 years). The minimum lease payments have been discounted using the effective interest rates implicit in leases Nil (June 30, 2020: 11.98%) to arrive at the present value. Rentals are payable in monthly installments. Repairs and maintenance costs are to be borne by the lessee. The liability is secured by deposit of Nil (June 30, 2020: 18.75 million), paripassu charge of Nil (2020:Rs.100.00 M) over fixed assets of the Company and personal guarantees of some directors of the Company.

### 8 DEFERRED LIABILITIES

Employee benefits obligation	8.1	244,891,848	202,107,551
Deferred tax Liability	8.2	-	-
		244,891,848	202,107,551
Deferred tax Asset	8.2	54,931,308	21,670,008

#### 8.1 Employee benefits obligation

##### 8.1.1 Movement in the present value of defined benefit obligations

Present value of defined benefit obligations 1st July		202,107,551	159,833,484
Current Service Cost		24,833,111	19,790,933
Interest cost on defined benefit obligation		17,010,747	22,571,350
Benefits due but not paid (payables)		(111,578)	-
Benefits paid		(3,850,642)	(2,876,090)
Actuarial (gain) / losses from changes in financial assumptions		814,888	(2,637,193)
Experience Adjustments		4,087,771	5,425,067
		244,891,848	202,107,551

##### 8.1.2 Movement in the net liability recognized in the statement of financial position

Net liability as at 1st July		202,107,551	159,833,484
Expense recognized in the statement of profit or loss	8.1.3	41,843,858	42,362,283
Liability discharged during the year		(3,850,642)	(2,876,090)
Benefit Payable transferred to Short Term Liability		(111,578)	-
Re-measurement recognized in comprehensive income	8.1.6	4,902,659	2,787,874
Net liability as at June 30		244,891,848	202,107,551

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
	Rupees	Rupees
<b>8.1.3 Expense recognized in the statement of profit or loss</b>		
Current service cost	24,833,111	19,790,933
Interest cost	17,010,747	22,571,350
	<b>41,843,858</b>	<b>42,362,283</b>

**8.1.4 Distribution of expense recognized in the statement of profit or loss**

The expense is recognized in the following line items in the statement of profit or loss under the head salaries, wages and other benefits.

Cost of sales	32,595,611	32,755,921
Administrative expenses	8,251,728	8,597,178
Distribution cost	996,519	1,009,184
	<b>41,843,858</b>	<b>42,362,283</b>

**8.1.5 Year end sensitivity analysis(± 100 Bps) on Defined Benefit Obligation**

	June 30, 2021	June 30, 2020
Discount Rate + 100 bps	226,650,094	186,361,504
Discount Rate - 100 bps	266,341,395	220,644,016
Salary Increase + 100 Bps	266,720,716	220,972,618
Salary Increase - 100 Bps	225,997,715	185,794,558

**8.1.6 Re-measurement recognized in Comprehensive Income**

Actuarial (gain) / losses from changes in financial assumptions	814,888	(2,637,193)
Experiences adjustments	4,087,771	5,425,067
<b>Total re-measurement recognized in Comprehensive Income</b>	<b>4,902,659</b>	<b>2,787,874</b>

**8.1.7 Expected Benefit Payments for the Next 10 Years and Beyond**

	Less than one Year	From 1 to 2 Year	From 2 to 5 Year	From 5 to 10 Year	More Than 10 Years	Total
	Rupees					
<b>As At June 30, 2021</b>						
Defined Benefit Obligations	46,900,265	34,211,832	113,570,706	104,299,376	2,580,138,965	2,879,121,144

**8.1.8** The amount of expected expense of gratuity benefit in 2021-22 will be Rs. 51,911,525/- as per the actuary's report.

**8.1.9** The average duration of defined benefit obligation (unfunded) is 8 years (June 30, 2020, 8 Years).

**8.1.10 Principal actuarial assumptions**

The company has carried out actuarial valuation as at June 30, 2021 from professional actuary expert under the 'Projected Unit Credit Actuarial Cost Method' for calculating the accounting entries for these financial statements. The main assumptions used for actuarial valuation are as follows:

Discount rate for year end Obligation	10.00 % p.a.	8.50 % p.a.
Discount rate for interest cost in statement of profit or loss	8.50 % p.a.	14.25 % p.a.
Expected rate of future salary increase for the year 2022 (2021)	N/A	7.50 % p.a.
Expected rate of future salary increase from 2023 onward	9.00 % p.a.	7.50 % p.a.
Next Salary is increased at	July 01, 2021	July 01, 2020
Mortality rates	SLIC 2001-2005	SLIC 2001-2005
Withdrawal Rates	Setback 1 Year	Setback 1 Year
	Age-Based	Age-Based
	(per appendix)	(per appendix)
Retirement assumption	60 Years	60 Years



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>8.2 Deferred taxation</b>			
<b>Taxable temporary differences arising from:</b>			
Accelerated depreciation for tax purposes		15,731,712	17,182,390
Right of use asset		21,750,000	21,750,000
<b>Deductible temporary differences arising from:</b>			
Minimum tax u/s 113 of Income Tax Ordinance, 2001	8.2.2	(92,413,020)	(39,737,408)
Liabilities under lease that are deducted for tax purposes only when paid		-	(20,864,990)
		<b>(54,931,308)</b>	<b>(21,670,008)</b>

### 8.2.1 Movement of deferred tax is as follows:

Opening Balance - Deferred Tax Liability	(21,670,008)	9,133,675
Less: Deferred tax income during the year	(31,810,622)	(29,460,358)
Less: Transfer from deferred tax asset to taxation - net	(1,450,678)	(1,343,325)
Closing balance - Deferred Tax Asset	<b>(54,931,308)</b>	<b>(21,670,008)</b>

**8.2.2** Deferred tax asset on tax credit representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 has been recognised as sufficient taxable profits would be available for adjustment/utilisation in the foreseeable future. Minimum tax would expire as follows:

Accounting year to which minimum tax relates	Accounting year in which minimum tax will expire	Amount of minimum tax (Rupees)
2019	2024	7,326,684
2020	2025	32,380,302
2021	2026	52,706,034
		<b>92,413,020</b>

## 9 DEFERRED GRANT

Opening Balance	5,170,602	-
Add: Received during the Year	9,240,576	5,190,029
Less: Amortized during the Year	(8,712,002)	(19,428)
Closing Balance	<b>5,699,176</b>	<b>5,170,602</b>

**9.1** The amount represents the difference of loan proceed and fair value of the loan from Habib Bank Limited for payment of wages and salaries for the months of April to September-2020 under the discount profit scheme 3% fixed issued by the State bank of Pakistan.

## 10 TRADE AND OTHER PAYABLES

Creditors	446,566,755	334,232,870
Advances from trade customers - Contract Liability	1,474,382,197	3,387,015
Accrued & Other liabilities	49,522,113	52,213,974
<b>Murabaha Payable: (Islamic banking)</b>		
Meezan Bank Limited	-	-
Habib Bank Limited	-	-
United Bank Limited	-	-
Allied Bank Limited	-	-
Habib Metro Bank Limited	-	-
Faysal Bank Limited	-	-
Sales tax payable	1,763,856	1,570,438
Income tax deducted at source	29,763,333	19,099,918
<b>Payable towards:</b>		
Workers' Profit Participation Fund	5,543,487	2,233,024
Workers' Welfare Fund	646,361	832,730
	<b>2,008,188,102</b>	<b>413,569,969</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**10.1** These represent advance received from customers in respect of sale of vehicles and parts. All the opening balance of advance has been recognized as revenue during the year.

