



SAZGAR



ANNUAL REPORT
2024

Cover Story

As we step into 2024, SAZGAR proudly ushers in a transformative era, marking a significant milestone in Pakistan's automotive industry with the introduction of the largest New Energy Vehicle (NEV) lineup by GWM. Over the years, SAZGAR has built a strong foundation in vehicle manufacturing, consistently leading with innovation, sustainability, and excellence. Each chapter of our journey has showcased our dedication to progress, delivering on our promise to meet and exceed global standards.

Now, more than ever, our focus extends beyond just producing vehicles; we are committed to building a future where cutting-edge technology and sustainability drive the industry forward. This era is about creating an eco-conscious legacy, aligning our growth with the national push towards greener energy and the global shift towards sustainable development.

We invite all stakeholders and partners to join us in this exciting new chapter as we redefine mobility in Pakistan. Together, we are steering towards a cleaner, more innovative future, where every journey represents a step forward in sustainable transportation.

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VISION

“Dynamic, Quality Conscious and Ever Progressive”

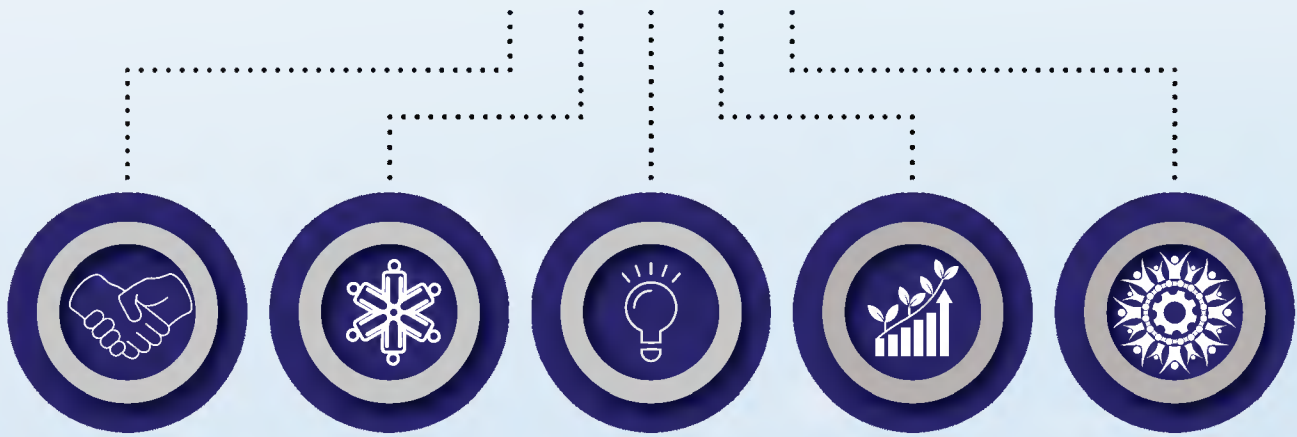
MISSION

- 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.
- 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 customer 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.

CORE VALUES



INTEGRITY

DIVERSE
CULTURE

INNOVATION
& CREATIVITY

GROWTH
ORIENTED

PEOPLE
CENTRIC

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. Taha Mahmood
Independent Director

Mr. Muhammad Omer Saeed
Independent Director

AUDIT COMMITTEE

Mr. Umair Ejaz (Chairman)
Mr. Taha Mahmood (Member)
Mrs. Sana Suleyman (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)

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)

SUSTAINABILITY COMMITTEE

Mr. Muhammad Omer Saeed (Chairman)
Mr. Umair Ejaz (Member)
Mrs. Sana Suleyman (Member)
Mr. Arshad Mahmood (Secretary)

COMPANY SECRETARY

Mr. Arshad Mahmood – FCA

CHIEF FINANCIAL OFFICER

Mr. Muhammad Atif Rao

AUDITORS

Crowe Hussain Chaudhury & Co.
Chartered Accountants

CREDIT RATING (by VIS Credit Rating Company Ltd.)

Medium to Long term rating: **A**

Short term rating: **A-2**

REGISTERED OFFICE

88 - Ali Town Thokar Niaz Baig,
Raiwind Road, Lahore, Pakistan.
www.sazgarautos.com

SHARE REGISTRAR

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

FACTORY

Three-Wheeler Plant:

18-KM Raiwind road, Lahore, Pakistan.
Ph: +92-42-35330300-2, Fax: +92-42-35330329

Four-Wheeler Plant:

Maghrabi Tanki-1, Link Road, near Ijtimah Chowk,
Sundar-Raiwind Road, Raiwind, Lahore, Pakistan.
Ph: +92-42-35398671-74, Fax: +92-42-35398676

BANKERS

Meezan Bank Limited	MCB Islamic Bank Limited	Bank Islami Pakistan Limited
Faysal Bank Limited	Bank AL Habib Limited	Askari Bank Limited
Habib Bank Limited	National Bank of Pakistan	Bank Alfalah Limited
Habib Metropolitan Bank Limited	The Bank of Punjab – Taqwa Islamic	Dubai Islamic Bank Pakistan Limited
United Bank Limited - Ameen	Al Baraka Bank Pakistan Limited	Allied Bank Limited

ABOUT SAZGAR

Sazgar Engineering Works Limited “The Company” 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 specialized in the manufacturing and sale of high-quality four-wheel passenger and off-road vehicles, three-wheelers, automotive parts and household appliances. The Company has signed technical & cooperation agreements with two Chinese automobile groups - Beijing Automotive Group Company Ltd. (BAIC) and Great Wall Motor Company Ltd. (GWM) for the manufacturing / assembly of four wheelers.

Sazgar is renowned for its commitment to quality and innovation. The Company has also honored to introduce the first-ever locally assembled Hybrid Electric Vehicle (HEV) and pure Electric Vehicles (EVs) in Pakistan. With a commitment to enhancing mobility solutions and contributing to the automotive industry, the Company operates state-of-the-art manufacturing facilities equipped with advanced technology and stringent quality control measures.

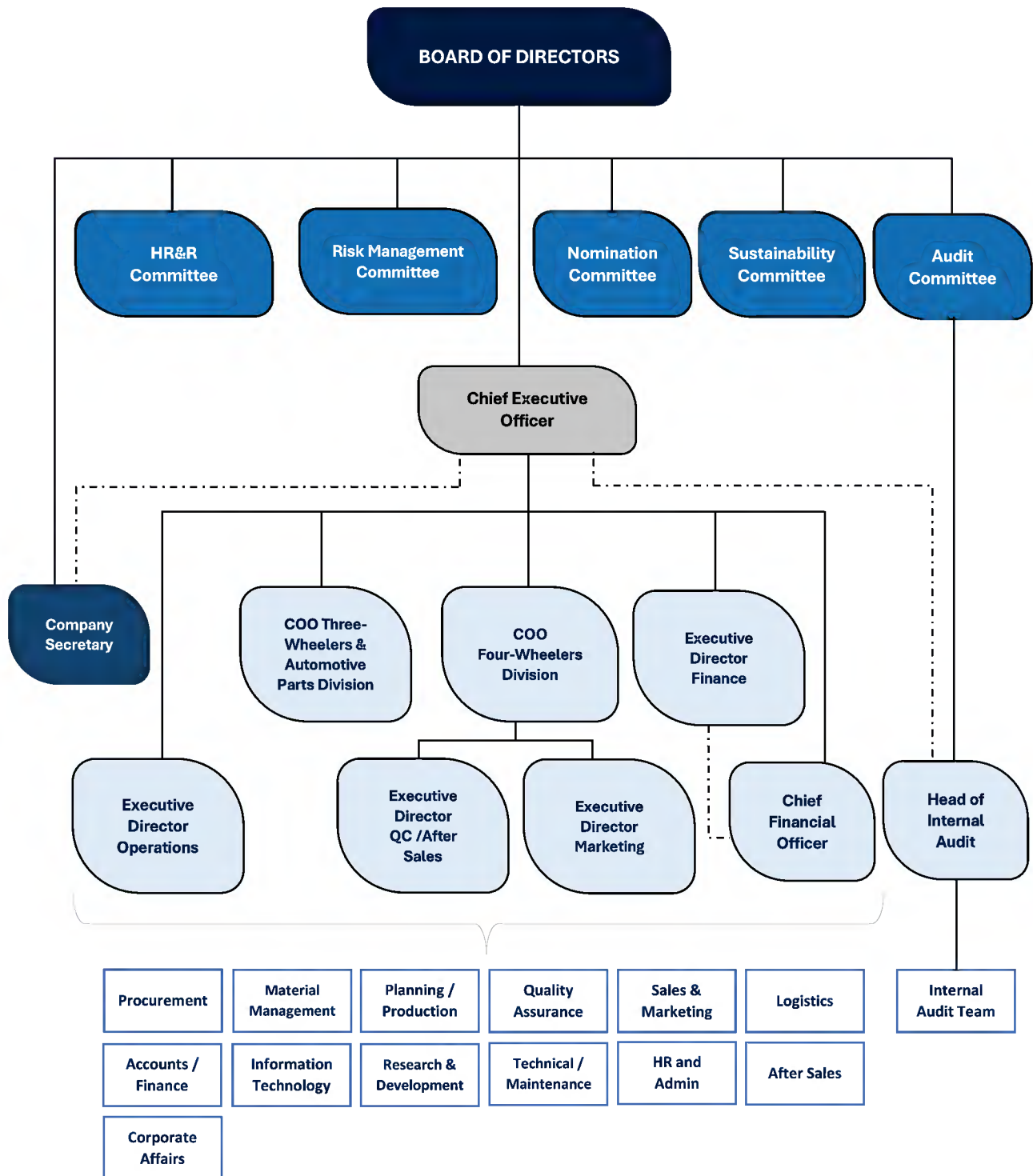
Company offers the products under the name of the following brands. Detail of our products is disclosed in the Directors’ Report 2024 and available on our corporate website www.sazgarautos.com.



Legislative & Regulatory Environment

The Company diligently adheres to the robust regulatory framework established by the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited (PSX). The Company complies with the Companies Act, 2017, the PSX Listing Regulations and other applicable laws, ensuring transparency and accountability in financial reporting and corporate practices. The Company’s operations are further guided by the national policies set by the Ministry of Industries and Production. The Company strictly follow environmental regulations mandated by the Environmental Protection Agency (EPA) and adhere to international standards such as ISO certifications. The Company’s commitment extends to fulfilling its obligations under tax laws, labor regulations, and anti-corruption measures, reflecting its dedication to ethical business practices and sustainable growth. Through these efforts, the Company aims to enhance shareholder value, meet regulatory requirements, and contribute positively to the automotive industry and the communities it serves.

ORGANIZATION CHART



PROFILE OF BOARD OF DIRECTORS

Mr. Mian Asad Hameed

Chief Executive Officer / Director

Mian Asad Hameed is Chief Executive Officer of the Company. He has qualified from USA and represents as a board member since the inception of the Company. He has played an instrumental role in the establishment and progress of the Company. He has a diversified experience of running and managing the affairs of the company. He possessed great leadership qualities.

He started his career as an assistant area manager of Burma shell in 1980. He joined M/S Ciba Enterprises (Private) Limited in 1984 as a director and later on in 1986 appointed as Chief Executive of the company and enjoyed this position up to 2008. He brought with him a wealth of rich experience in research, development and management of business.

In Sazgar he has been personally involved in the development of wheel rims die's, production machinery, development & design of Mini cab three-wheel rickshaw. He has thorough and in-depth knowledge of automobile market in Pakistan and the surrounding region. He has successfully managed to market the auto rickshaw all over Pakistan and export in countries like Afghanistan, Japan, and Tanzania etc.

Now he is playing a key role in the successful management of the four-wheeler project of the Company. Under his leadership, the project has achieved key milestones, including the introduction of high-tech hybrid electric vehicles (HEVs). His strategic vision has been critical in securing arrangements for sourcing key components, optimizing production processes, and expanding the company's footprint in the competitive automotive market. His extensive knowledge of the automobile industry and his commitment to innovation have positioned the company as a key player in the automotive market in Pakistan.

Mrs. Saira Asad Hameed

Chairperson and Non-Executive Director

Mrs. Saira Asad Hameed is a non-executive director and chairperson of the Company. She has an experience of more than 23 years as a board member of the Company. She has been playing a leadership role in conducting the affairs of the Board by ensuring that the Board is playing an effective role in fulfilling its responsibilities. She has a very innovative mind and diversified experience of administration, human resource and customers' relationship. With a rich and diversified professional exposure, Mrs. Saira has proved to be a very effective management resource with a demonstrated flair for creating synergies.

With rich and diversified professional exposure and with a focus on innovation, Mrs. Hameed has proved to be one of the most important assets of the company as an extremely effective management resource with a demonstrated flair for creating synergies.

Mr. Saeed Iqbal Khan

Executive Director

Mr. Saeed Iqbal Khan is working as a Chief Operating Officer of the three-wheeler and automotive parts division of the Company. He is on Board of the Company since its inception. He is a graduate mechanical engineer and owns a working experience of more than 38 years from abroad and from well-known Pakistani automobile and engineering companies. He is looking after overall plant operations, quality control, research and development of the company.

He has also played a pivotal role in the development of the Company's new four-wheeler project.

Mr. Mian Muhammad Ali Hameed

Executive Director

Mr. Mian Muhammad Ali Hameed is working as a Chief Operating Officer of the four-wheeler division of the Company. He is foreign qualified – MBA and a lateral thinker, young, energetic and having strong commitment to excel the Company. He is on Board of the company since 2008. Previously during the period from March 2011 to March 2014, he was also heading the Sales & Marketing department of the Company, he was responsible for developing a distribution and sales network of the Company. His major achievements include developing cross provinces distribution networking for marketing, sales and after-sales services.

He oversees and manages the company's operations, ensuring efficiency across production, supply chain, and quality control.

Mr. Humza Amjad Wazir

Non-Executive Director

Mr. Humza Amjad Wazir is a Non-Executive Director of the Company. He is also serving on the Board of M/s. Power Vision System (Pvt.) Ltd. as director since September 2009, heading product and business development department. The Power Vision System (Pvt.) Ltd is engaged in the manufacturing of generators. He is also working as a Chief Executive / Director in M/s Pak Tractor Manufacturing Company Private Limited. He is a foreign qualified LLB Honors and MA Honors, attended various training of industry support program and CBI Export coaching programs. His major achievements include setting up of generator manufacturing Plant as per International Standards.

Mrs. Sana Suleyman

Non-Executive Director

Mrs. Sana Suleyman is a non-executive director of the Company. She is BSC Hons in Economics and Finance. She has also served as non-executive director of Sazgar Engineering Works Limited during the period from March 2011 to 2014. She is also serving on the board of Triquest (Pvt.) Ltd. as Director of the Company, the Company is engaged in Real Estate development business. She is a partner in Pakistan Outdoors, an organization which is involved in outdoor recreational activities within Pakistan. She is a partner in CMK Construction, a firm which is engaged in construction related activities both in private and public sector. She is also a managing partner of Al Hameed Industries and Agricultural farms, a firm which is engaged in cold storage, Ice factory, Oil Extraction unit and agricultural farming. She has a versatile experience of business administration and corporate strategies.

Mr. Muhammad Omer Saeed

Independent Director

He is serving on the board of Sazgar Engineering Works Limited as Independent Director with effect from February 17, 2022. After completing BSc (Hons) in Mathematics, Business Management and Finance from Queen Mary, University of London, UK, he obtained Master's degree in Management of Development from University of Turin, Italy. He has rich working experience of more than 10 years in local as well as International Organizations as an Advisor in the field of financial, technical, business and organization development. He has been associated with the following organizations:

- German International Cooperation (GIZ) – Lahore
- Farani Taylor LLP – London
- Moody International (Pvt) Limited – Lahore
- American Refugee Committee (ARC) – Lahore

Mr. Taha Mahmood

Independent Director

He is serving on the board of Sazgar Engineering Works Limited as Independent Director. He holds MBA degree from Golden Gate University San Francisco – USA and owns a working experience of more than 26 years from abroad and from well-known Pakistani Banking Companies. He served at senior management positions in different banks and has attended different banking and professional training courses i.e. Commercial Banking from France, Advance Selling Skills from ANZ Training Centre, Pakistan, Treasury management from Switzerland, Management of Accounting Systems from ANZ Training Centre Pakistan, Credit and Accounting Management from ANZ Training Centre UK. He has depth and versatile knowledge and understanding of Pakistani and International Banking Industry.

Mr. Umair Ejaz

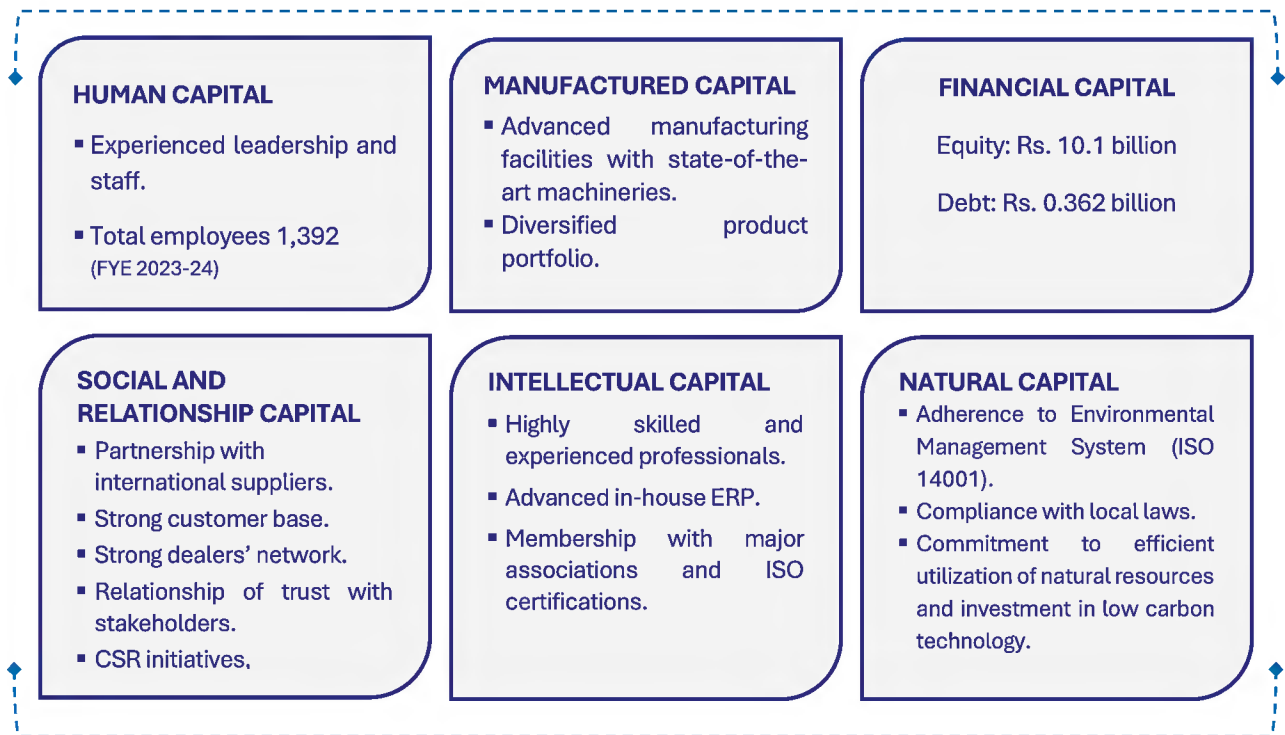
Independent Director

He is serving on the board of Sazgar Engineering Works Limited as Independent Director. He holds a degree in MSc Financial Management & Corporate Accountability from Middlesex University, London. He has assigned the responsibility of Director Finance in his family-owned business M/S Ijaz Brothers and also served as Head of Finance and Corporate Accountability in M/S ACC Polymers. In 2017 he set up his own company by the name of M/S Anjum Chemical Company. The company is in the business of indenting industrial raw materials to various clients across Housing, Medical, Automotive and Appliance industries. He is expert in analyzing of customers decision making, international economic events evaluation, foreign exchange market, trade policies and geopolitical risks.

BUSINESS MODEL

SAZGAR’s business model integrates diverse resources and strategic activities to drive sustainable growth and value creation. During the year, no significant changes has been made to the Company’s business model.

INPUTS

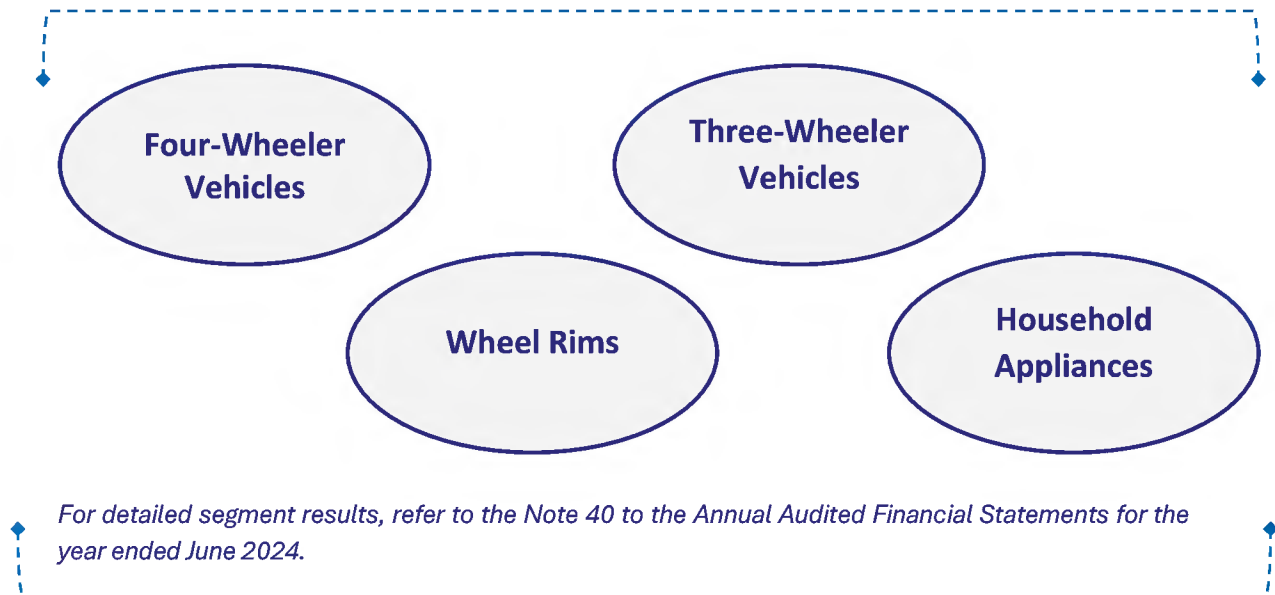


BUSINESS ACTIVITIES

Key strategic and operational activities that transform inputs into value.



OUTPUTS

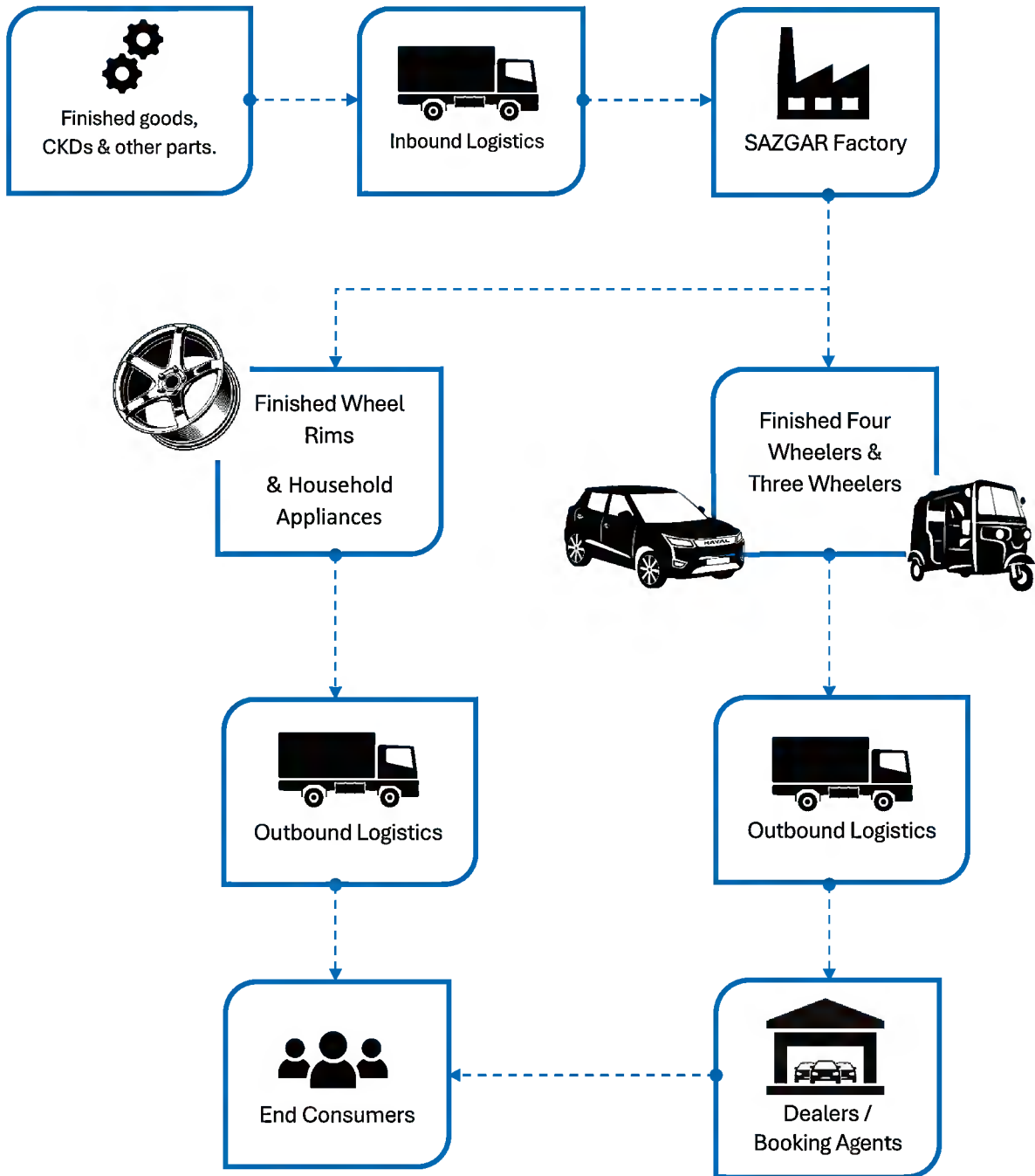


OUTCOME AND VALUE DISTRIBUTION

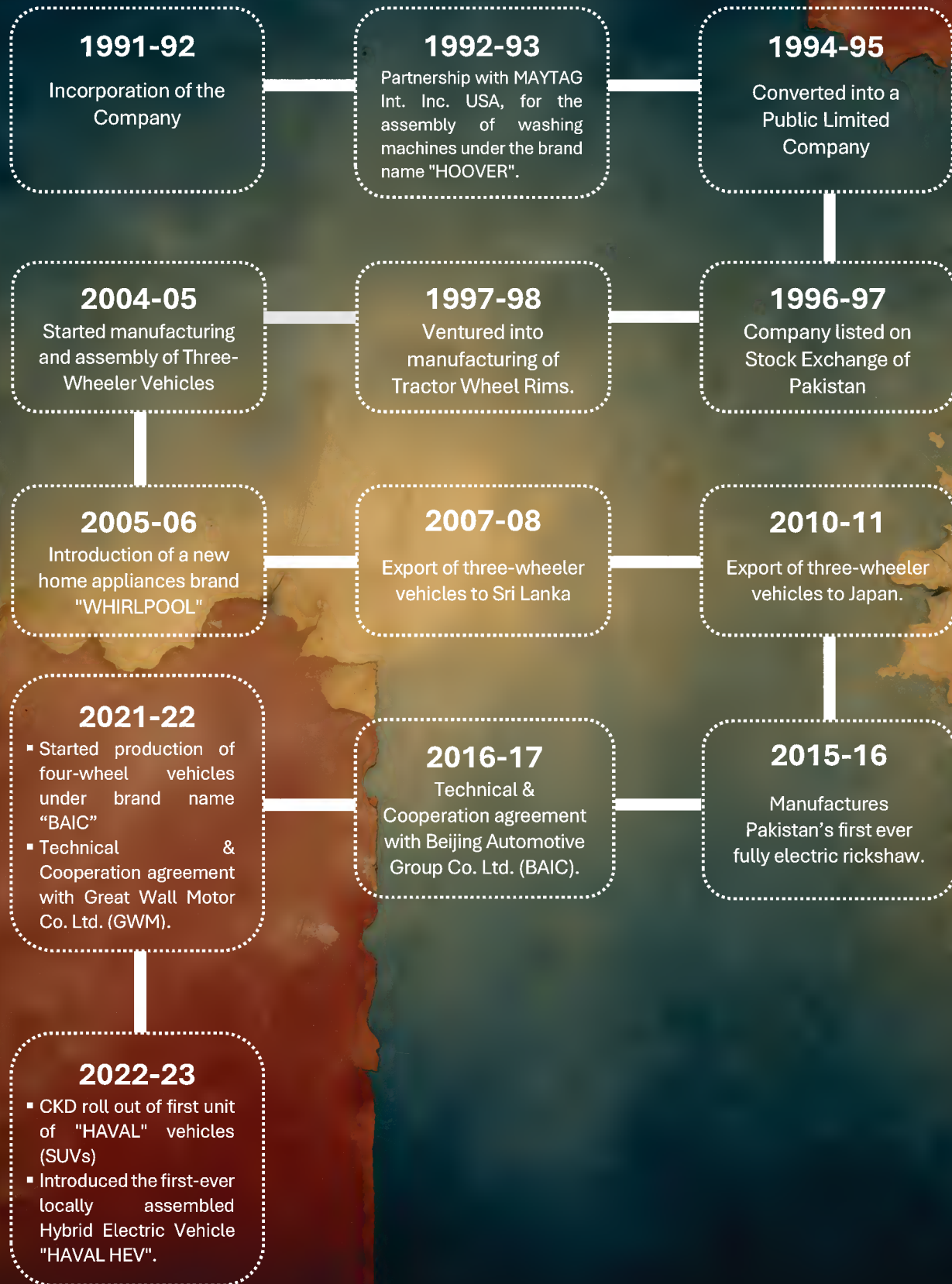
- Salaries and benefits to employees.
- High returns to shareholders.
- Payment of government levies, duties and taxes.
- Payments to supply chain partners.
- Payments to providers of finance.
- Investment towards society.
- Satisfied customers and improved brand reputation.

For more details refer to the statement of value addition and its distribution, Annual Audited Financial Statements for the year ended June 2024 and the Sustainability Report 2024.

VALUE CHAIN POSITIONING



HISTORY OF MAJOR EVENTS



MAJOR EVENTS DURING THE YEAR 2023-24

1st QUARTER

BOD Meeting for
Yearly Accounts – 2023

September 06, 2023

2nd QUARTER

First Corporate Briefing
Session

October 26, 2023

32nd Annual General
Meeting – 2023

October 26, 2023

BOD Meeting for first
quarter ended
September 30, 2023

October 26, 2023

Official launch of
“HAVAL JOLION”

Final Cash Dividend for
year ending June 30, 2023,
credited to shareholders

November 03, 2023

3rd QUARTER

BOD Meeting
(For other than financial results)

January 09, 2024

BOD Meeting for half
year ended December
31, 2023

January 31, 2024

Obtained three ISO
Certifications
(ISO 9001, 14001,
45001)

Obtained credit rating
from VIS Crediting
Rating Company
Limited.

Introduced two CBU
models ‘Ora EV’ and
‘Tank-500 HEV’.

Grant of License for
Electric Auto Rickshaws
by Government of
Punjab

Acquisition of land adjacent to the existing 4-Wheeler project.

4th QUARTER

BOD Meeting for third quarter ended March 31, 2024

April 18, 2024

Official launch of "HAVAL JOLION HEV"

Interim cash dividend credited to shareholders

May 08, 2024

Second Corporate Briefing Session

May 22, 2024

BOD Meeting
(For other than financial results)

June 07, 2024

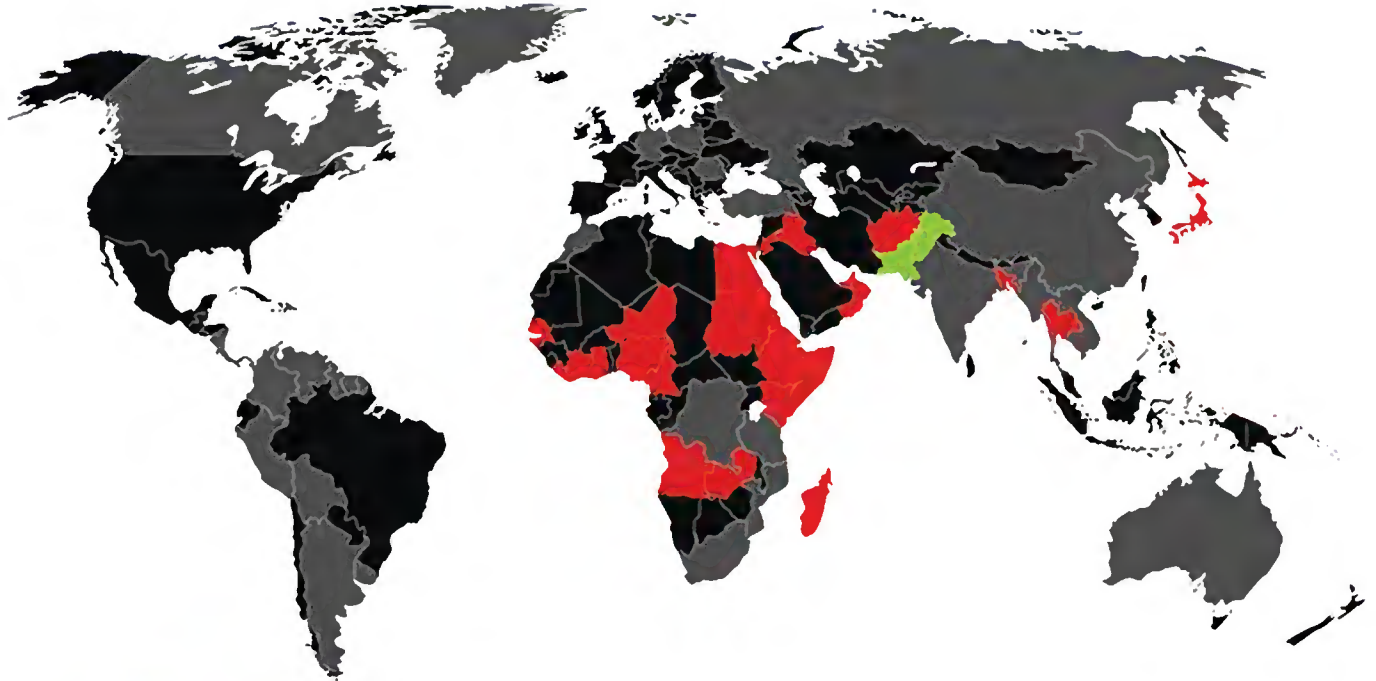
Extra Ordinary General Meeting

June 29, 2024

BOD Meeting
(For other than financial results)

June 29, 2024

GEOGRAPHICAL PRESENCE



LOCAL MARKET

Registered Office	88 - Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.
Manufacturing Plants	Unit-1: 18-Km Raiwind Road, Lahore. Unit-2: Maghrabi Tanki-1 Link Road, Near Ijtamah Chowk, Sunder-Raiwind Road, Lahore.
Branch Office & Customer Care Centers	78-W, Roshan Centre, Main Jinnah Ave, Blue Area, Islamabad. B-66, State Ave, SITE (Near Caltex Pump), Siemens Chorangi, Karachi.
Dealership Network	Sazgar’s dealership network spread across major cities of Pakistan. Complete details are available at www.sazgarautos.com

INTERNATIONAL MARKET

We are proud to export our three-wheelers and represent Pakistan in the below mentioned countries:

Japan	Zimbabwe	Somalia	Egypt	Mauritania
Sri Lanka	Senegal	Afghanistan	Ethiopia	
Tanzania	Liberia	Kenya	Cambodia	
Madagascar	Nigeria	Qatar	UAE	

CODE OF BUSINESS CONDUCT & ETHICS

At SAZGAR, we are committed to upholding the highest standards of integrity and ethical behavior in every aspect of our business. Our key principles and practices as detailed in our Code of Business Conduct, reflecting our dedication to responsible and transparent operations are outlined below:

<p>Business Conduct Conduct business with honesty and integrity.</p>	<p>Ethical Responsibility Uphold high standards of ethical behavior and integrity in all business practices.</p>	<p>Shareholder Value Act in a manner that protects and enhances shareholder value.</p>
<p>Reporting Concerns Report any ethical concerns or violations through appropriate channels.</p>	<p>Accuracy of Company Records Ensure the accuracy and completeness of company records and reports.</p>	<p>Government Compliance Adhere to all applicable government laws and regulations.</p>
<p>Communication Maintain clear, honest, and respectful communication.</p>	<p>Anti-Corruption Comply with anti-corruption laws and avoid engaging in corrupt practices.</p>	<p>Confidentiality and Proprietary Information Safeguard proprietary and confidential company information.</p>
<p>Fair Competition Engage in fair competition and avoid anti-competitive practices.</p>	<p>Competitive Information Avoid sharing or obtaining competitive information through unethical means.</p>	<p>Conflict of Interest Disclose and manage any potential conflicts of interest.</p>
<p>Quality and Market Conduct Commit to high-quality products and fair market practices.</p>	<p>Purchasing Practices Follow fair and transparent purchasing practices.</p>	<p>Customer Information Protect the confidentiality and integrity of customer information.</p>
<p>Political Activities Avoid using company resources for political activities.</p>	<p>Gifts and Entertainment Follow company policies on giving and receiving gifts and entertainment.</p>	<p>Personal Relationships Manage personal relationships to avoid conflicts of interest in business dealings.</p>
<p>Harassment Zero tolerance for harassment or discrimination in the workplace.</p>	<p>Health & Safety Ensure a safe and healthy work environment for all employees.</p>	<p>Community Involvement Engage in community activities that align with company values and ethics.</p>
<p>DE&I Promote diversity, equity and inclusion at workplace.</p>		

EXTERNAL ENVIRONMENT ANALYSIS

Significant factors affecting the external environment and organization's response.

Political Factors

Government policies, regulations, and political stability have numerous effects on the company's operations and the performance of the overall automotive industry. To address this, we actively monitor and adapt to regulatory changes and political developments. Our strategy includes compliance with local regulations and proactive engagement with policymakers to influence favorable automotive policies.

Economic Factors

Economic factors such as exchange rates, inflation, and interest rates influence costs and consumer purchasing power. Our strategy to handle these economic issues includes strategic financial management, including hedging against currency risks, managing debt prudently, and adjusting pricing strategies to reflect economic conditions.

Social Factors

Consumer preferences, demographics, and lifestyle changes drive demand for automotive products. Social trends toward sustainability and innovation impact product development and offering. Our strategy includes deeply understanding consumer trends and preferences, investing in research and development to align with market demands, and offering products that meet evolving social and environmental expectations.

Technological Factors

Advances in automotive technology, such as electric vehicles and autonomous driving, influence competitive dynamics and investment needs. To address this, the strategic focus is on technology and innovation to stay competitive, R&D for new technologies and integrating advanced features into our vehicles to meet market demands and future trends.

Environmental Factors

Environmental regulations and sustainability concerns affect manufacturing processes and product offerings. Issues such as emissions and waste management are critical. We adhere to environmental regulations and invest in sustainable practices. Our potential initiatives include ISO certifications, reducing emissions, shifting towards renewable sources, and excessive plantations.

Legal Factors

Compliance with local laws, including corporate & taxation laws, labor laws, financial reporting standards, safety standards etc. are essential. We ensure compliance with all relevant legal requirements through regular audits and updates to our policies. Our legal team is dedicated to navigating the complex regulatory landscape to mitigate risks and protect our interests.

Effect of Seasonality on the Automotive Business

The Company's business does not experience any material seasonal effects that significantly impact operations, demand, or financial performance.

Sales and production activities are consistent throughout the year, with no notable fluctuations tied to specific seasonal factors. Consequently, the company's strategic planning, resource allocation, and operational management are carried out without any major adjustment for seasonality.

Competitive Landscape & Market Positioning

Porter's Five Forces model has been used to identify and analyze the strength of competition the automotive industry.



SWOT ANALYSIS



S TRENGTHS

- Strong brand name in automotive industry.
- Strong reputation for high quality of products.
- High-capacity modern production facility.
- Experienced and professional workforce.



W EAKNESSES

- Not fully utilizing marketing opportunities.



O PPORTUNITIES

- Expansion into international markets to enhance revenues.
- Improved marketing and brand management can help increase customer base.
- Introduction of new models/variants with upgrade technology.
- Continue to expand our local footprint via new dealerships.
- Localization of imported parts to reduce dependency on a single source.



T HREATS

- Emerging competitors.
- Supply chain challenges.
- Political instability.
- Economic conditions of the country and inflation fluctuations.
- Frequent variations in laws & regulations and in-consistency in government policies.
- Foreign exchange risk (devaluation of Pak rupee).

STRATEGY & RESOURCE ALLOCATION

Strategic Objectives and Plans

The strategic objectives are an integral part of a business that plays a pivotal role in the organization's success. The Company's strategic objectives and plan are mentioned below.

Objectives	Strategy	Resources Allocated	Key Performance Indicators (KPIs)
<p>Higher returns to the stakeholders</p> <p>Company aims for high returns through maximization of local sales, exploring export opportunities, and boosting brand awareness.</p> <hr/> <p>TIME HORIZON: Short Term to Long Term</p> <hr/> <p>PRIORITY: High</p>	<ul style="list-style-type: none"> ▪ Launch targeted marketing campaigns. ▪ Introduce promotional offers. ▪ Enhance dealer engagement. ▪ Explore and enter new regional markets. ▪ Introduction of new vehicles and new variants. 	<ul style="list-style-type: none"> ▪ Financial Capital ▪ Human Capital ▪ Manufactured Capital ▪ Intellectual Capital ▪ Social and Relationship Capital 	<ul style="list-style-type: none"> ▪ Sales and profitability growth. ▪ Market share. <hr/> <p><i>KPIs stated will continue to be relevant in the future.</i></p>
<p>Market Leadership</p> <p>Company aims to achieve market leadership in the automotive industry through quality / eco-friendly products, innovation, exceptional customer service, and strategic market expansion.</p> <hr/> <p>TIME HORIZON: Long Term</p> <hr/> <p>PRIORITY: High</p>	<ul style="list-style-type: none"> ▪ Investment in research & development. ▪ Enhance product offerings like electrified vehicles, to meet evolving customer needs. ▪ Improve customer service processes and support systems. ▪ Improve feedback mechanisms to address and exceed customer expectations. ▪ Strengthen distribution and dealership networks. 	<ul style="list-style-type: none"> ▪ Financial Capital ▪ Human Capital ▪ Manufactured Capital ▪ Intellectual Capital ▪ Social and Relationship Capital 	<ul style="list-style-type: none"> ▪ Profitability ratios. ▪ Market share. <hr/> <p><i>KPIs stated will continue to be relevant in the future.</i></p>

Objectives	Strategy	Resources Allocated	Key Performance Indicators (KPIs)
<p>Compliance with laws & regulations Company aims to ensure full compliance with laws and regulations while upholding the highest ethical and professional standards.</p> <hr/> <p>TIME HORIZON: Short Term to Long Term</p> <hr/> <p>PRIORITY: High</p>	<ul style="list-style-type: none"> ▪ Regular monitoring to ensure that all regulatory requirements and best industry standards are complied with. ▪ internal and external audits to ensure adherence to legal requirements. ▪ Implement and enforce a code of ethics and professional conduct. ▪ Provide ongoing training for employees on ethical behavior and legal compliance. ▪ Establish a transparent reporting system for ethical concerns and regulatory issues. 	<ul style="list-style-type: none"> ▪ Human Capital ▪ Intellectual Capital ▪ Social and Relationship Capital 	<ul style="list-style-type: none"> ▪ Non-compliances and ethical concerns highlighted. ▪ Findings from internal and external audits related to compliance and ethics. <hr/> <p><i>KPIs stated will continue to be relevant in the future.</i></p>
<p>Talent Excellence Company aims to build and maintain a high-quality, skilled workforce through effective recruitment, continuous training, and ensuring a safe and healthy work environment.</p> <hr/> <p>TIME HORIZON: Short Term to Long Term</p> <hr/> <p>PRIORITY: High</p>	<ul style="list-style-type: none"> ▪ Robust recruitment process to attract top talent. ▪ Utilization of multiple channels to reach potential candidates. ▪ Regular training programs on skills / knowledge enhancement and safety. ▪ Health and safety policies and procedures. ▪ Safety audits and provision of necessary safety equipment and resources. 	<ul style="list-style-type: none"> ▪ Financial Capital ▪ Human Capital ▪ Manufactured Capital ▪ Social and Relationship Capital 	<ul style="list-style-type: none"> ▪ Workforce related ratios. ▪ Number of workplace accidents. <hr/> <p><i>KPIs stated will continue to be relevant in the future</i></p>

Objectives	Strategy	Resources Allocated	Key Performance Indicators (KPIs)
<p>Sustainability / CSR Company aims to contribute toward the sustainability of the society as a socially responsible company.</p> <hr/> <p>TIME HORIZON: Short Term to Long Term</p> <hr/> <p>PRIORITY: High</p>	<ul style="list-style-type: none"> ▪ Promote energy efficiency, waste reduction, and sustainable resource use in operations. ▪ Support local communities through charitable initiatives, volunteering, and development programs. ▪ Partner with local organizations and stakeholders to address community needs and challenges. ▪ Adhere to ethical standards and practices in all business activities. ▪ Sustainability reporting. 	<ul style="list-style-type: none"> ▪ Financial Capital ▪ Human Capital ▪ Manufactured Capital ▪ Social and Relationship Capital ▪ Natural Capital 	<ul style="list-style-type: none"> ▪ Reduction in emissions, energy consumption, water usage and wastages. ▪ Amount of financial and in-kind contributions for community uplifting. ▪ Number of trees planted. ▪ Annual sustainability reporting. <hr/> <p><i>KPIs stated will continue to be relevant in the future</i></p>

Key Resources & Capabilities, Providing Sustainable Competitive Advantage

As a prominent automotive player in the country, SAZGAR is dedicated to fostering a culture of continuous improvement, sustainable competitiveness, and exceptional performance, all while upholding the highest ethical standards. The company is committed to monitoring its brand reputation and consistently ensuring customer satisfaction in order to maintain and enhance its competitive advantage over time.

The company benefits from a strong brand name within the automotive industry, established through a consistent reputation for delivering high-quality products. Its high-capacity modern production facilities enable efficient manufacturing processes, while skilled and professional workforce drives operational excellence and innovation.

The diverse product portfolio caters to a broad range of customer needs, supported by a wide dealership network that enhances customer reach and effectively implements the brand positioning strategy. Continuous investments in state-of-the-art, sustainable, and efficient machinery underscore the company's commitment to technological advancement and environmental stewardship.

Additionally, the experienced management team proficiently addresses emerging challenges and fosters operational efficiencies. Regular feedback from stakeholders, including employees, customers, and communities, is integral to assessing perceptions of ethical, professional, and environmental practices, and to identifying opportunities for ongoing improvement. This comprehensive set of resources and capabilities positions the company for sustained success and leadership in the automotive sector.

Company's Strategy on Market Development, Product & Service Development

As the automotive industry evolves, our company is committed to leading through innovation and excellence. Our goal is to deliver superior products while fostering sustainable growth and exceptional customer experiences. The Company aims to widen-up both the local and global foot print with overall objective to expand the customer base and increase revenue without losing good customers and markets. The Company has prioritized the following strategies:

- Enhance the product offerings considering the technological advancements and the evolving needs of the customers.
- Offering customized vehicles tailored for international markets to better serve our overseas clientele.
- Opening new dealerships that enhances customer reach.
- Targeting new demographic segments such as younger, tech-savvy consumers or environmentally conscious buyers, which will boost the sales of electrified vehicles.
- Social media campaigns and TVCs.

Additionally, an efficient operational cycle is essential for successful market development and product management. A streamlined value chain ensures optimal manufacturing and delivery processes, contributing to high levels of customer satisfaction. This efficiency significantly impacts the effectiveness of our market development strategy and product performance. By continually refining our products, we aim to sustain a competitive advantage and drive sustainable growth in both established and emerging markets.

Factors Affecting the Strategic Approach & Resource Allocation

Following are some factors and their possible effect on the Company's strategy and resource allocation plan:

Factors	Effect on Company Strategy	Effect on Resource Allocation
Technological Changes	Adapt strategies to leverage tech-advancements for a competitive edge in terms of enhancing product innovation, optimizing manufacturing processes, and improving customer experiences.	Technological changes will impact Financial Capital due to the need for investments in new technologies and integration. This may also affect Human Capital, as skilled resources will be required to manage and implement these advancements.
Sustainability reporting and challenges	<ul style="list-style-type: none"> ▪ Embed sustainability goals into strategic planning. ▪ Complex regulatory requirements for sustainable practices and comprehensive reporting. 	Neglecting sustainability can affect the Social and Relationship Capital, while investing in sustainability initiatives to meet regulatory standards will affect Financial Capital due to the associated costs.
Promoting and enabling innovation	Adapt to emerging trends, market needs, and technological advancements, thereby securing long-term growth and maintaining its competitive edge.	Innovation requires costs for infrastructure and hiring specialized resources. Accordingly, significant budget might be allocated towards training and upskilling employees to foster a culture of innovation thus impacting the Financial and Human Capital.
Resource Shortages	Alternative sourcing and operational adjustments, thus impacting sales and profitability targets of the Company.	Resource shortages may force the company to seek alternative suppliers (Social and Relationship Capital), thus impacting Financial Capital.

Aligning Strategic Objectives with Vision & Mission

The Company's strategic objectives are closely aligned with its overarching vision and mission, driving our commitment to excellence and leadership in the automotive industry. Our vision of being dynamic, quality-conscious, and ever-progressive informs our goal to achieve market leadership by offering safe, economical, and environmentally friendly transportation solutions. This vision is supported by our mission to provide international-quality vehicles and automotive wheel rims at competitive prices, fostering innovation, and delivering high returns to stakeholders. To achieve these objectives, we set our strategic focus on maximizing local sales and exploring export opportunities, thereby expanding our market presence. We are dedicated to continuous improvement & innovation, maintaining the highest ethical and professional standards and ensuring compliance with laws & regulations, while also building a skilled, high-quality workforce through effective recruitment and continuous training. Our commitment to sustainability and social responsibility further reinforces our mission, contributing to both societal well-being and long-term growth.

Significant Plans & Decisions

From time to time, the Company has diversified its business operations through expansions. The Company has a plan for the expansion in Four Wheelers manufacturing facility. The key features of the expansion plan are outlined in the Directors' Report 2024.

Liquidity Position

The liquidity position of the Company is on a solid foundation, and it has an adequate capital structure mainly supported by equity.

	2024	2023
	Rupees	Rupees
Equity	10,104,086,687	2,915,048,062
Debt [Diminishing Musharkah Financing – secured]	361,993,954	553,353,382

The Company is committed to a strong repayment practice as the Company has never defaulted any payment against financial institutions, vendors, Government agencies, etc. and the management is confident that the Company would not face any liquidity issues in the future. The decrease in long term finance is mainly on account of repayment amounting to Rs. 185.2 million during the FY 2023-24. The Company has sufficient liquid resources in hand to meet its working capital requirement. The Company has effectively maintained its current ratio over the years, and its latest current ratio is 1.35. This depicts the performance of the management in achieving the targets set by the Board. The management ensures all necessary measures to manage the ratio at an optimum level.

The Company has cordial business relations with all the reputed banks of the Country. Adequate unutilized financing facilities are available at the Company's disposal. The Company has a stabilized position and sustainable growth. Moreover, the gearing of the Company has also been monitored and controlled in line with business objectives. The Company regularly monitors the debt-equity ratio to keep the Company from any excessive debt pressure.

SUSTAINABILITY AND CSR REPORT



ABOUT THE REPORT

We are pleased to present the first Sustainability Report of SAZGAR, underscoring our commitment to transparency, accountability, and sustainable practices as we embark on our journey towards a more environmentally and socially responsible future.

Reporting Period

The report covers the information about activities and impacts for the period commencing July 01, 2023 and ending June 30, 2024. The reporting period for this report aligns with the Company's annual financial reporting period (July - June 2024). This Report is published in October 2024.

Report Boundary and Content

Sazgar Engineering Works Limited as a Company operates as a single entity. The Company has no holdings and subsidiaries. The entity covered in the sustainability reporting align fully with the entity reported in the Annual Audited Financial Statements for the year ended June 30, 2024.

This report has been prepared in accordance with the requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standard, Guidelines on ESG Disclosure for Listed Companies 2023 issued by SECP and ESG Reporting Guidance issued by PSX.

In addition, the requirements of IFRS S1 & IFRS S2 issued by the International Sustainability Standards Board (ISSB) have also been taken into account as a guidance for the development of this report.

This report serves as a foundation for our sustainability reporting journey, reflecting

our ambitious efforts towards sustainable development. This report covers the detailed performance on material sustainability topics along with our initiatives and future aspirations duly aligned with United Nations Sustainable Development Goals (SDGs).

Assurance

The report is not externally assured. The company has planned to get the external assurance on sustainability reporting in the future. However, this report has been reviewed by the Sustainability Committee and approved by the Board.

Reporting Commitment

We commit to the following in our sustainability reporting:

- We will gather sustainability related data from various sources across the organization and ensure it is accurate and reliable.
- We will publish our sustainability report every year, aligned with our annual financial reporting cycle.
- Our sustainability report will cover all relevant aspects of our operations, including but not limited to environmental impact, social responsibility, and governance practices.

Contact for Feedback

To share any feedback or comments related to this Sustainability Report, please email us at:

sazgar@brain.net.pk

info@sazgarautos.com

GENERAL INFORMATION

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 domiciled in Pakistan and is engaged in manufacturing 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 manufacturing facility of three-wheeler and tractor wheel rims is located at 18- Km Raiwind Road, Lahore and four-wheeler manufacturing facility is situated at Maghrabi Tanki-1 Link Road, Near Ijtamah Chowk, Sunder-Raiwind Road, Lahore.

Scale of the Company

During the current financial year ended June 30, 2024, the Company has registered a net sale of Rs. 57.6 billion, which represents the sale of 5,374 Four-wheelers, 15,014 three-wheelers, 65,850 tractor wheel rims and certain units of household electric appliances. The Company has earned a net profit after tax of Rs. 7.94 billion. The total assets and equity of the Company as at June 30, 2024 were amounting to Rs. 29.23 billion and Rs. 10.10 billion respectively. The workforce of the Company comprised of 1,392 permanent employees as at the close of financial year.

Supply Chain

The supply chain of the Company spans from procurement of raw materials, semi-

finished & finished parts, finished goods, machinery, services and other inputs from local and foreign vendors to delivery/sale of finished vehicles/goods and parts to customers through a country-wide network of dealers. The Company's supply chain is both labor and capital intensive. During the year, the Company purchases goods and services worth of Rs. 41.9 billion from its supply chain partners.

Activities, Brands, Products & Services

The Company serves the needs of automotive sector in Pakistan. The Company's customers mainly include dealers, individuals and institutions. The Company manufactures and sells various types of four-wheelers (GWM/BAIC), three-wheelers and household electric appliances through a nation-wide dealership network whereas tractor wheel rims are directly supplied to tractor assemblers. Detail of our products are mentioned on our company's website www.sazgarautos.com The Company also markets vehicles parts and offers after-sale services through its dealer network. SAZGAR does not sell any product that is banned in any market.

Memberships and external initiatives

SAZGAR is a member of the following major associations:

- Pakistan Automotive Manufacturers Association
- Pakistan Association of Automotive Parts & Accessories Manufacturers
- The Lahore Chamber of Commerce and Industry.

BOARD'S STATEMENT ON CSR AND ESG COMMITMENT

The Board of Directors of the Company is committed to follow the requirements of International Financial Reporting Standards, applicable laws and guidelines issued from time to time on Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) and integrate them into Company's decision-making processes and business practices.

By embracing best CSR practices and embedding ESG principles into Company's business strategies, the Board aims to create long-term values for Company's business, stakeholders, and the environment.

The Board recognizes that the Company's success is closely tied to the well-being of the communities we serve and the ecosystems we impact. The Company's management is dedicated to continually enhancing the ESG initiatives, ensuring that we address key risks, opportunities, and impacts in a transparent and accountable manner. By prioritizing environmental stewardship, social responsibility, and strong governance, the Board seeks to align the company's growth with stakeholder expectations for sustainable, ethical practices and to contribute positively to a just and sustainable future."

CHAIRPERSON'S OVERVIEW

ON SUSTAINABLE PRACTICES AFFECTING FINANCIAL PERFORMANCE

Dear Stakeholders,

Sustainable practices are becoming increasingly essential in influencing the Company's financial performance. The Company recognizes the vital role that sustainability plays in shaping the long-term financial performance and overall success. The global shift towards environmentally conscious business models and stringent regulatory frameworks has underscored the importance of integrating sustainable practices into the Company's operations.

Company's core ESG approach includes the commitment to reducing the environmental impact while enhancing efficiency across the entire value chain. Through the adoption of advanced technologies in hybrid and electric vehicle manufacturing, the Company has been able to not only reduce emissions but also open new revenue streams in the growing market for eco-friendly vehicles.

As the Company moves forward, its continued focus on sustainability will be a key driver in creating long-term value, fostering innovation, building resilience against potential risks and securing the Company's competitive position in a rapidly evolving automotive industry.

MESSAGE FROM THE CHIEF EXECUTIVE

Dear Stakeholders,

Welcome to Sazgar Engineering Works Limited's (FY 2023-24) first Sustainability Report. We are to share our performance with respect to environmental, social and economic impact in a responsible and transparent manner. Our dedication to integrating sustainability into every facet of our operations is driven by a vision to not only excel in our field but also to make a meaningful impact on the environment and society.

We recognize that the challenges facing our world today – from climate change and resource depletion to social inequality and economic instability – require bold and decisive action. Our sustainability strategy revolves around four key areas, environmental stewardship, social responsibility, ethical governance, and economic prosperity, which guides all our actions as we strive to create value for all stakeholders.

We are mindful of the unique environmental challenges that Pakistan faces, extreme heatwaves, air quality issues, water scarcity, water pollution, carbon emission, climate change, floods etc. In response to these challenges, the Company has embarked on a comprehensive sustainability journey, implementing supporting initiatives that benefit both our communities and the environment.

In the short and medium term, our strategic priorities are aligned with the United Nations Sustainable Development Goals (SDGs). We recognize the broader trends affecting our industry, including global shifts toward decarbonization, tightening regulatory standards, and changing customer expectations for cleaner technologies. These factors are driving our strategy to contribute to sustainable development by embracing innovation and continuously improving our products and processes.

Our focus on manufacturing Hybrid Electric Vehicles (HEVs) and Electric Vehicles (EVs) highlights our commitment to reducing emissions and advancing cleaner transportation solutions. These vehicles represent our proactive approach to addressing the environmental challenges facing Pakistan. By offering innovative, eco-friendly options, we aim to contribute to a cleaner and healthier environment for all.

We are proud to be certified under ISO 14001:2015 for Environmental Management, ISO 9001:2015 for Quality Management, and ISO 45001:2018 for Occupational Health & Safety. These certifications reinforce our dedication to excellence, safety, and environmental stewardship.

As we move forward, we remain dedicated to enhancing our sustainability efforts and addressing emerging challenges. Our goal is to lead by example, driving positive change within the automotive industry and contributing to a more sustainable future for Pakistan.

Thank you for your continued support and partnership as we strive to make a lasting impact.

SAZGAR'S MISSION THROUGH ESG LENS

ESG principles have always been a central element of our organization's mission and corporate strategy.



Environment (E):

The company's mission focuses on providing environment friendly means of transportation, indicating a commitment to minimizing the company's environmental footprint. This involves producing vehicles with reduced emissions, promoting fuel efficiency, and exploring alternative technologies.

Social (S):

The company's mission focuses on safety and comfort highlights a commitment to social responsibility. Providing safe transportation options contributes to reducing road accidents and enhancing public safety. Comfortable transportation solutions also prioritize the well-being and satisfaction of customers. Furthermore, growing through innovation of new products can create opportunities for job creation and economic development, benefiting local communities and society at large.

Governance (G):

The company's mission emphasizes on achieving market leadership and delivering higher returns to stakeholders suggests a commitment to strong governance practices. This includes transparent and ethical decision-making processes, effective risk management, and accountability to shareholders. Aligning with ESG principles in governance ensures that the company operates with integrity, accountability and a long-term perspective, ultimately enhancing its sustainability and reputation.

SUSTAINABILITY POLICY

At SAZGAR, we continuously strive to operate our business in an economically, socially and environmentally responsible and ethical manner while improving the quality of life of the workforce and their families, local community and the society at large.

We are highly dedicated to integrate ESG principles into our operations, focusing on the following key areas:

- **Environmental Performance:**
Reduce emissions, improve energy efficiency, explore renewables, waste management and promote conservation.
- **Social Performance:**
Employee well-being, health & safety, support communities, protection of human rights & child labour and foster diversity.
- **Governance:**
Uphold transparency, ethical practices, strong corporate governance, financial performance & stability and stakeholder engagement.



SAZGAR & SUSTAINABLE DEVELOPMENT GOALS (SDGs)

As a company, we are convinced that the Sustainable Development Goals (SDGs) provide a shared focus that can empower collaborative action and will accelerate progress towards sustainability.

We fully support and committed to align our initiatives with the United Nations' Sustainable Development Goals, as we consider these goals as guiding tool on our sustainability journey.

We have prioritized the following core SDGs based on their relevance to our operations, stakeholder expectations, and our ability to drive meaningful impact:

- (SDG 2) - Zero hunger
- (SDG 3) - Good health and well-being
- (SDG 4) - Quality education
- (SDG 5) - Gender equality
- (SDG 6) - Clean water and sanitation
- (SDG 7) - Affordable and clean energy
- (SDG 8) - Decent work and economic growth

- (SDG 9) - Industry, innovation and infrastructure
- (SDG 10) - Reduced Inequalities
- (SDG 12) - Responsible consumption and production
- (SDG 13) - Climate action

By focusing on the above SDGs, we are also aiming to comply with the Pakistan Stock Exchange's (PSX) minimum SDGs reporting requirements.

Aligning with the SDGs will help us make a meaningful contribution to sustainable development and position our company strategically in the marketplace as an environmentally responsible manufacturer.



ISO CERTIFICATION

The management system of
Sazgar Engineering Works Limited
Maghribi Tank-1 Link Road, Near Jjemah Chowk, Sundar-Raiwind, Lahore, Pakistan,
has been assessed and certified as meeting the requirements of

ISO 14001:2015

Under the Scope:
Assemblers of 4-Wheeler Automotive Vehicles.

Certificate Number : PK230056
Issue date : 15-12-2023
Valid till : 14-12-2024

Authorized Signature
RICI Company Ltd.
www.ricisonline.com

*This certificate remains valid subject to successful surveillance audits and maintenance of management system as per certification rules and procedures of RICI Company Ltd.
*Further clarification regarding scope of this certificate and applicability of ISO 14001:2015 requirements may be obtained from the organization.
*This certificate remains property of RICI Company Ltd., to whom it must be returned upon request.

7067, Salwan Al Farisi 3002, Al Khalidiyah Al Janubiyah Dist., Dammam, Kingdom of Saudi Arabia
Email: scheme@ricisonline.com

The management system of
Sazgar Engineering Works Limited
Maghribi Tank-1 Link Road, Near Jjemah Chowk, Sundar-Raiwind, Lahore, Pakistan,
has been assessed and certified as meeting the requirements of

ISO 9001:2015

Under the Scope:
Assemblers of 4-Wheeler Automotive Vehicles.

Certificate Number : PK230056
Issue date : 15-12-2023
Valid till : 14-12-2024

Authorized Signature
RICI Company Ltd.
www.ricisonline.com

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7067, Salwan Al Farisi 3002, Al Khalidiyah Al Janubiyah Dist., Dammam, Kingdom of Saudi Arabia
Email: scheme@ricisonline.com

The management system of
Sazgar Engineering Works Limited
Maghribi Tank-1 Link Road, Near Jjemah Chowk, Sundar-Raiwind, Lahore, Pakistan,
has been assessed and certified as meeting the requirements of

ISO 45001:2018

Under the Scope:
Assemblers of 4-Wheeler Automotive Vehicles.

Certificate Number : PK230056
Issue date : 15-12-2023
Valid till : 14-12-2024

Authorized Signature
RICI Company Ltd.
www.ricisonline.com

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Email: scheme@ricisonline.com

GOVERNANCE

Good corporate governance is fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment and to protect the rights of shareholders & other stakeholders.

Our governance structure is based on the requirements of Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations 2019, applicable guidelines and directives issued by the Regulators and other best practices.

Our robust governance framework reinforces our dedication to upholding high ethical standards, integrity, transparency, accountability, and adherence to relevant laws and regulations.

BOARD OF DIRECTORS

The Board of Directors (BOD) is SAZGAR's highest governing body. The Board has an oversight of the risks and opportunities arising from the Company's activities and is responsible for identifying the direction, strategies & objectives and monitoring the implementation of the same by management.

The board comprises of highly qualified professionals from varied disciplines, with expertise and experience relevant in the context of the company's operations.

The Board consists of nine members which includes three Executive Directors, three Non-Executive Directors and three Independent Directors.

None of the directors hold directorship of more than seven listed companies.

The office of the Chairperson and the Chief Executive Officer (CEO) are separate, and the Chairperson is a non-executive director.

The two posts are separate to ensure a clear distinction between the Chairperson's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business.

The Company's independent directors were selected after due diligence from a database maintained by Pakistan Institute of Corporate Governance (PICG) and they have provided their consent to act as director, along with 'Declaration to the Company' that they qualify the criteria of independence notified under the Companies Act 2017.

The existing board members were elected for a period of three years, in accordance with the provisions of the Companies Act, 2017 and shall hold office up to March 19, 2026.

The Company has not introduced any specific quotas for specific nationalities, ethnic minorities, or special age groups for the Board.

The Board of the Directors of the Company did not include any foreign Directors. During the year, no Board meeting was held outside Pakistan.

In addition, the detailed explanation about the following is outlined in the Directors' Report 2024.

- Directors' Training Program (DTP)
- Director' Remuneration Policy
- Directors' Remuneration Packages

Board Statement to Establish High Level of Ethics & Compliance in the Company

The Board of Directors are fully committed to maintaining the highest standards of ethics and compliance. The Company pledges to uphold all legal and regulatory requirements while fostering a culture of honesty, accountability, and ethical conduct.

The Company expects every employee, partner, and stakeholder to act with respect for these principles, ensuring fairness and integrity in the operations of the Company.

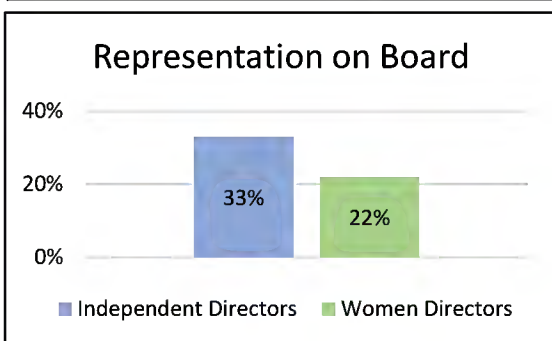
By championing these values, the Company aims to build trust and achieve long-term success while positively contributing to our community and industry.

Gender diversity on Board

The company has two female non-executive directors (out of total three NEDs) on its board, aligning with the Code of Corporate Governance for listed companies, which mandates the inclusion of female directors on the board.

Allocation of Board seats

Type	Independent Directors	Women Directors
Seats No.	03	02



Profile of the Board

Directors' profiles including name, status (independent / non-executive / executive),

education, industry experience and involvement with other companies have been placed in the Annual Report 2024 and on the website of the company.

Roles and Responsibilities of the Board

The Board of Directors plays a pivotal role in guiding the Company towards long-term success and enhancing value for stakeholders. It sets the strategic direction for the company, defining its vision, mission, core values, ethical standards, and business policies.

The Board of the Company exercises all its powers and discharges its duties as provided by the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019 and Company's Articles of Association. These include, but are not limited to, adoption of corporate governance practices, setting & monitoring company's strategies, governance of risk & internal control system, appointment of key management positions, approval of annual budgets including capital expenditures, investments in new ventures and approval of related party transactions. Financial statements of the Company, including interim and final dividends and review of internal / external audit observations regarding the overall control environment including effectiveness of the control procedures, are also approved by the Board. An independent Internal Audit department ensures continuous compliance and monitoring of formal policies and effectiveness of the internal control framework, designed by the Board for the conduct of the Company's business.

Decision Taken by the Board & Delegated to Management

All of the decisions are made after thorough deliberations during Board meetings, ensuring compliance with legal requirements and adherence to best practices in corporate governance.

The Board meetings of the Company are usually held quarterly to decide the matters requiring the Directors' approval. Further, if a decision on any matter is required on an urgent basis and is not practicable to arrange a meeting, such matters are decided based on a circular resolution, duly signed by each Director, and then presented in the next Board meeting.

The Board members ensure that they fulfill all responsibilities assigned to them as required under applicable laws and regulations. Moreover, the Board places more attention on strategic investments, business expansion, internal control & risk management, governance, review, and approval of policies.

The Board also delegates its tasks to subcommittees and the management and keeps follow up in Board meetings. The day-to-day operational matters and the task assigned by the Board or its subcommittees are dealt with by the management in consultation with the CEO.

BOARD COMMITTEES

The Board has constituted five committees, with proper delegation as per Listed Companies (Code of Corporate Governance) Regulations 2019, which assist the Board in discharging its duties in an effective manner.

The Borad Committees are as follows:

Sr. No.	Name of Committees
1	Audit Committee
2	Risk Management Committee
3	Human Resource & Remuneration Committee
4	Nomination Committee
5	Sustainability Committee

The Committees function according to their respective terms of reference (TORs), which have been placed on the website of the company.

For more details about Board Committees, their structure and meeting frequency, refer to the Directors' Report 2024.

Board's Performance Evaluation

The Human Resource and Remuneration Committee of the Board conducts an annual performance evaluation process.

The evaluation results are placed before the Board for its consideration and necessary action.

The Company does not involve an external consultant to carry out an evaluation of the Board's performance. During the year, there were no changes in the composition of Board as a result of Board's performance evaluation.

Roles and Responsibilities of the Chairperson and CEO

The Chairperson is responsible for leading the Board of Directors, ensuring its effective functioning and adherence to corporate governance principles. Chairperson provides strategic oversight, guide discussions, and ensures that decisions

align with the company's long-term goals. The Chairperson also acts as a liaison between the Board and the CEO, fostering a constructive working relationship and ensuring that the Board is informed and engaged in key matters affecting the company.

The CEO is responsible for the day-to-day management and operational leadership of the company, executing the Board's strategic directives. He drives business performance, manage & safeguard resources, and ensures compliance with regulatory and corporate governance standards. He is accountable for delivering financial results, fostering a positive corporate culture, and representing the company to stakeholders, including investors, regulators, and the public.

SUSTAINABILITY GOVERNANCE

We recognize the critical importance of strong governance in driving our sustainability efforts. Our governance framework ensures that sustainability considerations are integrated into our decision-making processes and business operations.

Board Oversight

The Board of Directors is responsible for governance and oversight of sustainability related (including climate related) risks and opportunities, which includes the environmental, social and governance considerations, within the company by setting the company's sustainability strategies and assessing their potential financial & operational impacts, setting priorities and targets to create long term corporate value.

In order to effectively discharge the sustainability related duties, the board has

established a dedicated Sustainability Committee.

Recognizing the growing importance of sustainability, moving forward, emphasis will be placed on proficiency in ESG topics, including climate-related issues, when evaluating and selecting candidates for Board positions. This focus ensures that leadership is equipped to address sustainability challenges and opportunities, reinforcing a commitment to responsible governance.

Moreover, the company pays bonus from time to time that also encourages the employees in the achievement of the key environmental targets.

Sustainability Committee

The Sustainability Committee monitors and review sustainability related (including climate related) risks and opportunities, devises sustainability strategies based on the risks assessed, oversees compliance of relevant laws pertaining to relevant sustainability related considerations and reports, at-least once a year, to the Board on sustainability matters.

Terms of reference (TORs) of the sustainability committee have been placed on the website of the company.

Sustainability Governance Structure



Role of Management

Senior management, led by the CEO, is responsible for the day-to-day implementation of the company's sustainability strategy.

The CEO, supported by the executive team, is responsible for integrating sustainability considerations into strategic planning and operational decision-making, ensuring that sustainability (including climate) risks are addressed proactively and that opportunities are effectively leveraged.

The assessment and management of sustainability (including climate) related risks and opportunities is embedded across the Company at various levels and delegated authority flows down from the board through the CEO.

Status of SECP Guidelines Adoption

Currently, the Company has partially complied with the CSR Guidelines 2013 issued by the Securities and Exchange Commission of Pakistan (SECP). The management has also made significant strides in integrating CSR into the operations but certain aspects of the guidelines remain under development. However, the Company is actively working towards full compliance and is committed to enhancing its CSR efforts in line with the regulatory framework for future.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Company prioritizes a proactive approach to risk management to safeguard its operations and stakeholders. Company's risk management process involves systematic identification, assessment, and mitigation of risks, including those that are sustainability (including climate) related. The Company has established an adequate

system of internal controls which is sound in design and has been effectively implemented and is being monitored continuously.

Company's Risk Management Committee reviews the key risks and develop the strategies to mitigate / counter these risks. The Company has an independent Internal Audit function, which carries out reviews on the financial, operational and compliance controls, and reports to the management and the Audit Committee. The Audit Committee, on behalf of the Board, considers the effectiveness of the internal control procedures, reviews and assesses the adequacy of risk management for its effectiveness in risk mitigation. It reviews reports from the internal and external auditors and reports its conclusions to the Board.

CORPORATE PRACTICES / POLICIES & COMMITMENTS

SAZGAR has in place a "Code of Business Conduct" applicable to all members of the Board, senior management and other employees. This code outlines the guidelines / commitment to Ethical behavior, Ethical business practices, including Conflict of interest, Anti-corruption, Anti-competitive behavior, workplace harassment, gifts, health & safety, environment etc.

All Board members and employees are briefed on the Code of Business Conduct upon joining SAZGAR and are obligated to adhere to its principles throughout their tenure, to avoid any unethical practices.

All of the policies adopted and implemented by the Company stipulate the application of the precautionary principle and these apply to all the organization's

activities and to all its business relationships.

During the year, no incident of un-ethical conduct identified or reported.

Company's Code of Conduct has been placed on the company's website (www.sazgarautos.com) along with additional key policies & procedures, which includes:

- Communication and Disclosure Policy
- Risk Management Policy
- Internal Control Policy
- Whistle Blowing Policy
- Corporate Social Responsibility Policy
- Director' Remuneration Policy
- Protection Against Harassment Policy
- Diversity, Equity and Inclusion Policy

These commitments are integrated at every organizational level, from the highest governance body to operational teams. The overall responsibility for embedding, implementing and reviewing the policies / commitments rests with the Board, which is further delegated to the CEO of the Company. However, all department heads ensure the day-to-day implementation of their respective policies. Regular discussions on responsible business conduct are held at senior leadership meetings to ensure oversight and accountability.

Compliance with the policies and commitments is ensured through internal and external audits. The Company frequently updates its policies and procedures based on regulatory changes, inputs of the stakeholders and need of the business.

Conflict of Interest

The Company believes in handling actual or perceived conflicts of interest

constructively. All employees are directed to avoid situations where there is a possibility of conflict.

Company's code of business conduct contains clear policy / guidance to ensure that any conflict of interest is properly disclosed, recorded and addressed, upholding the interests of the company.

Additionally, as per the provisions of Companies Act, 2017, every Director is required to disclose his interest in writing to the Company Secretary, in respect of any contracts / arrangements / appointments etc. Such disclosures are circulated to the Board. Interested Directors do not participate in voting on the said resolution and it is properly recorded in the minutes of the Board meeting and also entered in the statutory register maintained for this purpose.

The conflict of interests is managed and monitored by instructing employees about managing and avoiding conflict of interest, staying away from any kind of actual and perceived conflict, imparting the conflict to the stakeholders and implementing strategies to handle the conflict of interest.

Related Party Transactions

All the transactions between the Company and its related parties are incurred considering the policy framework based on the applicable laws and regulations.

The details of all related party transactions are placed before the Audit Committee of the Company, and upon recommendations of the Audit Committee, the same are placed before the Board for review and approval.

Any Board member who has a potential interest in any Related Party Transaction

will abstain from voting on the approval of the said Related Party Transaction.

The details of the all the related party relationships and transactions are given in note 39 of the annual audited financial statements for the year ended June 30, 2024.

Anti-corruption and Anti-competitive Behavior

Company's code of business conduct contains explicit guidance on anti-corruption and anti-competitive behavior. This code is supported by a robust risk management system designed to identify and mitigate risks in these areas. During the year, a thorough risk assessment of all major operations was conducted, revealing no significant risks related to corruption or anti-competitive behavior.

During the FY 2023-24, the Company reported no violations of laws, regulations, and no fines or non-monetary penalties were imposed.

Insider Trading

The Company has issued clear instructions relating to insider trading which requires all the relevant employees to maintain confidentiality of inside information at all times. The Company is in compliance with all the requirements of laws & regulations relating to insider trading including maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

Privacy and Data/Records Protection

The company is committed to safeguarding the both physical and electronic data/records of the Company and the

personal information of its stakeholders, recognizing the importance of secure data handling and protection. To achieve this, the company continuously improves its processes and systems to ensure robust data security.

Head of Information Technology oversees the implementation, maintenance, and adherence to data protection measures and identifies opportunities for technological enhancements to further strengthen data security.

Additional measures are taken which includes precautionary measures such as fire-extinguishers and fire-resistant measures ensures the security of the Company's sensitive documents. Efficient disposal of records and information when it is no longer required.

Grievance and Complaint handling

The Company is committed to safeguarding the interests of its investors, shareholders, and other stakeholders.

A grievance handling mechanism is implemented at both the operational sites, where stakeholder can file their concerns/complaints. The administration department is responsible to deal with any such grievances, with support from the relevant department. The investigation's outcomes are reported to the management for appropriate action and resolution.

In addition, a dedicated email address, "sazgar@brain.net.pk", has also been established to facilitate stakeholders in submitting grievances / feedback. In addition to the aforementioned email address, complaints and suggestions can also be received in writing, duly addressed to the Company Secretary.

Shareholders are actively encouraged to provide feedback during General Meetings, enabling the Company to gain valuable insight into their perspectives on operations and decisions.

All matters raised through communication with stakeholders, issues reported by suppliers and customers through B2B communication platforms, and concerns brought up by members during general meetings are regularly evaluated to determine if revisions to the company's policies or commitments are necessary to manage the impact of its operations.

The Company Secretary is responsible to keep the highest governance body updated on all such matters.

All queries received during the fiscal year 2023-24 were promptly addressed and communicated. However, throughout the year, there were no complaints from any individual or institutions, concerning public or social issues.

Whistleblowing

The Company's Whistleblowing Policy outlines procedures for employees to report concerns about unethical behavior, illegal activities, or violations of company policies in a confidential and protected manner. It ensures anonymity and protection against retaliation for whistleblowers, while also detailing the investigation process and actions taken in response to reported concerns.

During the year 2023-24 no incidents have been reported.

Mitigating Negative Impacts

The Company is committed to provide for or cooperate in the mitigation and remediation of the negative impacts of its activities and operations as far as reasonably possible. In

addition to addressing grievances through established mechanisms, we also consider insights from internal evaluations of potential negative impacts to guide our mitigation efforts.

Our approach primarily focuses on minimizing environmental effects, and we are actively working towards it. Environmental risks are carefully prioritized and integrated into our strategic planning and execution. This proactive stance allows us to identify potential issues early and take timely actions to safeguard land, water, and ecosystems.

Transparency And Reporting

We are committed to transparency in governance practices and reporting, including the publication of comprehensive sustainability report and other relevant disclosures. Our reports provide stakeholders with transparent insights into our decisions and performance. By sharing accurate and timely information, we aim to enhance accountability, trust, and credibility with our stakeholders, ultimately driving positive impacts.

Compliance With Laws

Company is legally obligated under the Companies Act, Code of Corporate Governance and the PSX Listings Requirements to comply with laws and regulations and proactively monitor and assess regulatory developments to determine their applicability and impact on the company.

This proactive approach reflects the Company's dedication to implementing the necessary safeguards to ensure full compliance with an evolving regulatory framework. By doing so, the Company strengthens stakeholder confidence and

minimizes risks related to reputation, finances, and regulatory exposure.

The Board's Audit Committee regularly reviews updates in regulations, compliance with legal requirements, and adherence to the company's code of conduct. Supported by the internal audit department, the committee assesses how well the company complies with laws and addresses any breaches of the code of conduct. It also ensures that any violations are properly investigated, appropriate actions are taken, and preventive measures are put in place to avoid future issues.

However, no incident of non-compliance with laws & regulations occurred during the year 2023-24.

STAKEHOLDER'S RELATIONSHIP AND ENGAGEMENT

Engaging with our stakeholders is integral to our sustainability strategy and decision-making processes. We are committed to engage with our stakeholders to better understand their needs, expectations, and concerns and providing accurate and timely information. Overall frequency of stakeholder's engagements is based on the corporate and business requirements as laid down by the corporate laws, contractual obligations, as and when required.

Through dialogue, collaboration, and transparent communication, we strive to build trusting relationships and address stakeholder interests effectively.

Stakeholders are identified and prioritized based on their nature of relationship with SAZGAR, interest of the stakeholder in the business, ability to impact, responsibility, dependence and willingness to engage. Stakeholders' engagements occurred at various occasions throughout the year by relevant departments of the company as part of their ongoing activities; however, no sustainability report specific engagement was carried out during the year.

List of stakeholders, frequency of consultations, concerns raised and our response are as follows:

1) Shareholders/Investors

Frequency: Ongoing/Annual

Safeguarding our shareholders' interest is our key responsibility. Our shareholders' interest revolves around profitability, growth, economic returns, new projects,

transparent disclosures and financial reporting and regulatory compliances.

Our strategy to meet shareholders' expectations focuses on the continuous innovation and business development, effective governance and corporate reporting.

Annual General Meetings, stock exchange announcements, corporate briefings, annual and quarterly reports, notices to shareholders, company website are the most effective means of our engagement with our shareholders.

2) Banks/Lenders

Frequency: Ongoing

We value our relationship with our financial partners and lenders, as they allow us the means to achieve our vision. Company's financial performance, new projects and compliance are their key interests.

We meet their expectations by focusing on business sustainability, financial stability and by providing transparent financial information in a timely manner.

Meetings, e-mails, periodic financial reporting are the important means for our engagement with this category of stakeholders.