### 10.2 Letter of Credit facilities

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	SECURITY
			IN MILLION			
10.2.1	Meezan Bank Limited	2021	1000.00	396.20	603.80	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
			500.00	132.15	367.85	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2020	500.00	40.25	459.75	
10.2.2	Habib Bank Limited - Islamic Banking	2021	250.00	76.00	174.00	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2020	160.00	75.31	84.69	
10.2.3	United Bank Limited - Ameen Islamic Banking	2021	350.00	36.94	313.06	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2020	200.00	28.54	171.46	
10.2.4	Allied Bank Limited - Islamic Banking	2021	500.00	83.02	416.98	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents.
			225.00	37.63	187.37	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2020	225.00	-	225.00	
10.2.5	Habib Metro Bank Limited - Sirat Islamic Banking	2021	750.00	565.79	184	-100% cash margin or as per SBP requirement, which ever is higher. -Lien on import Documents.
			350.00	-	350	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2020	Nil	Nil	Nil	Nil
10.2.6	Faysal Bank Limited - Islamic Banking	2021	500.00	382.07	118	-100% cash margin or as per SBP requirement, which ever is higher. -Lien on import Documents.
			400.00	-	400	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2020	Nil	Nil	Nil	Nil
Letter of Credit facilities - for Capital Expenditure						
10.2.7	Meezan Bank Limited "Sublimit of note no. 6.2"	2021	75.20	-	75.20	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2020	5.20	-	5.20	
10.2.8	MCB Islamic Bank Limited	2021	Nil	Nil	Nil	Nil
		2020	35.71	35.71	-	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR	TOTAL	UTILIZED	UN-UTILIZED	MAXIMUM	RATE OF	SECURITY
		ENDED JUNE 30,	FACILITY	FACILITY	FACILITY	PERIOD	PROFIT	
			IN MILLION					
10.3	Meezan Bank Limited - Murabaha Arrangement	2021	200.00	-	200.00	180 Days	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 268.00 million keeping 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2020	200.00	-	200.00	180 Days	KIBOR PLUS 1.25%	
10.4	Habib Bank Limited - Islamic Banking - Murabaha Arrangement	2021	250.00	-	250.00	120 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 334.00 million. -Paripassu charge over current assets of Rs. 250.00 million. -Personal guarantees of some of the directors. -Paripassu charge over fixed assets of Rs. 214.00 million. -Paripassu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
		2020	160.00	-	160.00	120 Days	KIBOR PLUS 1.10%	
10.5	United Bank Limited - Ameen Islamic Banking Murabaha Arrangement (sublimit of Note no. 10.2.3)	2021	350.00	-	350.00	180 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 467.00 million. -Paripassu charge over current assets of Rs. 350.00 million. -Personal guarantees of some of the directors. -Paripassu charge over fixed assets of Rs. 267.00 million with 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2020	200.00	-	200.00	180 Days	KIBOR PLUS 1.10%	
10.6	Allied Bank Limited - Murabaha Arrangement (sublimit of Note no. 10.2.4)	2021	135.00	-	135.00	90 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 185.00 million. -Paripassu charge over current assets of Rs. 110.00 million. -Personal guarantees of some of the directors.
		2020	135.00	-	135.00	90 Days	KIBOR PLUS 1.10%	
10.7	Habib Metro Bank Limited - Sirat Islamic Banking Murabaha Arrangement (sublimit of Note no. 10.2.5)	2021	150.00	-	150.00	120 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 267.00 million with 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors. NIL
		2020	Nil	Nil	Nil	Nil	Nil	
10.8	Faysal Bank Limited - Islamic Banking (sublimit of Note no. 10.2.6)	2021	100.00	-	100.00	120 Days	KIBOR PLUS 1.00%	-Paripassu charge over fixed assets of Rs. 133.00 million with 25% margin. -Paripassu charge over current assets of Rs. 100.00 million. -Personal guarantees of some of the directors. NIL
		2020	Nil	Nil	Nil	Nil	Nil	



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>10.9 Workers' Profit Participation Fund</b>			
Balance at beginning of the year		2,233,024	6,080,459
Charged during the year	30	5,543,487	2,233,024
		7,776,511	8,313,483
Payment made during the year		(2,233,024)	(6,080,459)
		5,543,487	2,233,024
<b>10.10 Workers' Welfare Fund</b>			
Balance at beginning of the year		832,730	2,235,910
Charged during the year		646,361	832,730
Adjustment for prior years		44,557	119,530
Charged to Statement of Profit or Loss	30	690,918	952,260
		1,523,648	3,188,170
Payment made during the year		(877,287)	(2,355,440)
		646,361	832,730
<b>11 PROFIT ACCRUED ON LOANS AND OTHER PAYABLES</b>			
Lease Liabilities - secured		-	314,941
Short term borrowing - secured		90,181	1,796,739
Long term borrowing - secured		8,907,883	37,955,816
Profit on Murabaha Payable		-	5,865
		8,998,064	40,073,361
<b>12 SHORT TERM BORROWINGS - SECURED</b>			
<b>Running Musharakah arrangements - Islamic Banking</b>			
Habib Bank Limited	12.1	12,427,912	-
United Bank Limited	12.2	50,571,110	-
Meezan Bank Limited	12.3	56,410,350	-
Allied Bank Limited	12.4	270,236	-
<b>Istisna arrangements - Islamic Banking</b>			
Meezan Bank Limited	12.5	-	-
		119,679,608	-

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	SUB-LIMIT OF NOTE NO.	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	RATE OF PROFIT	SECURITY
IN MILLION								
12.1	Habib Bank Limited - Islamic Banking - Running Musharakah Arrangements	2021	10.4	160.00	12.43	147.57	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 334.00 million. -Paripassu charge over current assets of Rs. 250.00 million. -Personal guarantees of some of the directors.
		2020	10.4	160.00	-	160.00	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 214.00 million. -Paripassu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
12.2	United Bank Limited - Ameen Islamic Banking - Running Musharakah Arrangements	2021	10.2.5	200.00	50.57	149.43	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 467.00 million. -Paripassu charge over current assets of Rs. 350.00 million. -Personal guarantees of some of the directors.
		2020	10.2.3	200.00	-	200.00	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 267.00 million with 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
12.3	Meezan Bank Limited - Running Musharakah Arrangements	2021	10.3	60.00	56.41	3.59	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 268.00 million keeping 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2020	10.3	60.00	-	60.00	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 185.00 million. -Paripassu charge over current assets of Rs. 110.00 million. -Personal guarantees of some of the directors.
12.4	Allied Bank Limited - Business Running Musharakah Arrangements	2021	10.6	45.00	0.27	44.73	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 268.00 million keeping 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2020	10.6	45.00	-	45.00	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 268.00 million keeping 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
12.5	Meezan Bank Limited - Istisna Arrangement	2021	10.3	40.00	-	40.00	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 268.00 million keeping 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2020	10.3	40.00	-	40.00	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 268.00 million keeping 25% margin. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	Rupees	Rupees
<b>13 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Diminishing Musharakah - Islamic banking	6	134,125,605	66,637,943
Lease Liability - Islamic banking	7	-	65,000,000
		<b>134,125,605</b>	<b>131,637,943</b>

### 14 CONTINGENCIES AND COMMITMENTS

#### 14.1 Contingencies

- 14.1.1** The Director General (HQ)/Adjudicating Officer of Punjab Employees Social Security Institution (PESSI) has passed an order against the company and sustained the demand created by Deputy Director (Admin) of Rs. 6,547,688/- as on June 12, 2019. The company filed an appeal against the said order before The Honorable Labour Court, Lahore and has been granted a stay order. The appeal is still pending. In the opinion of the legal advisor, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.2** The Honorable Lahore High Court, Lahore has decided the case in favor of PEESI against the appeal filed by the company with respect to the notification issued by the Government of Punjab (Labour & Human Resource Department) for enhancing the monthly wage ceiling from Rs. 18,000/- to 22,000/-. The estimated effect of this notification on financial statements of the company till reporting date is Rs. 2,746,009/-. The company challenged the order by filing an Intra Court Appeal (ICA) before the Honorable Lahore High Court, Lahore as on July 04, 2019, and has been granted a stay order. The appeal is still pending. In the opinion of the legal advisor, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.3** The Sindh Revenue Board (SRB) retrospectively restored sales tax on renting of immovable property services vide Sindh Sales Tax on Services (Amendment) Act, 2018, therefore Landlord of Company's Karachi office has claimed sales tax on rent services of Rs. 257,064/- for the tax year 2016, 2017 and 2018. The Company has challenged the law by filing a writ petition in Honorable Sindh High Court, Karachi and has been granted a stay order as on December 31, 2018. In the opinion of the lawyer, the outcome of the case is expected in favour of the company, hence no provision is made in these financial statements.
- 14.1.4** The Employees' Old-Age Benefits Institution issued a circular no. 01/2015-16 dated: March 01, 2016 for enhancing the monthly wage ceiling from Rs. 8,000/- to Rs. 13,000/- in different years retrospectively. Therefore, The Company has filed a writ petition with The Honorable Lahore High Court, Lahore and has been granted a stay order as on April 27, 2016. The petition is still pending in the Honorable Lahore High Court, Lahore. The estimated effect of this notification on financial statements of the company till reporting date is Rs. 15,503,837/-. In the opinion of legal advisor, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.5** ACIR initiated proceedings under section 122 (5A) of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 11,385,589/- as on September 26, 2018. The company filed an appeal against this order with CIR (Appeals) and also file a writ petition in Honourable Lahore High Court, Lahore for obtaining a stay order against recovery of said amount. The Honourable Lahore high court, Lahore has granted a stay order against recovery of tax demand till the decision of CIR (Appeals). The proceedings of CIR (Appeals) are still pending. In the opinion of tax consultant, favorable outcome of the appeals is expected, hence no provision is made in these financial statements.
- 14.1.6** ACIR initiated proceedings under section 124/129/221 of Income Tax Ordinance 2001 for tax year 2008 and rejected the refund of Rs. 1,432,320/-. The company filed an appeal against this order with CIR (Appeals) as on June 30, 2016, proceeding is still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.
- 14.1.7** ACIR initiated proceedings under section 3(1A) of Sales Tax act 1990 for tax period July-Sep 2015 and created sales tax demand of Rs. 9,392,789/- as on June 06, 2016. The company filed an appeal against this order with CIR (A) and CIR (A) vacated the order of ACIR. However ACIR filed an appeal with ATIR, appeal is still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

- 14.1.8** DCIR initiated proceedings under section 6,7 and 8 of The Sales Tax Act 1990 for the tax period from January 2014 to February 2017 and created a tax demand Rs. 6,770,083/- on May 18, 2020. The Company filed an appeal before CIR(A) on June 16, 2020 and got a relief of Rs. 4,881,666/- with the directions of re-assessment of the remaining amount. However DCIR filed an appeal before ATIR against the order of CIR(A) as on August 27, 2020, on the other hand Company also filed an appeal before The ATIR as on September 07, 2020 and obtained a stay order against the order of CIR(A). Proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.9** DCIR initiated proceedings under section 122 (5A) for tax year 2009 and created a tax demand of Rs. 5,439,326/- as on March 31, 2015. The company filed an appeal against this order with CIR (Appeals) and got relief up to Rs.5,318,163. For remaining tax demand of Rs. 121,899/-, company file an appeal with ATIR. Further, the DCIR has also filed an appeal with ATIR against the Relief of Rs. 5,318,163/- given by the CIR (A). In the opinion of tax consultant, favorable outcomes of the appeals are expected, hence no provision is made in these financial statements.
- 14.1.10** DCIR initiated proceedings under section 122 (1)/122 (5A) for tax year 2013 and created a tax demand of Rs. 6,845,112/- as on January 31, 2013. The company filed appeals against the order with CIR (Appeals) and got relief of Rs. 4,365,419/-. For remaining tax demand of Rs.2,479,693/-, the company has filed an appeal with ATIR. The appeal is still pending. Further in 2017, the DCIR has also filed an appeal with the ATIR against the relief of Rs. 4,365,419/- given by CIR (A) for tax year 2013, which is also pending. In the opinion of tax consultant, favorable outcomes of the appeals are expected, hence no provision is made in these financial statements.
- 14.1.11** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2011 to June-2012 and created a demand of Rs. 192,568,536/- as on May 30, 2018, . The company filed an appeal against this order with CIR (Appeals). The CIR (Appeals) has remand back the case to DCIR with upheld amount of Rs. 2,223,033. The Company filed an appeal with ATIR against the decision of CIR (Appeals) for the upheld amount and decision of remand back. In the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.12** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2013 to June-2014 and created a demand of Rs. 7,418,949/- as on September 28, 2017. The company filed an appeal against this order with CIR (Appeals) and got a relief of Rs. 5,328,780/- as on April 30, 2021. For remaining tax demand of Rs. 2,090,169/-, company file an appeal before ATIR as on June 29, 2021. The appeal is still pending and in the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.13** Additional Commissioner Inland Revenue (ACIR) initiated proceedings under section 122(5A) of Income Tax Ordinance 2001 for tax year 2018 and created a tax demand of Rs. 8,848,110/- as on February 06, 2020, The Company filed an appeal before the Commissioner Inland Revenue Appeal CIR(A) against this order of ACIR and has been granted a stay order, proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.14** DCIR initiated proceedings under section 161/205 of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 33,952,716/- as on March 30, 2019, The Company filed an appeal against this order with CIR (A) and CIR (A) deleted the order of DCIR as on June 25, 2019. However DCIR filed an appeal with ATIR against the order of CIR (A) as on August 27, 2019, proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**14.1.15** The Company has filed Writ Petition in Lahore High Court, Lahore (LHC) against the illegal selection by the Commissioner Inland Revenue for the audit of sales tax affairs for tax year 2017 under section 25 of Sales Tax Act 1990. Which was rejected by the honourable Court. The Company filed an Inter Court Appeal (ICA) before honourable Lahore High Court, Lahore and honourable Court has granted an interim relief to the Company and restrained the Commissioner Inland Revenue to pass a final order till the decision of appeal as on January 21, 2020. The case is still pending. In the opinion of the lawyer, outcome of this case will be in favour of the company.

**14.1.16** For the financial year ended June 30, 2018, the management did not make an announcement of dividend due to cash requirement for the setting up a project of manufacturing/assembly of passenger and off-road vehicles, which attracted the provisions of Section 5 (A) of Income Tax Ordinance 2001. The company has challenged the legality and constitutionality of section 5 (A) of Income Tax Ordinance 2001 by filing a Constitutional petition in the Lahore High Court, Lahore as on July 03, 2018, the said writ petition is pending before the Honourable Court. In the opinion of the lawyer, favorable outcome of the appeal is expected, hence provision of Rs.19.10 Million is not made in these financial statements.

**14.1.17** A group of persons in rickshaw market Karachi was deposited a sum of Rs. 10.93 Million unilaterally in the Company's bank account for the purchase of auto rickshaw without any authorization from the Company. The company filed a suit in Honorable Sindh High Court, Karachi (SHC) against these persons as on September 24, 2019. Instead of appearing in the Honorable Sindh High Court, Karachi, they filed nine civil suits against the Company for the declaration, cancellation, recovery and damages amounting to Rs. 109.43 Million. The cases are still pending. In the opinion of the lawyer, these claims are frivolous and the outcome of these cases will be in favour of the company. Therefore, The Company has not made any provision for this amount in these financial statements.

### 14.2 Commitments

**14.2.1** Commitments in respect of outstanding letters of credit for raw material amount to Rs. 145.93 Million (June 30, 2020: Rs. 102.73 Million).

**14.2.2** Commitments in respect of capital expenditures amount to Rs. 93.69 Million (June 30, 2020: Rs. 117.17 Million).