3) Suppliers/Vendors

Frequency: Ongoing

Efficient supplier network is a key for effective working capital management. Our suppliers' interest revolves around new business opportunities, timely payments,

guidance on new material requirements, mutually beneficial terms & conditions.

We consistently endeavor to cultivate robust relationship with our suppliers, however, our strategy to meet their expectations includes continuous business development which leads to increased opportunities, effective training/guidance on new requirements.

E-mails, request for quotations, periodic site visits, are the most effective means of engagement with our suppliers.

4) Government & Regulators

Frequency: Ongoing

Compliance with laws and regulations is the key concern of this stakeholder group. We satisfy their concerns by ensuring compliance with all legal and regulatory requirements and contributing to the economy in terms of taxes/duties.

The engagement methods include submission of periodic reports/returns, responding to enquiries, seminars/webinars and meetings as and when required.

5) Customers

Frequency: Ongoing

Our customers' expectations are focused on product specifications and quality, product price, delivery time, after sale services. Our dealerships and sales and marketing team remain in close contact to this segment of our stakeholders to resolve issues on priority basis. As our success and performance depends on customers' loyalty and brand image.

Our strategy to meet their expectations includes continuous innovation, improving product quality, offering competitive

pricing, enhancing their experience by improved after sale services.

Customer service channels, events & exhibitions, company website are the most effective means of engagement with our customers.

6) Dealers

Frequency: Ongoing

Our dealers' expectations are focused on logistics, product quality, trainings, product knowledge and return on investment.

We meet their expectations by providing relevant trainings for better customer experience at dealerships, improving product quality and delivery timelines, offering lucrative business terms.

The engagement methods include corporate events, training sessions, meetings as and when required.

7) Employees

Frequency: Ongoing /Annual

We have extensive employee-engagement arrangements in place. The employees' concerns revolve around remuneration and benefits, responsibilities, trainings, health, safety & well-being and work-life balance.

We meet their needs by compliance with labour laws, competitive remuneration and packages, on job trainings, open communication channels, employees' well-being initiatives.

Staff meetings, trainings, company events, performance appraisals are the most effective means of engagement with our employees.

8) Local Community

Frequency: Ongoing

The Company actively participates in various social work initiatives as part of its corporate social responsibility (CSR). Employment opportunities, infrastructural development, education, health, clean water and other social issues are their key concerns.

We meet their needs by implementing structured CSR initiatives focusing on health, education, hunger and creating job opportunities.

CSR activities, internship programs are the important means for our engagement with this category of stakeholders.

Local community engagement is always beneficial, as people of Pakistan provide the grounds for SAZGAR to build its future.

9) Media

Frequency: Occasional / As required

Insights on industry and company's financial performance, transparent & accurate information are their key concerns. Our strategy to meet their expectations includes timely communication of fair information.

Interviews, corporate events, TVCs, social media pages are the most effective means of engagement.

Engagement with this stakeholder group would result in effective awareness regarding the Company and offered products and services, indirectly have a positive impact.

MATTERS RAISED IN THE LAST AGM OF THE COMPANY

The 32nd Annual General Meeting of the Company, held on October 26, 2023, was attended by shareholders of the Company including minority shareholders. The meeting was also attended by the Chairman of the Audit Committee to answer any queries and matters within the scope of the audit committee's responsibilities.

During the meeting, there were no significant matters / issues raised except for discussion on the agenda items.

EFFORTS TO ENGAGE MINORITY SHAREHOLDERS

The Company values all shareholders equally and consider them an integral part of the Company. The Company facilitates all shareholders including minority shareholders to attend and take part in Annual general meetings. Ever since the Company has made arrangements to participate annual general meeting through video conferencing, minority shareholders' participation has further improved, as they can conveniently attend through video link.

The notice of Annual General Meeting is sent to all shareholders at least 21 days before the date of meeting. During the meeting, input from all shareholders is encouraged and their concerns and suggestions are recorded as a part of continuous improvement process.

Further, to provide an additional opportunity to minority shareholders to interact with the management of the Company, the Company has also been conducting corporate briefing sessions.

INVESTORS' RELATIONS SECTION

The Company communicates all major financial information needed for investors' decision-making by uploading it on the corporate website, i.e. (www.sazgarautos.com) under the section of Investor Relations, on a timely basis.

CORPORATE BRIEFING SESSIONS OF THE COMPANY

Corporate Briefing Sessions are held to brief investors regarding the performance of the Company and future outlook. These sessions help the Company to understand and resolve the concerns of the shareholders and to add a synergy factor to achieve better results for the Company's prospects.

This year, two corporate briefing sessions were held on 26-Oct-2023 and 22-May-2024. During the meeting the management briefed the following matters about the Company:

- Company overview and scope of business.
- Strategic and operational developments.
- Financial performance along with key ratios.
- Future prospects of the Company.

Thereafter a Question-and-Answer Session was held.

For more details on corporate briefing session, please refer the presentation delivered during the meeting, placed on our corporate website.

CORPORATE BENEFIT TO SHAREHOLDERS

Throughout the fiscal year, our dedication to enhancing shareholder value remained unwavering. During the past two years, shareholders have enjoyed the benefits of both value appreciation and dividend distributions. We continue to prioritize sustainable growth, with a focus on delivering long-term value through prudent financial management and strategic market positioning.

MATERIALITY ASSESSMENT

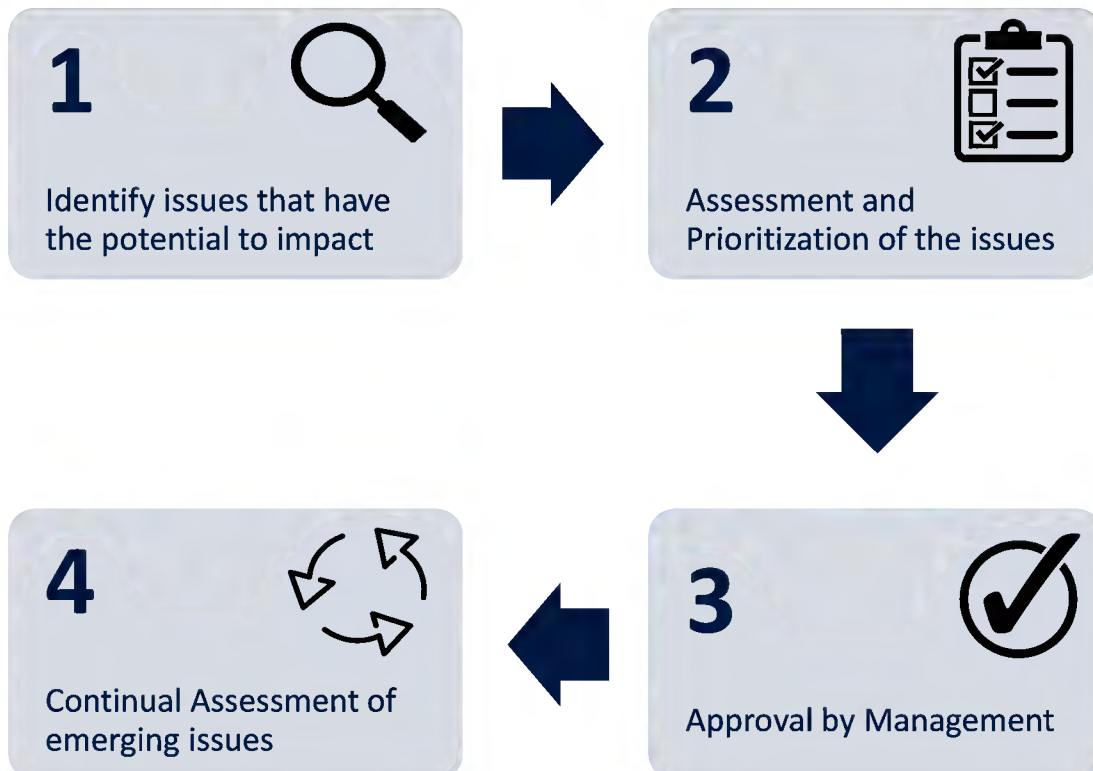
To inform our sustainability reporting and help us to report on the issues that matter to our stakeholder, we conducted materiality assessment. For this we consider both the external and internal company perspectives.

Methodology to Determine Material Topics

The material issues were identified taking into account the Company's objectives, strategies, policies, vision, mission & core values, stakeholders' perspectives, important sustainability topics for the automotive industry, possible topics as per GRI Standard, risks and opportunities in the external environment, significant environmental, economic, and social impacts of the Company's activities.

Impact assessment associated with each topic was conducted (based on quantitative and qualitative inputs) to evaluate the significance considering the severity & likelihood of the impact.

A cumulative score was assigned to each topic to prioritize its importance to the Company. Finalized list of material topics was presented to the executive management for approval to ensure alignment with the Company's strategies and targets.

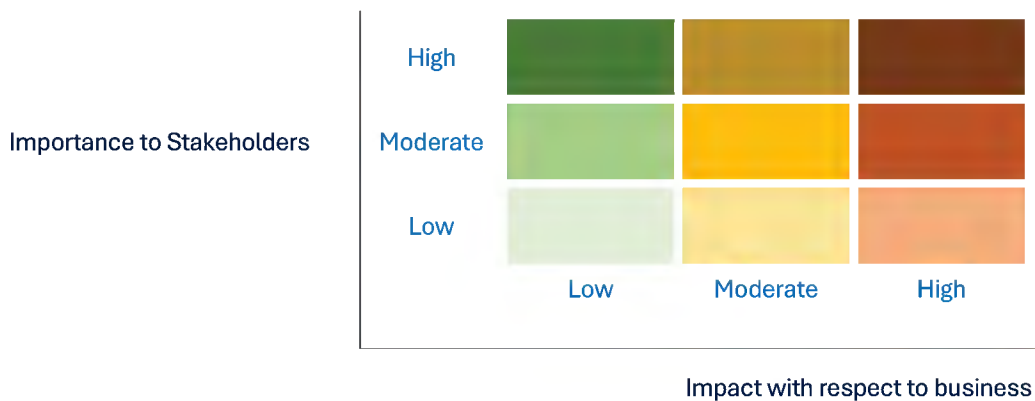


Material topics for SAZGAR, based on the above criteria have been identified as:

Priority Material Topics	Impacts	Significance	Addressed in this report
Economic Performance & returns	Positive impacts through consistent financial returns, economic contributions, payments to employees and suppliers, and overall societal well-being (including product fuel economy).		Economic Performance
Indirect Economic Impact	Positive impacts on communities through infrastructure projects, growth of service sectors and job creation within the supply chain.		Economic Performance
Supply Chain Impacts	Negative impacts of supply chain activities on environment and society.		Economic Performance
Procurement Practices	Strengthens the capabilities of local suppliers.		Economic Performance
Energy	Environmental effects of using non-renewable energy sources (emissions and climate change).		Environmental Performance
Emissions	Environmental impact due to emissions (including product emissions)		Environmental Performance
Materials	Impacts through the use of depleting finite resources.		Environmental Performance
Waste	Environmental effects from waste generation and disposal.		Environmental Performance
Water and Effluents	Impacts on water resources, leading to scarcity and environmental challenges.		Environmental Performance
Employment, Labour Relations and DE&I	Diversified workforce for better productivity and compliance with applicable laws and regulations.		Social Performance

Priority Material Topics	Impacts	Significance	Addressed in this report
Occupational Health and Safety	Impacts on health of workforce affecting productivity.		Social Performance
Training & Education	Improves employees' ability to contribute effectively, supporting the company's success and value creation.		Social Performance
Local Communities	Impacts on communities through socio-economic development, healthcare, education, and food support.		Social Performance
Customer Health and Safety (Product Safety)	Impacts the well-being and satisfaction of customers.		Social Performance

Assessment Matrix



SUSTAINABILITY RELATED RISKS & OPPORTUNITIES, STRATEGIES AND TARGETS

SAZGAR's risk management system and risk management policy are designed to provide a consistent and clear framework for managing risks and reporting risks to management & to the board.

Company's risk management framework along with relevant responsibilities have been outlined in the policy document, which have been placed on the Company's website.

Identifying and Assessing Sustainability (including climate) Risks

The Company's process for identifying and assessing Sustainability (including climate) risks are embedded within its broader risk management framework. Risks are identified as part of the broader process, which includes brainstorming, inquiries with key stakeholders, taking into account industry specific circumstances, inputs from senior management. The identified risks are assessed based on the probability of occurrence and the potential impact. The combination of these two factors determines the overall risk rating. The Board of Directors conducts an annual review of business risks, which includes Sustainability (including climate) risks. This ensures that emerging sustainability risks, including those related to climate, are understood and addressed. The Sustainability Committee specifically monitors and reviews Sustainability (including climate) risks, ensuring that these are consistently identified and assessed.

Managing Sustainability (including climate) Risks

The organization manages Sustainability (including climate) risks through a structured and proactive approach. Once Sustainability (including climate) risks are identified and assessed, appropriate treatment strategies are developed to mitigate these risks. This involves implementing controls/initiatives to address the risks and ensuring that these controls/initiatives are adequate and effective. Risk Owners are responsible for monitoring the effectiveness of mitigation measures related to Sustainability (including climate) risks. They ensure that these risks are considered in every decision-making process and routinely monitor ongoing risks. CEO, supported by Risk Owners, reports on the management of Sustainability (including climate) risks, to both the Sustainability Committee and the Board.

We will continue to refine our approach to risk management as our understanding evolves.

Integration of Sustainability (including climate) Risks into the Overall Risk Management Framework

Sustainability (including climate) risks are integrated into the organization's overall risk management framework in the following ways:

Unified Risk Management Approach: Sustainability (including climate) risks are treated as part of the overall risk management process. Company follows the same identification, assessment, and management procedures as for other business risks, ensuring consistency and coherence.

Board and Committee Oversight: Both the Board and the Sustainability Committee play key roles in overseeing the identification, assessment, and management of Sustainability (including climate) risks, ensuring that these are aligned with the company's broader risk management strategies.

Risk Culture Development: The organization fosters a risk-aware culture that includes climate-related risks. This culture is supported by the CEO and Risk Owners, who ensure that all employees understand the importance of identifying and managing these risks.

Risk Register Inclusion: Sustainability (including climate) risks are included in the company's Risk Register, which is regularly updated and reviewed to ensure that all identified risks are being effectively managed and monitored.

Climate-Related Risks and Opportunities

For identification of climate-related risks and opportunities, ISSB guidance and industry specific disclosure topics stated in SASB Standards are considered.

Company is exposed to various risks associated with climate change, including the impacts of increased severe weather events on our operations and infrastructure, regulatory changes and changing consumer preferences. Increasing expectations on companies to address climate change may result in increased costs, reduced product demand and reduced profits. Potential regulations for severe climate changes at the international or local level could require us to further limit emissions associated with customer use of our products, change our manufacturing processes or product portfolio, or undertake other activities that may require us to incur additional expense, which may be material.

Our overall strategy to address these risks includes investment in renewables, introduction of electric vehicles (EVs) and hybrid electric vehicles (HEVs) and compliance with laws & regulations.

Assessment Methodology – Scenario Analysis

Our climate risk assessment is based on the potential temperature change scenarios that is 2.0°C or lower scenario and 4.0°C scenario (source: IPCC). Our scenario analysis has identified various categories of risks and opportunities. We have assessed their impact on financial conditions over the short, medium, and long term.

We categorized and identified risks as physical risks and transition risks. Physical risks result from extreme weather events while transition risks result from the transition to a low-carbon

and climate-resilient economy which includes policy & legal risks, technology risks, market risks, and reputational risks.

Key Assumptions

2.0°C or lower scenario	4.0°C scenario
<p>In this scenario, it assumed that aggressive measures to achieve (till year 2050) low-carbon & climate-resilient economy will be promoted globally. Based on that we expect:</p> <ul style="list-style-type: none"> Major shifts in policy and regulations, such as regulations on fuel efficiency and zero-emission vehicles. Transition to a circular economy. Significant shift in consumers' preferences, widespread use of carbon-free products like EVs. Technological advancements, availability of energy-saving clean technology. <p><i>In this scenario Climate impacts will be largely constrained but not avoided, and the risk of irreversible change will be reduced.</i></p>	<p>In this scenario, we assume that irreversible environmental changes will occur, leading to:</p> <ul style="list-style-type: none"> More intense storms, rainfall patterns, flooding and heatwaves. Widespread / extremely severe supply chain disruption due to disastrous weather events.

Time Horizon for Risks and Opportunities

Period	Years
Short Term	0 – 3
Medium Term	3 – 10
Long Term	Greater than 10

Our key climate-related risks and opportunities are as follows:

Physical Risks

Type / Driving Factor	Value Chain Location	Risk	Time Horizon
Physical climate change (extreme weather events)	Upstream, Direct Operations, Downstream	Extreme weather events would negatively impact the logistics, procurement of raw materials from our suppliers and production.	Long term

Increased intensity, frequency and duration of storms and other severe weather events as a result of climate change may damage our facilities, disrupt our production, logistics, procurement of materials from our suppliers, and the timely delivery of our products to

customers, and could also negatively impact the working conditions at our business sites and those of our suppliers. Any of the foregoing could have a material adverse effect on our financial condition and results of operations.

We purchase a wide variety of materials / parts, freight & transportation services from numerous suppliers to support the manufacturing of our products. In some instances, we purchase materials / parts from a single source, which may increase risk of supply disruptions. The critical raw materials primarily include imported iron sheets, imported components for three-wheelers and four-wheelers.

Risk Assessment

In case of 4.0°C scenario, the increase in extreme weather events may intensify disruptions to production facilities, leading production delays, while extreme temperatures could also lead to equipment failures and power outages. Climate-related disruptions to supply chains may intensify, leading to compromised transportation networks for instance rising of sea levels and coastal flooding may threaten the viability of ports.

In case of 2.0°C or lower scenario, weather events may continue to evolve. However, disruption to supply chains, in the form of production shutdowns, damage to facilities and increased production costs, are expected to be more manageable, localized, and less severe.

Opportunity

The negative impact of the climate change cannot be avoided but it can be mitigated in the form of reducing carbon footprint of the company, as an opportunity. It can be accomplished by improving production processes to reduce emissions and investing in greener technologies.

Effects on strategy and decision-making

Our ongoing strategies to manage climate-related risks focus on building long-term resilience and adaptability across our operations and supply chain. Currently there is no climate related transition plan exists.

Short / Medium term

- Diversification of our supplier base and developing alternative sourcing options to minimize the impact of supply disruptions, especially for critical raw materials.
- Close collaboration with logistics partners to ensure flexibility in our transportation networks, enabling us to respond swiftly to disruptions.
- Close monitoring of material costs and supply variability by procurement teams and management personnel from across the business.
- Improvements in emergency response plans.
- Plantation of trees.

Long term

- Holding higher inventory levels to buffer against supply chain disruptions.
- Facility preparedness, with ongoing investments in infrastructure upgrades and backup power solutions to mitigate the effects of severe weather.

Financial Implications

The current and anticipated short/medium term financial impacts are not considered to be significant for the business. However, the expected long term financial impacts are as follows:

- Potential revenue losses.
- Increased CAPEX required for infrastructure upgrades.
- Recognition of provisions for expected costs associated with site restoration.
- Increased repair and maintenance expenditures.
- Increased working capital requirements due to buffer inventory.
- Impairment of assets due frequent disruptions and damages.
- Increased exposure to credit losses and the resulting ECL measurement, in case business of credit customers suffered physical damage to its main assets.

Transition Risks and Opportunities

Type / Driving Factor	Value Chain Location	Risk	Time Horizon	Potential Financial Impact over time
Policy and Regulations / Legal (Energy, water, waste management etc.)	Direct Operations	Increased operating cost due to carbon tax. Increased reporting requirements. Fines / penalties due to potential non-compliance with laws & regulations.	Medium / Long term	Increased direct and indirect costs.
Policy and Regulations / Legal (Vehicle emissions and fuel economy)	Downstream	Increasing pressure to meet stringent regulations on vehicle emissions and fuel economy including forced product modifications. Fines / penalties due to potential non-compliance with laws & regulations.	Medium / Long term	Investment in R&D. Revenue losses.
Changes in consumers' behavior	Downstream	Drop in unit sales of internal-combustion engine (ICE) vehicles.	Medium / Long term	Decreased revenues due to reduced demand for products.

Type / Driving Factor	Value Chain Location	Risk	Time Horizon	Potential Financial Impact over time
Changes in technology	Direct Operations	Advancements in green technologies requires increased capital investments.	Short / Medium / Long term	Increased CAPEX
Policy and Regulations / Market / Reputation	Upstream	Increased pressure from our key suppliers to adopt sustainable practices.	Long term	Increased CAPEX / OPEX Provisions for expected costs associated with retiring or upgrading plant and machinery.
		Business of credit customers might be negatively affected by new environmental regulations resulting in delayed payments and potential business relationship.		Exposure to credit losses and consequently, the measurement of ECL.

Type / Driving Factor	Value Chain Location	Opportunity	Time Horizon	Potential Financial Impact over time
Policy and regulations	Direct Operations	Strengthened competitive position (build reputation as an environmentally responsible manufacturer) and increased access to capital/green funding by compliance to environmental policies and regulations including reporting requirements.	Medium / Long term	Increased access to capital.

Type / Driving Factor	Value Chain Location	Opportunity	Time Horizon	Potential Financial Impact over time
Market & Technology change	Downstream	Develop and promote sales of low emission / new energy vehicles.	Medium / Long term	Increased revenues through access to new and emerging markets.
Changes in technology	Direct Operations	Optimize operating cost with transition to renewable energy sources or energy-saving technologies.	Short / Medium / Long term	Increased CAPEX

Strategy for short / Medium / Long Term

- Regular monitoring of governmental developments and take proactive actions.
- Capital investments for energy-efficient and low-carbon technologies.
- Initiatives to promote cleaner environment.
- Development & introduction of new electric vehicle / hybrid electric vehicle models.
- Reporting on company's ESG performance.

SUSTAINABILITY RELATED RISKS & OPPORTUNITIES OTHER THAN CLIMATE

For identification of sustainability-related risks and opportunities (other than climate), industry specific disclosure topics stated in SASB Standards are considered.

Material Sourcing

Risk	Value Chain	Time Horizon	Opportunity
Reliance on single source supply of imported essential parts increases the vulnerability to supply chain disruptions caused by geopolitical events, logistical challenges, or supplier specific issues.	Upstream	Short / Medium / Long term	Enhance supply chain resilience by supplier base diversification including localization of imported parts. Strengthening relationships with current and new suppliers.
<p>Our Response:</p> <ul style="list-style-type: none"> Exploring alternative suppliers by localization of imported parts to reduce dependency on a single source. Strengthening partnership with the current supplier through long-term contracts. <p>Financial Impact:</p> <ul style="list-style-type: none"> Potential saving in direct cost due to alternative sourcing. 			

Water and waste management

Risk	Value Chain	Time Horizon	Opportunity
Failure to optimize water usage and effectively manage / treat and dispose of waste (both solid / water) produced in operations, may put at risk future business opportunities, lead to imposition of fines, non-availability of fresh water, strained relations with local communities and a trust deficit among stakeholders.	Direct operations	Short / Medium / Long term	Build reputation as an environmentally responsible manufacturer, opening doors to new partnerships.
<p>Our Response:</p> <ul style="list-style-type: none"> Continuous monitoring and improvement in waste management system. Regular monitoring of governmental developments and take proactive actions. <p>Financial Impact:</p> <ul style="list-style-type: none"> Increased CAPEX / OPEX. 			

Energy Crisis

Risk	Value Chain	Time Horizon	Opportunity
Inadequate energy supply can lead to production disruptions, reduced output, damaging reputation and customer relationship. Energy constraints can also hinder expansion plans and prevent the company from meeting growing demand.	Direct operations	Long term	Build reputation as an environmentally responsible manufacturer by reducing dependency on fossils fuels.
Our Response: <ul style="list-style-type: none"> ▪ Continuous monitoring of energy utilization. ▪ Investment in renewable energy sources. Financial Impact: <ul style="list-style-type: none"> ▪ Increased CAPEX. 			

Product Safety and Quality

Risk	Value Chain	Time Horizon	Opportunity
Product recalls due to potential software malfunctions or any hardware quality issues.	Downstream	Short / Medium / Long term	Strengthened competitive position by prioritizing product safety and quality and it enhances the company's reputation.
Our Response: <ul style="list-style-type: none"> ▪ NCAP safety rating of our vehicles. ▪ Comprehensive quality management system under ISO 9001. ▪ Rigorous testing of our products, including evaluations of electronic systems. ▪ Improvements in customer communication and support service. Financial Impact: <ul style="list-style-type: none"> ▪ Potential cost of repair or replacement of defective parts. ▪ Potential legal liability. ▪ Loss of consumer trust, potentially reducing sales and market share. 			

Resilience

The company's strategies collectively bolster resilience against sustainability including climate related risks and related uncertainties. In addition, the company has the capacity to adjust or adapt over the short, medium, and long term, supported by substantial financial resources. These resources include equity, which reflects the company's ownership stake and retained earnings, liquid assets as well as available credit facilities. This combination of internal funds and external borrowing capacity provides the financial flexibility needed to manage unforeseen challenges, invest in strategic initiatives, and sustain long-term growth. As the company continues its impressive growth, we anticipate an increasing capacity to effectively manage uncertainty in the years ahead.

METRICS AND TARGETS

For identification of metrics and targets to measure risks and opportunities, ISSB guidance and industry specific disclosure topics stated in SASB Standards are considered.

METRICS & TARGETS - CLIMATE-RELATED

Absolute gross GHG emissions generated during FY 2023-24:

Category	Type	MT CO2e	Target
GHG Emissions	Scope 1	1,453	2% reduction in total CO2e emissions from corporate activities till Year 2030. (compared to FY2023-24)
	Scope 2	2,330	
Total		3,783	

The key objective for the CO2 target is to reduce the carbon footprint of the company, to achieve this target, we will promote initiatives such as improving production efficiency, implementing energy-saving measures, shifting to renewable energy. This target applies to the Company in its entirety.

For measuring and reporting GHG emissions, the Control Approach under the Greenhouse Gas Protocol has been considered. This approach is selected because it aligns with the Company's operational structure, where it exercises full control over its activities. By using the Control Approach, the Company reports 100% of the emissions from both operational sites, as these sites fall within the Company's defined boundaries based on its operational control. This method ensures transparency and accountability in reflecting the environmental impact of the Company's operations.

A centralized approach is implemented for aggregating GHG emissions data at the corporate level. Activity data from both the operational units are systematically collected, consolidated, validated and the appropriate documented emission factors are applied, to obtain a comprehensive overview of the Company's total emissions. Key inputs to the GHG measurements include energy consumption and usage of various fuels across both the facilities.

Sources of Scope-1 and Scope-2 GHG emissions include stationary combustion and mobile combustion. GHG emissions measured above covers only three constituent greenhouse gases namely Carbon dioxide (CO₂), Methane (CH₄), and Nitrous oxide (N₂O). The global warming potential values used are based on a 100-year time horizon using AR6 version of IPCC.

For Scope 1 GHG emissions, the Company utilizes cross-sector calculation tool (emission factors) as specified by the Greenhouse Gas Protocol. Scope 2 GHG emissions factors are sourced from a research paper published by Pakistan Journal of Meteorology, *Estimation of Greenhouse Gas Emissions by Household Energy Consumption: A Case Study of Lahore, Pakistan* by Khan, W. M., S. Siddiqui (Vol. 14, Issue 27: Jul, 2017).

METRICS & TARGETS – OTHER THAN CLIMATE-RELATED

Metric	UOM	Performance for 2023-24	Target
Ratio of electrified three wheelers out of total three-wheeler sales.	%	0.4%	1% For the year 2025
Percentage of four-wheel vehicle models rated by NCAP with an overall 5-star safety rating.	%	88%	Improve & maintain similar position over time
Number of Safety-related defect complaints received during the year.	No.	zero	Zero, for the year 2025
Number of vehicles recalled during the year.	No.	zero	Zero, for the year 2025
Average fuel economy of vehicles (three & four wheelers) sold during the year, weighted by sales volume.	Km/L	22.72	Improve & maintain similar position over time
Percentage of energy consumed from renewable energy source.	%	0%	2% For the year 2025
Plantation of trees	No.	1,000	2,000 For the year 2025
Gender diversity (Female employees under staff category)	%	1.58%	Enhance gender diversity by 2025.
Number of injuries reported during the year.	No.	zero	Zero injury rate For the year 2025

Disclosure for other categories:

No metric and targets have been set for the ‘amount and percentage of assets or business activities vulnerable to climate-related transition / physical risks’, as it has been assessed as immaterial in the current situation. Additionally, no specific amount of capital expenditure, financing or investment has been deployed towards climate-related risks and opportunities currently, however moving forward this shall be considered in sustainability target setting.

ECONOMIC PERFORMANCE

Material Topics Covered:

- Economic Performance
- Indirect Economic Impacts
- Supply Chain Impacts
- Procurement Practices

SAZGAR is committed to up-lift the economy besides various challenges faced by the country. We believe, we have a huge responsibility to play an active role in strengthening the auto industry ensuring healthy returns to our shareholders with ethical business practices.

We are contributing to the following UN Sustainable Development Goals (SDGs) through our economic performance:



Our **approach** to economic performance involves a holistic and proactive strategy aimed at achieving financial stability, driving revenue growth, and maximizing value creation for stakeholders while minimizing negative impacts on the economy and society.

Our comprehensive risk management systems and processes are designed to identify and evaluate potential adverse effects resulting from our operations. Leveraging proactive measures, such as careful planning, optimal resource allocation, and technological innovations, we endeavor to proactively anticipate or alleviate both potential and realized negative impacts.

ECONOMIC IMPACTS

Economic performance is a critical aspect of our sustainability efforts at SAZGAR, as it reflects our ability to create value for stakeholders and contribute to economic growth and prosperity.

Our operations have both direct and indirect economic impacts, which are essential to understand for a comprehensive assessment of our economic performance.

Direct economic impacts are the payment of dividends, duties and taxes, financial charges, employment opportunities, salaries and benefits to employees, supply chain payments. Whereas, the **indirect economic impacts** are employment opportunities in upstream and downstream industries, stimulating growth in the service sectors like insurance, logistics etc. and development of local communities through CSR initiatives such as education, healthcare, hunger and infrastructure development.

The Board of Directors is responsible for the economic impact of SAZGAR operations. The objectives, policies and targets are discussed and approved by the Board of Directors. The Board has delegated the execution of policies and decision-making on day-to-day Company affairs to the Chief Executive. The economic performance is reviewed on a quarterly basis at Board meetings and appropriate actions are taken by the Board.

Our Performance

Company's financial performance for the year 2024 represents a significant growth in

revenues by 217% and net-profit by 697% as compare to the year 2023.

For detailed information on financial review and performance for the year 2024, refer to the Director's Report on page 103 of the Annual Report 2024.

Sustainable value creation involves establishing operations that can be maintained independently, without dependence on subsidies or grants. During the year the Company did not receive any direct or indirect financial assistance from the government.

Transparent Approach to Taxation

We place high importance on ensuring transparent and responsible payments to the government, which contribute to economic growth and the support of public services.

There is zero tolerance for tax evasion and we also ensure that our business partners, employees and other stakeholders comply with applicable tax laws. SAZGAR endeavors to build and maintain a constructive relationship with Pakistan's tax authorities based on mutual respect, transparency and trust.

Our dedication to accuracy and ethical tax practices is maintained through rigorous controls and processes overseen by the Chief Financial Officer. Independent auditors provide further assurance on our tax management practices and financial governance.

Moreover, we actively engage with various stakeholders, including tax authorities and industry peers, to gather insights and feedback. This helps us identify areas for improvement, address concerns, evaluate the effectiveness of our actions, and shape our responsible tax management approach.

We remain transparent in our dealings and pay appropriate amount of taxes according to the laws and regulations as applicable in Pakistan. During the financial year 2024, the Company made a contribution of Rs. 19.96 billion to the national exchequer.

See page 153 of Annual Report 2024 for further details of taxes paid to the government.

ELECTRIC (EVs) AND HYBRID ELECTRIC VEHICLES (HEVs): CONTRIBUTION TO ECONOMIC RESILIENCE

Electric Vehicles (EVs) and Hybrid Electric Vehicles (HEVs) significantly contribute to economic performance, particularly in Pakistan, by addressing several key challenges while unlocking various benefits.

By transitioning to EVs and HEVs, SAZGAR facilitates substantial cost savings for consumers, in the form of reduced fuel consumption. Moreover, the decreased consumption of fossil fuels lessens Pakistan's dependence on imported oil, thus conserving valuable foreign exchange reserves.

Additionally, the adoption of EVs and HEVs fosters the growth of a domestic electric vehicle industry, leading to job creation and economic stimulation. This shift towards cleaner transportation alternatives not only mitigates environmental degradation but also reduces healthcare costs, thereby improving overall societal well-being.

SAZGAR's contribution to economic resilience during the year 2023-24:

Fuel Consumption Saved in the year*	Foreign Exchange Saved *
4.5 Million Liters	US\$ 4.2 Million

* Approximate figures, based on the sale of 3,870 units of HEVs(4W), 13 units of CBU EVs (4W) & 61 units of EVs (3W) during the year 2023-24.

SUPPLY CHAIN

We recognize the wide-reaching impacts of our activities and partnerships throughout the supply chain. We prioritize supporting local economic development by sourcing materials and services locally. Intensive dialogue and close coordination have always been essential for effectively managing any negative impacts within the supply chain and achieving sustainable business, process and production practices.

The Company's supply chain is both labor and capital intensive. The company procures materials and services from both local and foreign suppliers. Our goal is to pay fairly to all our supply chain partners.

The procurement departments at both Three-Wheeler unit and Four-Wheeler unit are responsible for ensuring a reliable supply of quality input materials/services that covers the following categories:

Category	Sources
Four-wheeler CKDs and CBUs	Import
Parts and materials for wheel rims and three wheelers	Local/Import
Parts and accessories to support after-sales services	Local/Import

Category	Sources
Goods & services for operations and administration	Local

We have a well-defined **procurement policy** and a **supplier assessment mechanism** in place. Our procurement team at each operational site evaluates the potential and existing suppliers based on the pre-defined criteria followed by visits to suppliers' geographic location (Pakistan only), leads to risk mitigation and performance enhancement.

In addition, we constantly make efforts to educate and inform our suppliers about our sustainability ambitions, and we encourage them to implement the same, to strengthen the supply chain resilience, drive innovation, and uphold sustainability principles.

During the year, the Company purchases goods and services worth Rs. 41.9 billion from its supply chain partners.

In 2024, 13% of our goods and services were procured locally, compared to 24% in 2023. The remaining 87% were procured from foreign suppliers, compared to 76% in 2023.

Localization Program for Four-Wheel segment

SAZGAR has initiated a localization program to manage the local sourcing of the parts of our four wheelers. This initiative promotes industrial development, new technologies, job creation, skill development and economic development of the country.

Our localization department is working closely with potential and existing supply chain partners to assist them to follow and meet principal standards of safety and

quality. Our close collaboration and support have led our suppliers to make dedicated investments in order to supply high-quality parts for our four-wheel vehicles.

OUR DEALERSHIPS

We have 52 authorized booking agents for our three-wheel segment and 16 authorized dealerships for our four-wheel segment, operating nationwide which are independently owned and controlled. All our products and services, including new vehicles (both three & four wheelers), spare parts, and after sales services are offered at our authorized dealers.

Our dealerships' activities result in direct and in-direct economic impacts in the form of payment of taxes, creation of job opportunities, use of energy and water and compliance with laws as applicable in Pakistan.

As a rising player in the automotive industry, we need to ensure exceptional experience for our respected customers at our dealerships. We support our dealers through workshops, training sessions, and we also provide them detailed guidance for operational improvements leading to greater customer satisfaction. In addition, dealer surveys are also conducted based on a pre-defined criteria, by our sales & marketing team. Based on the survey results, appropriate actions are planned by the management and promptly communicated to the respective dealer.

In addition, we are making efforts to educate and inform our dealers about our sustainability ambitions, and we encourage them to adopt and implement similar initiatives, in order to uphold sustainability principles.

ENVIRONMENTAL PERFORMANCE

Material Topics Covered:

- Materials
- Energy
- Water and Effluents
- Emissions
- Waste

We are deeply committed to environmental sustainability and recognize the critical role our operations play in shaping the ecological landscape. As a manufacturing concern operating in Pakistan, we understand the importance of minimizing our environmental impact and promoting responsible stewardship of natural resources.

We are contributing to the following UN Sustainable Development Goals (SDGs) through our actions outlined in this section:



We are committed to implementing environmentally friendly technologies and streamlining processes to minimize our environmental footprint. Our stringent **Health, Safety, and Environment policy**, applicable on both the manufacturing sites, underscores our dedication to maintaining high standards.

We ensure effective environmental management and resource efficiency through third-party certified environmental management systems. We have successfully achieved three ISO Certifications including;

- **ISO 14001: 2015** Environmental Management System
- **ISO 9001: 2015** Quality Management System
- **ISO 45001: 2018** Occupational Health & Safety Management System.

The Company regularly obtains compliance certificate by Environmental Protection Agency (EPA), Government of Punjab.

No non-compliances have been reported during the year. Further, no environment-related complaints were received through the Company's formal grievance mechanism during the reporting period.

Addressing Climate Change

Climate change poses one of the most significant challenges of our time, with far-reaching implications for ecosystems, communities, and economies worldwide. At SAZGAR, we are committed to playing our part in addressing this global crisis by taking proactive measures.

Our approach to addressing climate change encompasses multiple initiatives: monitoring and identifying ways to minimize GHG emissions from our operations; excessive plantations; exploring opportunities to transition to cleaner energy sources across our operations; measures to optimize energy usage; and enhancing our resilience to climate-related risks and impacts.

Role of **governance** body, related **risk & opportunities**, response **strategies** and related **metric & targets** have been stated earlier in this report.

MATERIAL CONSUMPTION

We are committed to ensure that natural resources are utilized in a manner that is sustainable in order to generate economic benefits along with meeting the needs of our customers. There are different types of materials and chemical substances which are used in the production.

The major categories of materials are metals, plastics, textiles, natural materials, fuels, consumable liquids, electronics, glass, and other compounds.

The calculation of the weight of the materials used in the production requires significant amount of work considering the volume and the complex nature of materials. However, we are making all our efforts to identify and report the weight of different materials used in the production.

As a company, we are continuously searching for ways in which we can incorporate more environmentally friendly materials in our products. There was no recycled material used in the production processes in this year. Company does not reclaim products and their packaging materials.

ENERGY CONSUMPTION

SAZGAR fully committed to using energy efficiently thereby reducing our environmental footprint. The Company operates two manufacturing facilities. The Company's primary sources of energy are grid-based electricity, natural gas, LPG and diesel. Currently there is no use of renewable energy source.

The data on energy consumption and emissions is obtained from management systems. The conversion factors are sourced from U.S. Energy Information Administration. The energy consumption and sources in this report have been determined from data provided by

production sites of Company and present an overall picture of energy consumption in manufacturing operations.

The total energy consumed within the organization during the year 2023-24 is 38,316 GJ.

Unit-1: Three-Wheelers & Wheel Rims	
Total Consumption (Unit: GJ*)	7,502
Energy Consumption per unit Produced (GJ)	0.09
Unit-2: Four-Wheelers	
Total Consumption (Unit: GJ*)	30,813
Energy Consumption per unit Produced (GJ)	5.74

* Energy consumption data is recorded in relevant conventional unit, for instance, M3 for natural gas, kWh for electricity. Unit of measurement of all energy sources are converted into consolidated unit, gigajoules (GJ), as a standard measure for representing energy consumption.

SAZGAR strives to optimize its plants' energy efficiency and intensity to reduce overall energy consumption and related greenhouse gas emissions.

Saving Energy

The company has implemented a series of proactive energy-saving measures to drive positive environmental impact:

- Dedicated electricity line for uninterrupted supply of electricity have been installed at our four-wheeler plant, which has resulted in significant reduction of associated emissions from generators.
- Our assembly plants design helps to maximize the use of natural light during the daytime to reduce energy use.
- Energy efficient LED lights are installed throughout our premises.

- Non-Inverter air conditioners are replaced with inverter-based air conditioners.
- Traditional ceiling fans are replaced with efficient AC/DC fans.
- Employees are encouraged to conserve energy by switching off extra electrical appliances when not used and / or during breaks.

Moving towards Renewable Energy

The Company strongly believes in environmental conservation via adopting renewable energy sources, which will reduce the carbon footprint and improve energy efficiency to reduce reliance on conventional electrical energy and result in cost savings.

For the coming year, SAZGAR aims to explore and implement options to add the share of renewable energy in the energy mix.

GHG EMISSIONS

Greenhouse Gases (GHG) emissions are a major cause of climate change. Our use of natural gas, LPG, diesel and electricity in production activities are the major contributors to our GHG emissions. The Company has set target to reduce GHG emissions. In addition, opportunities are being explored to expedite the shift to the low carbon economy. The total emissions (scope 1 & 2) during the year were 3,783 MT.

Unit-1: Three-Wheelers & Wheel Rims	
GHG Emissions CO2 equivalent, MT (Scope 1)	374
GHG Emissions CO2 equivalent, MT (Scope 2)	499
GHG Emissions intensity (MT CO2 equivalent/unit)	0.01

Unit-2: Four-Wheelers	
GHG Emissions CO2 equivalent, MT (Scope 1)	1,079
GHG Emissions CO2 equivalent, MT (Scope 2)	1,830
GHG Emissions intensity (MT CO2 equivalent/unit)	0.54

Other greenhouse gases, such as CH₄, N₂O, are also included in the overall calculation of greenhouse gas emissions (CO₂e).

There were no significant emissions of biogenic substance and ozone-depleting gases (ODS) during the year.

The GHG figures only include the emissions caused by the Company. The Company does not have a mechanism in place to calculate scope 3 emissions. However, efforts are being made to develop and implement a comprehensive measurement system.

Company regularly obtains validation for gaseous emissions and ambient air from Environment Protection Agency (EPA), Government of Punjab.

Green Initiative

In pursuit of our commitment to environmental stewardship and sustainable practices, we are proud to highlight our ongoing initiative to mitigate the impact of greenhouse gas emissions through plantation of trees.

During the year, we have planted more than 1000 trees at our factory premises and surrounding areas. Through this endeavor, we aim to offset our carbon footprint while concurrently promoting biodiversity and ecosystem resilience.

Contribution to a Cleaner Environment through EVs & HEVs

In our efforts to promote environmental sustainability, our Electric Vehicles (EVs) and Hybrid Electric Vehicles (HEVs) play a crucial role in creating a cleaner environment. Unlike traditional vehicles powered by internal combustion engines, our EVs and HEVs produce significantly lower emissions of pollutants such as carbon dioxide (CO₂). Operating on electric power leads to improved air quality and reduced pollution in urban areas.

Embracing this innovative technology results in:

46% 

reduced CO₂ emissions

** (Calculation based on the fuel consumption saved by the sale of 3,870 units of HEVs(4W), 13 units of CBU EVs (4W) & 61 units of EVs (3W) during the year 2023-24.)*

Additionally, the use of EVs and HEVs helps to decrease noise pollution, contributing to quieter and more peaceful surroundings. Through the adoption of cleaner and more sustainable transportation alternatives, we are committed to minimizing our environmental impact and fostering a healthier, greener future for communities in Pakistan and beyond.

WATER FOOTPRINT

In our commitment to sustainability, we understand the critical role of water stewardship across our operations. We are dedicated to the responsible water management to ensure the availability of

fresh/clean water for our communities and ecosystems.

Our approach to water management takes into account water as a shared resource with communities. Efficient management of water resources and securing access to safe water and sanitation are critical for fostering economic growth and productivity. Natural ecosystems, such as forests, soils, and wetlands, are key in regulating water availability and maintaining water quality. The Company is committed to this objective, ensuring that clean drinking water and sanitation facilities are available at all its business locations.

We mainly use water for the production process, largely in the paint section, and for our employees for drinking purpose. We meet our water requirements through the underground water sourced from non-protected areas, ensuring no impact on protected species, however, size or volume of the water body cannot be estimated reliably.

Currently, the company does not have the mechanism in place to monitor/quantify the actual water consumed during the year. However, the company has planned to invest in such system for the coming year for better transparency.

Waste Water Handling

Water used during the production processes contain harmful pollutants and it is processed before it can be discharged into the drain. This treatment ensures that pollutants are reduced to acceptable limits, as the Punjab Environmental Quality Standards (PEQS) prescribes.

Company regularly obtains validation for waste water and drinking water from Environment Protection Agency (EPA), Government of Punjab.

WASTE MANAGEMENT

Waste poses serious risks to human health, ecosystems, and natural resources. Our operations produce both hazardous and non-hazardous waste. Disposal of wastes through incineration, landfilling, and other practices can adversely impact the environment and public health. As a result, we emphasize robust waste management practices to mitigate the harmful effects of waste and its disposal.

The non-hazardous waste consists of plastic scrap, wood, iron/metal items, and packing material. The hazardous waste consists of oil drums and paint shop waste.

Our approach is to minimize waste generated from our operations and carefully manage our waste streams to reduce environmental impacts. We prioritize waste prevention over recovery or disposal and promote waste prevention throughout our value chain. However, unavoidable production waste is either recycled or disposed of properly. Before declaring an item as waste, an assessment is carried out at relevant levels. We only declare items as waste and divert them to disposal when they have no use within our operations.

The quantity of waste varies from year to year, primarily depending on production activities. The plant site accumulates waste until it reaches a significant level, and then it is treated by using the best available option. All types of wastes and effluents are treated through disposal and recycling to legitimate scrap buyers. There were no significant spills during the year by the Company nor were any reported by the external stakeholders through the grievance reporting mechanism in place.

Waste by type and disposal method

Type	Disposal method
Non-Hazardous	Re-use / Disposal (plastic, wood, iron / metal, packing material)
Hazardous	Disposal (oil drums, paint shop waste)

During the year 1,151 tons of solid waste (both hazardous & non-hazardous) was disposed through scrap buyers.

Re-cycling / Re-using waste materials

We make all efforts to use recycle the waste materials where possible.

Plastic and wood scrap is used to create the domestic items for administrative purposes. Iron waste generated from the production of tractor wheel rims are being used for the development of iron parts of three-wheelers.

SOCIAL PERFORMANCE

- Material Topics Covered:**
- Employment & Labour Relations
 - Occupation Health & safety
 - Training & Education
 - Local Communities
 - Customer Health & Safety

We are contributing to the following UN Sustainable Development Goals (SDGs) through our actions outlined in this section:



OUR PEOPLE OUR STRENGTH

The Company is committed to long-term employee development by hiring the right talent, maximizing their potential, and ensuring their continuous growth.

We have comprehensive HRM policies covering employee training, equal opportunity, and health & safety. We strictly adhere to labor and safety laws, including those against forced, compulsory, and child labor. Our commitment to fair working conditions and human rights is strong, with a focus on gender equality and diversity to empower all employees to reach their full potential.

We continually enhance our human resources practices, systems, and service quality. Performance appraisals help identify career development and training needs, ensuring a fair reward system. We regularly evaluate our performance, updating our policies and procedures based on feedback and sharing these updates with stakeholders.

Employee Recruitment and Retention

At SAZGAR, we understand that our success hinges on attracting and retaining top talent. Our approach to employee recruitment and retention is designed to build a diverse, skilled workforce and create an environment where employees are motivated to grow and excel. Our commitment to these practices is integral to our sustainability strategy, supporting our long-term goals and reinforcing our values.

Our **recruitment** strategy focuses on finding individuals who are not only highly qualified but also align with our company values and culture.

We ensure that all hiring decisions are based on the qualifications, experience, and suitability of candidates for the job. Our recruitment process is designed to be fair and unbiased, providing equal opportunities to all applicants. We prioritize recruiting from local communities to support regional development. By aligning job opportunities with the skills and expertise available locally, we contribute to the growth and empowerment of the communities we operate in. We actively seek to build a diverse workforce by implementing strategies that reach a wide range of candidates. This diversity enriches our company culture and drives innovation.

Retaining top talent is crucial for maintaining continuity and achieving our strategic objectives. Our retention efforts are centered around creating a supportive and rewarding work environment. Key initiatives include:

- Skill enhancement trainings to support our employees in their professional growth.
- Comprehensive compensation package that is competitive within the industry.
- Actively seeking feedback from employees through regular meetings, using their input to improve workplace conditions and address their concerns.
- Recognize the achievements and contributions of our employees. This helps to motivate and retain talent by acknowledging their hard work and dedication.

The Company only provides full-time employment and does not offer employment on part-time or temporary basis and no portion of the organization's activities are performed by workers who are not employees of the Company.

Recruitment Drives

During the year we participated in multiple recruitment drives (career fairs) in order to reach a wide range of potential talented candidates. The detail is as follows:

- UMT Annual Career Fair 2024
- LUMS Career Fair 2024
- UET Career Fair 2024 (As Gold Sponsor)
- LSE Job Fair 2024
- FAST-NUCES Job Fair 2024



Employee Composition

The Company's employees' composition is shown below. This data has been compiled by the Company's human resource department as per actual and no assumptions have been made. During the year, the hiring rate was 21% while the turnover rate was 6%.

Total Workforce (Head count)	
FY 2024	1,392
FY 2023	1,197

Workforce Employment – By Gender (2024)			
Type	Male	Female	Total
Permanent	1,389	3	1,392
Temporary	-	-	-
Total	1,389	3	1,392

Workforce by Employment Type – By Gender (2024)			
Type	Male	Female	Total
Full Time	1,389	3	1,392
Part Time	-	-	-
Total	1,389	3	1,392

Workforce By Age Group (2024)		
Range	No.	%
<30	542	39%
30-50	693	50%
>50	157	11%
Total	1,392	100%

Workforce Employment – By Region (2024)			
Location	Permanent	Temporary	Total
LHR	1,367	-	1,367
KHI	19	-	19
ISB	6	-	6
Total	1,392	-	1,392

Workforce by Employment Type – By Region (2024)			
Location	Full Time	Part Time	Total
LHR	1,367	-	1,367
KHI	19	-	19
ISB	6	-	6
Total	1,392	-	1,392

Hiring and Attrition

Hiring By Age Group (2024)		
Range	No.	%
<30	159	57%
30-50	111	40%
>50	7	3%
Total	277	100%

Hiring By Gender (2024)		
Type	No.	%
Male	274	99%
Female	3	1%
Total	277	100%

Hiring By Region (2024)		
Location	No.	%
LHR	272	98%
KHI	-	-
ISB	5	2%
Total	277	100%

Attrition By Age Group (2024)		
Range	No.	%
<30	30	37%
30-50	42	51%
>50	10	12%
Total	82	100%

Attrition By Gender (2024)		
Type	No.	%
Male	82	100%
Female	-	-
Total	82	100%

Attrition By Region (2024)		
Location	No.	%
LHR	81	99%
KHI	-	-
ISB	1	1%
Total	82	100%

Individuals In Governance Body – Board of Directors

BOD - By Gender (2024)		
Type	No.	%
Male	7	78%
Female	2	22%
Total	9	100%

BOD - By Minority Group (2024)		
Type	No.	%
Muslim	9	100%
Non-Muslim	-	-
Total	9	100%

BOD - By Age Group (2024)		
Range	No.	%
<30	-	-
30-50	5	56%
>50	4	44%
Total	9	100%

Diversity and Inclusion

The Company is dedicated to promoting equality, diversity, and inclusion. We believe that gender equality and empowering women are crucial for sustainable development and for building a peaceful and successful world.

To support these values, we have set up a fair hiring process. We ensure equal opportunities for everyone, regardless of

race, religion, gender, marital status, age, or disability.

The Company hires both males and females with vast experiences, from different industry backgrounds, cultures, beliefs, and ethnicities. This ensures that the Company can adapt to the changing needs of business. During the year, three female employees were hired. We do not discriminate in terms of basic salary or remuneration. The ratio of basic salary and remuneration of men to women is one-to-one (for staff category). Female employees are eligible for parental leave as per company policy. A total of three female employees were eligible out of which no employee availed parental leave in 2024.

We have a formal policy on DE&I and Protection against harassment, which aims to proactively tackle discrimination or harassment of any kind. A well-defined inquiry procedure is part of this policy and is governed by an Inquiry Committee that deals with sexual harassment complaints and ensures swift and fair action.

We are happy to report that there were no reported incidents of discrimination or harassment this year.

We are committed to fostering and maintaining strong relationships between management and employees through effective communication. Our management team actively encourages employees to share their perspectives and seek clarity on strategic issues. We promote a culture of open dialogue, where employees are invited to raise concerns or request information from their line managers. Additionally, we have established a whistleblowing mechanism to address concerns related to business ethics, compliance, safety, environmental performance, harassment, and other employment-related matters.

Workforce by Minority Group – By Gender (2024)			
Type	Male	Female	Total
Muslim	1,347	3	1,350
Non-Muslim	42	-	42
Total	1,389	3	1,392

Hiring disabled persons

We provide employment opportunities to persons with disabilities along with the provision of additional facilities and appropriate training. Currently, 19 individuals, who are differently abled, are working for the Company.

Remuneration and benefits

We offer fair and competitive salaries to attract and retain top talent and build a robust human capital. We ensured that our remuneration packages align with market benchmarks. Additionally, we ensured that the workforce at both our operational sites are being paid above the minimum wage threshold.

To build a culture promoting merit and competence, we have a well-structured and open annual **performance appraisal system** that is continuously reviewed for improvement. All our employees, regardless of category or gender, go through a formal appraisal and feedback process on an annual basis.

The results for annual performance appraisal are used as a basis for determination of annual increments. High performers are promoted to advanced roles and receive higher salary increases.

The Company also values and honors the dedication and outstanding contributions of its long-serving employees. We are committed to recognizing and appreciating the loyalty and hard work of our team members throughout their time with us. To acknowledge their significant

contributions, we present a Lifetime Achievement Award, a meaningful way to celebrate their exceptional service.

In 2023-24, we paid Rs. 1.44 billion to our workforce as salaries and other benefits.

Benefits provided to full-time employees

- Gratuity
- Loans and advances
- Bonus
- Medical coverage
- Leave Encashment
- Casual, Sick and Annual leaves
- Fuel benefit
- Daily meal
- Pick and drop facility
- Residential facility for non-resident employees
- Hajj sponsorship

SAZGAR'S Staff Benefit Plan

We offer defined benefits in the form of gratuity scheme to its employees where no contribution is required from employees. It does not maintain a separate fund for gratuity and the liability for the defined benefit plan is calculated on the basis of actuarial valuation by using projected unit credit method.

For more details, refer Note 03 and 09 to the annual audited financial Statements for the year ended June 30, 2024.

Respect for Human Rights

The Company is committed to ensuring a workplace free from discrimination and harassment, where everyone is treated with respect and fairness, and given equal opportunities. Human rights violations of any sort are not tolerated. Key management practices including such as observance of working hours, respect for diversity and workplace health and safety are continuously reinforced at the Company. We regularly review our operations to

uphold human rights and have set up an effective system for reporting any issues.

This year, we did not identify or receive any reports of human rights violations. The Company makes every effort to engage in sincere discussions with its employees about any issues that exist or might arise. This helps in maintaining a relationship of mutual trust.

One month notification period is allowed before implementation of any change that can have an impact on employees.

Zero Tolerance for Child and Forced Labour

The Company strongly discourages any form of child labor and firmly complies with local regulations concerning legal minimum age requirement for work permits. The Company does not have any child/forced/compulsory labor within its operations nor is it aware of any such cases at its dealerships.

There were no complaints reported during the year related to violation of human rights.

Training and development

Retaining talent and cultivating future leaders are essential for reaching both our short and long-term objectives.

As a result, the Company provides a broad range of opportunities to its employees in the form of on-the-job learning, trainings, and courses. Such programs include various in-house, national, and international seminars / conferences / programs.

We support development at all levels – starting from career training through to further development of top management.

However, no transition assistance programs have been provided to employees who have resigned/ retired during the year.

Annual training hours per employee – FY 2024

Training hours	866
Number of Employees	1,392
Training hours per Employee	0.62

Training Hours by Gender – FY 2024

Description	Male	Female
Training hours	866	-
Number of Employees	1,389	3
Training hours per Employee	0.62	-



Educational Assistance

As part of our commitment to employee development, we provide financial support for educational opportunities.

This initiative helps employees advance their skills and knowledge, benefiting both their personal growth and our organization.

By covering costs for relevant courses and programs, we ensure that our team members have the resources they need to succeed and excel in their roles. During the year 2023-24, we paid Rs. 101,760 for educational support of our employees.

Health and Safety

We prioritize the health and safety and well-being of our workforce as fundamental to our sustainable business practices. This year, we have successfully achieved ISO 45001 certifications, marking a significant milestone in our commitment to managing occupational health and safety risks. Moving forward regular internal audits and external audits against compliance with ISO 45001 are planned to review the performance.

Our Environmental, Health, and Safety (EHS) Policy underscores our dedication to maintaining safe working conditions across all operations. We have implemented robust safety management system, including hazard identification, regular risk assessments, incident reporting, safety trainings, and first-aid facility. These measures enable us to proactively identify and mitigate potential hazards, ensuring a secure environment for our employees.

The health and safety system covers all operational locations, activities, and covers 100% of our employees including management and non-management.

The Company places strong emphasis on workers' participation and consultation in all aspects of the health and safety management system, led by the Health &

Safety Department. Currently there is no formal joint management-worker health and safety committees exist. A process has been established that engage employees and workers under our control, allowing their input to influence and shape our safety practices. Regular safety meetings are conducted to provide a platform for workers to discuss health & safety matters, to share experiences, and propose improvements. Feedback mechanism is also in place to allow workers to report hazards.

Key health and safety instructions are prominently posted throughout the company's facilities to help maintain a safe working environment. Regular training sessions on occupational health and safety are essential in fostering a culture of safety among our workforce. These sessions include general safety practices, fire safety, basic first aid, and training on specific job-related hazards. These trainings are provided free of charge, during paid working hours. Trainers deliver these sessions in the local language to ensure clear understanding by all employees.

We identify work-related hazards and assess risks on both routine and non-routine tasks. These processes are carried out by experienced personnel, ensuring that assessments are of high quality. The competency of these individuals is maintained through periodical trainings. A structured hierarchy of controls is followed to eliminate or minimize risks, and the outcomes of these risk assessments are continuously reviewed to enhance the overall occupational health and safety management system.

There are clear instructions that allow workers to remove themselves from any situation they believe could cause injury or illness, with safeguards in place to prevent reprisals for exercising this right. Additionally, workers are encouraged to

report any risks and safety incidents. The Company carefully tracks incidents and complaints received from employees and take prompt actions for resolution. All the relevant findings are used to improve the organization's occupational health and safety management system continually.

Paramedics staff is available 24/7 at both manufacturing sites to provide first aid treatment in emergency situations. In addition to it, in-house ambulance facility is also available to immediately transport the unwell/injured employees to the nearest hospital.

During the year, no significant work-related ill health fatalities, or any other cases of significant injuries have been reported.

Looking forward, we remain committed to continuous improvement in health and safety performance. By leveraging our ISO 45001 certification and adopting innovative technologies, we aim to enhance our safety monitoring capabilities and further reduce risks. Our goal is to create a workplace where safety is ingrained in every aspect of our operations, contributing to the long-term well-being and success of our workforce and business.

EMPOWERING COMMUNITIES

The Company is committed to addressing societal challenges while creating value for the company. As a responsible corporate citizen, we actively engage in initiatives that benefit local communities. Company's CSR Policy aides the plans to pursue social contribution activities that leads to strengthen communities and contribute to the enrichment of society.

The senior management of our HR, Admin & Corporate Affairs department supported by a team, oversees the implementation and monitoring of our social initiatives, with regular progress updates provided to top management.

Our efforts primarily focus on health, education, and other community-driven projects. We strive to create sustainable value through operations that can be maintained independently, without relying on subsidies or grants.

No impact assessment of the CSR interventions was conducted during the year. However, we engage with local communities at different occasions, we have determined that there was no significant actual or potential negative impact of our operations on communities around the plant sites.

During the year, the Company has contributed 1.8% of its after-tax profit of the preceding year (FY-2023) towards community investment.

CSR Spend 2024
RS. 18 Million

Internship Programs (Education)

We offer summer internship opportunities for university graduates, providing them with practical exposure to the automotive industry. These programs aim to enhance their knowledge and skills, preparing them for future career prospects.

Under Summer Internship program 2024, 42 students from reputable universities including UET, NUST, LUMS, FAST-NUCES etc. joined for internships.

Industrial / Educational Visits

The Company facilitates students and officials from various institutes and organizations to visit its production plants at Lahore.

This year (2024), officials and students from the following institutions visited our plants and observed the process of production of vehicles and auto-parts (wheel rims). Visitors took keen interest in the assembly line and appreciated the precision exhibited by the workers.

- Lahore University of Management Sciences (LUMS)
- University of Engineering and Technology (UET)
- National University of Sciences & Technology (NUST)
- USAID Power Sector Improvement Activity (PSIA) – Empower All Energy Program
- WAPDA Administrative Staff College, Islamabad





Ramadan Ration Boxes for Employees

In recognition of the significance of Ramadan, we provide ration boxes to our employees during this holy month having worth rupees ten million.

This gesture is part of our broader commitment to their well-being, offering support during a time of reflection and togetherness. By easing the burden of daily needs, we help our employees focus on what matters most during this special time.

Food and Ration Distribution for the Needy

Our commitment to social responsibility extends to providing food and ration supplies to those in need.

We distributed essential items worth rupees one million, to vulnerable and underserved individuals and families. This initiative reflects our dedication to helping alleviate hunger and ensuring that those facing difficult circumstances have access to basic necessities.

Hajj Sponsorship

The company sponsored two employees to perform Hajj this year, covering all associated expenses amounting to Rs. 2.1 million. This initiative reflects our dedication to supporting our employees' spiritual growth and honoring their personal and religious commitments, fostering a sense of care and community within the organization.

Special Financial Assistance to employees

We are committed to supporting our employees and their families during difficult times.

We provide special financial assistance to deserving employees, ensuring they receive the support when they are in need. Additionally, we extend financial assistance to the families of former employees who have passed away, for food and educational purposes, helping to ease the financial burden during these challenging circumstances.

Our goal is to offer meaningful support that reflects our dedication to the well-being of our workforce and their loved ones.

During the year 2023-24, we paid Rs. 264,620 for special support of our existing/former employees.

Clean Drinking Water

As part of our commitment to improving community well-being, the Company has installed a water filtration plant at our three-wheel plant which is accessible to general public too.

This initiative is designed to provide clean and safe drinking water to local communities, addressing a critical need and promoting public health. By ensuring access to purified water, we aim to enhance the quality of life for residents and support the long-term sustainability of the

community. This project reflects our dedication to making a positive and lasting impact through our corporate social responsibility efforts.

Donations

We are dedicated to fostering community well-being through our donations for health and education purposes. Through our finding we aim to provide essential support to those in underserved communities, ensuring they have access to vital resources that can improve their quality of life and future opportunities.

In 2023-24, the Company has made a contribution of Rs. 3.6 million. The company does not make any contributions to any political party or for any political purpose to any individual or body.

Our CSR Partners



PRODUCT RESPONSIBILITY

Our approach to product responsibility is governed by a comprehensive management system that ensures quality, safety, and sustainability are embedded in every aspect of our business.

Product responsibility is integral to our company's mission of delivering vehicles that are safe, reliable, and environmentally sustainable. Our commitment to customer safety is embedded in every stage of our product lifecycle, from design and manufacturing to after-sales service. The recent ISO 9001 certification further emphasizes our dedication to maintaining the highest quality standards across all operations.

We maintain a culture of continuous improvement, with cross-functional teams regularly reviewing and enhancing our practices to address emerging challenges and opportunities.

Product Design and Safety Standards

Safety remains our top priority. We design and engineer our vehicles to meet stringent safety standards, conducting extensive testing to validate the safety and reliability of our vehicles under various operating conditions to identify and mitigate potential risks.

All our three & four-wheeler products (100%) are extensively tested during Production and before final delivery. It includes durability testing, environmental testing, evaluations of electronic systems to prevent malfunctions and battery safety assessments.

All our four-wheel products GWM Haval H6, Jolion, Ora and Tank holds an impressive **5-star** ANCAP safety rating internationally.



During the year, no incidents of non-compliance concerning the health and safety impacts of our products occurred.

Innovation in Safety Technology

The use of cutting-edge safety technologies makes our products safer than any other. Our four-wheelers are designed with advanced safety features to ensure the protection of our customers like Electronic Stability Control, Traction Control System, Second Collision Mitigation, Cornering Brake Control, Roll Movement intervention, Brake Assist, HDC/HHC and many more.

Environmental Sustainability

Environmental sustainability is a key priority in our product responsibility strategy. We are committed to reducing the environmental impact of our vehicles through innovative design and advanced technologies. Our efforts are focused on developing and promoting electric and hybrid vehicles that contribute to a cleaner, greener future.

Hybrid Electric Four-Wheelers

We offer hybrid electric four-wheelers that combine the benefits of traditional internal combustion engines with electric propulsion. These hybrid vehicles are designed to reduce fuel consumption and

lower greenhouse gas emissions, offering a balanced solution for customers seeking both performance and sustainability. Our hybrid electric four-wheelers are equipped with advanced technology that optimizes energy use, providing an efficient and environmentally friendly driving experience.

Electric Three-Wheelers

In response to the growing demand for eco-friendly transportation, we have introduced a range of electric three-wheelers designed to reduce emissions and provide efficient, sustainable mobility solutions.

These vehicles are ideal for urban environments, offering zero-emission transportation that helps reduce air pollution and dependence on fossil fuels. Our electric three-wheelers are engineered for durability, energy efficiency, and low maintenance, making them an attractive option for both individual and commercial users.

After-Sale Services

Our commitment to product responsibility extends beyond the sale of our vehicles. We provide comprehensive after-sale services, including free checkups, oil changes, and test rides, to ensure that our customers' vehicles remain in optimal condition. Our marketing approach is centered on transparency and customer satisfaction, offering clear and accurate information to help customers make informed decisions. We also maintain a robust network of trained dealers who are equipped to deliver exceptional service and support throughout the vehicle's lifecycle.

Customer Feedback and Continuous Improvement

We actively gather and analyze customer feedback related to vehicle safety and performance. This feedback informs our ongoing efforts to enhance safety features

and address any potential risks. Our customer service team is trained to respond promptly to safety-related concerns, ensuring that any issues are resolved quickly and effectively.

We have introduced a WhatsApp chatbot designed to ensure customers' experience with SAZGAR. "SAZ" (chatbot) is a one stop solution for all questions whether it relates to sales, after sales, vehicle performance etc. We value customers' feedback and ensure their concerns are addressed promptly.



Safety Recalls and Transparency

In the rare event of a safety recall, we maintain full transparency and take immediate action to notify customers and rectify the issue. Our recall procedures are designed to minimize inconvenience to customers while prioritizing their safety. However, during the year no vehicle was recalled due to safety malfunctioning.

Commitment to Ongoing Safety

As the automotive industry evolves, so too does our approach to customer health and safety. We are committed to staying at the forefront of safety innovation, ensuring that our vehicles not only meet current safety standards but set new benchmarks for the future.

Marketing Communications

We uphold the highest standards of integrity in our marketing communications. All promotional materials are designed to be honest and transparent, providing customers with accurate details about our products, including safety features, environmental impact, and performance capabilities.

We maintain connectivity with our customers through our website and various social media platforms. The online presence allows the company to maintain continuous communication with customers; help customers in locating nearby dealerships; and furnish customers with comprehensive information on product features and pricing.

We are committed to fair competition and strictly adhere to anti-competitive regulations, ensuring that our marketing practices are ethical and in compliance with all relevant laws and standards.

Dealers' Trainings

Recognizing the critical role that our dealers play in customer satisfaction, we invest seriously in their training and development. Our dealer training programs cover a wide range of topics, including product knowledge, customer service, and safety protocols. By equipping our dealers with the skills and knowledge they need, we ensure that they can provide the highest level of service and support to our customers.

Throughout the year, multiple training sessions were conducted, attended by both company staff and dealers.

DISCLOSURE ON IT GOVERNANCE, CYBER SECURITY & ERP SOFTWARE

Governance and Risk Oversight

I.T. governance is an integral part of corporate governance framework. The Company's data security and risk management oversight has always remained the top priority.

The Board of Directors acknowledges its responsibility to evaluate and enforce the legal and regulatory implications of cyber risks along with monitoring of any changes in cyber security laws and regulations applicable in Pakistan that apply to the Company.

The Board actively oversees the management of cybersecurity risks, making sure that the company's policies and procedures are aligned with best practices for risk mitigation. In the event of a cybersecurity breach, the Board ensures that the prompt and appropriate actions are taken to minimize the impact and safeguard the company's information systems and assets. However, during the year, there were no cyber security breaches.

The Board of Directors periodically monitors the Disaster Recovery Plan (DRP) of the Company for the smooth functioning of the systems and servers, and for the prevention of any unforeseen event.

Board is engaged in indirect risk oversight through the Risk Management Committee of the Board and the Internal Audit function, to have an update on IT governance and cybersecurity matters.

The IT department of the Company continuously strives to adopt best practices around the industry. IT-related risk assessment is conducted by the IT department, with concurrent involvement of the Internal Audit function to offer independent reviews and ensure consistency with the company's risk management framework. IT and cybersecurity risks, along with their corresponding controls, are appropriately documented in the Risk Register.

Policies and Procedures

A comprehensive set of policies and procedures have been developed to ensure the security of IT assets and data. These policies include but not limited to Network Security Policy, IT Operation Procedures, Data Back-Up and Restore Policy, Change Management Policy, Password Control Policy etc. The Company has established access protocols to manage access to all critical systems. Physical access is restricted through lock & key system along with CCTV surveillance which monitors all premises to ensure that only authorized personnel can access sensitive areas.

Disaster Recovery Plan

The Company has formulated a disaster recovery plan to minimize the financial losses and to ensure swift and effective responses to such incidents. This plan outlines the processes, strategies and resources required to mitigate the impact of disruptions and to quickly restore critical systems and operations. DRP is made available to all key persons to ensure continuity in the event of a loss of service or disaster.

Training and Education

The Company recognizes the critical role of education and training in mitigating cybersecurity risks. Timely and adequate trainings are provided to educate employees about cyber threats, promote cybersecurity awareness, and provide guidance on safe computing practices. These efforts inculcate significance of cybersecurity throughout the organization.

ERP SOFTWARE

Our commitment to utilizing the ERP system to enhance our business processes, while upholding strong governance and security protocols, demonstrates our focus on operational excellence and our dedication to meeting the evolving needs of our organization and stakeholders.

The Board of Directors acknowledges the strategic importance of in-house developed Enterprise Resource Planning (ERP) system, which is designed to effectively manage and integrate core business processes, including finance, human resources, supply chain, and inventory management, within a single platform.

Our ERP system consolidates various business functions, facilitating seamless data flow and collaboration across departments. This integration enhances operational efficiency and provides real-time insights, enabling informed decision-making.

Management in collaboration with IT department is actively involved continuous upgradation of the system, incorporating feedback and advancements in technology to maintain optimal performance.

The Company adopts a proactive approach to risk management including the risks associated with ERP system. Regular risk assessments are conducted and relevant control measures are implemented to mitigate the likelihood and the potential impact.

The Company prioritizes system's security and the protection of sensitive data within the ERP system. Access to critical information is restricted based on user roles, and we maintain segregation of duties to reduce the risk of unauthorized access and enhance accountability.

BOARD AUDIT COMMITTEE REPORT

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended June 30, 2024.

The Audit Committee of Sazgar Engineering Works Limited (the Company), composed of three members including the Chairman. Two members of the committee including the Chairman are Independent Directors while one member is a Non-Executive Director. All Committee members possess economic, financial, and business expertise, and the Chairman of the Audit Committee is financially literate.

The Audit Committee has concluded its annual review of the Company's conduct and operations for the financial year ended June 30, 2024, and hereby reports the following:

Financial Statements

The Committee has ensured that the Company's financial statements present a fair, balanced, and understandable picture of the company's financial position and performance, and reports that:

- The financial statements of the Company for the year ended June 30, 2024 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable laws and regulations.
- The financial statements give a true and fair view of the state of the Company's affairs as of June 30, 2024, and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.
- The external auditors have concluded the audit of above financial statements in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan and issued unmodified audit reports.
- Major judgmental areas and significant adjustments have been thoroughly reviewed and adequately addressed in the financial statements.
- Accounting policies and practices have been disclosed in the financial statements and consistently applied.
- The Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- The Committee has reviewed all related party transactions prior to approval by the Board.
- The Committee evaluated the appropriateness of key accounting estimates and judgments made by management, ensuring they were reasonable and in line with industry practices.
- The independent auditors have reviewed and certified the Company's statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 in a Review Report issued thereon.

Internal Control and Risk Management System

The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company. The Company's internal control system, including financial and operational controls, accounting systems, and reporting structure, is designed to manage and mitigate the risk of not achieving business objectives.

The Committee has determined that the risk management and internal control systems are adequate, sound in design and are effectively implemented.

Internal Audit

The Company has established an independent Internal Audit function, integral to Company's risk management and internal control framework. The internal audit function plays a vital role in enhancing the overall control environment of the Company. The internal audit department has conducted independent audits in accordance with an internal audit plan and reported functionally to the Audit Committee.

The internal audit team has direct access to the Audit Committee, ensuring independence and objectivity in their evaluations. The Audit Committee reviewed the internal audit reports presented by the Head of Internal Audit, which encompass audit findings and recommendations.

The Committee has ensured that the internal audit function has adequate resources with relevant expertise and has all necessary access to Management and the right to seek information and explanations.

Management facilitated coordination between the internal and external auditors to ensure efficient audit processes and transparency in maintaining a reliable financial reporting and internal control system.

External Audit

The statutory auditors of the Company, M/s. Crowe Hussain Chaudhury & Co Chartered Accountants, have completed the audit of financial statements of the Company for the year ended June 30, 2024 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended June 30, 2024.

The Audit Committee discussed the audit process and key audit matters with the external auditors of the Company. The committee also gave the opportunity to the auditors to report any matters in the absence of any company officials including the CFO and Head of Internal Audit.

The External Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company except that of External Auditors.

The committee follows a rigorous approach to the appointment or reappointment process of the external auditors. During the current year, M/s. Crowe Hussain Chaudhury & Co Chartered Accountants was appointed as the external auditors of the Company, as per the requirements

of the Companies Act, 2017, to fill in the casual vacancy arises on the removal of the previous external auditors M/s Saeed Kamran & Co. Chartered Accountants.

Being eligible for reappointment as Auditors of the Company, the Audit Committee recommends the appointment of M/s. Crowe Hussain Chaudhury & Co Chartered Accountants as the external auditors of the Company for the year ending June 30, 2025.

Other Reportable Matters

During the financial year 2023-24, no whistle blowing incidents were reported to the Audit Committee which is indicative a strong governance and sound ethical practices.

The Audit Committee believes that it has carried out responsibilities to the full, in accordance with terms of reference approved by the Board. The Board carries out an annual evaluation of its committees and their members.

The Chairman of the Audit Committee attended the 32nd Annual General Meeting of the Company for the year 2023 held on October 26, 2023 to answer shareholders' concerns / questions / queries, if any, on the audit committee's scope, roles, and responsibilities. During the meeting, no significant issues were raised

Lahore

September 23, 2024

RISK AND OPPORTUNITIES REPORT

The Company is exposed to a large number of internal and external risks and opportunities. These can affect our ability to achieve strategic objectives and our ability to generate sustainable value for all stakeholders. The ultimate goal of risk management within SAZGAR is to continually assess the control environment to prevent and build strength against these internal or external risks.

Governance of Risk

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.

Risk Management Framework

Our ERM framework is a comprehensive approach to managing risks that includes a structured process for identifying, assessing, and mitigating risks. This framework is integral to our corporate governance and is embedded in our strategic planning, operational processes, and decision-making activities.

Company's Risk Management Framework (RMF) consists of following components that provide the foundations and organizational arrangements for risk management throughout the Company.





Risk Management Culture

Committed to develop a risk management culture, where risk management is seen as integral to the achievement of the objectives at all levels and where all the employees are alert to risks, capable of an appropriate level of risk assessment and confident to report risks or opportunities perceived to be important to our priorities.



Setting objectives & criteria

Developing a set of objectives that are the key indicators for measuring the progress level of the Company and the criteria for the evaluation of the risk.

Defining the overall risk appetite that is aligned with the overall strategy, business model, and stakeholder expectations. It guides the assessment of identified risks, helping to evaluate which risks are within acceptable limits and which require mitigation.



Identification of Risk

Identify and document in risk register, the potential risks that could affect the achievement of organizational objectives.



Measurement of Risk

Evaluate the identified risks based on their likelihood and potential impact.



Mitigation of Risk

Strategies are devised to treat the risks through which risks can be transferred, accepted, reduced or avoided.



Reporting and Monitoring

Periodical reporting of the key risks along with their mitigation measures to the Risk Management committee and to the Board.

Continuous monitoring and review of the effectiveness of risk management procedure, risk mitigation measures, compliance with risk management policy.

Detail of responsibilities and the methodology regarding the risk management has been outlined in the Risk Management policy, which has been placed on Company's website.

KEY RISKS AND OPPORTUNITIES

The following are the principal risks and opportunities faced by the company:

Market Penetration of new products	Category: Strategic Risk	Risk Source: External
<p>Risk: The Company introduced two imported CBU ‘GWM TANK 500 HEV’ and ‘ORA EV’ branded vehicles in the market during the year in addition to HAVAL and BAIC branded vehicles. This is a new segment of market for the Company and it has to face various challenges for penetration in the market.</p> <p>Form of Capital: Social and Relationship Capital / Financial Capital</p> <p>Mitigation Strategy: 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 expand continuously with the passage of time. The Company is also using social media for the promotion of these vehicles which has been proved to be an effective platform to attract the prospective customers.</p> <p>Opportunity:</p> <ul style="list-style-type: none"> ▪ Leverage marketing strategies to position the new vehicles as innovative and eco-friendly alternatives. ▪ Utilize customer feedback to improve product offerings and increase brand loyalty. 	<p>Effect on Strategic Objectives: Failure to penetrate may hinder the company's growth objectives in Electric (EV) four-wheeler market segment.</p>	
Branding of Vehicles	Category: Strategic Risk	Risk Source: External
<p>Risk: The brands “BAIC”, “HAVAL”, “GWM TANK-500 HEV” and “ORA EV” are well known in the International Markets. However, these brands are new for the Pakistani market</p> <p>Form of Capital: Social and Relationship Capital / Financial Capital</p> <p>Mitigation Strategy: The Company is taking various steps for creating of awareness of these brands throughout the country in the form of social media campaigns, launch events, participation in various auto shows etc.</p> <p>Opportunity:</p> <ul style="list-style-type: none"> ▪ Capitalize on the established international reputation of these brands to attract early adopters and build consumer interest. ▪ Implement targeted marketing campaigns highlighting the brands' global success and advanced technology. 	<p>Effect on Strategic Objectives: Slow consumer acceptance, negative perceptions or experiences with the new brands may harm the company's reputation, affecting customer loyalty and hinders the overall strategic growth.</p>	

Availability and Prices of Raw Material and CKDs.	Category: Operational Risk	Risk Source: External
<p>Risk:</p> <p>The production of Company's products including four wheelers, three wheelers and tractor wheel rims is dependent on the availability of imported raw materials and components, any hurdle in availability and volatility of its prices may have adverse effects. Further any failure or hurdle in local supply of critical parts of company's products, which are procured from single source, may disturb the production of these products.</p> <p>Form of Capital: Financial Capital</p> <p>Mitigation Strategy:</p> <p>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 suppliers to solve any issue at an early stage.</p> <p>Opportunity:</p> <ul style="list-style-type: none"> ▪ Explore local sourcing options for raw materials and components to reduce reliance on imports and mitigate supply chain risks. ▪ Develop strategic partnerships with multiple suppliers to ensure a stable supply of critical parts, enhancing resilience against price volatility and availability issues. ▪ Invest in long-term contracts with suppliers to stabilize prices and secure reliable access to essential materials. 	<p>Effect on Strategic Objectives:</p> <p>Dependence on imported raw materials and single-source suppliers can lead to production disruptions and increased input costs, adversely affecting profit margins and financial performance. This can hinder the ability to meet production targets, impacting growth objectives. Price volatility can strain budgets and reduce competitiveness, undermining strategic goals of innovation and market leadership.</p>	
Currency Devaluation	Category: Financial Risk	Risk Source: External
<p>Risk:</p> <p>Pak Rupee has shown some stability against foreign currencies during the current financial year. Any material devaluation of Pak Rupee may deteriorate the profitability of the Company and adversely affect the sales volume.</p> <p>Form of Capital: Financial Capital</p> <p>Mitigation Strategy:</p> <p>The company has plans of availing the hedging and forward cover booking of foreign currency facility upon its availability (if it is feasible).</p> <p>Opportunity:</p> <p>Explore opportunity to enhance global footprint via exports, which could provide a natural hedge against currency fluctuations. By synchronizing the currency profiles of its expenses with revenues in international markets, the company can lessen the adverse effects of Pak Rupee devaluation on profitability.</p>	<p>Effect on Strategic Objectives:</p> <p>Material devaluation of the Pak Rupee may affect the overall financial stability. This can hinder the company's ability to invest in growth initiatives and innovation, ultimately undermining strategic objectives of market expansion and competitive positioning.</p>	

Economic, Political and Law & Order conditions.	Category: Strategic Risk	Risk Source: External
<p>Risk:</p> <p>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.</p> <p>Form of Capital: Social and Relationship Capital / Financial Capital</p> <p>Mitigation Strategy:</p> <p>We regularly monitor the potential impact of government's political actions and economic instability on the Company as well as the automotive industry as a whole.</p> <p>In addition, the Company carries higher level of stocks of critical parts and continuously monitor the supply chain and keeps close contact with the suppliers to mitigate any negative impact at an early stage.</p> <p>Opportunity:</p> <ul style="list-style-type: none"> ▪ Explore opportunities to diversify markets and operations. ▪ Strengthen risk management strategies to adapt to potential economic or political instability, enhancing the company's resilience. 	<p>Effect on Strategic Objectives:</p> <p>This can hinder the company's ability to invest in growth initiatives and innovation, ultimately undermining strategic objectives of market expansion and competitive positioning.</p>	

Regulatory and Taxation Policy	Category: Strategic Risk	Risk Source: External
<p>Risk:</p> <p>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.</p> <p>Form of Capital: Social and Relationship Capital / Financial Capital</p> <p>Mitigation Strategy:</p> <p>The company believes in proactive engagement with policymakers to influence favorable automotive policies. We regularly monitor the economic and legal impacts of government policies on the Company as well as the automotive industry as a whole. In addition, we have developed a team of qualified and experienced professionals to ensure compliance with all applicable laws, rules and regulations.</p> <p>Opportunity:</p> <ul style="list-style-type: none"> ▪ Investment in compliance capabilities to navigate changes effectively and minimize disruptions. ▪ Investment in innovative technologies to adapt quickly to new potential regulations. ▪ Explore new product offerings that align with evolving regulatory trends, such as electric vehicles or sustainable practices. 	<p>Effect on Strategic Objectives:</p> <p>This may lead to increased costs, hinder strategic planning, and impede growth objectives.</p>	

General Market Conditions	Category: Strategic Risk	Risk Source: External
<p>Risk:</p> <p>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.</p> <p>Form of Capital: Social and Relationship Capital / Financial Capital</p> <p>Mitigation Strategy:</p> <p>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.</p> <p>Opportunity:</p> <ul style="list-style-type: none"> ▪ Innovate and expand the product range to include new offerings that meet emerging consumer demands, potentially capturing additional market segments. ▪ Improve after-sales services to retain existing customers and attract new ones. ▪ Promote product differentiation by emphasizing unique features and quality to maintain competitive advantage despite aggressive pricing from competitors. 	<p>Effect on Strategic Objectives:</p> <p>This may hinder the company's growth objectives, weaken its competitive position, and limit resources available for innovation and expansion efforts.</p>	

Sudden break down of Plant & Equipment	Category: Operational Risk	Risk Source: Internal
<p>Risk:</p> <p>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.</p> <p>Form of Capital: Manufactured Capital / Financial Capital</p> <p>Mitigation Strategy:</p> <p>In order to secure and enhance the long-term future viability of production facilities, the equipment is continually maintained and modernized.</p> <p>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.</p> <p>Opportunity:</p> <ul style="list-style-type: none"> ▪ Improve contingency plans for rapid recovery and production continuity in the event of equipment failure. ▪ Employees training and explore options for external technical support for quick access to repairs and minimizing downtime. 	<p>Effect on Strategic Objectives:</p> <p>Such disruptions may negatively impact customer satisfaction, damage the company's reputation, and limit the ability to meet market demand, ultimately hindering strategic growth and operational efficiency.</p>	

Other risks and Uncertainties

The Company is also exposed to various financial risks which have been stated in Note 37 to the Annual Audited Financial Statements for the year ended June 2024.