**14.2.3** Commitments for future minimum payments in respect of lease arrangements are as follows:

	June 30, 2021 Rupees	June 30, 2020 Rupees
Not later than one year	-	69,030,272
Later than one year but not later than five years	-	8,229,064
Later than five years	-	-

### 15 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - Tangible	15.1	344,171,829	335,796,920
Capital work in progress	15.3	1,454,249,214	982,535,886
Advance for purchase of land		46,000,000	-
		<b>1,844,421,043</b>	<b>1,318,332,806</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 15.1 OPERATING FIXED ASSETS - Tangible

Particulars	2021			Rate %	Depreciation			W.D.V. as at 30-06-2021
	As at 01-07-2020	Cost Additions/(Deletions)	As at 30-06-2021		As at 01-07-2020	For the Year	Adjustment / Disposal	
Freehold land	195,551,940	-	195,551,940	-	-	-	-	195,551,940
Building and Civil Works on freehold land	88,273,401	-	88,273,401	5 to 10	61,966,567	2,559,950	-	23,746,884
Building and Civil Works on leasehold land	2,509,800	-	2,509,800	10	959,177	155,062	-	1,395,561
Plant and Machinery	223,053,657	1,365,000	224,418,657	10	152,154,131	7,190,369	-	65,074,157
Electric Fittings	9,189,359	-	9,189,359	10	6,507,769	268,159	-	2,413,431
Furniture and Fittings	3,617,267	-	3,617,267	10	1,827,429	178,984	-	1,610,854
Office Equipment	7,765,877	1,205,900	8,971,777	10	3,482,741	480,262	-	5,008,774
Electric Installations	6,148,250	409,604	6,557,854	10	2,422,961	387,336	-	3,747,557
Vehicles	71,500,461	28,572,932 (2,529,000)	97,544,393	20	42,492,317	10,577,336	-	45,622,671
							(1,147,931)	
Total 2021	607,610,011	31,553,436 (2,529,000)	636,634,447		271,813,091	21,797,458	(1,147,931)	344,171,829

Particulars	2020			Rate %	Depreciation			W.D.V. as at 30-06-2020
	As at 01-07-2019	Cost Additions/(Deletions)	As at 30-06-2020		As at 01-07-2019	For the Year	Adjustment	
Freehold land	195,551,940	-	195,551,940	-	-	-	-	195,551,940
Building and Civil Works on freehold land	88,273,401	-	88,273,401	5 to 10	59,126,314	2,840,253	-	26,306,834
Building and Civil Works on leasehold land	2,509,800	-	2,509,800	10	786,886	172,291	-	1,550,623
Plant and Machinery	218,870,317	4,183,340	223,053,657	10	144,536,406	7,617,725	-	70,899,526
Electric Fittings	9,189,359	-	9,189,359	10	6,209,815	297,954	-	2,681,590
Furniture and Fittings	2,996,463	620,804	3,617,267	10	1,688,418	139,011	-	1,789,838
Office Equipment	7,147,155	618,722	7,765,877	10	3,039,113	443,628	-	4,283,136
Electric Installations	5,231,950	916,300	6,148,250	10	2,101,599	321,362	-	3,725,289
Vehicles	76,059,961	3,183,000 (7,742,500)	71,500,461	20	39,753,440	7,395,926	-	29,008,144
							(4,657,050)	
Total 2020	605,830,345	9,522,166 (7,742,500)	607,610,011		257,241,991	19,228,150	(4,657,050)	335,796,920

### 15.2 Depreciation for the year has been allocated as follows:

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Cost of sales	27	11,710,336	10,996,596
Distribution cost	28	4,929,647	3,844,074
Administrative expenses	29	5,157,475	4,387,480
		<b>21,797,458</b>	<b>19,228,150</b>

### 15.3 CAPITAL WORK-IN-PROGRESS

#### Tangible

##### Plant and machinery

Opening balance	15.4	552,356,939	263,850,066
Additions made during the year		453,843,428	288,506,873
		<b>1,006,200,367</b>	<b>552,356,939</b>
Transferred to Plant & Machinery		-	-
		<b>1,006,200,367</b>	<b>552,356,939</b>

##### Civil works

Opening balance		429,837,696	385,299,717
Additions made during the year		18,211,151	44,537,979
		<b>448,048,847</b>	<b>429,837,696</b>
Transferred to operating fixed assets		-	-
		<b>448,048,847</b>	<b>429,837,696</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>Intangible</b>			
Opening balance		341,251	341,251
Additions made during the year		-	-
		341,251	341,251
Transferred to Intangible Assets		341,251	-
		-	341,251
		1,454,249,214	982,535,886

15.4 This includes right of use asset of Nil (June 30, 2020: 93.75) and borrowing cost related to the Plant and Machinery amounting to Rs. 16.32 million (2020: Nil) using rate ranging between 5.00% - 11.98% per annum (2020: Nil ).

15.5 Particulars of Company's Immovable Fixed Assets:

SR No.	PARTICULARS	LOCATION	NATURE	AREA OF LAND (In Acres)
1	Manufacturing Facility of Three Wheeler, Appliances and Automotive Parts	18 K.M Raiwind Road, Lahore.	OWNED	5.46
2	Four Wheeler Manufacturing Facility - Under Construction	Mouza Bhai Kot, Near Tablighi Ijtama, Raiwind, Lahore	OWNED	36.92
3	Warranty Center, Karachi	B-66, State Avenue S.I.T.E, Karachi	LEASED	0.36

15.6 The detail of property, plant and equipment disposed off during the year is as follows:

Particulars	Cost	Net Book Value	Sale Price	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
	Rupees					
BAIC X25	1,925,000	1,362,900	2,000,000	637,100	Negotiation	Ms. Aliya Hamza Malik, H No. 153-C, Phase-1, DHA , Lahore.
Suzuki Cultus	604,000	18,169	300,000	281,831	Negotiation	Mr. Mubeen Niaz, H No. E-232/1, Gulistan Colony, Chungi Amar sidhu, Lahore.
<b>June 30, 2021</b>	<b>2,529,000</b>	<b>1,381,069</b>	<b>2,300,000</b>	<b>918,931</b>		
June 30, 2020	7,742,500	3,085,450	7,020,000	3,934,551		

### 16 INTANGIBLE ASSETS

Particulars	Cost			Amortization			Book Value as at 30-06-2021
	As at 01-07-2020	Additions/ (deletion)	As at 30-06-2021	As at 01-07-2020	For the Year	As at 30-06-2021	
Intangible Assets	4,357,922	341,251	4,699,173	4,280,978	35,504	4,316,482	382,691
<b>Jun-21</b>	<b>4,357,922</b>	<b>341,251</b>	<b>4,699,173</b>	<b>4,280,978</b>	<b>35,504</b>	<b>4,316,482</b>	<b>382,691</b>
Jun-20	4,357,922	-	4,357,922	4,249,362	31,616	4,280,978	76,944

16.1 Intangible assets include cost incurred on patents, copyrights, trade marks and designs.

16.2 The amortization cost is included in cost of sales.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>17 LONG TERM LOANS AND ADVANCES - SECURED</b>			
<b>Loans and advances - considered good, to:</b>			
Executives		11,663,925	8,528,925
Non-Executives		46,565,491	33,950,368
		<b>58,229,416</b>	42,479,293
Less: Amount due within twelve months, shown under current portion of loans and advances	<b>22</b>	<b>29,270,353</b>	14,989,140
		<b>28,959,063</b>	27,490,153

Reconciliation of carrying amount of loans and advances to executives and non-Executives:

	Opening balance as at July 01, 2020	Disbursements / Transfer	Repayments / Transfer	Closing Balance as at June 30, 2021
Executives	8,528,925	4,565,000	1,430,000	11,663,925
Non-Executives	33,950,368	32,509,515	19,894,392	46,565,491
<b>June 30, 2021</b>	<b>42,479,293</b>	<b>37,074,515</b>	<b>21,324,392</b>	<b>58,229,416</b>
<b>June 30, 2020</b>	<b>40,918,798</b>	<b>19,804,282</b>	<b>18,243,787</b>	<b>42,479,293</b>

These loans and advances have been granted under staff loan and advances policy to facilitate the employees for purchase of house and meeting other household payments. These are secured against the gratuity payable to employees. These are interest free loans which are repayable within 2.5 years and for a maximum period of fourteen years under the special approval of management. The maximum amount of loan outstanding to executives at the end of any month during the year was Rs. 11,663,925 (2020: Rs. 8,613,925). Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive. The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement of gratuity. Long term loans have been carried at cost as the effect of carrying these balances at amortised cost is not considered to be material.

### 18 LONG TERM DEPOSITS

Deposit with Pakistan Steel Mill	400,000	400,000
Utilities and others	3,645,855	3,112,855
	<b>4,045,855</b>	<b>3,512,855</b>

**18.1** Long term deposits are given in the normal course of business and do not carry any interest or mark-up.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>19 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		2,927,767	4,826,567
Spares		303,032	420,217
Loose tools		47,490	35,148
		<b>3,278,289</b>	<b>5,281,932</b>
<b>20 STOCK-IN-TRADE</b>			
Raw materials and components		563,749,293	416,574,470
Work-in-process		31,392,103	30,553,475
Finished goods		232,678,793	222,905,224
Less:			
Provision for slow moving items	20.1	(9,922,842)	(9,922,842)
		<b>817,897,347</b>	<b>660,110,327</b>
<b>20.1 Provision for slow moving items</b>			
Balance at the beginning of the year		9,922,842	9,667,692
Charged during the year	27	-	255,150
Balance at the closing of the year		<b>9,922,842</b>	<b>9,922,842</b>
<b>21 TRADE DEBTS - Unsecured</b>	21.1	<b>116,923,695</b>	<b>122,597,252</b>
<b>21.1 Classification:</b>			
Considered Good		116,923,695	122,597,252
Considered Doubtful		9,596,805	9,641,805
		<b>126,520,500</b>	<b>132,239,057</b>
Less: Provision for expected credit losses	21.2	(9,596,805)	(9,641,805)
		<b>116,923,695</b>	<b>122,597,252</b>
<b>21.2 Provision for Expected Credit losses (ECL)</b>			
Balance at the beginning of the year		9,641,805	9,641,805
Charged during the year		-	-
		<b>9,641,805</b>	<b>9,641,805</b>
Reversal during the year	21.2.1	(45,000)	-
Balance at the closing of the year		<b>9,596,805</b>	<b>9,641,805</b>
<b>21.2.1 Amount recovered during the year.</b>			
<b>22 LOANS &amp; ADVANCES</b>			
Advances - considered good			
- Current portion of loans and advances	17	29,270,353	14,989,140
- To employees for incurring business expenses		-	76,097
- To suppliers-unsecured		1,741,863	1,036,684
		<b>31,012,216</b>	<b>16,101,921</b>
<b>22.1 These amount given in the normal course of business and do not carry any interest or mark-up.</b>			



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Contract securities		400,000	400,000
Prepaid expenses		1,609,413	1,399,528
Letter of credit margin		1,497,480,558	19,877,112
Letter of credit in process		126,498,000	44,571,498
		<b>1,625,987,971</b>	<b>66,248,138</b>
<b>23.1</b>	These amount given in the normal course of business and do not carry any interest or mark-up.		
<b>24 OTHER RECEIVABLES</b>			
Advance income tax - net		101,176,791	118,345,962
Advance Sales tax		14,246,838	9,532,464
Others		-	2,050,373
		<b>115,423,629</b>	<b>129,928,799</b>
<b>25 CASH AND BANK BALANCES</b>			
Cash in hand		538,204	298,459
Balance with banks			
In current accounts - Conventional banking		2,185,523	7,852,046
In current accounts - Islamic banking		10,201	44,796,992
In saving accounts - Islamic banking	<b>25.1</b>	<b>12,243,164</b>	395,871,558
		<b>14,977,092</b>	<b>448,819,055</b>
<b>25.1</b>	This carry profit at the rates ranging from 3.08% to 6.50% (June 30, 2020: From 3.65% to 8.00%) per annum.		
<b>26 SALES - NET</b>			
Gross sales	<b>26.1</b>	<b>5,263,914,714</b>	3,567,680,810
Less: Sales tax		699,041,868	499,435,176
Sales returns		433,768,212	124,940,920
Commission		97,503,626	51,550,212
		<b>1,230,313,706</b>	<b>675,926,308</b>
		<b>4,033,601,008</b>	<b>2,891,754,502</b>
<b>26.1</b>	This includes Rs. 66.24 million (June 30, 2020: Rs. 30.24 million) on account of export sales.		



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>27 COST OF SALES</b>			
Raw materials and components consumed		3,059,606,140	2,117,655,984
Salaries, wages and other benefits	27.1	357,626,465	325,067,632
Stores, spares and loose tools consumed		60,409,523	38,219,049
Power and fuel charges		87,404,341	64,317,268
Repair and maintenance		75,595,616	52,527,631
Other expenses		15,319,374	12,339,607
Provision for slow moving items	20.1	-	255,150
Depreciation	15.2	11,710,336	10,996,596
Amortization	16	35,504	31,616
		3,667,707,299	2,621,410,533
Opening work-in-process		30,553,475	28,239,219
		3,698,260,774	2,649,649,752
Closing work-in-process		31,392,103	30,553,475
Cost of goods manufactured		3,666,868,671	2,619,096,277
Opening finished goods		222,905,224	178,368,962
		3,889,773,895	2,797,465,239
Cost of finished goods purchased during the year		9,782,237	24,180,346
		3,899,556,132	2,821,645,585
Closing finished goods		232,678,793	222,905,224
		3,666,877,339	2,598,740,361

27.1 Salaries, wages and other benefits include Rs.32,595,611 (June 30, 2020: Rs. 32,755,921) in respect of retirement benefits.

### 28 DISTRIBUTION COST

Salaries and other benefits	28.1	34,266,533	29,418,148
Freight and octroi		61,083,095	41,283,980
Traveling & conveyance		7,723,666	4,585,024
Packing material consumed		8,285,472	3,577,974
Advertisement and sale promotion		3,410,780	7,790,144
Insurance		784,266	575,758
Rent Expenses	28.2	4,888,754	4,032,591
After sales service		1,287,460	1,166,618
Printing & Stationery		217,131	103,978
Depreciation	15.2	4,929,647	3,844,074
		126,876,804	96,378,289

28.1 Salaries and other benefits include Rs.996,519 (June 30,2020: Rs. 1,009,184) in respect of retirement benefits.

28.2 This represents short term lease rentals.

### 29 ADMINISTRATIVE EXPENSES

Salaries and other benefits	29.1	80,289,491	67,835,242
Electricity, gas and water charges		359,887	393,615
Communication expenses		6,747,229	4,804,787
Vehicle running expenses		6,649,360	4,522,378
Legal and professional		4,914,825	3,621,297
Traveling and conveyance		537,450	2,318,571
Fee and subscription		7,390,902	3,267,144
Insurance		334,495	402,111
Rent, rates and taxes	29.2	1,737,773	1,167,388
Printing and stationery		4,349,178	2,798,475
Entertainment		2,266,091	2,422,148
Office supplies		569,111	363,758
Miscellaneous expenses		1,066,526	2,128,507
Depreciation	15.2	5,157,475	4,387,480
		122,369,793	100,432,901

29.1 Salaries and other benefits include Rs. 8,251,728 (June 30, 2020: Rs. 8,597,178) in respect of retirement benefits.

29.2 This includes short term lease rentals.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
		Rupees	Rupees
<b>30 OTHER OPERATING EXPENSES</b>			
Tax Consultancy Services		2,147,750	2,160,000
Auditors' remuneration	30.1	1,041,500	991,500
<b>Contribution towards:</b>			
Workers' profit participation fund	10.9	5,543,487	2,233,024
Workers' welfare fund	10.10	690,918	952,260
		<b>9,423,655</b>	<b>6,336,784</b>
<b>30.1 Auditors remuneration</b>			
H.Y.K & Co.			
Statutory audit		810,000	760,000
Half yearly review		171,500	171,500
Workers' Profit Participation Fund audit		20,000	20,000
Certificate fee		40,000	40,000
		<b>1,041,500</b>	<b>991,500</b>
<b>31 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit from Islamic banking deposits		15,051,839	9,094,817
Exchange Gain		518,724	230,104
<b>Income from non Financial Assets</b>			
Gain on sale of fixed asset		918,931	3,934,550
Reversal of provision for doubtful Debts		45,000	-
Miscellaneous Income		1,077,699	1,709,557
		<b>17,612,193</b>	<b>14,969,028</b>
<b>32 FINANCE COST</b>			
Profit on:			
Long term finances - Islamic banking		26,536,964	36,514,169
Short term borrowings - secured - Islamic Banking		316,030	13,118,548
Profit on Murabaha - Islamic Banking		-	10,906,000
Less: Amortization of Deferred Grant	9	(8,712,002)	(19,428)
Interest on Workers' Profit Participation Fund		155,330	701,576
Financial charges on lease - Islamic Banking		1,790,988	1,801,459
Bank charges and others		1,098,297	1,039,243
		<b>21,185,607</b>	<b>64,061,567</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>33 TAXATION</b>			
<b>Current</b>			
For the Year	33.1	62,459,491	44,143,284
Prior Year	33.2	(513,509)	(199,520)
<b>Deferred</b>			
For the Year	33.4	(33,261,301)	(30,803,683)
		<b>28,684,681</b>	<b>13,140,081</b>

**33.1** The Company computes tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. Provision for the current year has been made on the basis of Minimum tax charge under section 113 and final tax regime under Income Tax Ordinance, 2001. The management is confident that sufficient future taxable profits would be available against which minimum tax can be utilized.