Key uncertainties faced by the Company include:

- 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.

Risk of Supply Chain Disruption

Environmental, Social, and Governance (ESG) factors encompass a wide range of issues, and their impact on supply chains can be significant. Therefore, a comprehensive view of the entire process is essential for proactive approach. During the year, no major supply chain disruption incidents were noted.

The detail on the risk of supply chain disruption due to climate change and other ESG factors is outlined in the Sustainability Report 2024 on page no. 55 & 60 along with the short / medium / long term strategies and potential financial implications.

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 majority of economic indicators, for the financial year 2024, are showing positive trends towards achievement of stability. The Stand By arrangement of US \$3 Billion extended by IMF has played a significant role in reinstating the economic stability and laying down a foundation for the strong, sustainable and inclusive growth in the country.

The auto sector has faced multiple challenges during the current financial year. The restrictions on auto financing, higher interest rate, increase in import of used vehicles, higher inflation rate, reduced buying power of people have adversely affected the overall sales volume of automobiles.

During the year, four-wheeler segment (other than tractors) witnessed 106,491 sales volume as compared to sales volume of 130,714 in 2023 showing a decline of 18.53% (2023: decline 54.26%) whereas three-wheeler segment has shown an improvement of 26.17% (2023: decline 53.01%) and Tractor has shown an improvement of 47.03% (2023: decline of

47.51%) in accordance with the sales data of PAMA (*Pakistan Automotive Manufacturers Association*).

By the Grace of Al-mighty Allah, the Company has shown a wonderful financial performance during the current financial year and has recorded a highest ever sales revenue of **Rs. 57.64 Billion (2023: Rs 18.17 Billion)** and profit after tax of Rs. 7.93 Billion (2023: Rs 0.99 Billion). The increase in sales and profitability is due to the increase in demand of **HAVAL SUV vehicles** that played an instrumental role in achieving this milestone.

The Board declared an interim cash dividend of Rs. 8.00 per share and recommended a final cash dividend of Rs 12.00 per share making total of Rs 20.00 per share for the year ending June 30, 2024.

The Company is committed to introduce environment friendly Electric, Hybrid Electric and other Energy Vehicles from time to time in line with the Government Policies.

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 including approval of expansion of four wheelers manufacturing facilities having estimated cost of Rupees 4.50 Billion (without cost of land) for the manufacturing of New Energy Vehicles subject to the approval of relevant Government Regulatory Authorities and to

roll out its CKD model before the end of December 31, 2025.

Seven (7) 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 has also established a separate Sustainability Committee which shall look after the matters relating to the company's sustainability responsibilities including adoption of Environmental, Social and Governance (ESG) guidelines issued by SECP and PSX.

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 system of related internal controls which is sound in design and is being implemented effectively with continuous monitoring.

The Board has approved policies for promoting DE&I and protection against harassment at the work place so that everyone feels valued, respected and

supported as well as protected from harassment, discrimination and bias. This will lead to increase the employment engagement, retention and business success.

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.

Lahore
September 23, 2024



MRS. SAIRA ASAD HAMEED
CHAIRPERSON

DIRECTORS' REPORT

The directors of your company are pleased to present 33rd Annual Report along with the audited financial statements of the Company for the year ended 30th June 2024:

PRINCIPAL ACTIVITIES:

The Company is principally engaged in the manufacturing and sale of automobiles including Four Wheelers and Three Wheelers, Tractor Wheel Rims and Home Appliances.

THE PRODUCT LINE:

Four Wheelers Business:

Under this segment, the Company is carrying **FOUR** international Chinese brands, “HAVAL”, “BAIC”, “GWM TANK-500” AND “ORA”.

HAVAL-H6 Vehicles (SUVs') CKD MODELS

These vehicles are beautifully designed quality products and offer excellent safety features as compared to its competition. Under this brand, the Company offers petrol as well as Hybrid Electric Vehicles (HEV). The engine capacity of petrol vehicles is ranging 1.5L Turbo to 2.0L Turbo whereas HEV's engine capacity is 1.5L Turbo. The HEVs vehicles are environment friendly and take the lead in automotive innovation, delivering an exhilarating driving experience while significantly reducing emissions.

HAVAL-JOLION Vehicles (SUVs) CKD MODELS

HAVAL-JOLION Vehicles are compact SUVs that combine style, performance, and advanced technology. With their bold designs and spacious interior, these offer a luxurious driving experience. Under this brand, the Company offers petrol as well as Hybrid Electric Vehicles (HEV). The engine capacity of these vehicles is 1.5L. These vehicles are environment friendly and reduce petrol consumption significantly.

BAIC Jeep BJ-40L CKD MODEL

BJ40 is designed in accordance with the classic features of an absolute SUV – “Strong, Simple and Imposing”.

The shape is tough, pure, concise and fashionable. The

engine capacity of this vehicle is 2.0L Turbo petrol Automatic.

This vehicle is a unique product with exclusive features and does not have any competition in the market, however, this product pertains to a niche market.

GWM TANK-500 HEV VEHICLES- CBU MODEL

GWM TANK-500 HEV Vehicles are 7-seaters and imported in Completely Built in Unit (CBU) form from China. The TANK 500 is a 2.0-liter 4-cylinder petrol engine with a 9-speed automatic transmission having 11 driving modes. These vehicles are beautifully designed quality products and offer excellent safety features with front seats massagers.

ORA EV VEHICLES- CBU MODEL

ORA is a pure Electric Vehicle (EV) and is imported in Completely Built in Unit (CBU) form from China. The beautiful and distinctive ORA stands out with a truly one-of-a-kind design, embracing the concept of Retro Futuristic. Seamlessly blending the charm of the past with the sophistication of the future, it captivates from every angle, from the front to the rear. Two models, ORA 3 and ORA 7 are available in this category.

Three Wheelers Business:

The Company is carrying Three Wheelers business under the brand “SAZGAR”.

Under this segment, the Company offers different models of petrol as well as pure Electric Vehicles (EV). These Three Wheelers include passengers and cargo loaders and are designed in accordance with the needs of customers.

The Company is also exporting three wheelers to different countries including Japan.

Automotive Parts Business:

Under this segment, the Company manufactures Automotive Parts, specifically Tractor Wheel Rims. These Rims are supplied to Tractors Assemblers.

Home Appliances Business:

Home appliances are imported and marketed under brand “Whirlpool.”

SIGNIFICANT DEVELOPMENTS OF THE YEAR:

The Company underwent through the following significant developments during the year:

Grant of License for Electric Auto Rickshaws: The Government of Punjab has granted first license to the Company for the manufacturing of electric rickshaws which has resolved the issue of registration of EV Rickshaws in Punjab.

Acquisition of 130 Kanal land: The Company's Board approved to acquire 130 Kanal land of Rs 1,012.00 million adjacent to the existing 4-Wheeler project (car plant) from its own sources to meet its future expansion. However, upto 30th June 2024, the Company purchased only 120 Kanal land of Rs 923.64 million.

ISO Certification for Four Wheelers Project: The Company has obtained three ISO Certification for its Four Wheelers Project (Car Plant);

ISO 9001:2015 Quality Management System;

ISO 14001:2015 Environmental Management System; and

ISO 45001:2018 Occupational Health and Safety Management System.

Credit Rating: The Company has obtained Credit Rating from VIS Credit Rating Company Limited:
Medium to long term credit rating; "A"
Short -term credit rating; "A-2"

THE ECONOMY:

The macroeconomic stability is imperative for establishing a platform to stimulate growth, enhance employment and improve the overall quality of life of the people. During the year, the economy faced lot of challenges and the Government took remedial measures accordingly and made tough decisions to stabilize the economy and restore the investors' confidence. The Stand By arrangement of US \$3 Billion extended by IMF has played a significant role in reinstating the economic stability and laying down a foundation for the strong, sustainable and inclusive growth in the country. It is imperative that the economic reforms are continued to resolve the country's fiscal and external sustainability weaknesses permanently.

The detail of major economic indicators for the FY 2024 is given below:

Description	FY 2024 July-May	FY 2023 July-May	+↑/-↓
GDP growth	2.40%	-0.20%	↑
CAD	US\$ 0.5 Billion	US\$ 3.80 Billion	↑
Trade Deficit	US\$ 22.10	US\$ 24.8	↑
Fiscal Deficit	PKR 5.94 Trillion	PKR 6.90 Trillion	↑
Foreign Remittances	US \$ 27.1	US\$ 25.1	↑
Imports	US\$ 48.4	US\$ 49.5	↑
Exports	US\$ 28.7	US\$ 25.8	↑
Forex Reserves	US \$ 13.12	US \$ 9.57	↑
Agricultural growth rate	6.30%	1.60%	↑
Industrial growth rate	1.20%	-3.70%	↑
Average inflation rate - year	24.76%	29.18%	↑
PKR to US \$ June 30,	278.85	285.99	↑

The economic indicators, as listed above, for the financial year 2024 are showing positive trends towards achievement of stability. This indicates that the Government is committed to drive the country towards robust, inclusive and sustainable economic growth.

AUTO SECTOR OVERVIEW:

The auto sector has faced multiple challenges during the current financial year. The restrictions on auto financing, higher interest rate, increase in import of used vehicles, higher inflation rate, reduced buying power of people have adversely affected the overall sales volume of automobiles.

The Government economic reforms fruitfully impacted on the sale volumes of Tractors and Three Wheelers during the year whereas other segments of four wheelers are still struggling for their survival.

Improvement in Forex reserves has supported the stability of Pak Rupee against the US Dollar. The ease of restrictions on import of CKDs' of vehicles has helped to streamline the supply chain of input materials and to fulfil the production requirements. The downward trend of inflation has encouraged the SBP to reconsider the policy rate positively by reducing it to 20.50% during the current year, then to 19.50% in July 2024 and to 17.50% in September 2024, the step in a right direction.

The positive measures are translating into stability of this sector and it is hoped that the auto sector shall soon regain its momentum of growth.

During the year, four wheelers segment (other than tractors) witnessed 106,491 sales volume as compared to sales volume of 130,714 in 2023 showing a decline of 18.53% (2023: decline 54.26%) whereas three wheeler segment has shown an improvement of 26.17% (2023: decline 53.01%) and Tractor has shown an improvement of 47.03% (2023: decline of 47.51%) in accordance with the sales data of PAMA (*Pakistan Automotive Manufacturers Association*).

The high fuel cost is impacting the buying preference of buyers of vehicles specifically SUV vehicles and their first choice is shifting from petrol to Hybrid Electric Vehicles (HEVs). The HEVs' are not only environment friendly but also save petrol on average 40-50%.

HAVAL HEVs' are fuel efficient, beautifully designed, comfortable, durable and equipped with safety features. These vehicles are consolidating its market share and soon will achieve market leadership in its category.

FINANCIAL PERFORMANCE OF THE COMPANY:

The Company has shown a wonderful performance during the current financial year. Summary of financial results is given below:

FINANCIAL RESULTS:

	2024 (Rupees)	2023 (Rupees)
Net Sales	57,642,468,564	18,174,296,868
Gross Profit	15,646,370,000	2,549,476,211
Operating Profit	13,452,171,795	1,721,233,553
Profit before Tax	13,115,344,825	1,480,987,728
Profit after Tax	7,935,676,576	995,076,624
Earnings Per Share	131.29	16.46

Appropriations:

The Board of Directors of the Company, at their meeting held on September 23, 2024 has recommended a final cash dividend @ 120% i.e. Rupees 12.00 per share subject to the approval of members in the forth coming Annual General Meeting of the Company (AGM). This is in addition to the interim cash dividend of 80% making total cash dividend of 200% for the year ending June 30, 2024.

Sales Revenue:

The overall net sales revenue of the Company has increased by 217.16% from Rupees **18.17 Billion** to Rupees **57.64 Billion**, highest ever sales revenue in the history of the Company. This milestone has been achieved due to sales volume of four wheelers specifically HAVAL branded vehicles.

Segment wise: The net sale of four wheelers has increased by 244.35% from Rupees 14.75 Billion to Rupees 50.81 Billion, the net sale of Three Wheelers by 100.03% from Rupees 2.89 Billion to Rupees 5.78 Billion, the net sale of automotive parts by 99.23% from Rupees 0.53 Billion to Rupees 1.06 Billion and the net sales of home appliances by 2.36% from Rupees 0.52 million to Rupees 0.53 million, compared with the corresponding period of last year.

The sale of Three Wheelers also includes an export sale of Rupees 70.01 million (2023: 40.78 million) showing an increase of 71.68% as compared to the last financial year. During the year, Company exported

Three Wheelers to Japan, UAE, Liberia, Tanzania and Afghanistan.

In terms of quantity, the sales volumes are given below:

Product	Sales volume 2024	Sales volume 2023	% of Increase/ (Decrease)
Four wheelers*	5,392*	1,828*	195.97
Three wheelers	15,014	9,381	60.05
Tractor Wheel Rims	65,850	37,540	75.41

*Four-wheeler sales also include the sale of 18 units of imported CBU (June 30, 2023: 01 unit).

The sale of four wheelers has increased on account of induction of HAVAL branded vehicles. The sale of Three Wheelers and Automotive Parts have increased due to the increase in orders placed by the respective customers.

Gross Profit:

Company's gross profit has increased from Rupees 2,549.48 million to Rupees 15,646.37 million showing an increase of Rupees 13,096.89 million compared with the corresponding period of last year, whereas the gross profit ratio has increased from 14.03% to 27.14% mainly due to the higher sales volume of four wheelers.

Finance Cost:

Finance cost has increased from Rs 168.36 million to Rs. 168.91 million showing an increase of 0.55 million compared with the corresponding period of last year.

Profit Before Taxation:

Company's profit before taxation has increased from Rupees 1,480.99 million to Rupees 13,115.34 million showing a surge of Rupees 11,634.36 million compared with the corresponding period of last year.

Earnings Per Share:

The Earnings per share of the Company has increased from Rs. 16.46 to Rs. 131.29 as compared to corresponding period of last year showing a substantial increase in profits available for distribution to the shareholders.

Net Worth of the Company:

The net worth of the Company has increased from Rupees 2,915.05 million to Rupees 10,104.09 million showing an increase of 246.62% as compared to the last financial year.

Production:

In terms of quantity, the production volumes are given below:

Product	Production volume 2024	Production volume 2023	% of Increase/ (Decrease)
Four wheelers	5,414	1,861	190.92
Three wheelers	15,678	9,141	71.51
Tractor Wheel Rims	65,711	38,822	69.26

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 frame work 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 introduced two imported CBU **GWM TANK 500 HEV** and **ORA EV** branded vehicles in the market during the year in addition to **HAVAL** and **BAIC** branded vehicles. 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 expand continuously with the passage of time.

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

Branding of Vehicles:

The brands "**BAIC**", "**HAVAL**", "**GWM TANK-500 HEV**" and "**ORA EV**" are well known in the International Markets. However, the brands are new for the Pakistani market.

The Company is taking various steps for creating of awareness of these brands throughout the country and Al-hamdolillah has achieved a substantial success in this regard.

Availability and Prices of Raw Material and CKDs:

The production of Company's products including four wheelers, three wheelers and tractor wheel rims is dependent on the availability of imported raw materials and components, any hurdle in availability and volatility of its prices may adversely affect the production and input costs of these products.

Further any failure or hurdle in local supply of critical parts of company's products, 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 has shown some stability against foreign currencies during the current financial year. Any material devaluation of Pak Rupee 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 37 to the audited financial statements.

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:

The Auto Sector has a great potential to grow in line with economic recovery, however, it will be influenced by the different factors such as changes in customers' preference, technological advancement, introduction of new vehicles in the market etc.

The Government remedial measures to revive economy like finalization of staff level agreement for the thirty-seven (37) months Extended Fund Facility (EFF) of about US Dollars 7.00 Billion from IMF shall significantly help to achieve macroeconomic stability and to create conditions for stronger, more inclusive and resilient growth.

The downward trend of the inflation has encouraged the SBP to cut policy rate from 22% to 17.50%, a move in a right direction to boost the economic activities in the country.

Forex reserves level has improved from US\$ 9.16 Billion (June 30, 2023) to 14.57 (June 30, 2024) Billion US Dollars, however, shall remain under pressure due to debt payment of 25.00 Billion US Dollars during the year ending June, 2025. The Government is confident

that all debt obligations shall be met smoothly in due course of time.

Economic stability is linked with the political stability; therefore, the Government must take concrete steps to achieve political stability and take into confidence all the stakeholders in decisions of national interest which shall also increase the investors' confidence.

The Company is committed to introduce environment friendly Electric, Hybrid Electric and other Energy Vehicles from time to time in line with the Government Policies. The usage of these vehicles will not only impact positively on the climate change but will also help to cut the oil import bill and save precious forex reserves of the country.

The other business segments like 3-wheelers and tractor wheel rims of the Company are also performing well and it is anticipated the growth of these segments will continue in future and substantially contribute to the sale and profitability of the Company.

The Company is focusing on the export of its products and number of inquiries are culminating into export orders. It is hoped that the Company shall achieve substantial volume of export business in the period to come.

Expansion in Four Wheelers Manufacturing Facilities:

The Board of Directors has approved an expansion plan of the Company which includes the expansion of existing paint shop, construction of new warehousing facilities, installation of solar system of 4-mega watt and construction, erection, installation of new manufacturing facilities for the local assembly of New Energy Vehicles subject to the approval of relevant Government Regulatory Authorities.

The Board has also approved an estimated cost of the expansion amounting to PKR 4.50 Billion (without cost of land) which shall be financed from the internal cash resources of the Company.

The Company has planned to roll out the CKD model of New Energy Vehicles before the end of December 31, 2025.

By the Grace of Al-mighty Allah, the Company foresees a steady growth in the sales volume and profitability in the financial year ending on June 30, 2025.

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.

The CSR activities, which the company has carried out during the current financial year has been disclosed in Company's Sustainability Report 2024.

Contribution To National Exchequer:

The company has made a contribution of Rs. **19.96 Billion** to National Exchequer during the year in form of income tax, sales tax, custom duties and excise as compared to Rs. **5.07 Billion** of last financial year reflecting an increase of 293.64% (June 30, 2023: 34.42%).

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, 2024.

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;
- **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, 2024.
- **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 23, 2024 has recommended a final cash dividend @ 120% i.e. Rupees 12.00 per share subject to the approval of members in the forthcoming Annual General Meeting of the Company (AGM) which shall be in addition to the interim cash dividend of 80% making total of 200% for the financial year ending June 30, 2024.

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. In this regard the Company intends to expand its manufacturing base to add more environment friendly vehicles into its products line.

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.

SUSTAINABILITY, RISKS AND THEIR MANAGEMENT / MITIGATION:

Sustainability means creating and maintaining conditions under which humans and nature can exist in productive harmony, that permit fulfilling the environmental, social, economic and other requirements of present and future generations.

Corporate sustainability refers to a business approach that integrates environmental, social, and governance considerations into a company's operations and strategy for creating long-term value for both the business and society while minimizing negative impacts on the environment and contributing positively to communities.

Key components of corporate sustainability:

1. **Environmental factors:** These includes financially material risks and opportunities such as climate change, use of water, land and air.
2. **Social factors:** These relate to society, the rights of individuals and the well-being of the communities within which a company operates such as human capital management, diversity, health and safety.
3. **Governance factors:** These include board quality, independence and accountability; board oversight of executive performance and compensation and the board's oversight of company strategy, risk management, performance and disclosure including disclosures of environmental and social factors.

The Company has prepared a separate Sustainability Report for the year 2024 stating the Company's environmental impact, social initiatives and corporate governance practices.

DIVERSITY EQUITY & INCLUSION (DE&I) AND PROTECTION AGAINST HARRASSMENT AT A WORK PLACE:

The Company is committed to create and promote a culture of diversity, equity and inclusion at a workplace where everyone feels valued, respected and supported as well as protected from harassment, discrimination and bias.

The Company is taking various measures to promote DE&I in the Company which shall lead to increase employment engagement, retention and business success.

The Company encourages the representation of woman on Company's Board & its Committees and in this regard, the Company has appointed a woman as a chairperson of the Board.

The Board has approved policies on Diversity, Equity & Inclusion (DE&I) and protection against harassment at a workplace. These policies are available at the Company's website for detailed information.

STATEMENT ON ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has established an adequate system of internal financial controls which is sound in design and has been effectively implemented and is being monitored continuously. The review of system will continue in future for the improvements in controls.

Complete detail of internal control system has been defined in internal control policy which is available on Company's website.

REMOVAL OF EXTERNAL AUDITORS DURING THE YEAR AND FILLING UP OF CASUAL VACANCY:

During the year, the members of the Company, on recommendations of the Board, considering that the Company needs more experienced and resourceful external auditors to perform the audit of the Company, removed the External Auditors, M/S Saeed Kamran & Co., Chartered Accountants as per section 246(5) of the Companies Act, 2017 in their Extra Ordinary General Meeting held on June 29, 2024.

The Board of Directors of the Company filled up the said casual vacancy by appointing M/S Crowe Hussain Chaudhury & Co., Chartered Accountants to hold office of External Auditors up to the conclusion of next Annual General Meeting in accordance with the provisions of section 246(6) of the Companies Act, 2017.

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, 2026:

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. Umair Ejaz
8. Mr. Taha Mahmood
9. Mr. Muhammad Omer Saeed

There was no change in the Board during the current financial year.

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 boarding and lodging for attending the Board & Committees meetings.

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

The Board in its meeting held on September 23, 2024 has approved the revision in the monthly managerial remunerations (net of tax) of its Executives Board members as below along with free use of Company maintained vehicles for official and private purposes, reimbursement of actual medical expenses for self and spouse and payment of cash bonuses as and when approved by Board of Directors and other benefits associated with these positions in accordance with the Company's policies and rules for the time being in force:

Chief Executive	Rs. 4.60 M
Executive Director (COO- Three-Wheeler & Automotive Parts Division)	Rs. 2.40 M
Executive Director (COO- Car Division)	Rs. 1.25 M

These remunerations are effective from July 01, 2024 and shall be increased by 15% annually or such higher amount as decided by Board of Directors.

The Company pays meeting fee for attending Meetings of the Board and its Committees to the Non-Executive Directors including Independent Directors as below:

Board Meeting fee	Rs 50,000/-
Committee Meeting fee	Rs 30,000/-

For attending Board or Committee meetings, Boarding and lodging of Rs. 50,000/- per visit is also paid to the Non-Executive Directors who reside outside the Lahore.

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

DIRECTORS' REMUNERATION PAID DURING THE YEAR:

During the year, the company paid the following managerial remuneration and benefits to the Chief Executive, Executive Directors and meeting attending expenses to Non-Executive Directors:

Particulars	Managerial Remuneration	Bonus and Others	(Rupees)	
			Meeting fee & Boarding lodging expenses	Total
Chief Executive	43,575,000	44,755,167	-	88,330,167
Executive Director (Chief Operating Officer -Three Wheelers & Automotive Parts Division)	21,165,000	20,936,924	-	42,101,924
Executive Director (Chief Operating Officer -Car Division)	9,337,500	8,692,219	-	18,029,719
Non-Executive Directors	-	-	2,970,000	2,970,000

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	Sustainability Committee
Total Meetings Held	7	6	1	1	1	0
Mr. Mian Asad Hameed	7	-	1	1	-	-
Mrs. Saira Asad Hameed	7	-	-	-	-	-
Mr. Saeed Iqbal Khan	7	-	-	1	-	-
Mr. Mian Muhammad Ali Hameed	7	-	-	-	1	-
Mrs. Sana Suleyman	7	6	-	-	-	-
Mr. Humza Amjad Wazir	7	-	1	1	-	-
Mr. Umair Ejaz	7	6	1	-	1	-
Mr. Taha Mahmood	7	6	1	-	1	-
Mr. Muhammad Omer Saeed	7	-	-	-	-	-

Directors' Training Programs during the year: The Company is in compliance of certification of Directors Training Programme. Out of nine, seven directors have acquired the Directors' Training Programme (DTP) from SECP approved Institutions up to June 30, 2024 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	Share Purchased	Sale
Mr. Taha Mahmood	-	18,500

COMPOSITION OF BOARD:

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

- Male : (7) seven
- Female : (2) two

The composition of board is as follows:

a. Independent Directors:

Mr. Umair Ejaz
Mr. Taha Mahmood
Mr. Muhammad Omer Saeed

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	Sustainability Committee
Umair Ejaz	**	*		**	*
Taha Mahmood	*	**		*	
Sana Suleyman	*				*
Hamza Amjad Wazir		*	*		
Mian Asad Hameed		*	**		
Saeed Iqbal Khan			*		
Mian Muhammad Ali Hameed				*	
Muhammad Omer Saeed					**

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

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

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.

EXTERNAL AUDITORS:

The present auditors, M/S Crowe Hussain Chaudhury & Co., Chartered Accountants, 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	1,700,000
b.	Half yearly review	300,000
c.	Report on Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	40,000
d.	Certificate under CDC Regulation	40,000
e.	Report on Free-float of shares	40,000

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 23, 2024

For and on behalf of the Board


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR

یہ گاڑی نمایاں خصوصیات کے ساتھ ایک منفرد پروڈکٹ ہے اور مارکیٹ میں اسکے مقابلہ میں کوئی نہیں ہے۔ تاہم یہ پروڈکٹ ایک مخصوص مارکیٹ سے تعلق رکھتی ہے۔

GWM TANK-500 HEV VEHICLES - CBU MODEL

GWM TANK-500 HEV سات سیٹوں والی گاڑیاں ہیں اور یہ چین سے مکمل طور پر بنی بنائی (CBU) درآمد کی گئی ہیں TANK 500 کا 4 سلنڈر والا 2.0 لیٹر ڈول انجن ہے جس کی 11 ڈرائیونگ موڈ کے ساتھ 9 سپیڈ آٹومیٹک ٹرانسمیشن ہے۔ یہ گاڑیاں خوبصورتی سے ڈیزائن کی گئی معیاری مصنوعات ہیں اور فرنٹ سیٹوں میں مساج کی سہولت کے ساتھ بہترین حفاظتی خصوصیات پیش کرتی ہیں۔

ORA EV VEHICLES - CBU MODEL

ORA ایک خالص الیکٹرک گاڑی (EV) ہے اور چین سے مکمل طور پر بنی بنائی CBU درآمد کی گئی ہے۔ ریفرنیو چارجنگ کے تصور کو اپناتے ہوئے ORA خوبصورت اور ایک مخصوص قسم کے ڈیزائن کے ساتھ نمایاں ہے۔ ماضی کی دکھائی کو بغیر کسی رکاوٹ کے مستقبل کی نفاست کے ساتھ ملایا ہے یہ آگے سے پیچھے تک ہر زاویے سے دل موہ لیتی ہے۔ اس کی ٹیگری میں ORA3 اور ORA7 دو ماڈلز دستیاب ہیں۔

تھری ویلز کاروبار:

کمپنی "SAZGAR" برانڈ کے تحت تھری ویلز کاروبار کر رہی ہے۔

اس سگمنٹ کے تحت کمپنی پٹرول کے مختلف ماڈلز کے ساتھ ساتھ خالص الیکٹرک گاڑیاں (EV) بھی پیش کرتی ہے۔ ان تھری ویلز میں مسافر بردار اور کارگو لوڈرز شامل ہیں اور صارفین کی ضروریات کے مطابق ڈیزائن کئے گئے ہیں۔ کمپنی جاپان سمیت مختلف ممالک کو تھری ویلز گاڑیاں بھی برآمد کر رہی ہے۔

آٹوموبیل پارٹس کاروبار:

اس سگمنٹ کے تحت کمپنی آٹوموبیل پارٹس خاص طور پر ٹریکٹریل ریموٹیو کرتی ہے یہ ویل ریموٹیو کرتی بنانے والی کمپنیوں کو سپلائی کئے جاتے ہیں۔

ہوم اپلائنسز کاروبار:

"WHIRLPOOL" برانڈ کے تحت ہوم اپلائنسز درآمد اور مارکیٹ میں فروخت کیے جاتے ہیں۔

سال کی اہم پیش رفت:

الیکٹرک آٹوموبیلوں کے لئے لائسنس کی منظوری:

ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹران 30 جون 2024ء کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں کے ہمراہ کمپنی کی تینتیسویں (33) سالانہ رپورٹ بخوشی پیش کرتے ہیں۔

بنیادی سرگرمیاں:

کمپنی بنیادی طور پر آٹوموبائلز بشمول فورویلز اور تھری ویلز، ٹریکٹریل ریموٹیو ہوم اپلائنسز کی پیداوار اور فروخت میں مصروف عمل ہے۔

پیداواری لائن:

فورویلز کاروبار:

اس سگمنٹ کے تحت، کمپنی کے پاس چار بین الاقوامی چائینز برانڈز "HAVAL"، "BAIC" اور "GWM TANK-500" ہیں۔

HAVAL-H6 Vehicles (SUVs) CKD MODELS

یہ گاڑیاں خوبصورت ڈیزائن کی معیاری مصنوعات ہیں اور دوسروں کے مقابلہ میں زیادہ حفاظتی خصوصیات رکھتی ہیں۔ اس برانڈ کے تحت، کمپنی پٹرول کے ساتھ ساتھ ہائبرڈ الیکٹرک گاڑیاں (HEV) پیش کرتی ہے۔ پٹرول گاڑیوں کے انجن کی صلاحیت 1.5 لیٹر سے 2.0 لیٹر ہے جبکہ HEV's کے انجن کی صلاحیت 1.5 لیٹر ہے۔ یہ HEV's ماحول دوست، جدید اور ڈرائیونگ کا خوشگوار تجربہ فراہم کرنے کے ساتھ ایندھن کے اخراج کو نمایاں طور پر کم کرنے والی گاڑیاں ہیں۔

HAVAL - JOLION Vehicles (SUVs) CKD MODELS

HAVAL-JOLION گاڑیاں ٹھوس SUVs ہیں جو سٹائل، کارکردگی اور جدید ٹیکنالوجی کو یکجا کرتی ہیں۔ یہ عمدہ ڈیزائن اور اندرونی کشادگی کے ساتھ ایک پرتعیش ڈرائیونگ کا تجربہ پیش کرتی ہیں۔ اس برانڈ کے تحت کمپنی پٹرول کے ساتھ ساتھ ہائبرڈ الیکٹرک گاڑیاں (HEV) پیش کرتی ہے۔ ان گاڑیوں کے انجن کی صلاحیت 1.5 لیٹر ہے۔ یہ ماحول دوست گاڑیاں ہیں اور پٹرول کی کھپت کو نمایاں طور پر کم کرتی ہیں۔

BAIC Jeep BJ-40L CKD MODEL

BJ40 SUV کے لحاظ سے "مضبوط، سادہ اور شاندار" عمدہ خصوصیات کے مطابق تیار کیا گیا ہے۔

یہ دیکھنے میں سخت، خالص، جامع اور فیشن ایبل ہے اس گاڑی کے انجن کی صلاحیت 2.0 لیٹر ہے۔ آٹومیٹک پٹرول ہے۔

↑	US\$ 24.8	US\$ 22.10	Trade Deficit
↑	6.90 ٹریلین روپے	5.94 ٹریلین روپے	Fiscal Deficit
↑	US\$ 25.1	US\$ 27.1	Foreign Remittances
↑	US\$ 49.5	US\$ 48.4	Imports
↑	US\$ 25.8	US\$ 28.7	Exports
↑	US\$ 9.57	US\$ 13.12	Forex Reserves
↑	1.60 فی صد	6.30 فی صد	Agricultural growth rate
↑	-3.70 فی صد	1.20 فی صد	Industrial growth rate
↑	29.18 فی صد	24.76 فی صد	Average Inflation rate - year
↑	285.99	278.85	PKR to US\$ June 30,

مالی سال 2024 کے لئے اوپر درج کئے گئے معاشی اشارے استحکام کے حصول کے لئے مثبت رجحانات دکھا رہے ہیں۔ اس سے ظاہر ہوتا ہے کہ حکومت ملک کو مضبوط کرنے، جامع اور پائیدار اقتصادی ترقی کی طرف لے جانے کے لئے پرعزم ہے۔

آٹو سیکنڈ کا جائزہ:

آٹو سیکنڈ کو رواں مالی سال کے دوران متعدد چیلنجز کا سامنا کرنا پڑا ہے۔ آٹو فنانسنگ پر پابندیاں، زیادہ شرح سود، استعمال شدہ گاڑیوں کی درآمد میں اضافہ، مہنگائی کی بلند شرح، لوگوں کی قوت خرید میں کمی نے گاڑیوں کی مجموعی فروخت کے حجم کو بری طرح متاثر کیا ہے۔

سال کے دوران حکومت کی اصلاحات نے ٹریڈروں اور تھری ویلرز کی فروخت کے حجم پر مثبت اثر ڈالا جبکہ فورویلرز کے دیگر طبقات اب بھی اپنی بقا کے لئے جدوجہد کر رہے ہیں۔

زر مبادلہ کے ذخائر میں بہتری نے امریکی ڈالر کے مقابلہ میں پاکستانی روپے کے استحکام کو سہارا دیا ہے۔ گاڑیوں کی CKD کی درآمد پر پابندیوں میں نرمی کی نے سامان کی سپلائی چین کو ہموار کرنے اور پیداواری ضروریات کو پورا کرنے میں مدد کی ہے۔ افراط زر میں کمی کے رجحان نے اسٹیٹ بینک کی حوصلہ افزائی کی ہے کہ وہ پالیسی ریٹ پر مثبت نظر ثانی کرتے ہوئے اسے رواں سال کے دوران 20.50 فی صد، پھر جولائی 2024 میں 19.50 فی صد اور ستمبر 2024 میں 17.50 فی صد تک کم کرے، جو درست سمت میں اٹھایا گیا قدم ہے۔

مثبت اقدامات اس شعبے کو استحکام میں بدل رہے ہیں اور امید ہے کہ آٹو سیکنڈ جلد ہی اپنی ترقی کی رفتار کو دوبارہ حاصل کر لے گا۔

حکومت پنجاب نے کمپنی کو ایکٹرک رکشوں کے بنانے کے لئے پہلا لائسنس جاری کیا ہے جس سے پنجاب میں ای وی (EV) رکشوں کی رجسٹریشن کا مسئلہ حل ہو گیا ہے۔

130 کنال اراضی کا حصول:

کمپنی کے بورڈ آف ڈائریکٹرانے موجودہ فورویلر پراجیکٹ (کار پلانٹ) سے محلقہ 1,012.00 ملین روپے کی 130 کنال اراضی اپنے ذرائع سے حاصل کرنے کی منظوری دی تاکہ اس کے مستقبل کی توسیع کو پورا کیا جاسکے۔ تاہم کمپنی نے 30 جون 2024 تک 923.64 ملین روپے کی صرف 120 کنال اراضی خریدی۔

نو رولر پراجیکٹ کے لیے ISO سرٹیفیکیشن:

کمپنی نے اپنے نو رولر پلانٹ (کار پلانٹ) کے لئے تین ISO سرٹیفیکیشن حاصل کئے ہیں۔ ISO 9001:2015 کوالٹی مینجمنٹ سسٹم، ISO 14001:2015 ماحولیاتی مینجمنٹ سسٹم & ISO 45001:2018 پیشہ وارانہ صحت اور سلامتی مینجمنٹ سسٹم۔

کرڈیٹ ریٹنگ:

کمپنی نے VIS کرڈیٹ ریٹنگ کمپنی لمیٹڈ سے کرڈیٹ ریٹنگ حاصل کی ہیں:

درمیانی سے طویل مدتی کرڈیٹ ریٹنگ "A"
مختصر مدت کی کرڈیٹ ریٹنگ "A-2"

معیشت:

لوگوں کے معیار زندگی کو مکمل طور پر بہتر بنانے، روزگار میں بڑھوتری اور ترقی کی طرف گامزن رہنے کے لئے معاشی استحکام کے پلیٹ فارم کا قیام لازمی ہے۔ سال کے دوران، معیشت کو بہت سے چیلنجز کا سامنا کرنا پڑا اور حکومت نے اس کے مطابق تدارک کے اقدامات کئے اور معیشت کو مستحکم کرنے اور سرمایہ کاروں کا اعتماد بحال کرنے کے لئے سخت فیصلے کئے۔ آئی ایم ایف کی جانب سے 3 بلین امریکی ڈالر کے اسٹینڈ بائی آرینجمنٹ نے معاشی استحکام کو بحال کرنے اور ملک میں مضبوط، پائیدار اور جامع ترقی کی بنیاد رکھنے میں اہم کردار ادا کیا ہے۔ یہ ضروری ہے کہ ملک کی مالیاتی اور بیرونی پائیداری کی کمزوریوں کو مستقل طور پر دور کرنے کے لئے معاشی اصلاحات جاری رکھی جائیں۔

مالی سال 2024 کے اہم اقتصادی اشاریوں کی تفصیل ذیل میں دی گئی ہے۔

+↑ / -↓	FY2023 July - May	FY2024 July - May	تفصیل
↑	-0.20 فی صد	2.40 فی صد	GDP growth
↑	US\$ 3.80 بلین	US\$ 0.50 بلین	CAD

200 فی صد نقد منافع حاصل ہوگا۔

بیلز آمدنی:

کمپنی کی مجموعی بیلز آمدنی 217.16 فی صد اضافہ کے ساتھ 18.17 بلین روپے سے بڑھ کر اس سال 57.64 بلین روپے ہو گئی ہے، جو کمپنی کی تاریخ میں اب تک کی سب سے زیادہ فروخت آمدنی ہے۔ یہ سنگ میل فورویلرز خاص طور پر "HAVAL" برانڈ ڈ گاڑیوں کی فروخت کی وجہ سے حاصل ہوا ہے۔

حصہ دار بیلز آمدنی:

فورویلرز کی مجموعی بیلز آمدنی 244.35 فی صد اضافہ کے ساتھ 14.75 بلین روپے سے بڑھ کر 50.81 بلین روپے ہو گئی ہے تھری ویلرز کی مجموعی بیلز آمدنی 100.03 فی صد اضافہ کے ساتھ پچھلے سال کے مقابلہ میں 2.89 بلین روپے سے بڑھ کر 5.78 بلین روپے ہو گئی ہے۔ آٹوموٹیو پارٹس کی مجموعی بیلز آمدنی 99.23 فی صد اضافہ کے ساتھ پچھلے سال کے مقابلہ میں 0.53 بلین روپے سے بڑھ کر 1.06 بلین روپے ہو گئی ہے۔ اور ہوم اپلائنسز کی مجموعی بیلز آمدنی 2.36 فی صد اضافہ کے ساتھ پچھلے سال کے مقابلہ میں 0.52 بلین روپے سے بڑھ کر 0.53 بلین روپے ہو گئی ہے۔

تھری ویلرز کی مجموعی بیلز آمدن جس میں 70.01 بلین روپے کی برآمدات بھی شامل ہیں جو کہ پچھلے مالی سال (2023: 40.78 بلین روپے) کے مقابلہ میں 71.68 فیصد بڑھوتری کو ظاہر کر رہی ہیں۔ سال کے دوران، کمپنی نے جاپان، یو اے ای، لائبیریا، تنزانیہ اور افغانستان تھری ویلرز برآمد کئے۔

مقدار کے لحاظ سے فروخت کے حجم ذیل میں دیئے گئے ہیں:

ممنوعات	فروخت حجم 2024	فروخت حجم 2023	فی صد اضافہ (کمی)
فورویلرز ☆	5,392 ☆	1,828 ☆	195.97
تھری ویلرز	15,014	9,381	60.05
ٹریکیٹرویل رحز	65,850	37,540	75.41

☆ فورویلرز کی فروخت میں درآمد شد CBU کے 18 پونٹس کی فروخت بھی شامل ہے۔

(پونٹ 01:30 جون 2023)

"HAVAL" برانڈ گاڑیوں کی شمولیت کی وجہ سے فورویلرز کی فروخت میں اضافہ ہوا ہے تھری ویلرز اور آٹوموٹیو پارٹس کی فروخت متعلقہ صارفین کی جانب سے زیادہ آرڈر آنے کی وجہ سے بڑھی ہے۔

سال کے دوران PAMA (پاکستان آٹوموٹیو میونسٹیپلٹی ایسوسی ایشن) کے بیلز ڈیٹا کے مطابق فورویلرز سیکٹور میں (ٹریکیٹرز کے علاوہ) پچھلے سال 2023 کے 130,714 فروخت کے حجم کے مقابلہ میں اس سال 106,491 فروخت کا حجم دیکھا جو 18.53 فی صد کمی کو ظاہر کر رہا ہے (2023: 54.26 فی صد کمی) جبکہ تھری ویلرز سیکٹور میں 26.17 فی صد بڑھوتری کو ظاہر کر رہا ہے (2023: 53.01 فی صد کمی) اور ٹریکیٹرز میں 47.03 فی صد بڑھوتری کو ظاہر کر رہا ہے (2023: 47.51 فی صد کمی)۔

ایجنڈوں کی بڑھتی ہوئی قیمت گاڑیوں کے خریداروں کی ترجیحات کو متاثر کر رہی ہیں خاص طور پر SUV گاڑیوں میں ان کی پوبلی ترینج پٹرول سے ہائبرڈ الیکٹریک گاڑی (HEVs) کی طرف منتقل ہو رہی ہے۔ HEVs نہ صرف ماحول دوست گاڑیاں ہیں بلکہ پٹرول کی اوسط 40-50 فی صد بچت بھی کرتی ہیں۔

'HAVAL HEVs' ایجنڈوں کی بچت، خوبصورتی سے ڈیزائن کردہ، آرام دہ، پائیدار اور حفاظتی خصوصیات سے لیس ہیں۔ یہ گاڑیاں اپنے مارکیٹ شیئر کو مستحکم کر رہی ہیں اور جلد ہی اپنے زمرے میں مارکیٹ کی قیادت حاصل کریں گی۔

کمپنی کی مالیاتی کارکردگی:

کمپنی نے رواں مالی سال کے دوران شاندار کارکردگی دکھائی ہے۔ مالیاتی نتائج کا خلاصہ ذیل میں دیا گیا ہے۔

مالیاتی نتائج:

	2023	2024	
	(روپے)	(روپے)	
آمدنی	18,174,296,868	57,642,468,564	
مجموعی منافع	2,549,476,211	15,646,370,000	
آپریٹنگ منافع	1,721,233,553	13,452,171,795	
منافع قبل از ٹیکس	1,480,987,728	13,115,344,825	
منافع بعد از ٹیکس	995,076,624	7,935,676,576	
فی حصص آمدنی	16.46	131.29	

تخصیصات:

کمپنی کے بورڈ آف ڈائریکٹران نے 23 ستمبر 2024 کو منعقدہ اپنے اجلاس میں 120 فی صد یعنی 121 روپے فی حصص کی شرح سے حتمی نقد منافع کی سفارش کی ہے جو کمپنی کے آئندہ سالانہ اجلاس عام (AGM) میں ممبران کی منظوری سے مشروط ہے۔ یہ 80 فی صد کے عبوری نقد منافع کے علاوہ ہے جس سے 30 جون 2024 کو ختم ہونے والے سال کے لئے مجموعی طور پر

مجموعی منافع:

کمپنی کا مجموعی منافع 13,096.89 ملین روپے کے اضافہ سے پچھلے سال کے مقابلہ میں 2,549.48 ملین روپے سے بڑھ کر 15,646.37 ملین روپے ہو گیا ہے جبکہ مجموعی منافع کا تناسب بنیادی طور پر فورویلرز کی بڑھتی ہوئی فروخت کی وجہ سے 14.03 فیصد سے بڑھ کر 27.14 فیصد ہو گیا ہے

قرضوں کی لاگت:

قرضوں کی لاگت پچھلے سال کے مقابلہ میں 0.55 ملین روپے کے اضافہ کے ساتھ 168.36 ملین روپے سے بڑھ کر 168.91 ملین روپے ہو گئی ہے۔

قبل از ٹیکس منافع:

کمپنی کا قبل از ٹیکس منافع پچھلے سال کے مقابلہ میں 1,480.99 ملین روپے سے بڑھ کر 13,115.34 ملین روپے ہو گیا ہے جو کہ 11,634.36 ملین روپے کے اضافہ کو ظاہر کر رہا ہے۔

آمدنی فی حصص:

کمپنی کی فی حصص آمدنی پچھلے سال کے مقابلہ میں 16.46 روپے سے بڑھ کر 131.29 روپے ہو گئی ہے جو کہ حصص داران کے لئے دستیاب منافع میں نمایاں اضافہ کو ظاہر کرتی ہے۔

کمپنی کی مجموعی مالیت:

کمپنی کی مجموعی مالیت 2,915.05 ملین روپے سے بڑھ کر 10,104.09 ملین روپے ہو گئی ہے جو کہ گزشتہ مالی سال کے مقابلہ میں 246.62 فی صد بڑھوتری کو ظاہر کر رہی ہے۔

پیداوار:

مقدار کے لحاظ سے پیداوار کے حجم میں دیئے گئے ہیں:

مصنوعات	پیداوار حجم 2024	پیداوار حجم 2023	نی صد اضافہ (ک)
فورویلرز	5,414	1,861	190.92
تھری ویلرز	15,678	9,141	71.51
ٹریکٹریل رمز	65,711	38,822	69.26

خطرات اور غیر یقینی صورت حال:**خطرات:**

کمپنی کو بڑی تعداد میں اندرونی اور بیرونی خطرات کا سامنا ہے۔ خطرہ ایک واقعہ کے رونما ہونے

کا موقع ہے جو کمپنی کو اپنے مقاصد حاصل کرنے میں روک سکتا ہے۔

تمام خطرات کو ختم نہیں کیا جاسکتا ہے، ان کا انتظام کیا جاسکتا ہے، کم کیا جاسکتا ہے اور تیسرے فریق کو منتقل کیا جاسکتا ہے۔

بورڈ آف ڈائریکٹران کی مجموعی ذمہ داری ہے کہ کمپنی کے خطرات کے انتظامی ڈھانچے کا قیام اور نگرانی کرے۔

خطرات کی گونج 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 کے انتظام اور اس کے متعلقہ انٹرنل کنٹرول کا مضبوط نظام بنا رکھا ہے۔ نظام کو مزید بہتر بنانے کے لئے اس کی مسلسل نگرانی کی جا رہی ہے۔

رسک مینجمنٹ اینڈ انٹرنل 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 رواں مالی سال کے دوران Haval اور BAIC برانڈز گاڑیوں کے علاوہ دو در آمد شدہ برانڈز GWM TANK 500 CBU اور ORA EV مارکیٹ میں متعارف کرائے۔ یہ کمپنی کے لئے مارکیٹ کا ایک نیا حصہ ہے اور اسے مارکیٹ میں داخلے کے لئے مختلف چیلنجز کا سامنا کرنا پڑتا ہے۔

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 وقت گزرنے کے ساتھ مسلسل پھیلتا جائے گا۔

کمپنی ان گاڑیوں کی تشہیر کے لئے سوشل میڈیا کا استعمال بھی کر رہی ہے جو کہ ممکنہ گاہکوں کو متوجہ کرنے کے لئے ایک موثر پلیٹ فارم ثابت ہوا ہے۔

گاڑیوں کی برانڈنگ:

"BAIC", "HAVAL", "GWM TANK 500" اور "ORA" برانڈز میں الاقوامی منڈیوں میں جانے پہچانے جاتے ہیں تاہم یہ برانڈز پاکستانی منڈیوں کے لئے نئے

ریگولیشن اور ٹیکس پالیسی:

آٹومیٹو 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۔

پلانٹ اور آلہ جات میں اچانک خرابی:

پلانٹ 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 پلانٹ 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 انشورنس پالیسیوں کا اہتمام بھی کرتی ہے۔

مالیاتی خطرات:

کمپنی کو مختلف مالی خطرات بھی لاحق ہیں جو تشفی شدہ مالیاتی گوشواروں کے نوٹ 37 میں بیان کر دیئے گئے ہیں۔

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 بنگلہ 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:

آؤیکسٹر میں معاشی بحالی کے مطابق ترقی کرنے کی زبردست صلاحیت ہے تاہم یہ مختلف عوامل سے

ہیں۔

کمپنی ملک بھر میں ان برانڈز کے بارے میں آگاہی پیدا کرنے کے لئے مختلف اقدامات کر رہی ہے اور الحمد للہ اس سلسلے میں خاطر خواہ کامیابی حاصل کی ہے۔

خام مال کی قیمت، دستیابی اور CKDs:

کمپنی کی پیداوار جن میں فورویلز، تھری ویلز اور ڈیکٹر ویلز رمز شامل ہیں کا انحصار درآمد شدہ خام مال اور پرزہ جات پر ہے اس لئے ان کی دستیابی میں کسی قسم کی رکاوٹ اور قیمتوں میں اتار چڑھاؤ ان مصنوعات کی پیداوار اور لاگت پر برا اثر ڈال سکتا ہے۔

مزید کمپنی کی پروڈکٹ 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 شاک جمع کر لیتی ہے اور فراہمی سلسلے کی مسلسل نگرانی 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:

رواں مالی سال کے دوران غیر ملکی کرنسی کے مقابلہ میں پاکستانی روپے کی قدر میں کچھ استحکام دیکھا گیا 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 سود مند ہو تو اس سے استفادہ کیا جائے۔

اقتصادی، سیاسی اور امن وامان کی صورت حال:

ملک میں مجموعی طور پر مستحکم اقتصادی، سیاسی اور امن وامان کی صورت حال کمپنی کی کامیابی پر اہم اثر رکھتی 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 کامیاب 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 یا مخصوص پیداواری اشیاء کے حالات کے مد نظر کمرور منڈیوں کی سپورٹ کے لئے مختلف اقدامات کئے جاتے ہیں۔

فوریلر پیداواری سہولیات میں توسیع:

کمپنی کے بورڈ آف ڈائریکٹران نے ایک توسیعی منصوبے جو حکومتی ریگولیٹری اتھارٹی کی منظوری سے مشروط ہے کی منظوری دی ہے جس میں موجودہ پینٹ شاپ کی توسیع، نئے گودام کی سہولیات کی تعمیر 4- میگا واٹ شمسی توانائی کی تنصیب اور نئی توانائی کی گاڑیوں کی مقامی اسمبلی کے لئے تعمیر، تنصیب، اور نئی پیداواری سہولیات شامل ہیں۔

بورڈ نے توسیع کی تخمینہ لاگت 4.50 بلین روپے (زمین کی قیمت کے بغیر) کی بھی منظوری دی ہے جو کمپنی کے اندرونی نقد وسائل سے فننس کیا جائے گا۔

کمپنی نے 31 دسمبر 2025 کے اختتام سے پہلے نئی توانائی کی گاڑیوں کے CKD ماڈل کو متعارف کرانے کا منصوبہ بنایا ہے۔

اللہ تعالیٰ کے فضل و کرم سے، کمپنی 30 جون 2025 کو ختم ہونے والے مالی سال میں فروخت کے حجم اور منافع میں مسلسل اضافے کی توقع رکھتی ہے۔

ادارے کی سماجی ذمہ داری:

کمپنی کی یہ سماجی ذمہ داری ہے کہ وہ اخلاقی طور پر برتاؤ کرے اور معاشی ترقی میں حصہ ڈالنے کے لئے مسلسل پرعزم رہے اور اس کے ساتھ وہ اپنے ملازمین، ان کے اہل خانہ، اپنے اردگرد کے لوگوں اور اپنے معاشرے کے لوگوں کے رہنے کے معیار کو بلند کرنے کیلئے اقدامات جاری رکھے۔

کمپنی نے موجودہ مالی سال کے دوران انجام دی گئی C S R سرگرمیاں کمپنی کی Sustainability Report 2024 میں ظاہر کی گئی ہیں۔

قومی خزانے میں شراکت:

کمپنی نے ایکٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز کی مد میں پچھلے سال 5.07 بلین روپے کے مقابلہ میں اس سال 19.96 (30 جون 2023 : 34.42 فی صد) بلین روپے جمع کرائے ہیں۔ جو کہ 293.64 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 مفروضوں پر غور کرتے ہوئے کمپنی نے ان مالی گوشواروں پر اس وبا کی مرض کے اکاؤنٹنگ مضمرات کا اندازہ کیا ہے اور تعین کیا ہے کہ COVID-19 کا کمپنی کے 30 جون 2024 کے مالی گوشواروں پر کوئی قابل قدر اثر نہیں پڑا۔

متاثر ہوگا جیسے صارفین کی ترجیحات میں تبدیلی، تکنیکی ترقی، مارکیٹ میں نئی گاڑیوں کا تعارف وغیرہ -

معیشت کی بحالی کے لئے حکومت کے اصلاحی اقدامات جیسے IMF سے تقریباً 7.00 بلین امریکی ڈالر کی 37 ماہ کے توسیعی فنڈ سہولت (EFF) کے لئے عملے کی سطح کے معاہدے کو حتمی شکل دینے سے، مائیکرو اکنامک استحکام کے حصول اور مضبوط، زیادہ جامع اور یکساں ترقی کے لئے حالات پیدا کرنے میں نمایاں مدد ملے گی۔

افراط زر میں کمی کے رجحان نے اسٹیٹ بینک کو پالیسی ریٹ کو 22 فی صد سے کم کر کے 17.50 فی صد کرنے کی ترغیب دی ہے جو ملک میں معاشی سرگرمیوں کو فروغ دینے کے لئے درست سمت میں اٹھایا گیا قدم ہے۔

غیر ملکی زرمبادلہ کے ذخائر (30 جون 2023) 9.16 بلین امریکی ڈالر سے بہتر ہو کر (30 جون 2024) 14.57 بلین امریکی ڈالر ہو گئے ہیں۔ تاہم جون 2025 کو ختم ہونے والے سال کے دوران 25.00 بلین امریکی ڈالر کے قرضوں کی ادائیگی کی وجہ سے دباؤ برقرار رہے گا۔ حکومت کو یقین ہے کہ تمام قرضوں کی ذمہ داریوں کو مقررہ وقت میں آسانی سے پورا کیا جائے گا۔

معاشی استحکام سیاسی استحکام سے جڑا ہوا ہے لہذا حکومت کو سیاسی استحکام کے حصول کے لئے ٹھوس اقدامات کرنے ہوں گے اور قومی مفاد کے فیصلوں میں تمام اسٹیک ہولڈرز کو اعتماد میں لینا ہوگا جس سے سرمایہ کاروں کا اعتماد بھی بڑھے گا۔

کمپنی حکومت کی پالیسیوں کے مطابق وقتاً فوقتاً ماحول دوست الیکٹرک، ہائبرڈ الیکٹرک اور دیگر توانائی کی گاڑیاں متعارف کرانے کے لئے پرعزم ہے۔ ان گاڑیوں کے استعمال سے یہ صرف موسمیاتی تبدیلیوں پر مثبت اثرات مرتب ہوں گے بلکہ تیل کے درآمدی بل میں کمی اور ملک کے قیمتی زرمبادلہ کے ذخائر کو بچانے میں بھی مدد ملے گی۔

کمپنی کے دیگر کاروباری شعبے جیسے تھری ویلر اور ڈریکٹر ویلر رمز بھی اچھی کارکردگی کا مظاہرہ کر رہے ہیں اور توقع ہے کہ ان شعبوں کی ترقی مستقبل میں بھی جاری رہے گی اور کمپنی کی فروخت اور منافع میں خاطر خواہ حصہ ڈالے گی۔

کمپنی اپنی مصنوعات کی برآمد پر توجہ مرکوز کر رہی ہے اور متعدد اکنومائزیشن کے اختتام برآمدی آرڈرز میں ہورہا ہے۔ امید ہے کہ کمپنی آنے والے عرصہ میں برآمدی کاروبار کا خاطر خواہ حجم حاصل کرے گی۔

صد یعنی 121 روپے فی حصص کی شرح سے حتمی نقد منافع کی سفارش کی ہے جو کمپنی کے آئندہ سالانہ اجلاس عام (AGM) میں ممبران کی منظوری سے مشروط ہے۔ یہ 80 فی صد کے عبوری نقد منافع کے علاوہ ہے جس سے 30 جون 2024 کو ختم ہونے والے سال کے لئے مجموعی طور پر 200 فی صد نقد منافع حاصل ہوگا۔

واجب الادا قانونی واجبات:

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

اہم فیصلے اور منصوبے:

گاڑیوں کے شعبہ میں کاروبار کے نئے مواقعوں کو تلاش کرتے رہنا۔ اس سلسلے میں کمپنی اپنی مصنوعات لائن میں مزید ماحول دوست گاڑیوں کو شامل کرنے کے لئے اپنی پیداواری بنیاد کو وسعت دینے کا ارادہ رکھتی ہے۔

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۔

پائیداری، خطرات اور ان کا انتظام / تخفیف:

پائیداری کا مطلب ہے ایسے حالات پیدا کرنا اور برقرار رکھنا جس کے تحت انسان اور فطرت پیداواری ہم آہنگی کے ساتھ موجود ہوں، جو موجودہ اور آنے والی نسلوں کی ماحولیاتی، سماجی، اقتصادی اور دیگر ضروریات کو پورا کرنے کی اجازت دیتا ہے۔

کارپوریٹ پائیداری سے مراد ایک کاروباری نقطہ نظر ہے۔ جو ماحولیاتی، معاشرتی اور گورننس کے خیالات کو کمپنی کے آپریشنز اور حرکت عملی میں ضم کرتا ہے تاکہ کاروبار اور معاشرے دونوں کے لئے طویل مدتی قدر پیدا کی جاسکے جبکہ ماحول پر منفی اثرات کو کم سے کم کیا جاسکے اور معاشرے میں مثبت کردار ادا کیا جاسکے۔

کارپوریٹ پائیداری کے اہم اجزاء:

1. ماحولیاتی عوامل: ان میں مالی طور پر مادی خطرات اور مواقع شامل ہیں جیسے

آب و ہوا کی تبدیلی پانی، زمین اور ہوا کا استعمال۔

2. معاشرتی عوامل: یہ معاشرے، افراد کے حقوق اور ان معاشرے کی

فلاح و بہبود سے متعلق ہے جن کے اندر ایک کمپنی کام کرتی ہے جیسے انسانی

کوڈ آف کارپوریٹ گورننس کی تعمیل:

بورڈ ایجنٹ کارپوریٹ گورننس کے اصولوں پر عمل پیرا ہے۔ بورڈ بخوشی تصدیق کرتا ہے کہ کمپنی موجودہ سال 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 کتابیں:

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 تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔

انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ (IFRS) کی پیروی:

ان مالیاتی گوشواروں کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیار کی، 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۔

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 پختہ 30 جون 2024 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:

کمپنی کے بورڈ آف ڈائریکٹران نے 23 ستمبر 2024 کو منعقدہ اپنے اجلاس میں 120 فی

سرمائے کا انتظام، تنوع، صحت اور حفاظت۔

سال کے دوران ایکسٹرنل آڈیٹرز کی برطرفی اور خالی آسامی کو بھرنا:

سال کے دوران کمپنی کے ممبران نے بورڈ کی سفارشات پر غور کرتے ہوئے کہ کمپنی کا آڈٹ کرنے کے لئے زیادہ تجربہ کار اور وسائل کے حامل ایکسٹرنل آڈیٹرز کی ضرورت ہے M/s Saeed Kamran & CO. Chartered Accountants کو کمپنیز ایکٹ 2017 کے سیکشن (5) 246 کے تحت 29 جون 2024 کو ہونے والے غیر معمولی اجلاس عام میں ہٹا دیا تھا۔

کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ 2017 کی دفعات (6) 246 کے تحت اگلے سالانہ اجلاس عام کے اختتام تک ایکسٹرنل آڈیٹرز کے عہدے پر فائز رہنے کے لئے M/s Crowe Hussain Chaudhury & Co. Chartered Accountants کی تقرری کر کے مذکورہ خالی آسامی کو پُر کیا۔

بورڈ آف ڈائریکٹرز:

کمپنی کا موجودہ بورڈ مندرجہ ذیل نو (9) ڈائریکٹرز پر مشتمل ہے جو 19 مارچ 2026 تک عہدہ پر فائز رہیں گے۔

1. جناب میاں اسمجدید 2. مسز سائرہ اسمجدید 3. جناب سعید اقبال خان 4. جناب میاں محمد علی حمید 5. مسز شائلیماں 6. جناب حمزہ امجد وزیر 7. جناب عمیر اعجاز 8. جناب طحہ محمود 9. جناب محمد عمر سعید

رواں مالی سال کے دوران بورڈ میں کوئی تبدیلی نہیں ہوئی۔

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 نوآئندہ 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 جو لاہور سے باہر مقیم ہیں انہیں بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کرنے کے لئے بورڈنگ اور قیام کے اخراجات بھی ادا کئے جاتے ہیں۔

گورننس کے عوامل:

ان میں بورڈ کا معیار، خود مختاری اور احتساب، ایگزیکٹیو بورڈ کی کارکردگی اور معاوضے کی نگرانی اور بورڈ کی حکمت عملی، رسک مینجمنٹ، کارکردگی بشمول ماحولیاتی اور سماجی عوامل کے اکتشافات کی نگرانی شامل ہیں۔

کمپنی نے ایک علیحدہ پائیداری رپورٹ برائے سال 2024 تیار کی ہے جو کمپنی کے ماحولیاتی اثرات، سماجی اقدامات اور کارپوریٹ گورننس کے طریقوں کو بیان کرتی ہے۔

ڈائریکٹریٹری اور انکلوژن (DE&I) اور کام کرنے کی جگہ پر ہراساں کرنے کے خلاف تحفظ:

کمپنی کام کرنے کی جگہ پر تنوع، مساوات اور شمولیت کا کلچر بنانے اور اسے فروغ دینے کے لئے پُر عزم ہے جہاں پر کوئی اپنے آپ کو قابل قدر، قابل احترام اور حمایت یافتہ ہونے کے ساتھ ساتھ ہراسانی، امتیازی سلوک اور تعصب سے محفوظ محسوس کرے۔

کمپنی DE&I کو فروغ دینے کے لئے مختلف اقدامات کر رہی ہے جس سے ملازمت میں شراکت داری، ملازمت کی برقراری اور کاروباری کامیابی میں اضافہ ہوگا۔

کمپنی اپنے بورڈ اور اپنی کمیٹیوں میں خواتین کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ اور اس سلسلے میں کمپنی نے ایک خاتون کو بورڈ کی چیئر پرسن مقرر کیا ہوا ہے۔

کمپنی نے Diversity , Equity & Inclusion (DE&I) and protection against harassment at work place کے متعلق پالیسیوں کی منظوری دی ہوئی ہے یہ پالیسیاں تفصیلی معلومات کے لئے کمپنی کی ویب سائٹ پر دستیاب ہیں۔

انٹرنل فنانشل کنٹرول کی مناسبت پر بیان:

کمپنی نے انٹرنل فنانشل کنٹرول کا ایک مناسب نظام قائم کیا ہے جو اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق کیا گیا ہے اور اس کی مسلسل نگرانی کی جا رہی ہے کنٹرول میں بہتری کے لئے مستقبل میں بھی نگرانی جاری رہے گی۔

انٹرنل کنٹرول سسٹم کی مکمل تفصیل انٹرنل کنٹرول پالیسی میں بیان کی گئی ہے جو کہ کمپنی کی ویب سائٹ پر آویزاں ہے۔

تعمیرات	مشاہرہ	بونس اور دوسرے	میںٹنگ فیس، سٹری اور رہائشی اخراجات	ٹوٹل روپے
چیف ایگزیکٹو	43,575,000	44,755,167	-	88,330,167
ایگزیکٹو ڈائریکٹر (چیف آپریٹنگ آفیسر - تھری ویلز & آٹوموٹیو پارٹس ڈویژن)	21,165,000	20,936,924	-	42,101,924
ایگزیکٹو ڈائریکٹر (چیف آپریٹنگ آفیسر - کارڈویژن)	9,337,500	8,692,219	-	18,029,719
نان-ایگزیکٹو ڈائریکٹر	-	-	2,970,000	2,970,000

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

ڈائریکٹر کے نام	بورڈ آف ڈائریکٹرز	ایگزیکٹو ڈائریکٹر	ایگزیکٹو ڈائریکٹر	ایگزیکٹو ڈائریکٹر	رہائشی	سٹریٹجی
جناب میاں اسد حمید	7	-	1	1	-	-
مسز سائرہ اسد حمید	7	-	-	-	-	-

کوئی بھی ڈائریکٹر اپنا مشاہرہ طے کرنے کے لئے اجلاس کی کارروائی میں حصہ نہیں لیتا ہے۔

بورڈ نے 23 ستمبر 2024 کو اپنے منعقدہ اجلاس میں ایگزیکٹو بورڈ کے ممبران کے ذیل میں دئے گئے ماہانہ مشاہرہ (نیٹ آف ٹیکس) میں نظر ثانی کی منظوری دی ہے جس کے ساتھ سرکاری اور نجی مقاصد کے لئے کمپنی میٹینڈ گاڑیوں کے مفت استعمال، اپنے اور اپنی شریک حیات کے حقیقی میڈیکل اخراجات کی واپسی، بورڈ آف ڈائریکٹرز کی منظوری سے نقد بونس کی ادائیگی اور ان عہدوں سے وابستہ کمپنی کی پالیسیوں اور نافذ قوانین کے مطابق دیگر فوائد حاصل ہوں گے۔

چیف ایگزیکٹو	4.60 ملین روپے
ایگزیکٹو ڈائریکٹر (COO) - تھری ویلز اور آٹوموٹیو پارٹس ڈویژن	2.40 ملین روپے
ایگزیکٹو ڈائریکٹر (COO) - کارڈویژن	1.25 ملین روپے

یہ معاوضے 1 جولائی 2024 سے نافذ العمل ہیں اور ان معاوضوں میں سالانہ 15 فی صد یا اس سے زیادہ رقم جو بورڈ آف ڈائریکٹران فیصلہ کریں، کے مطابق اضافہ کیا جائے گا۔

کمپنی ذیل میں نان ایگزیکٹو ڈائریکٹران بشمول آزاد ڈائریکٹران کے بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کرنے پر میںٹنگ فیس کی ادائیگی کرتی ہے۔

بورڈ میںٹنگ فیس	50,000/- روپے
کمیٹی میںٹنگ فیس	30,000/- روپے

بورڈ یا کمیٹی کے اجلاسوں میں شرکت کے لئے، بورڈنگ اور قیام کی مد میں لاہور سے باہر رہنے والے نان ایگزیکٹو ڈائریکٹران کو 50,000 روپے فی وزٹ بھی ادا کیے جاتے ہیں۔

کسی بھی ڈائریکٹر نے اپنے معاوضے کے تعین کے لئے میںٹنگ کی کارروائی میں حصہ نہیں لیا۔

ڈائریکٹران کے مشاہرہ کا بیج:

سال کے دوران، کمپنی چیف ایگزیکٹو، ایگزیکٹو ڈائریکٹران کو مشاہرہ و دیگر فوائد اور نان-ایگزیکٹو ڈائریکٹران کو میںٹنگ میں شرکت کے اخراجات کی ادائیگی درج ذیل ہے۔

حصص کی خرید و فروخت اور ان میں تبدیلی:

حصص کی فروخت	حصص کی خرید	ڈائریکٹران کے نام
18,500	-	جناب طحڑ محمود

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 طحڑ محمود
جناب عمیر اعجاز
جناب محمد عمر سعید

بی۔ نان ایگزیکٹو ڈائریکٹران:

مسز سائرہ اسد جمید
جناب حمزہ امجد وزیر
مسز ثناء سلیمان

سی۔ چیف ایگزیکٹو سمیت ایگزیکٹو ڈائریکٹران:

جناب میاں اسد جمید
جناب میاں محمد علی جمید
جناب سعید اقبال خان

ڈی۔ عورت ڈائریکٹران:

مسز سائرہ اسد جمید
مسز ثناء سلیمان

بورڈ کمیٹیاں:

ممبران کے نام	بورڈ آڈٹ کمیٹی	ایگزیکٹو ڈائریکٹران کمیٹی	نومینیشن کمیٹی	رہنما کمیٹی	رہنما کمیٹی	سٹینڈنگ کمیٹی
جناب عمیر اعجاز	**	*		**		*
جناب طحڑ محمود	*	**		*		
مسز ثناء سلیمان	*					*

کل منصفہ اجلاس	0	1	1	1	6	7
جناب سعید اقبال خان	-	-	1	-	-	7
جناب میاں محمد علی جمید	-	1	-	-	-	7
مسز ثناء سلیمان	-	-	-	-	6	7
جناب حمزہ امجد وزیر	-	-	1	1	-	7
جناب عمیر اعجاز	-	1	-	1	6	7
جناب طحڑ محمود	-	1	-	1	6	7
جناب محمد عمر سعید	-	-	-	-	-	7

سال کے دوران ڈائریکٹرز ٹریننگ پروگرام:

کمپنی سرٹیفکیشن آف ڈائریکٹرز ٹریننگ پروگرام کی پیروی میں ہے۔ (9) نو میں سے سات (7) ڈائریکٹران نے 30 جون 2024 تک ایس ای سی پی کے منظور شدہ اداروں سے ڈائریکٹرز ٹریننگ 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 گیا ہے۔

Pattern of Shareholding

Pattern of Shareholding 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۔

روپے		
1,700,000	سالانہ آڈٹ فیس	اے۔
300,000	ششماہی جائزہ	بی۔
40,000	سٹیٹمنٹ آف کمپلائنس وولنٹری کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 پر رپورٹ	سی۔
40,000	سی ڈی سی ریگولیشن کے تحت سرٹیفکیٹ	ڈی۔
40,000	فری فلوٹ حصص پر رپورٹ	ای۔

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 شکرگزار ہیں۔ ہم اپنے معزز حصص داران، گاہکوں، سپلائرز اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکرگزار ہیں۔

لاہور:

23 ستمبر 2024

بورڈ آف ڈائریکٹرز کی جانب سے

Saeed
سعید اقبال خان
ڈائریکٹر

M. Ishaq
میاں اسد حمید
چیف ایگزیکٹو

ممبران کے نام	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریویژن کمیٹی	نومینیشن کمیٹی	ریسک منیجمنٹ کمیٹی	سسٹمز اینڈ ایپلی کیشن کمیٹی
جناب حمزہ امجد زبیر		*	*		
جناب میاں اسد حمید		*	**		
جناب سعید اقبال خان			*		
جناب میاں محمد علی حمید			*		
جناب محمد سعید					**

** ڈائریکٹر متعلقہ کمیٹی کا چیئر مین ہے۔

* ڈائریکٹر متعلقہ کمیٹی کا ممبر ہے۔

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

بورڈ نے اپنی، اپنی کمیٹیوں اور انفرادی ڈائریکٹران کی کارکردگی کی جانچ پڑتال کے لئے ایک طریقہ کار مرتب کیا ہے۔

اس سال کے دوران، ہیومن ریسورس اینڈ ریویژن 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 M/s Crowe Hussain Chaudhury & Co. Chartered Accountants ریٹائر ہوتے ہیں اور اہلیت کی بنیاد پر وہ اپنے آپ کو دوبارہ تفری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے بھی مندرجہ ذیل معاوضوں پر ان کی دوبارہ تفری کے لئے تجویز کیا ہے۔

ANALYSIS OF THE FINANCIAL INFORMATION

Financial Performance in comparison with Prior year

During the FY 2023-24, the Company achieved a record-breaking net revenue of Rs. 57.64 billion, marking the highest level since the inception of its operations. This represents a significant 217.16% increase from the Rs. 18.17 billion recorded in the FY 2022-23, driven primarily by higher sales volumes. Gross profit margins also saw a substantial improvement, rising from 14.03% in FY 2022-23 to 27.14% in FY 2023-24. The Company reported a net profit of Rs. 7.94 billion for the year, compared to Rs. 0.99 billion in the previous financial year.

Financial Performance in comparison with Budget

The management has a practice of making yearly budgets and monitoring the performance against the same. For any deviations identified, timely corrective actions are taken to minimize the negative effect. The Company's financial performance in FY 2023-24 exceeds the budgeted expectations. Net revenue reached Rs. 57.64 billion, surpassing budgeted figures primarily due to a stronger-than-anticipated increase in sales volumes. This achievement represents the effectiveness of the management's proactive approach in capitalizing on market opportunities, while maintaining operational efficiency.

Key Performance Indicators

Key Performance Indicators (KPIs) are the measurable values that determine the effectiveness and efficiency of achievement of the key business objectives. The Company has used the following KPIs to evaluate the success of the business on reaching the targets.

KPI		2024	2023	% change
Revenue	Rs.	57,642,468,564	18,174,296,868	217.16 %
Operating Profit	Rs.	13,452,171,795	1,721,233,553	681.54 %
Profit Before Tax	Rs.	13,115,839,655	1,481,435,745	785.35 %
Profit After Tax	Rs.	7,935,676,576	995,076,624	697.49 %
EBITDA	Rs.	13,567,231,814	1,883,089,970	620.48%
Earnings Per Share	Rs.	131.29	16.46	697.49 %
Return on Capital Employed	%	72.28	27.19	62.38 %

SIX YEARS AT A GLANCE

STATEMENT OF FINANCIAL POSITION

ANNEXURE-A

Particulars	2024	2023	2022	2021	2020	2019
Equity and Liabilities						
Authorized Share Capital	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	500,000,000	500,000,000
Issued, subscribed and paid-up share capital	604,459,640	604,459,640	604,459,640	464,968,950	357,668,420	215,668,420
Capital Reserve - share premium account	557,406,192	557,406,192	557,406,192	557,406,192	557,406,192	-
Revenue Reserve - un-appropriated profit	8,942,220,855	1,753,182,230	792,093,365	817,476,633	853,884,500	829,038,827
Total equity	10,104,086,687	2,915,048,062	1,953,959,197	1,839,851,775	1,768,959,112	1,044,707,247
Non-Current Liabilities						
Long term financing	151,892,953	344,773,069	510,383,878	295,398,663	257,207,861	201,669,995
Deferred tax liabilities	207,775,728	-	-	-	202,107,551	9,133,675
Post employment benefits	495,893,469	392,826,050	295,513,621	244,891,848	-	159,833,484
Deferred grant	-	-	558,743	5,699,176	5,170,602	-
Deferred revenue	19,763,562	6,915,405	3,111,783	-	-	-
Total Non-Current Liabilities	875,325,712	744,514,524	809,568,025	545,989,687	464,486,013	370,637,154
Current Liabilities						
Trade and other payables	16,160,140,423	3,809,918,412	2,498,331,108	2,008,188,102	413,569,969	515,981,079
Unclaimed dividend	6,269,891	1,407,358	1,407,358	1,407,358	1,443,792	1,496,234
Short term borrowings	-	-	162,875,560	119,679,608	-	-
Profit accrued on loans and other payables	17,220,879	23,362,697	34,835,623	8,998,064	40,073,361	15,695,208
Current portion of long-term liabilities	208,427,075	190,881,934	195,141,340	134,125,605	131,637,943	22,401,560
Taxation-Net	1,854,552,237	-	-	-	-	-
Total current liabilities	18,246,610,505	4,025,570,401	2,892,590,989	2,272,398,737	586,725,065	555,574,081
Total equity and liabilities	29,226,022,904	7,685,132,987	5,656,118,211	4,658,240,199	2,820,170,190	1,970,918,482

SIX YEARS AT A GLANCE

STATEMENT OF FINANCIAL POSITION

ANNEXURE-A

Particulars	2024	2023	2022	2021	2020	2019
Assets						
Non-Current Assets						
Property, plant & equipment	4,560,374,008	2,861,287,076	2,640,250,123	1,844,421,043	1,318,332,806	998,079,388
Intangible asset	130,814	199,064	284,624	382,691	76,944	108,560
Long term loans and advances	39,444,745	13,593,831	21,752,978	28,959,063	27,490,153	24,895,253
Long term deposits	8,930,470	6,038,355	5,871,855	4,045,855	3,512,855	3,319,855
Deferred Taxation	-	39,208,370	178,768,131	54,931,308	21,670,008	-
Total non-current assets	4,608,880,037	2,920,326,696	2,846,927,711	1,932,739,960	1,371,082,766	1,026,403,056
Current Assets						
Stores, spares and loose tools	5,809,570	3,649,621	7,520,318	3,278,289	5,281,932	2,992,529
Stock in trade	14,318,096,914	2,711,102,908	1,741,815,484	817,897,347	660,110,327	645,847,730
Trade debts	133,017,887	270,284,774	179,841,812	116,923,695	122,597,252	115,605,575
Loans, advances, deposits, prepayments and other receivables	2,398,535,831	750,963,903	706,970,407	1,772,423,816	212,278,858	174,102,231
Cash and bank balances	7,761,682,665	1,028,805,085	173,042,479	14,977,092	448,819,055	5,967,361
Total current assets	24,617,142,867	4,764,806,291	2,809,190,500	2,725,500,239	1,449,087,424	944,515,426
Total Assets	29,226,022,904	7,685,132,987	5,656,118,211	4,658,240,199	2,820,170,190	1,970,918,482

SIX YEARS AT A GLANCE

STATEMENT OF PROFIT & LOSS

ANNEXURE-A

Particulars	2024	2023	2022	2021	2020	2019
Sales - net	57,642,468,564	18,174,296,868	10,048,117,887	4,033,601,008	2,891,754,502	3,218,523,838
Cost of sales	41,996,098,564	15,624,820,657	9,381,272,016	3,666,877,339	2,598,740,361	2,887,801,507
Gross profit	15,646,370,000	2,549,476,211	666,845,871	366,723,669	293,014,141	330,722,331
Distribution and marketing cost	1,810,895,576	588,484,168	202,578,189	126,876,804	96,378,289	93,465,103
Administrative expenses	383,302,629	239,758,490	148,116,313	122,369,793	100,432,901	93,313,934
Operating expenses	2,194,198,205	828,242,658	350,694,502	249,246,597	196,811,190	186,779,037
Operating profit	13,452,171,795	1,721,233,553	316,151,369	117,477,072	96,202,951	143,943,294
Other Income	832,388,254	30,963,925	18,352,460	17,612,193	14,969,028	3,656,208
Other operating expenses	999,809,051	102,401,168	17,173,228	9,423,655	6,336,784	11,462,199
Operating profit before finance cost	13,284,750,998	1,649,796,310	317,330,601	125,665,610	104,835,195	136,137,303
Finance cost	168,911,343	168,360,565	53,878,028	21,185,607	64,061,567	24,292,790
Profit before taxation	13,115,839,655	1,481,435,745	263,452,573	104,480,003	40,773,628	111,844,513
Taxation / levies	5,180,163,079	486,359,121	145,613,045	28,684,681	13,140,081	29,847,355
Profit after taxation	7,935,676,576	995,076,624	117,839,528	75,795,322	27,633,547	81,997,158

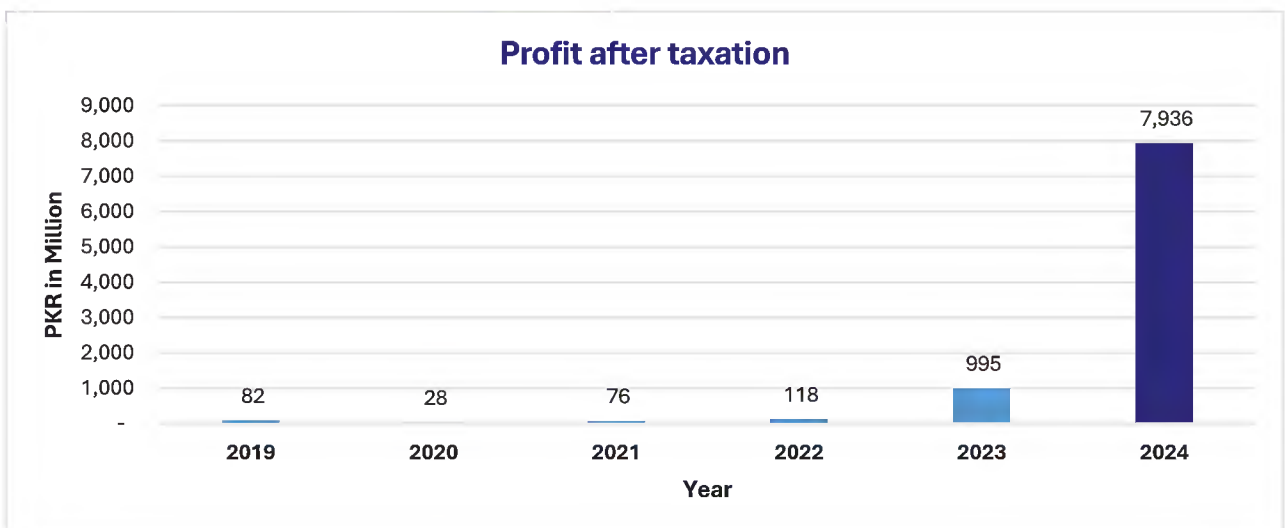
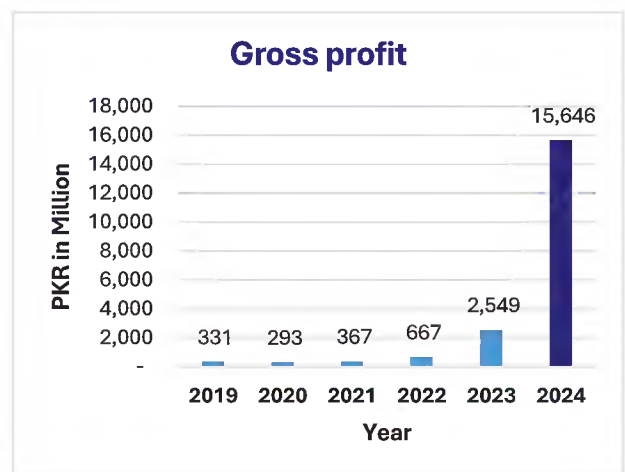
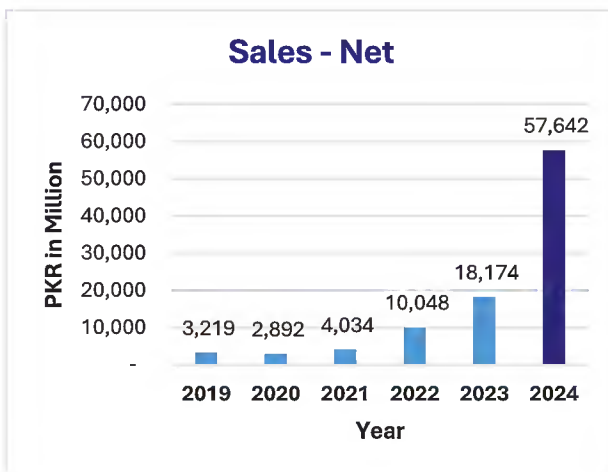
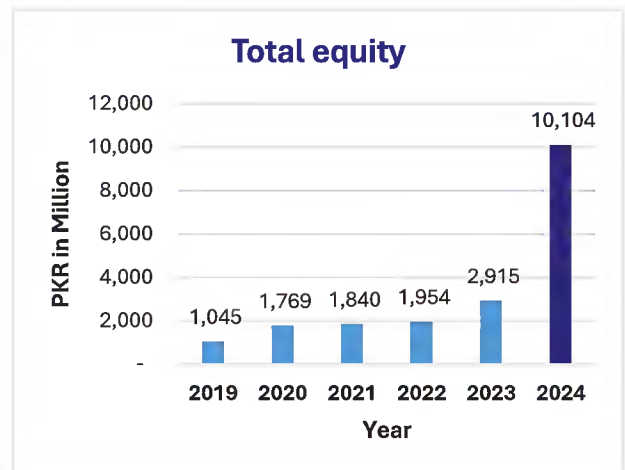
SIX YEARS AT A GLANCE