**33.2** This amount relates to adjustment of provision for taxation of previous year.

**33.3** The income tax assessments of the company have been finalized up to tax year 2020, except as mentioned in note 14.1. The Provision for taxation is considered adequate to discharge the expected liability for current year.

### **33.4 Tax charge reconciliation**

Profit before taxation	104,480,003	40,773,628
Tax charge on accounting profit at applicable tax rate 29% (29%: 2020) as per Income Tax Ordinance, 2001	30,299,201	11,824,352
Tax effect of amounts that are:		
- allowable deductions for tax purposes	(923,137)	2,917,492
Tax effect of profit attributable to presumptive income	(759,469)	(1,336,376)
Effect of presumptive tax	705,173	317,803
Tax effect due to reversal of prior year's WWF	12,922	34,664
Tax Credit for Investment	(136,500)	(418,334)
Adjustment of prior year taxation	(513,509)	(199,520)
<b>Taxation for the year</b>	<b>28,684,681</b>	<b>13,140,081</b>

## **34 EARNINGS PER SHARE - BASIC AND DILUTED**

### **Basic earnings per share**

Profit after taxation for the year	Rupees	75,795,322	27,633,547
Weighted average number of ordinary shares outstanding during the year	Number	46,496,895	39,663,393
Basic earnings per share - Rupees	Rupees	1.63	0.70

**34.1** During the year, the company issued 10,730,053 bonus shares therefore the earning per share for the year ended June 30, 2020 has been restated.

### **34.2 Diluted earnings per share**

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on earning per share if the option to convert is exercised.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>35 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		104,480,003	40,773,628
Adjustment for non cash charges and other items:			
Depreciation		21,797,458	19,228,150
Amortization		35,504	31,616
Provision of staff retirement gratuity		41,843,858	42,362,283
Finance cost		21,185,607	64,061,567
Other income		(17,612,193)	(14,969,028)
		67,250,234	110,714,588
		171,730,237	151,488,216
Working capital changes	35.1	(128,054,082)	(142,681,564)
Increase in long term loans and advances		(1,468,910)	(2,594,900)
<b>Cash generated from operations</b>		<b>42,207,245</b>	<b>6,211,752</b>
<b>35.1 Working capital changes</b>			
<b>(Increase)/decrease in current assets</b>			
Store, spares and loose tools		2,003,643	(2,289,403)
Stock-in-trade		(157,787,020)	(14,262,598)
Trade debts		5,718,557	(6,991,677)
Loans and advances		(14,910,295)	118,084
Trade deposits and short term prepayments		(1,559,739,833)	(17,637,583)
Other receivables		2,050,373	(2,050,373)
<b>Increase in current liabilities</b>			
Trade and other payables		1,594,610,493	(99,568,014)
		(128,054,082)	(142,681,564)
<b>36 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents include:			
Cash and bank balances	25	14,977,092	448,819,055
		14,977,092	448,819,055
<b>37 TRANSACTIONS WITH RELATED PARTIES</b>			
The related party comprises of non-executive directors and key management personnel and other executives. The detail of related party transactions is given below:			
<b>Non-Executive Director (s)</b>			
Meeting fee		920,000	1,080,000
Others		150,000	-
<b>Key Management Personnel</b>			
Remuneration, Allowances and benefits		67,159,290	55,038,427
<b>Other Executives</b>			
Remuneration, Allowances and benefits		5,025,000	2,312,500





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for the year for remuneration, including certain benefits to the Chief Executive, Directors and Other Executives of the Company are as follows:

Particulars	Chief Executive		Executive Directors		Non Executive Directors		Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees)									
Managerial Remuneration	27,088,387	23,738,710	18,161,532	15,704,032	-	-	77,715,234	66,002,826	122,965,153	105,445,568
Bonus & Leave encashment	1,155,000	550,000	774,375	368,750	-	-	4,277,400	2,975,085	6,206,775	3,893,835
Meeting Fee	-	-	-	-	920,000	1,080,000	-	-	920,000	1,080,000
Total	28,243,387	24,288,710	18,935,907	16,072,782	920,000	1,080,000	81,992,634	68,977,911	130,091,928	110,419,403
Number of persons	1	1	2	2	6	6	22	19	31	28

The Chief Executive, executive directors and some of the executives of the company are also provided with company maintained car for official and personal use.

### 39 SEGMENT REPORTING

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The management has determined the operating segments and segment wise assets and liabilities based on the reports reviewed by the CODM that are used to make strategic and business decisions.

#### i) AUTO-RICKSHAW

This segment relates to the sale of auto-rickshaw assembled by the company.

#### ii) AUTOMOTIVE PARTS

This segment relates to the sale of automotive parts manufactured by the company.

#### iii) HOUSEHOLD APPLIANCES

This segment relates to the sale of household appliances imported by the Company.

#### iv) AUTOMOBILES - FOUR WHEELER

This segment relates to the sale of four wheeler automobiles imported by the company.

	Auto rickshaw		Automotive parts		Household appliances		Automobiles - Four Wheeler		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees)									
Segment revenue -Net	3,286,430,204	2,404,965,336	721,228,858	476,004,929	3,664,169	4,408,169	22,277,777	6,376,068	4,033,601,008	2,891,754,502
Segment operating results	148,766,850	139,229,543	29,761,569	3,012,992	598,947	477,112	(64,839,543)	(49,668,195)	114,287,822	93,051,452
Segment assets	955,779,718	886,713,906	332,032,257	318,443,272	9,725,235	12,341,603	3,218,661,158	1,010,663,339	4,516,198,368	2,228,162,120
Unallocated assets	-	-	-	-	-	-	-	-	142,041,831	592,008,070
Total assets									4,658,240,199	2,820,170,190
Segment liabilities	717,909,391	532,983,023	53,943,370	58,487,368	-	-	1,449,700,000	3,536,773	2,221,552,761	595,007,164
Unallocated liabilities	-	-	-	-	-	-	-	-	595,835,663	456,203,914
Total liabilities									2,818,388,424	1,051,211,078
Capital expenditure	17,900,504	4,221,840	-	-	-	-	485,707,511	338,345,178	503,608,015	342,567,018
Depreciation and amortization	16,514,745	13,986,421	4,713,037	4,755,604	5,480	7,466	599,700	510,274		
Non-cash charges other than depreciation and amortization	26,393,447	26,881,388	11,907,181	12,127,311	24,104	24,549	3,519,126	3,584,185		

### 40 FINANCIAL INSTRUMENTS

#### 40.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>FINANCIAL ASSETS</b>			
Long term deposits	18	4,045,855	3,512,855
Trade debts - Considered Good	21	116,923,695	122,597,252
Loans and advances	17 & 22	59,971,279	43,592,074
Trade deposits	23	1,625,987,971	66,248,138
Cash and bank balances	25	14,977,092	448,819,055
		<b>1,821,905,892</b>	<b>684,769,374</b>
The maximum exposure to credit risk for trade debts on geographical basis:			
Pakistan		116,923,695	122,597,252
		<b>116,923,695</b>	<b>122,597,252</b>
The maximum exposure to credit risk for trade debts at the reporting date by type of parties was:			
Corporate customers		105,744,187	106,365,871
Distributor		-	-
Dealers & customers		11,179,508	12,337,501
Others		-	3,893,880
		<b>116,923,695</b>	<b>122,597,252</b>
The aging of trade debts at the reporting date was:			
Not past due		82,648,109	65,436,112
Past Due 0-30 days		22,824,613	33,266,614
Past due 31-120 days		-	7,392,905
Past due more than 120 days		11,450,973	16,501,621
		<b>116,923,695</b>	<b>122,597,252</b>

The trade debts provision for ECL has been disclosed in note 21.2 of these financial statements.