STATEMENT OF CASH FLOWS

ANNEXURE-A

Particulars	2024	2023	2022	2021	2020	2019
Cash flows from operating activities	8,962,518,900	1,621,781,900	781,162,778	(61,903,001)	(99,801,706)	54,832,053
Cash flows from investing activities	(1,974,972,332)	(453,195,856)	(941,471,728)	(547,841,015)	(335,740,018)	(308,135,420)
Cash flows from financing activities	(254,668,988)	(312,823,438)	318,374,337	175,902,052	878,393,418	223,945,925
Net increase / (decrease) in cash & cash equivalent	6,732,877,580	855,762,606	158,065,387	(433,841,963)	442,851,694	(29,357,442)

GRAPHICAL PRESENTATION FINANCIAL STATEMENTS



FINANCIAL RATIOS SIX YEARS ANALYSIS

Particulars		2024	2023	2022	2021	2020	2019
Profitability Ratios							
Gross Profit to Sales	%	27.14	14.03	6.64	9.09	10.13	10.28
Profit Before tax to Sales	%	22.75	8.15	2.62	2.59	1.41	3.48
Net Profit to Sales	%	13.77	5.48	1.17	1.88	0.96	2.55
Operating Profit to Sales	%	23.34	9.47	3.15	2.91	3.33	4.47
EBITDA Margin to Sales	%	23.54	10.36	4.64	3.66	4.29	4.85
Operating leverage	Times	3.14	5.50	1.13	0.56	3.27	2.52
Shareholders' Funds (In Million)	PKR	10,104.09	2,915.05	1,953.96	1,839.85	1,768.96	1,044.71
Return on Equity After Tax	%	78.54	34.14	6.03	4.12	1.56	7.85
Return on Capital employed	%	72.28	27.19	4.26	3.18	1.24	5.79
Return on Investment	%	27.15	12.95	2.08	1.63	0.98	4.16
Total Shareholders Return	%	84.25	4.49	5.21	15.82	11.46	20.99
Sustainable Growth Rate	%	66.57	25.84	6.03	4.12	1.56	7.85

Investment / Market Ratios

Basic Earnings per Share (EPS)	PKR	131.29	16.46	1.95	1.25	0.96	3.04
Price Earnings ratio	Times	6.34	3.09	31.86	134.15	130.45	72.35
Price to Book ratio	%	4.98	1.05	1.92	4.25	2.52	4.54
Dividend Yield ratio	%	2.40	7.87	-	-	-	-
Dividend Payout ratio	%	15.23	24.30	-	-	-	-
Dividend Cover Ratio	Times	6.56	4.12	100.00	100.00	100.00	100.00
Cash Dividend per share	PKR	20	4	-	-	-	-

Particulars		2024	2023	2022	2021	2020	2019
Market value per share at the year end	PKR	832.46	50.85	62.12	168.21	124.59	219.85
Market value per share - Highest Value during the year	PKR	852.72	68.59	180.15	204.54	258.64	154.6
Market value per share - Lowest Value during the year	PKR	53.91	44.74	60.88	123.98	76.51	69.0
Breakup value per share	PKR	167.16	48.23	32.33	39.57	49.46	48.44
Free Float Shares	No.	19,162,076	18,986,922	19,345,905	15,101,094	6,644,521	6,812,349
Free Float Shares as % of total shares outstanding	%	31.70	31.41	32.01	32.48	18.58	31.59
Free Cash Flow	PKR	9,990,256,446	1,927,604,317	150,783,693	(505,099,130)	(333,760,366)	(160,947,550)

Activity / Turnover Ratios

Inventory Turnover	Times	4.93	7.02	7.33	4.96	3.98	5.14
No. of Days in Inventory	Days	74.00	52.01	49.80	73.56	91.71	71.01
Debtor Turnover	Times	285.85	80.75	67.72	33.68	24.28	30.19
No. of Days in Receivable	Days	1.28	4.52	5.39	10.84	15.03	12.09
Creditor Turnover	Times	43.42	24.69	16.69	9.39	7.15	5.71
No. of Days in Payable	Days	8.41	14.78	21.87	38.86	51.08	63.88
Operating Cycle	Days	75.28	56.53	55.19	84.40	106.75	83.10
Total Assets Turnover	Times	3.12	2.72	1.95	1.08	1.21	1.80
Fixed Assets Turnover	Times	15.31	6.30	4.20	2.44	2.41	3.67
Equity Multiplier	Times	2.89	2.64	2.89	2.53	1.59	1.89

Particulars	2024	2023	2022	2021	2020	2019
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Liquidity / Capital Structure Ratios

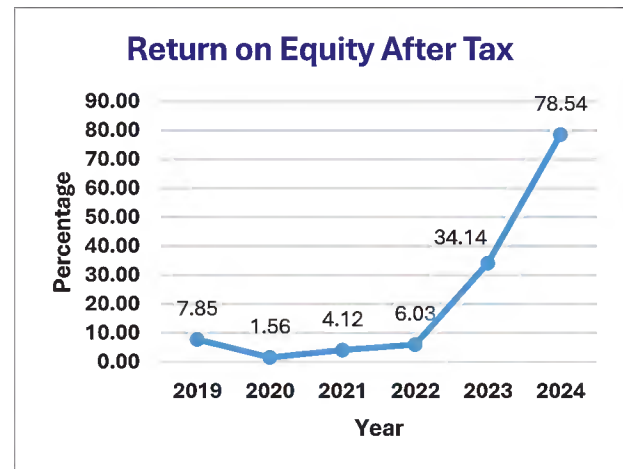
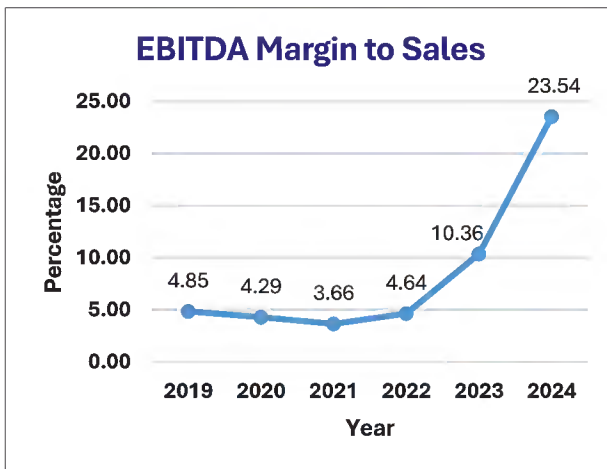
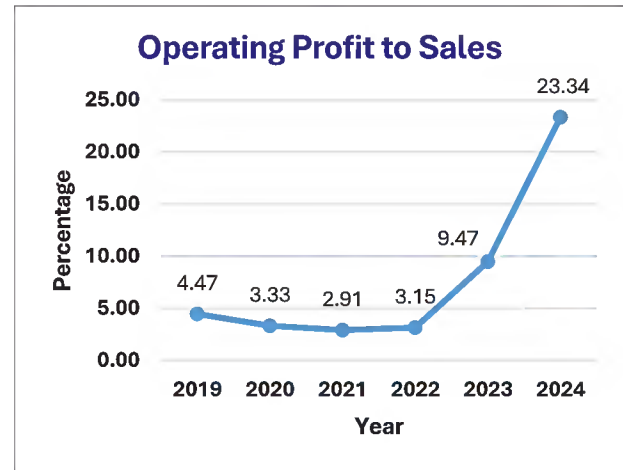
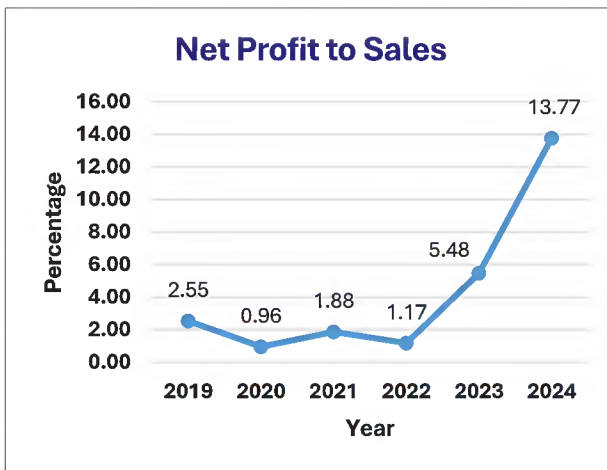
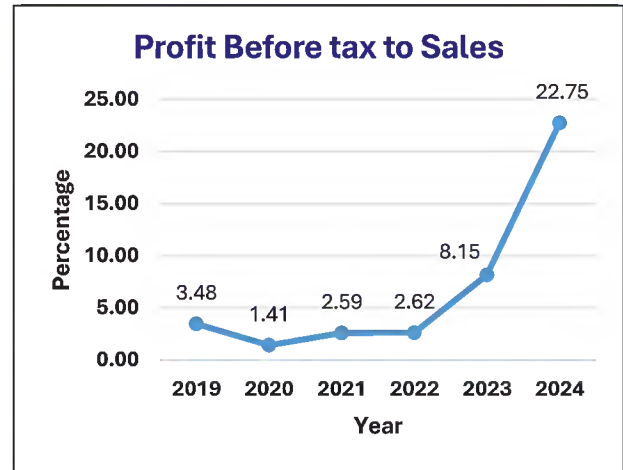
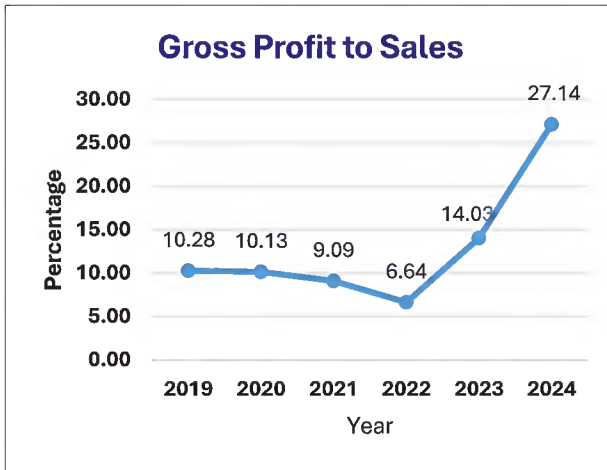
Current ratio	Times	1.35	1.18	0.97	1.20	2.47	1.70
Quick ratio	Times	0.56	0.51	0.37	0.84	1.34	0.53
Cash to Current Liabilities	Times	0.43	0.26	0.06	0.01	0.76	0.01
Cash flow from operations to Sales	Times	6.43	11.21	12.86	(65.16)	(28.98)	58.70
Cash flow to capital expenditures	Times	0.30	0.53	5.98	(1.27)	0.77	(10.57)
Cash flow coverage ratio	Times	24.87	3.03	1.11	(0.14)	(0.26)	0.24
Financial leverage ratio	Times	0.04	0.19	0.38	0.24	0.24	0.23
Weighted average cost of debt	%	18.20	11.87	2.12	1.40	4.33	2.94
Debt to Equity ratio (as per book value)	Ratio	0.4:99.6	19:81	38:62	24:76	24:76	23:77
Debt to Equity ratio (as per market value)	Ratio	0.1:99.9	01:99	14:86	0.5:99.5	0.7:99.3	0.4:99.96
Net assets per share	%	167.16	48.23	32.33	39.57	49.46	48.44
Interest Coverage ratio	Times	78.65	9.80	5.89	5.93	1.64	5.60

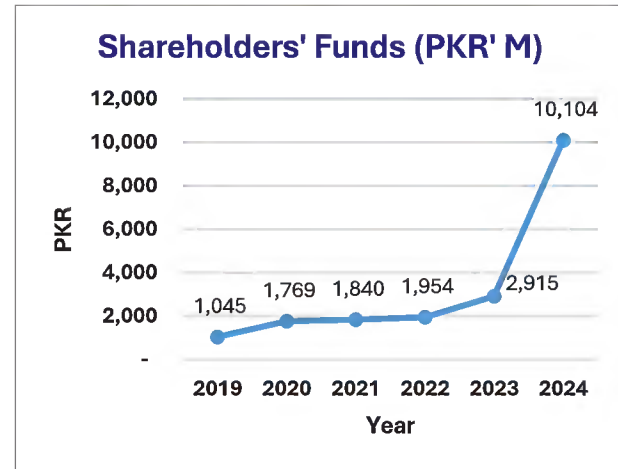
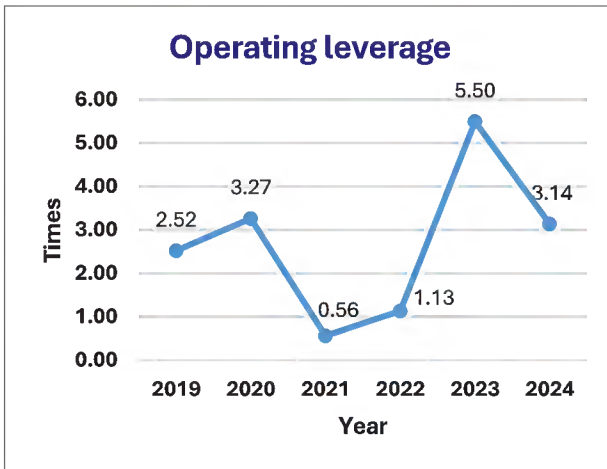
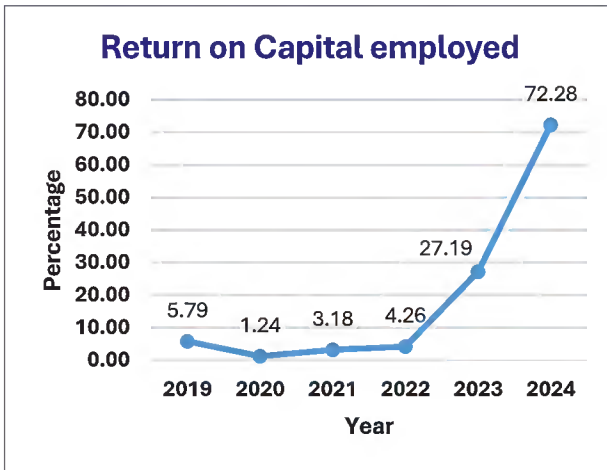
Non-Financial Ratios

% of Plant Availability	%	92	85	91	89	83	90
Production per Employee	No.	68	42	84	122	97	107
Revenue per Employee	PKR	44,892,888	15,375,886	9,670,951	4,374,838	3,467,332	3,868,418
Staff turnover ratio	%	9.97	8.97	7.51	5.97	11.99	12.02
Spares Inventory as % of Assets Cost	%	0.02	0.05	0.13	0.07	0.19	0.15
Maintenance Cost as % of Operating Expenses	%	0.74	0.80	1.16	1.93	1.88	1.82
Customer Retention Ratio	%	100.00	100.00	100.00	100.00	100.00	100.00

GRAPHICAL PRESENTATION FINANCIAL RATIOS

Profitability Ratios



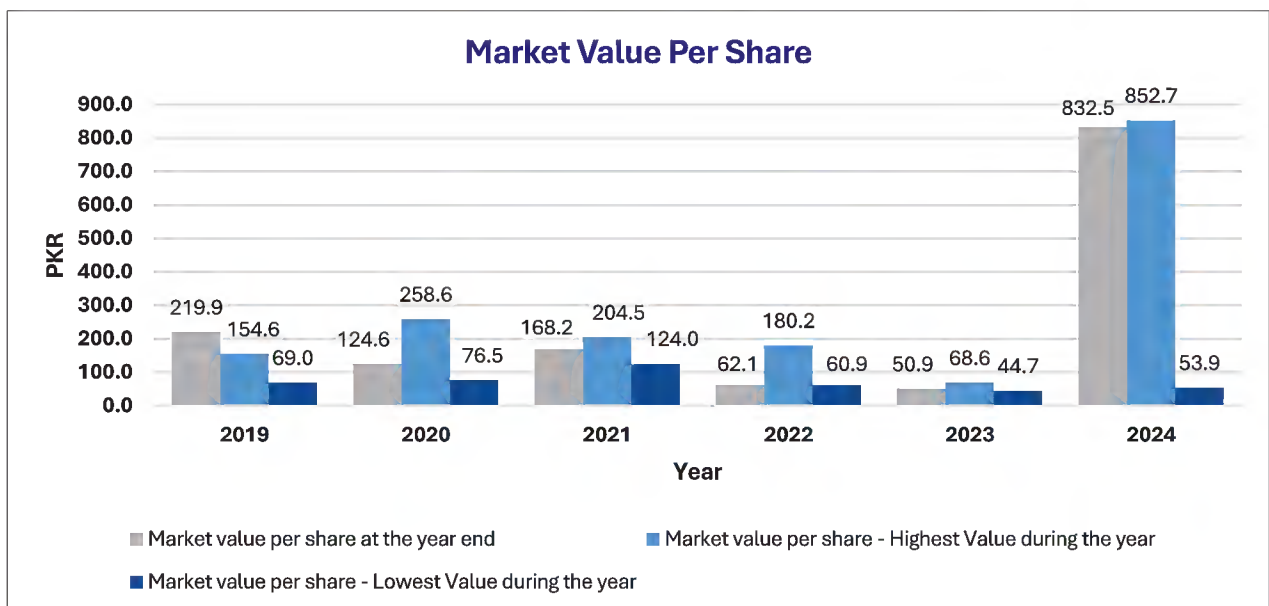
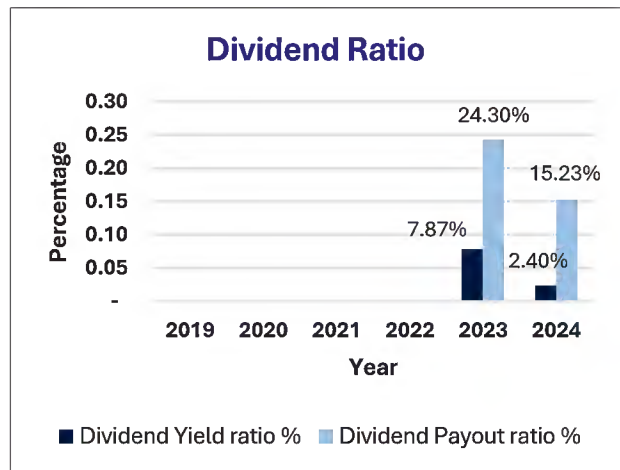
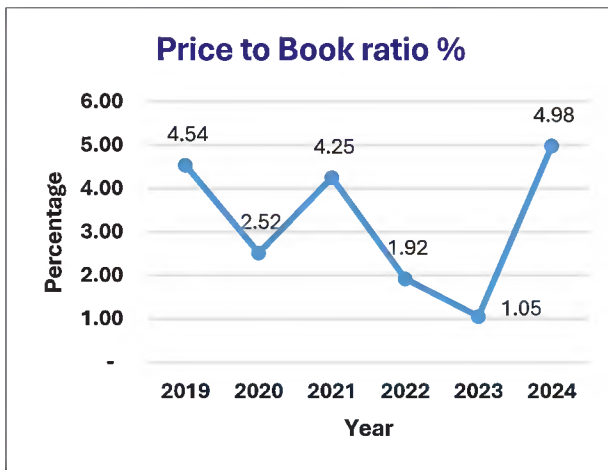
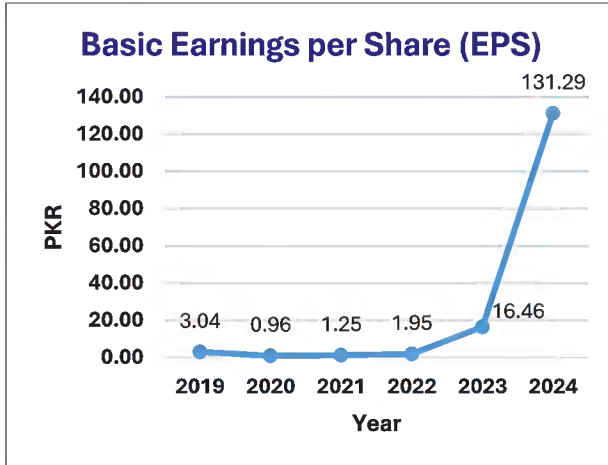


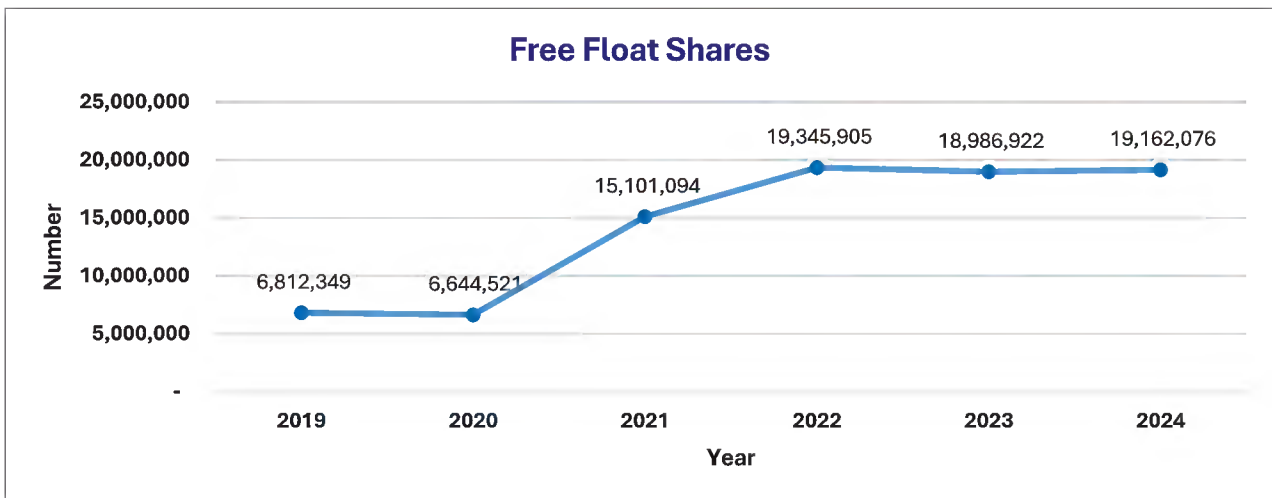
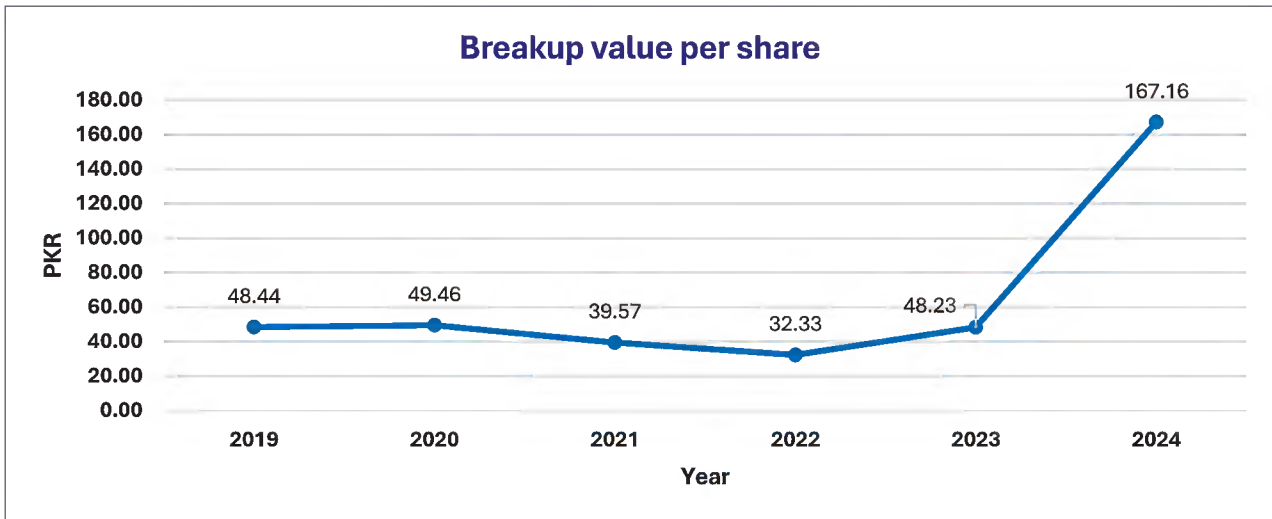
Comments:

Increasing profitability ratios signifies the company’s efficiency at generating profit from its revenue, assets, and equity. It also indicates higher returns for shareholders and overall financial growth.

GRAPHICAL PRESENTATION FINANCIAL RATIOS

Investment / Market Ratios



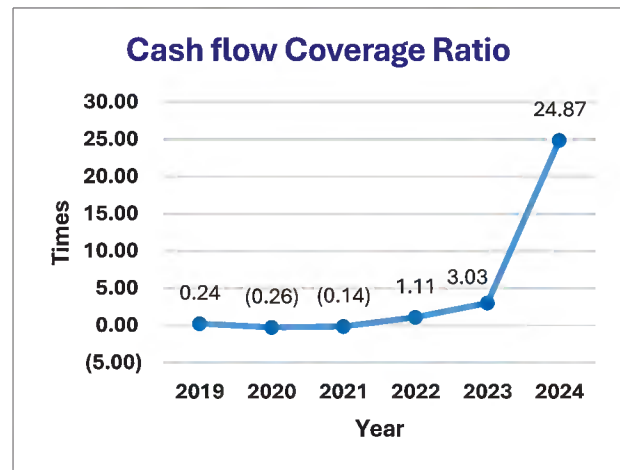
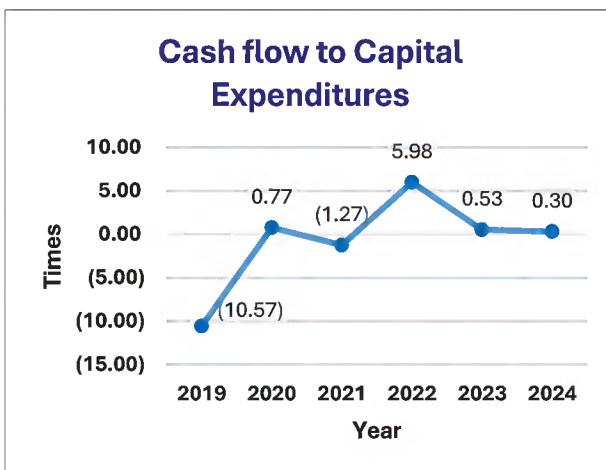
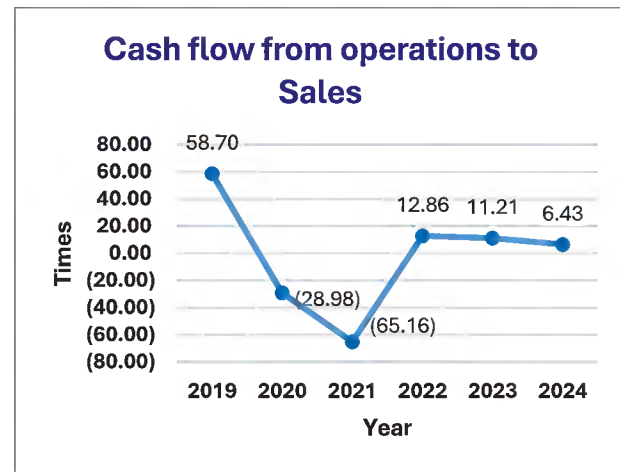
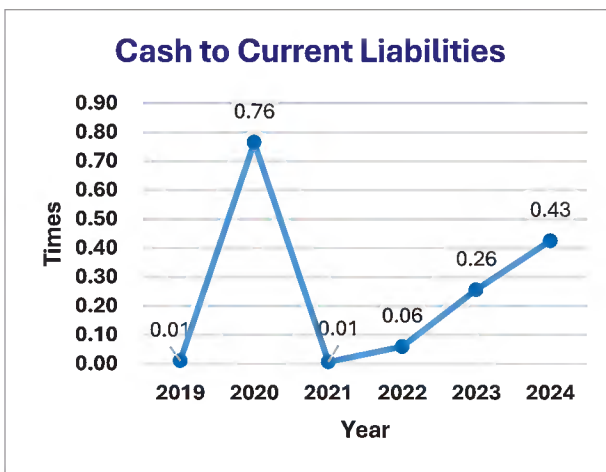
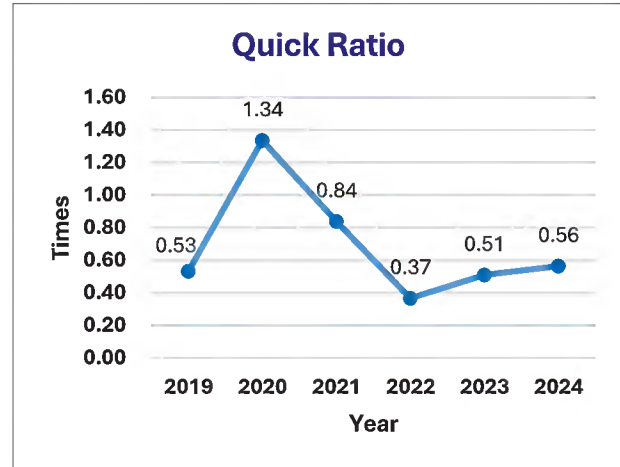
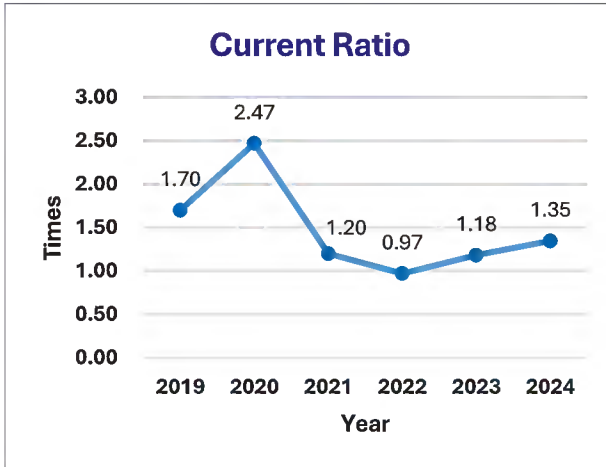


Comments:

The company has experienced a rising trend in EPS and market value per share during this year, which reflects a strong financial performance and investor confidence. Additionally, the rising breakup value per share is due to the growing equity, enhancing the company's intrinsic value.

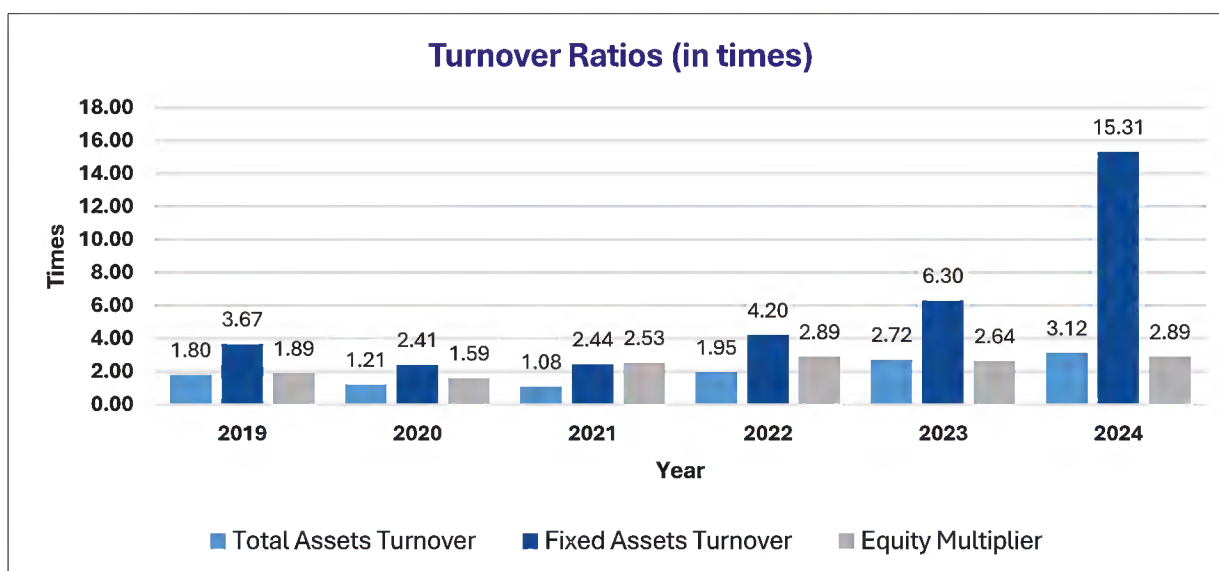
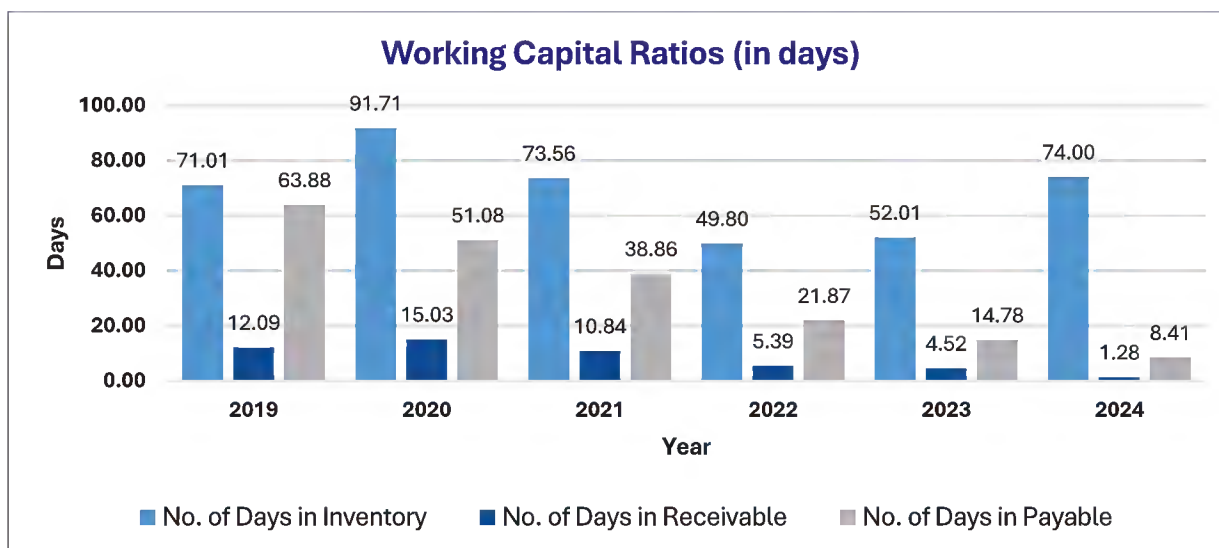
GRAPHICAL PRESENTATION FINANCIAL RATIOS

Liquidity / Capital Structure Ratios



GRAPHICAL PRESENTATION FINANCIAL RATIOS

Operating Ratios

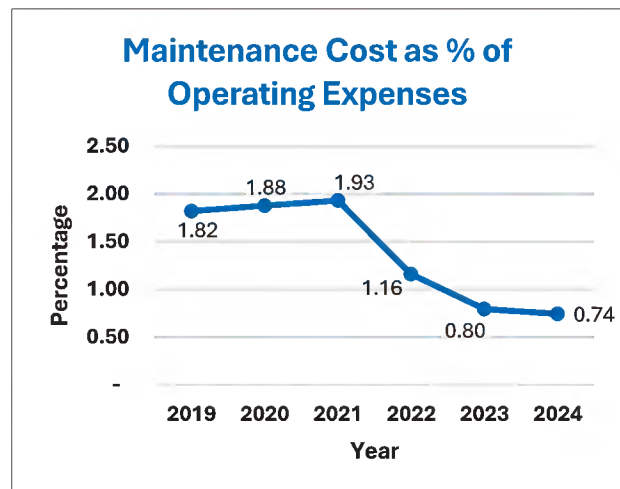
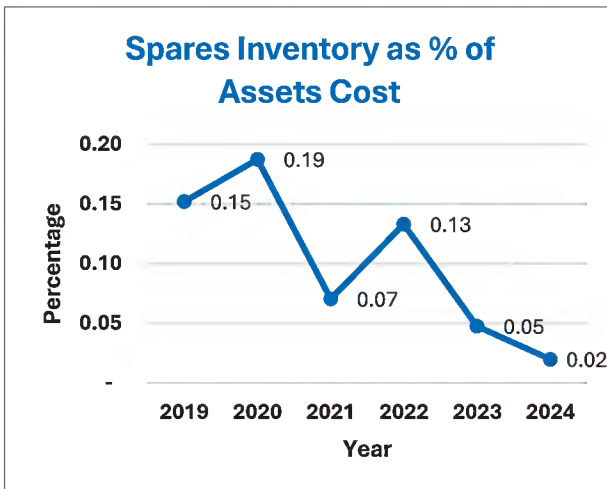
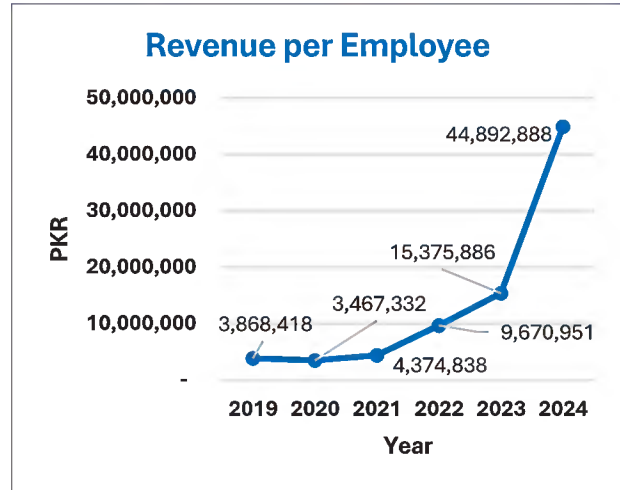
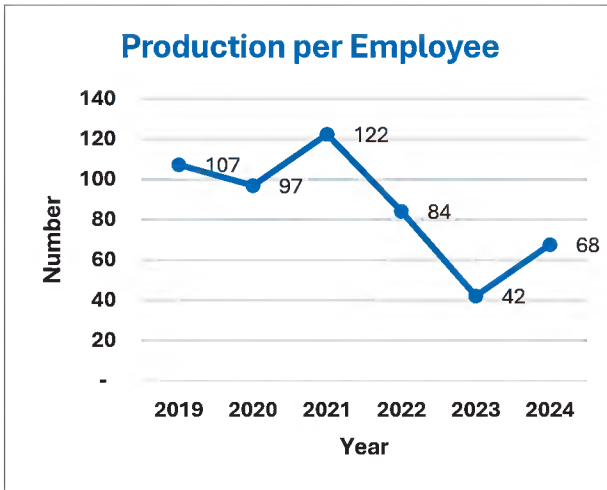


Comments:

The operating cycle of the Company has increased mainly on account of increased in inventory days. Meanwhile, rising total assets and fixed assets turnover is attributable to efficient utilization of assets to generate higher revenue.