### 40.2 Foreign exchange risk management

Foreign currency risk arises mainly where payable exist due to transactions with foreign undertakings. Payable exposed to foreign currency risks are identified as either creditors or bills payable. The Company considers hedging if it is feasible.

### 40.3 Capital Risk Management

The Company's objective when managing capital is to safe guard the company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. The company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders or issue new shares. As at June 30, 2021 and 2020, the Company had surplus reserves to meet its requirements.

### 40.4 Fair value of financial instruments

The carrying value of all the financial instruments i.e. financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. International Financial Reporting Standard 13, 'Fair Value Measurements' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Currently there are no financial assets or financial liabilities which are measured at their fair value in the statement of financial position.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 40.5 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: Currency risk, interest rate risk and price risk.

#### 40.5.1 Currency Risk

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk on import of raw materials and finished goods being denominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is on account of outstanding letter of credits of Rs. 1257.63 million (June 30, 2020: Rs. 219.98 million).

#### 40.5.2 Interest / profit rate Risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest / profit rates. Financial liabilities include balance of Rs. 549.20 Million (June 30, 2020: Rs. 388.85 million) which is subject to interest / profit rate risk.

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore a change in interest rates at the reporting date would not affect statement of profit or loss.

##### Cash Flow Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date, with all other variables remaining constant, the net income for the year would have been lower or higher by Rs. 5.492 million (2020: 3.888 million).

#### 40.5.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (Other than those arising from interest/profit risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At present, the company is not exposed to price risk as there are no investments in marketable securities.

#### 40.5.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

JUNE - 2021							(Rupees)
Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
Long term loan	429,524,268	498,151,503	84,020,948	161,205,892	91,879,745	161,044,918	
Trade and other payables	1,976,660,913	1,976,660,913	1,976,660,913	-	-	-	-
Mark-up & profit accrued on loans and other payables	8,998,064	8,998,064	8,998,064	-	-	-	-
Short term borrowing	119,679,608	119,679,608	119,679,608	-	-	-	-
<b>2,534,862,853</b>	<b>2,603,490,088</b>	<b>2,189,359,533</b>	<b>161,205,892</b>	<b>91,879,745</b>	<b>161,044,918</b>	<b>-</b>	<b>-</b>

JUNE - 2020							(Rupees)
Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
Long term loan	316,045,803	351,171,204	42,458,539	44,265,642	82,143,255	182,303,768	
Liability under finance lease	72,800,000	77,259,335	54,407,478	14,622,793	8,218,515	10,549	-
Trade and other payables	392,899,613	392,899,613	392,899,613	-	-	-	-
Mark-up & profit accrued on loan and other payables	40,073,361	40,073,361	40,073,361	-	-	-	-
Short term borrowing	-	-	-	-	-	-	-
<b>821,818,777</b>	<b>861,403,513</b>	<b>529,838,991</b>	<b>58,888,435</b>	<b>90,361,770</b>	<b>182,314,317</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 41 PLANT CAPACITY AND ACTUAL PRODUCTION

#### Installed Capacity

Auto rickshaw (8 hours single shift basis)

#### Automotive parts

The capacity of the plant and machinery relating to automotive parts is indeterminable due to the versatility of production.

#### Actual Production

Auto Rickshaw

Automotive Parts

Wheel Rims

June 30, 2021	June 30, 2020
Numbers	Numbers
20,000	20,000

15,806	12,253
97,066	68,533

Under utilization of capacity was due to lower demand of Auto Rickshaw during the year.

### 42 NUMBER OF EMPLOYEES

Number of permanent employees at the year end

Average number of permanent employees during the year

979	868
922	834

### 43 DISCLOSURE REQUIREMENT FOR THE COMPANIES LISTED ON ISLAMIC INDEX

As per the requirements of the fourth schedule to the Companies Act, 2017, shariah compliant companies and the companies listed on Islamic Index shall disclose the following:

43.1 Loans/advances obtained as per Islamic mode	Disclosed in Note no. 6, 10, 12
43.2 Shariah compliant bank deposits/bank balances	Disclosed in Note no. 25.
43.3 Profit earned from shariah compliant bank deposits/bank balances	Disclosed in Note no. 31.
43.4 Revenue earned from a shariah compliant business segment	Disclosed in Note no. 26.
43.5 Gain/loss or dividend earned from shariah compliant investments	No investment made during the year.
43.6 Exchange gain earned from actual currency	Disclosed in Note no. 31.
43.7 Profit paid on Islamic mode of financing	Disclosed in Note no. 32.
43.8 Relationship with shariah compliant banks	Disclosed in Note no. 6, 10, 12
43.9 Profits earned or interest paid on any conventional loan or advance.	No profit earned or interest paid to any conventional bank during the year.

### 44 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

Considering the applicable IFRS and going concern assumptions used for the preparation of these financial statements, the Company has assessed the accounting implications of this pandemic on these financial statements and determines that there has been no specifically quantifiable material impact of COVID-19 on the Company's financial statements for the year ended June 30, 2021.

### 45 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, at their meeting held on September 24, 2021 has recommended issuance of 30% bonus shares i.e. 30 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 30th Annual General Meeting of the Company.

These Financial Statements for the year ended June 30, 2021 do not include the effect of the above stated recommendation of bonus shares, which will be accounted for in the financial statements for the year ended June 30, 2022, once it is approved in the forthcoming 30th Annual General Meeting of the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**46 CORRESPONDING FIGURES**

Corresponding figures are re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in these financial statements.

**47 DATE OF AUTHORIZATION FOR ISSUE:**

The Board of Directors of the Company has authorized these financial statements for issue on September 24, 2021.

**48 GENERAL**

The figures have been rounded off to the nearest rupees.



**MIAN MUHAMMAD ALI HAMEED**  
DIRECTOR



**SAEED IQBAL KHAN**  
DIRECTOR



**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 30<sup>th</sup> Annual General Meeting of **Sazgar Engineering Works Limited** will be held at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM-Raiwind Road, Lahore on Wednesday, October 27, 2021 at 11:30 A.M. to transact the following businesses:

### ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended 30<sup>th</sup> June, 2021 together with the Directors' Report, Auditors' Report and Chairperson's Review Report.
2. To appoint Auditors and to fix their remuneration for the year ending June 30, 2022. The present auditors M/s H.Y.K & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their re-appointment.

### SPECIAL BUSINESS:

3. To approve the issuance of bonus shares @ 30% i.e. 30 ordinary shares for every 100 ordinary shares held as recommended by the Board of Directors by capitalizing Free Reserves of Rs. 139,490,690/-.

Lahore  
October 06, 2021

By order of the Board

  
**Arshad Mahmood**  
(Company Secretary)

### Notes:

- a. The share transfer books of the company will remain closed from October 21, 2021 to October 27, 2021 (both days inclusive). Transfers received in order at the share registrar office M/s Corp Tec Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore at the close of business on 20<sup>th</sup> October, 2021 will be treated in time for the entitlement of bonus shares and for attending the Annual General Meeting.
- b. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for his/her behalf. Proxies in order to be effective must be received at the Share Registrar Office duly stamped and signed not less than 48 hours (working days only) before the time of holding of the meeting.  
  
**CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan for attending the meeting and appointment of proxies.**
- c. Members are requested to promptly communicate the change in their addresses, if any, to the Company's share registrar.

- d. In accordance with the provision of section 223 (7) of the Companies Act 2017, the financial statements and reports of the Company for the year ended June 30, 2021 have been placed on the Company's web site [www.sazgarautos.com](http://www.sazgarautos.com) for the information of shareholders.

### e. Consent for Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, members can avail video conference facility to participate in this Annual General Meeting provided that the Company receives consent from the members holding in aggregate 10% or more shareholding, residing in a city, at least seven (7) days prior to the date of meeting. Subject to the fulfillment of the above conditions, members shall be informed of the venue along with complete information necessary to access the facility. Format of request form has been placed on the Company's website.

- f. Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of the Company in EOGM of the Company held on 18<sup>th</sup> March 2017 had accorded their consent for transmission of annual reports including audited annual financial statements, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. Accordingly, the Company has sent its Annual Report 2021 in the form of CD. The shareholders who wish to receive hard copy of the Annual Report 2021 may send their requests to the Company Secretary / Share Registrar as per the Standard Request Form which is available on the website of the Company. The Company will supply hard copies of the aforesaid document to the shareholders free of cost, within one week of such request. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website.

- g. The members may attend the AGM online through ZOOM, by following the below guidelines:

(i) The member shall get himself/herself registered by sending his/her request to the Company at e-mail ID [company.secretary@sazgarautos.com](mailto:company.secretary@sazgarautos.com) as per Standard Request Form available on the Company's website ([www.sazgarautos.com](http://www.sazgarautos.com)) or can send his/her request to the Company Secretary at 88-Ali Town, Thokar Niaz, Baig, Raiwind Road, Lahore, along with a legible copy of CNIC not later than October 19, 2021.

(ii) Zoom Link shall be sent by the Company only on email ID or Mobile/Whatsapp Number mentioned in Standard Request Form.



(iii) Members may send their comments / suggestions on any of the agenda item to Company Secretary on email ID; company.secretary@sazgarautos.com or whatsapp no. 0321 8469016 not later than October 19, 2021.

**h. Mandatory requirement deposit of Physical Shares in CDC Account**

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017.

The Physical Shareholders having physical shareholding are encouraged to open CDC Investor Account with CDC or CDC Sub- Account with any of the brokers to place their physical shares into Script less form.

**i. In case the Poll is demanded by the shareholders under section 143 of the Companies Act, 2017, the Company shall consider Postal Balloting facility for voting, under the Companies (Postal Ballot) Regulations, 2018.**

**STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 SETTING OUT THE MATERIAL FACTS PERTAINING TO THE SPECIAL BUSINESS:**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on Wednesday, October 27, 2021.

**ITEM NO. 3 OF THE AGENDA**

The Board of Directors of the Company has recommended issuance of 30% bonus shares from the Company's Free Reserves by capitalization of a sum of Rs. 139,490,690/- for the issuance of 13,949,069 fully paid bonus shares. For this purpose following resolutions are proposed to be passed as ordinary resolutions with or without any modification, addition or deletion:

**i. "Resolved that a sum of Rs. 139,490,690/- out of the Company's Free Reserves be capitalized and applied for the issue of 13,949,069 fully paid ordinary shares of Rs. 10/- each as bonus shares and be allotted to those shareholders whose names appear in the register of members at the close of the business on October 20, 2021 in the proportion of thirty (30) ordinary shares for every hundred (100) ordinary shares held by a member. These bonus shares shall rank pari passu in all respects with the existing shares of the Company."**

**ii. "Further resolved that all the fractional Bonus Shares shall be consolidated into whole shares and shall be sold in the Stock Market. The proceeds of sale of consolidated fractional shares when realized shall be paid to a charitable institution approved under the Income Tax Ordinance, 2001."**

**iii. "Further resolved that directors and company secretary be and are hereby authorized singly to complete all corporate and legal formalities that may be necessary or required to give effect to these resolutions for the issue, allotment and distribution of bonus shares."**

The Directors of the Company have no interest directly or indirectly in this Special Business except to the extent of their entitlement to bonus shares as shareholders of the Company.



## تشکیل نیابت داری

میں / ہم \_\_\_\_\_  
 ساکن \_\_\_\_\_  
 بحیثیت رکن (ممبر) سازگار انجینئرنگ ورکس لمیٹڈ  
 مقرر کرتا / کرتی ہوں / کرتے ہیں مسٹی / مسماة \_\_\_\_\_  
 ساکن \_\_\_\_\_  
 کو یا ان کی غیر حاضری میں مسٹی / مسماة \_\_\_\_\_  
 ساکن \_\_\_\_\_

جو کہ خود بھی سازگار انجینئرنگ ورکس لمیٹڈ کا / کے رکن ہے کہ وہ بطور میرا / ہمارا اختیار نامہ سازگار انجینئرنگ ورکس لمیٹڈ کے تیسواں سالانہ اجلاس عام میں جو بروز بدھ 27 اکتوبر 2021 کو دن 11:30 بجے آل سیزن ویڈنگ اینڈ بینکھٹ ہال لالہ زار کمرشل مارکیٹ ٹھوکر نیاں بیگ بریکس یا سربروسٹ 0.5 کلومیٹر رانیونڈ روڈ لاہور میں منعقد ہو رہا ہے۔ یا اسکے ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ \_\_\_\_\_ 2021 کو میرے / ہمارے دستخط سے جاری ہو۔

فولیو نمبر	سی ڈی ای شرکت کنندہ I.D نمبر	سی ڈی ای / ذیلی کھاتہ نمبر	حصص کی تعداد
			پانچ روپے کی رسیدی ٹکٹ پر دستخط

گواہ نمبر	گواہ نمبر
دستخط	دستخط
نام	نام
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
پتہ	پتہ

## نوٹ

1. پراکسی کے لئے کمپنی کا رکن ہونا ضروری ہے۔
2. دستخط کی ممانعت کمپنی میں رجسٹرڈ نمونہ دستخط کے ساتھ ہونا ضروری ہے۔
3. اگر پراکسی ای رکن کی طرف جاری کی گئی ہے جس کے / کی حصص سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ میں جمع ہیں۔ تو پراکسی کے ہمراہ ممبر کا I.D نمبر اور CDC اکاؤنٹ / ذیلی اکاؤنٹ نمبر بشمول تصدیق شدہ کمپیوٹرائزڈ شناختی کارڈ یا بالک اشعار کے پاسپورٹ کی فوٹو کاپی لانا لازمی ہے۔ کارپوریٹ ارکان کے نمائندہ ارکان اس مقصد کیلئے درکار دستاویزات ساتھ لے کر آئیں۔
4. پراکسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا / گی۔
5. مناسب طور پر مکمل شدہ پراکسی کے دستاویز اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے سینئر رجسٹرار آفس کو موصول ہو جائے چاہئیں۔

## FORM OF PROXY

I / We \_\_\_\_\_  
of \_\_\_\_\_  
a member of **SAZGAR ENGINEERING WORKS LIMITED**  
hereby appoint Mr. / Mrs. / Ms. \_\_\_\_\_  
of \_\_\_\_\_  
or failing him Mr. / Mrs. / Ms. \_\_\_\_\_  
of \_\_\_\_\_

Who is / are also member/s of **Sazgar Engineering Works Limited** to act as my / our proxy and to vote for me/us and on my/our behalf at the 30th Annual General Meeting of the shareholders of the Company to be held on Wednesday October 27th, 2021 at 11:30 A.M. at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM Raiwind Road, Lahore and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held	Signature over Revenue Stamp of Rupees 5/-

**Witness 1**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

**Witness 2**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

**Notes:**

- The proxy must be a member of the Company.
- The signature must tally with the specimen signature/s registered with the Company.
- If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card or the Passport of the beneficial owner. Representatives of corporate members should bring the documents required for such purpose.
- The proxy shall produce his / her original (CNIC) or original passport at the time of the meeting.
- The instrument of Proxy properly completed should be deposited at the Share Registrar Office of the Company not less than 48 hours before the time of holding the meeting.

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## Sazgar Engineering Works Limited

**Registered Office :** 88 Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.

**Tel :** 042-35297861-62, 35291573-74, **Fax :** 042-35297863

**Factory :** 18 Km, Raiwind Road, Lahore. **Tel :** 042-35330300-2.

**Fax :** 042-35330329 **Enquiries :** [info@sazgarautos.com](mailto:info@sazgarautos.com)



[sazgar@brain.net.pk](mailto:sazgar@brain.net.pk)



[www.sazgarautos.com](http://www.sazgarautos.com)