GRAPHICAL PRESENTATION FINANCIAL RATIOS

Non - Financial Ratios



DUPONT ANALYSIS

Ratio	2024	2023
Tax Burden	60.5%	67.17%
Interest Burden	97.50%	86.07%
Operating Profit Margin	23.34%	9.47%
Asset Turnover	1.97	2.36
Equity Multiplier	2.89	2.64
Return on Equity	78.5%	34.1%

Return on Equity 78.5%	=	Return on Assets 27.13%	/	Ownership Ratio 34.57%
Return on Assets 27.13%	=	Net Profit Margin 13.77%	x	Assets Turnover 1.97
Net Profit Margin 13.77%	=	Net profit Rs. 7,935.7 'M	/	Sales Rs. 57,642.5 'M
Assets Turnover 1.97	=	Sales Rs. 57,642.5 'M	/	Total Assets Rs. 29,226.0 'M
Ownership Ratio 34.57%	=	Total Equity Rs. 10,104.1 'M	/	Total Assets Rs. 29,226.0 'M
Total Equity Rs. 10,104.1 'M	=	Total Assets Rs. 29,226.0 'M	-	Total Liabilities Rs. 19,121.9 'M
Total Liabilities Rs. 19,121.9 'M	=	Current Liabilities Rs. 18,246.6 'M	+	Non - Current Liabilities Rs. 875.3 'M

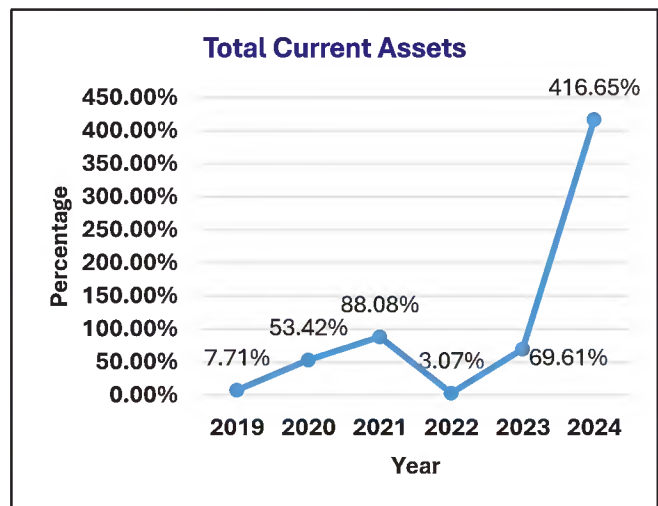
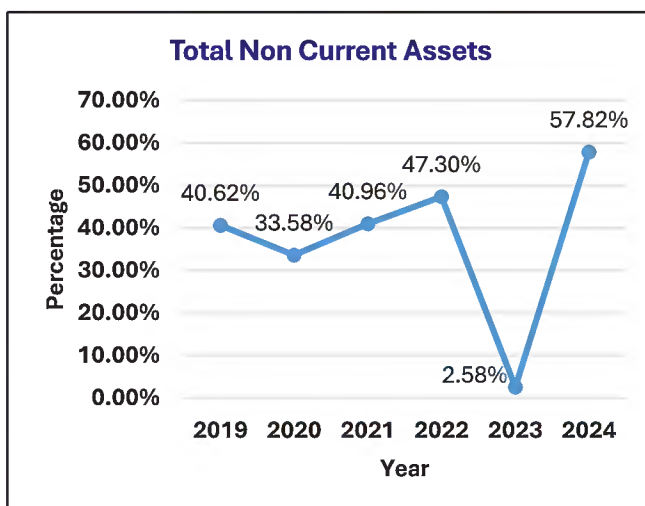
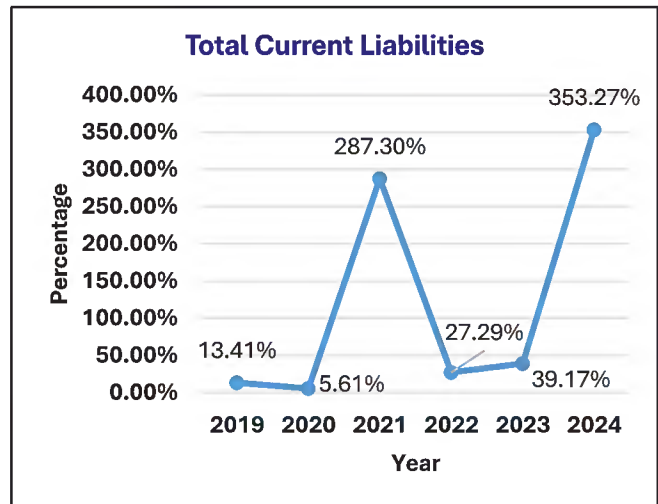
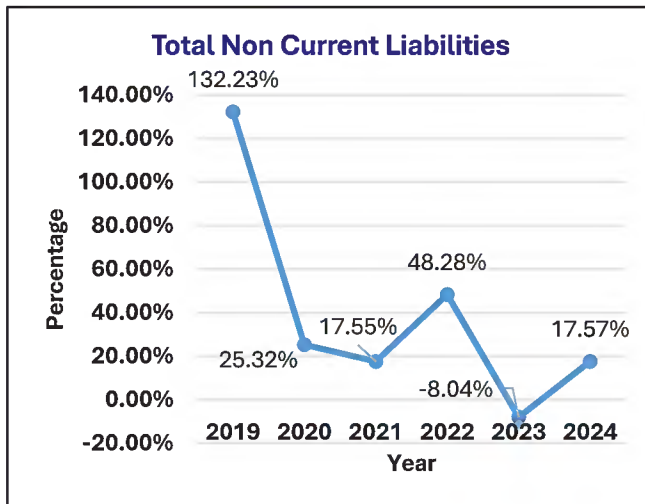
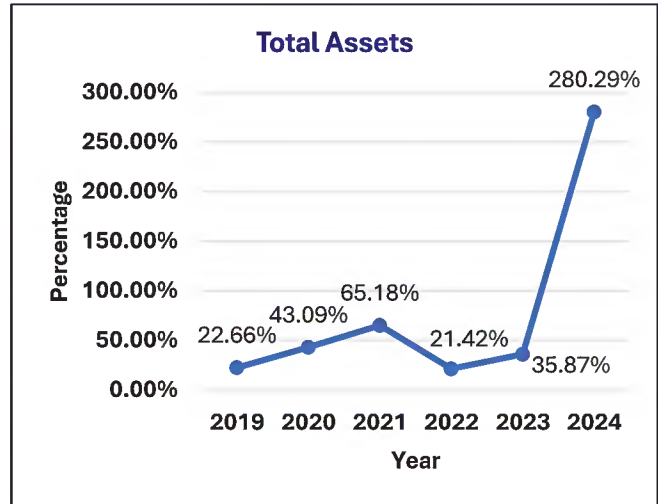
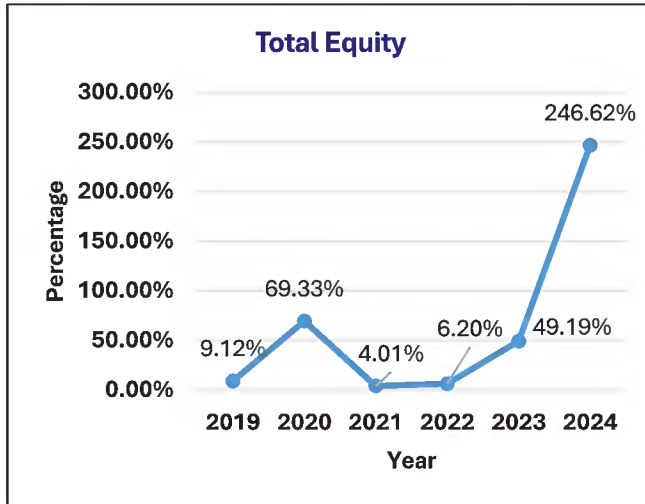
HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

Particulars	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Equity and Liabilities						
Authorized Share Capital	0.00 %	0.00 %	0.00 %	100.00%	0.00 %	0.00 %
Issued, subscribed and paid-up share capital	0.00 %	0.00 %	30.00 %	30.00 %	65.84 %	0.00 %
Capital Reserve - share premium account	0.00 %	0.00 %	0.00 %	0.00 %	100.00 %	0.00 %
Revenue Reserve - un-appropriated profit	410.06 %	121.34 %	(3.11) %	(4.26) %	3.00 %	11.78 %
Total equity	246.62%	49.19%	6.20%	4.01%	69.33%	9.12%
Non-Current Liabilities						
Long term financing	(55.94) %	(32.45) %	72.78 %	14.85 %	27.54 %	100.00 %
Deferred tax liabilities	100.00 %	0.00 %	0.00 %	(100.00) %	2,112.77 %	(55.08) %
Post employment benefits	26.24 %	32.93 %	20.67 %	100.00 %	(100.00) %	14.77 %
Deferred grant	0.00 %	(100.00) %	(90.20) %	10.22 %	100.00 %	0.00 %
Deferred revenue	185.79 %	122.23 %	100.00 %	0.00 %	0.00 %	0.00 %
Total Non-Current Liabilities	17.57%	-8.04%	48.28%	17.55%	25.32%	132.23%
Current Liabilities						
Trade and other payables	324.16 %	52.50 %	24.41 %	385.57 %	(19.85) %	6.29 %
Unclaimed dividend	345.51 %	0.00 %	0.00 %	(2.52) %	(3.50) %	(7.75) %
Short term borrowings	0.00 %	(100.00) %	36.09 %	100.00 %	0.00 %	0.00 %
Profit accrued on loans and other payables	(26.29) %	(32.93) %	287.15 %	(77.55) %	155.32 %	450.83 %
Current portion of long-term liabilities	9.19 %	(2.18) %	45.49 %	1.89 %	487.63 %	100.00 %
Taxation-Net	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total current liabilities	353.27%	39.17%	27.29%	287.30%	5.61%	13.41%
Total equity and liabilities	280.29%	35.87%	21.42%	65.18%	43.09%	22.66%

GRAPHICAL PRESENTATION

HORIZONTAL ANALYSIS - STATEMENT OF FINANCIAL POSITION



VERTICAL ANALYSIS STATEMENT OF FINANCIAL POSITION

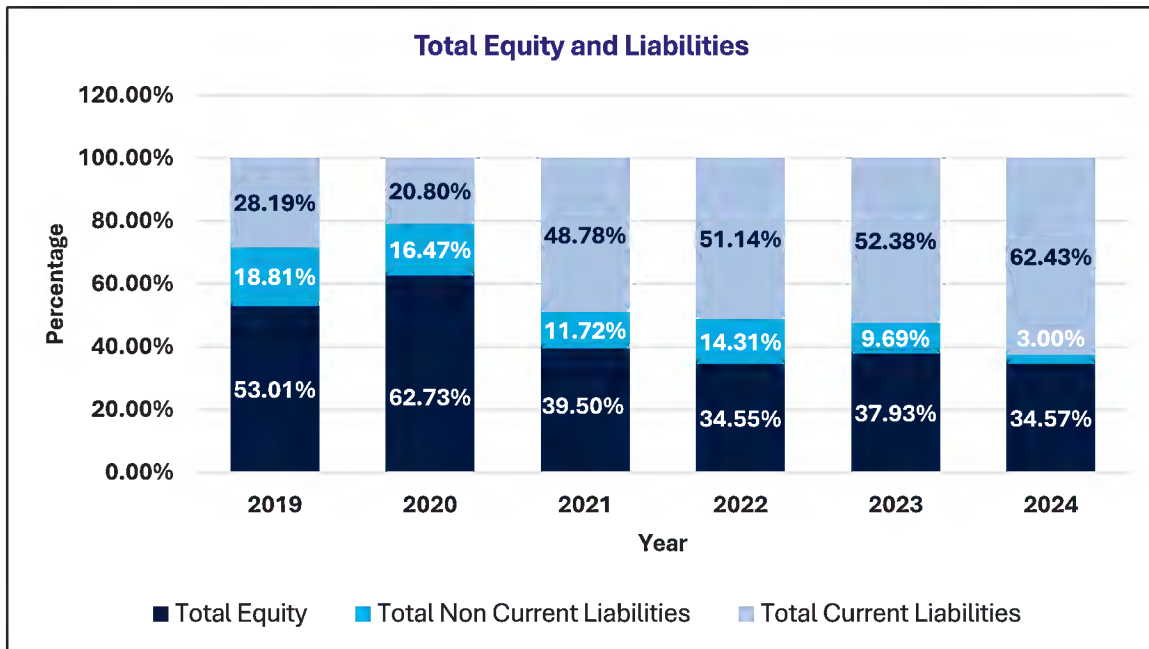
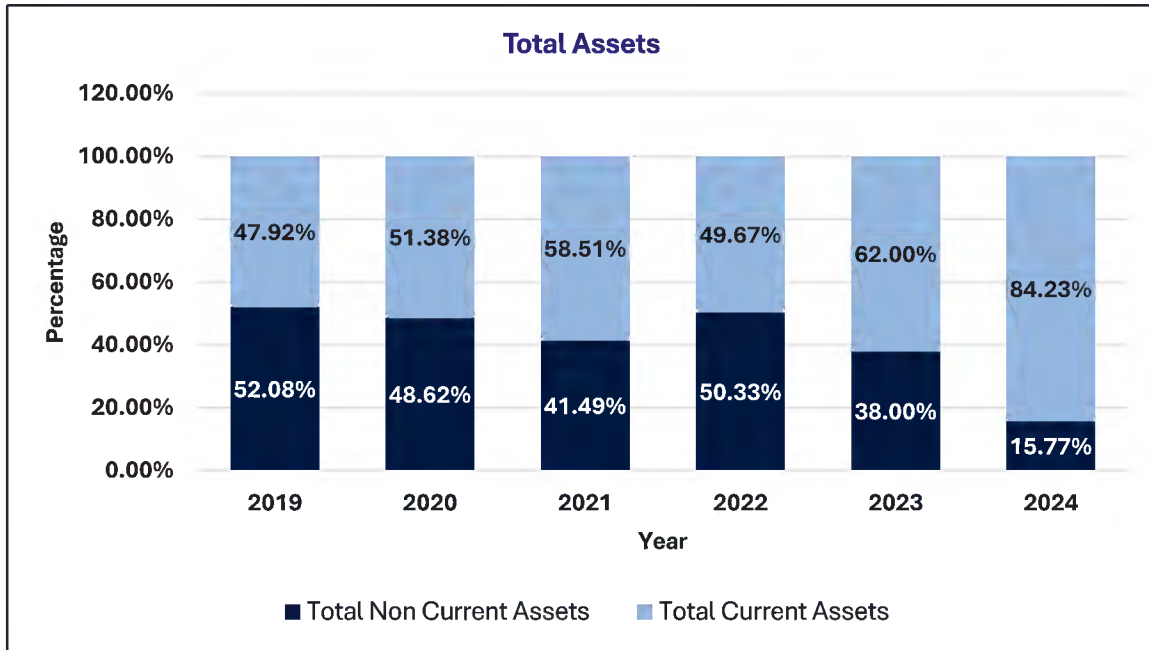
Particulars	2024	2023	2022	2021	2020	2019
Equity and Liabilities						
Authorized Share Capital	5.48%	24.84%	34.57%	44.01%	85.22%	90.00%
Issued, subscribed and paid-up share capital	2.07%	7.87%	10.69%	9.98%	12.68%	10.94%
Capital Reserve - share premium account	1.91%	7.25%	9.85%	11.97%	19.76%	0.00%
Revenue Reserve - un-appropriated profit	30.60%	22.81%	14.00%	17.55%	30.28%	42.06%
Total equity	34.57%	37.93%	34.55%	39.50%	62.73%	53.01%
Non-Current Liabilities						
Long term financing	0.52%	4.49%	9.02%	6.34%	9.12%	10.23%
Deferred tax liabilities	0.71%	0.00%	0.00%	0.00%	7.17%	0.46%
Post employment benefits	1.70%	5.11%	5.22%	5.26%	0.00%	8.11%
Deferred grant	0.00%	0.00%	0.01%	0.12%	0.18%	0.00%
Deferred revenue	0.07%	0.09%	0.06%	0.00%	0.00%	0.00%
Total Non-Current Liabilities	3.00%	9.69%	14.31%	11.72%	16.47%	18.81%
Current Liabilities						
Trade and other payables	55.29%	49.58%	44.17%	43.11%	14.66%	26.18%
Unclaimed dividend	0.02%	0.02%	0.02%	0.03%	0.05%	0.08%
Short term borrowings	0.00%	0.00%	2.88%	2.57%	0.00%	0.00%
Profit accrued on loans and other payables	0.06%	0.30%	0.62%	0.19%	1.42%	0.80%
Current portion of long-term liabilities	0.71%	2.48%	3.45%	2.88%	4.67%	1.14%
Taxation-Net	6.35%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current liabilities	62.43%	52.38%	51.14%	48.78%	20.80%	28.19%
Total equity and liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

VERTICAL ANALYSIS STATEMENT OF FINANCIAL POSITION

Particulars	2024	2023	2022	2021	2020	2019
Assets						
Non-Current Assets						
Property, plant & equipment	15.60%	37.23%	46.68%	39.59%	46.75%	50.64%
Intangible asset	0.00%	0.00%	0.01%	0.01%	0.00%	0.01%
Long term loans and advances	0.13%	0.18%	0.38%	0.62%	0.97%	1.26%
Long term deposits	0.03%	0.08%	0.10%	0.09%	0.12%	0.17%
Deferred Taxation	0.00%	0.51%	3.16%	1.18%	0.77%	0.00%
Total non-current assets	15.77%	38.00%	50.33%	41.49%	48.62%	52.08%
Current Assets						
Stores, spares and loose tools	0.02%	0.05%	0.13%	0.07%	0.19%	0.15%
Stock in trade	48.99%	35.28%	30.80%	17.56%	23.41%	32.77%
Trade debts	0.46%	3.52%	3.18%	2.51%	4.35%	5.87%
Loans, advances, deposits, prepayments and other receivables	8.21%	9.77%	12.50%	38.05%	7.53%	8.83%
Cash and bank balances	26.56%	13.39%	3.06%	0.32%	15.91%	0.30%
Total current assets	84.23%	62.00%	49.67%	58.51%	51.38%	47.92%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

GRAPHICAL PRESENTATION

VERTICAL ANALYSIS - STATEMENT OF FINANCIAL POSITION

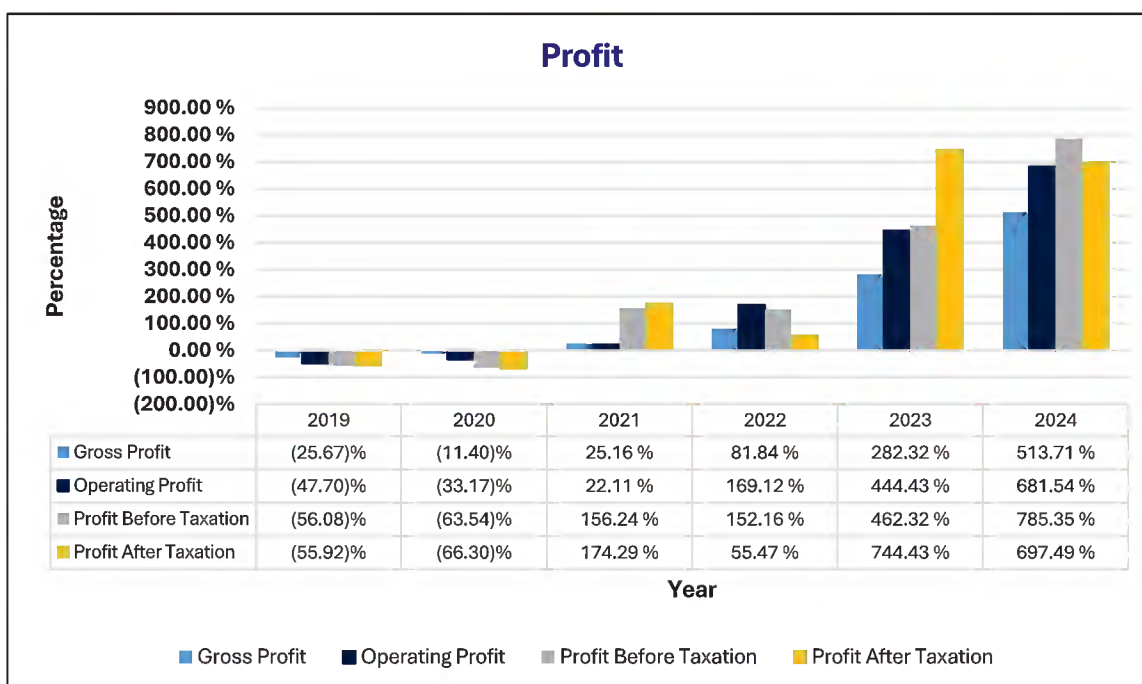
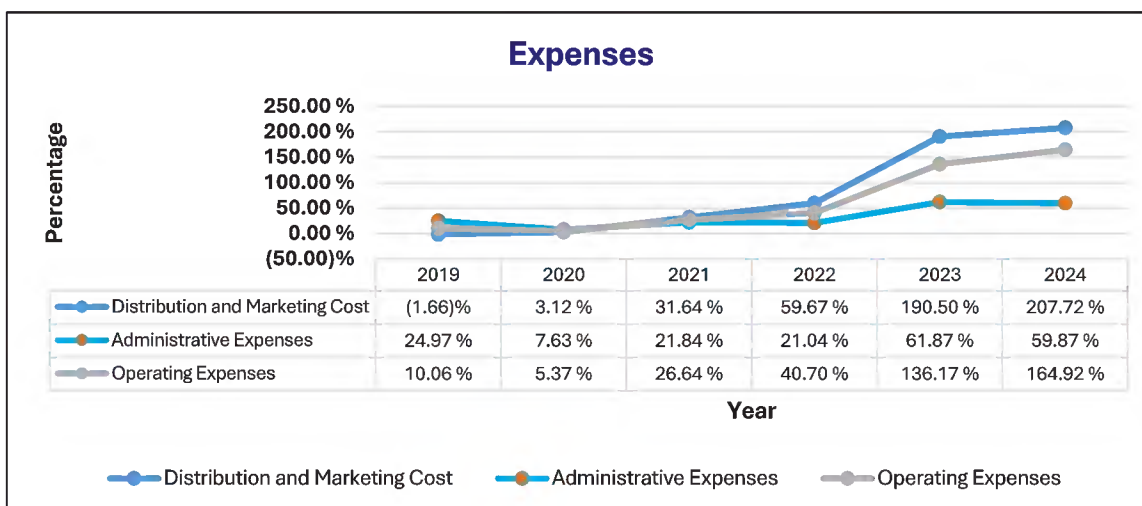
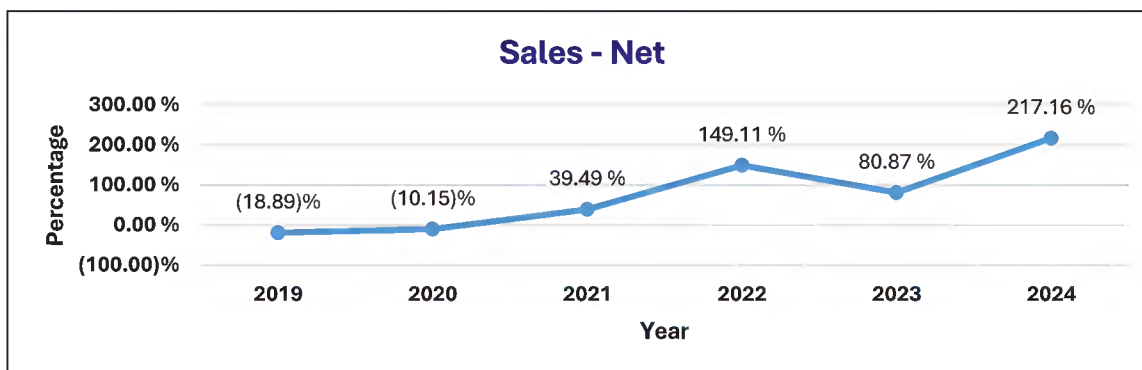


HORIZONTAL ANALYSIS STATEMENT OF PROFIT LOSS

Particulars	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Sales - net	217.16 %	80.87 %	149.11 %	39.49 %	(10.15)%	(18.89)%
cost of sales	168.78 %	66.55 %	155.84 %	41.10 %	(10.01)%	(18.04)%
Gross profit	513.71 %	282.32 %	81.84 %	25.16 %	(11.40)%	(25.67)%
Distribution and marketing cost	207.72 %	190.50 %	59.67 %	31.64 %	3.12 %	(1.66)%
Administrative expenses	59.87 %	61.87 %	21.04 %	21.84 %	7.63 %	24.97 %
Operating expenses	164.92 %	136.17 %	40.70 %	26.64 %	5.37 %	10.06 %
Operating profit	681.54 %	444.43 %	169.12 %	22.11 %	(33.17)%	(47.70)%
Other Income	2,588.25 %	68.72 %	4.20 %	17.66 %	309.41 %	(68.43)%
Other operating expenses	876.36 %	496.28 %	82.24 %	48.71 %	(44.72)%	(57.87)%
Operating profit before finance cost	705.24 %	419.90 %	152.52 %	19.87 %	(22.99)%	(47.55)%
Finance cost	0.33 %	212.48 %	154.31 %	(66.93)%	163.71 %	396.20 %
Profit before taxation	785.35 %	462.32 %	152.16 %	156.24 %	(63.54)%	(56.08)%
Taxation / levies	965.09 %	234.01 %	407.63 %	118.30 %	(55.98)%	(56.54)%
Profit after taxation	697.49 %	744.43 %	55.47 %	174.29 %	(66.30)%	(55.92)%

GRAPHICAL PRESENTATION

HORIZONTAL ANALYSIS STATEMENT OF PROFIT OR LOSS

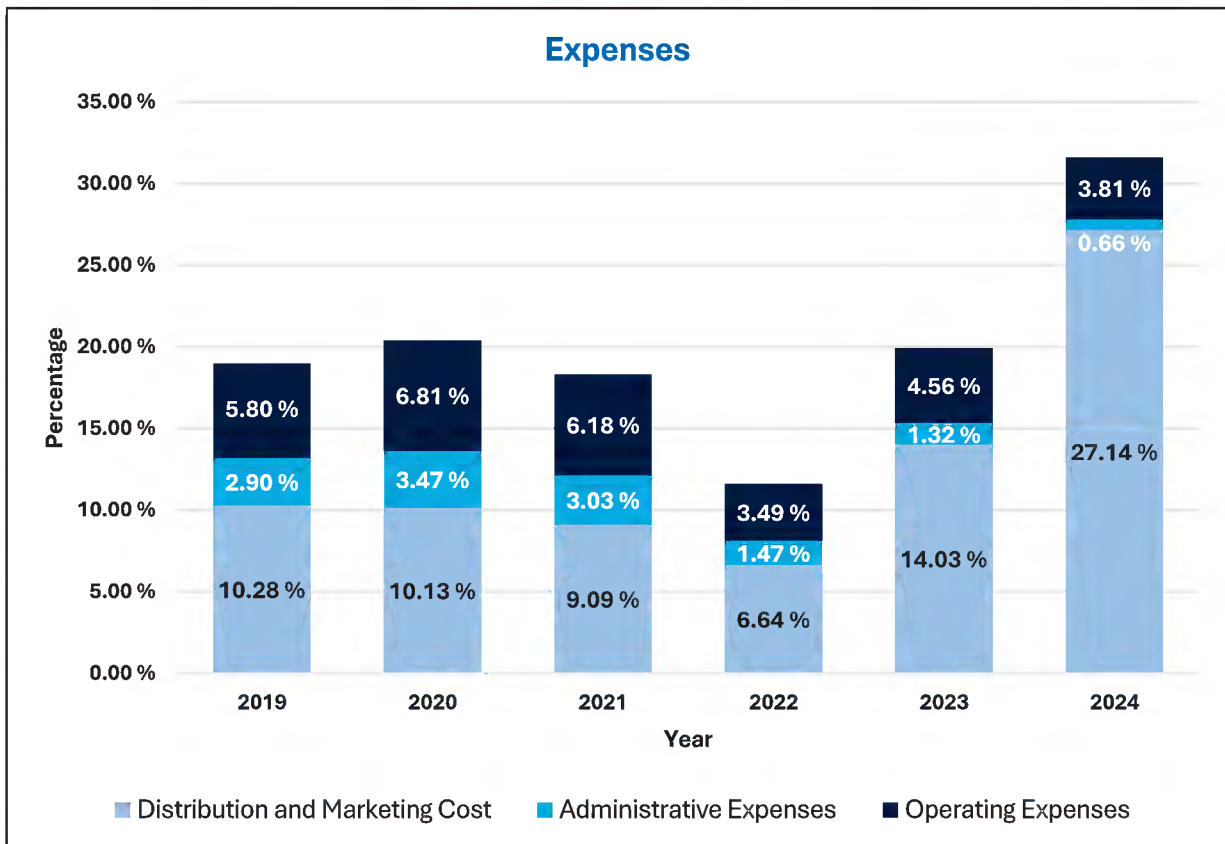
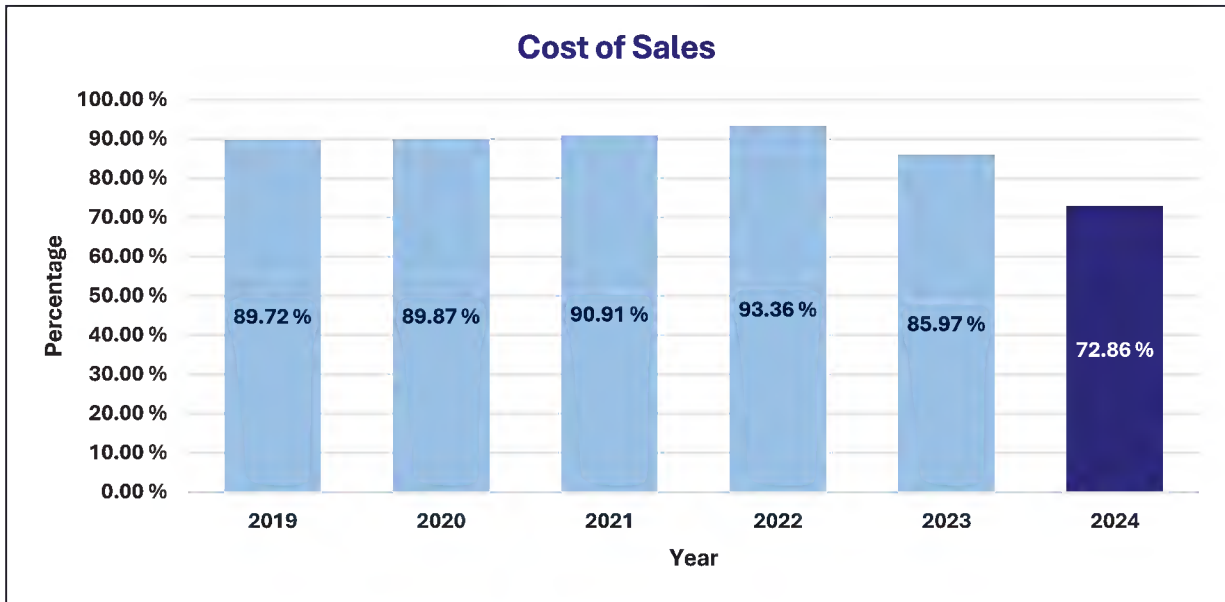


VERTICAL ANALYSIS STATEMENT OF PROFIT OR LOSS

Particulars	2024	2023	2022	2021	2020	2019
Sales - net	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
cost of sales	72.86 %	85.97 %	93.36 %	90.91 %	89.87 %	89.72 %
Gross profit	27.14 %	14.03 %	6.64 %	9.09 %	10.13 %	10.28 %
Distribution and marketing cost	3.14 %	3.24 %	2.02 %	3.15 %	3.33 %	2.90 %
Administrative expenses	0.66 %	1.32 %	1.47 %	3.03 %	3.47 %	2.90 %
Operating expenses	3.81 %	4.56 %	3.49 %	6.18 %	6.81 %	5.80 %
Operating profit	23.34 %	9.47 %	3.15 %	2.91 %	3.33 %	4.47 %
Other Income	1.44 %	0.17 %	0.18 %	0.44 %	0.52 %	0.11 %
Other operating expenses	1.73 %	0.56 %	0.17 %	0.23 %	0.22 %	0.36 %
Operating profit before finance cost	23.05 %	9.08 %	3.16 %	3.12 %	3.63 %	4.23 %
Finance cost	0.29 %	0.93 %	0.54 %	0.53 %	2.22 %	0.75 %
Profit before taxation	22.75 %	8.15 %	2.62 %	2.59 %	1.41 %	3.48 %
Taxation / levies	8.99 %	2.68 %	1.45 %	0.71 %	0.45 %	0.93 %
Profit after taxation	13.77 %	5.48 %	1.17 %	1.88 %	0.96 %	2.55 %

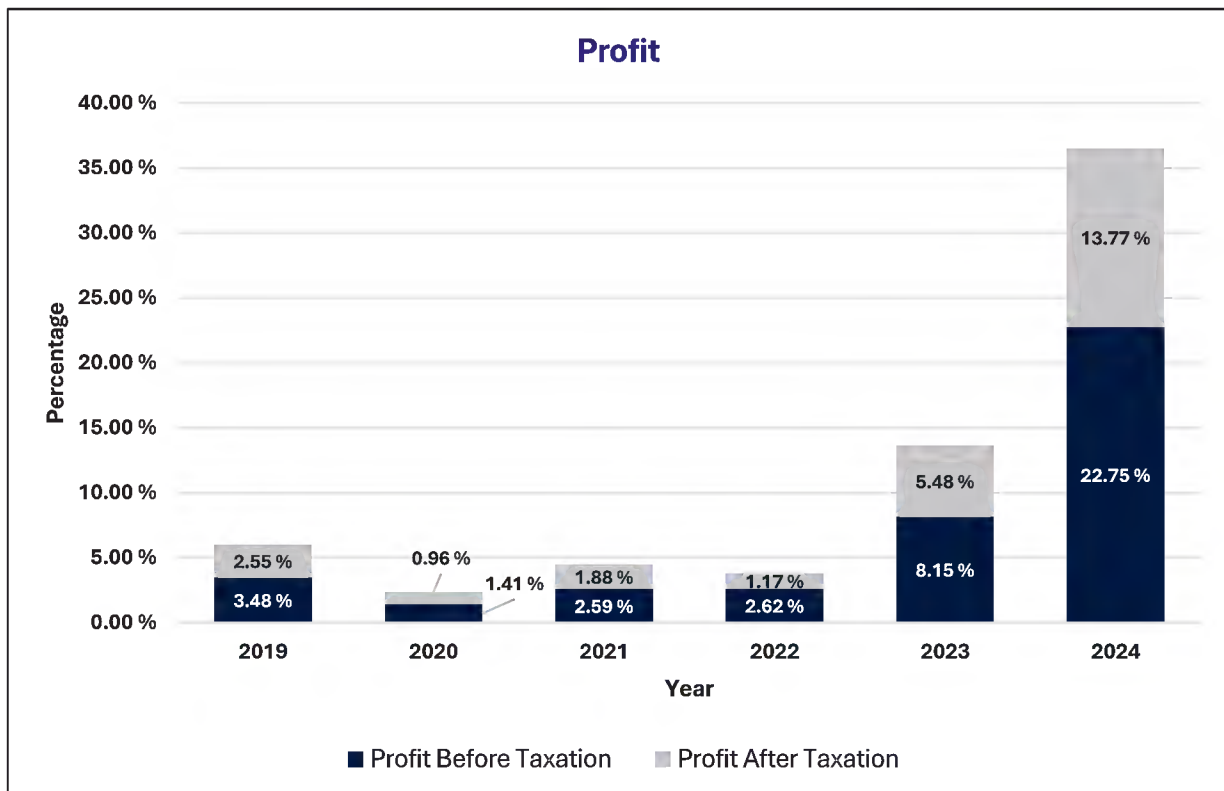
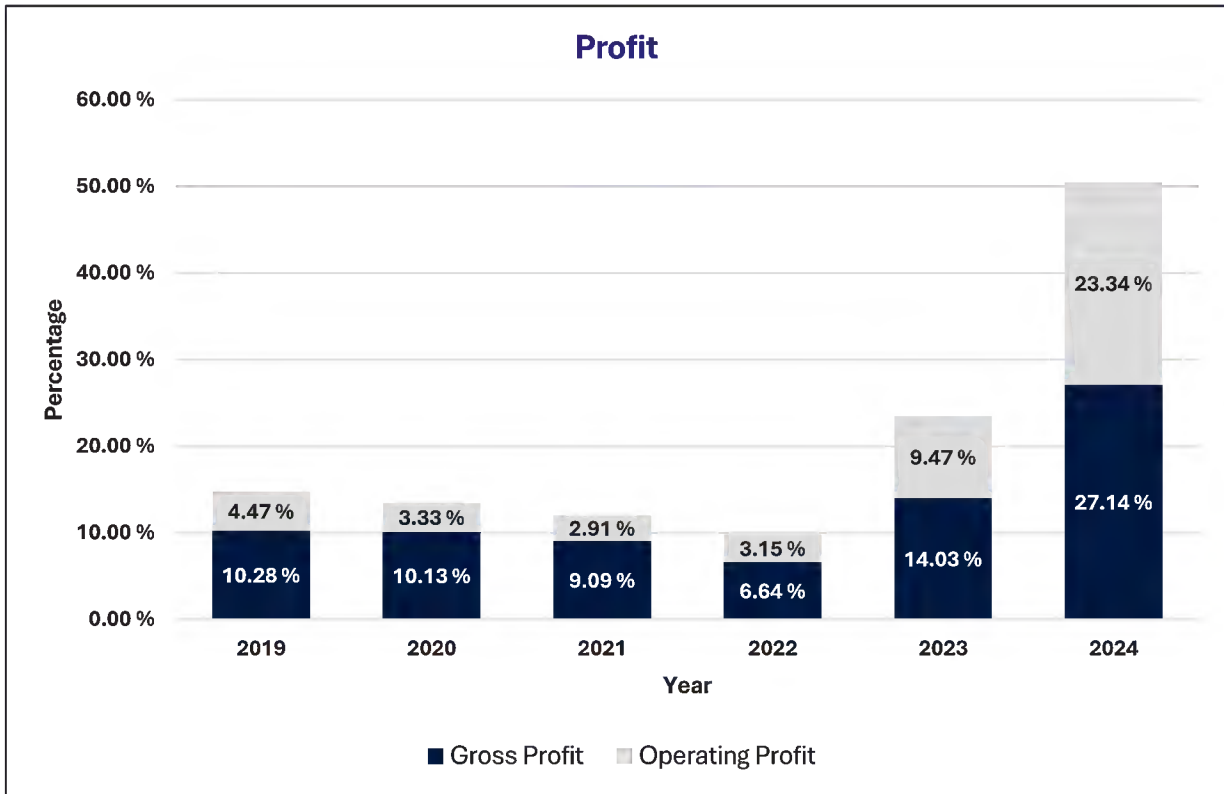
GRAPHICAL PRESENTATION

VERTICAL ANALYSIS STATEMENT OF PROFIT OR LOSS



GRAPHICAL PRESENTATION

VERTICAL ANALYSIS STATEMENT OF PROFIT OR LOSS



HORIZONTAL ANALYSIS STATEMENT OF CASH FLOWS

Particulars	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Cash flows from operating activities	452.63 %	107.61 %	(1,361.91)%	(37.97)%	(282.01)%	(66.79)%
Cash flows from investing activities	335.79 %	(51.86)%	71.85 %	63.17 %	8.96 %	56.83 %
Cash flows from financing activities	(18.59)%	(198.26)%	81.00 %	(79.97)%	292.23 %	(36,919.71)%
Net increase / (decrease) in cash & cash equivalent	686.77 %	441.40 %	(136.43)%	(197.97)%	(1,608.48)%	(8.20)%

VERTICAL ANALYSIS STATEMENT OF CASH FLOWS

Particulars	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Cash flows from operating activities	(186.8)%	(22.5)%	14.3 %	494.2 %	189.5 %	133.1 %
Cash flows from investing activities	1,049.6 %	(75.8)%	126.3 %	(595.6)%	(53.0)%	(29.3)%
Cash flows from financing activities	(762.8)%	198.3 %	(40.5)%	201.4 %	(36.6)%	(3.8)%
Net increase / (decrease) in cash & cash equivalent	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2024

ANNEXURE-B

FORM-20

THE COMPANIES ACT, 2017 (SECTION 227 (2)(f)) AND THE COMPANIES REGULATIONS, 2024 (REGULATION 30)

SAZGAR ENGINEERING WORKS LIMITED

Registration Number: 0025184

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD	PERCENTAGE %
	FROM	TO		
2,339	1	- 100	77,201	0.13%
1,198	101	- 500	332,479	0.55%
473	501	- 1,000	377,142	0.62%
666	1,001	- 5,000	1,634,740	2.70%
132	5,001	- 10,000	976,335	1.62%
55	10,001	- 15,000	685,508	1.13%
27	15,001	- 20,000	477,815	0.79%
19	20,001	- 25,000	442,882	0.73%
10	25,001	- 30,000	284,134	0.47%
15	30,001	- 35,000	493,469	0.82%
7	35,001	- 40,000	264,447	0.44%
6	40,001	- 45,000	247,335	0.41%
5	45,001	- 50,000	237,039	0.39%
2	50,001	- 55,000	103,700	0.17%
1	55,001	- 60,000	55,600	0.09%
7	65,001	- 70,000	471,207	0.78%
3	70,001	- 75,000	218,909	0.36%
2	75,001	- 80,000	158,000	0.26%
3	80,001	- 85,000	247,872	0.41%
1	85,001	- 90,000	85,413	0.14%
1	90,001	- 95,000	91,839	0.15%
3	95,001	- 100,000	297,500	0.49%
1	100,001	- 105,000	101,000	0.17%
1	105,001	- 110,000	108,500	0.18%
2	110,001	- 115,000	223,243	0.37%
1	115,001	- 120,000	115,917	0.19%
1	130,001	- 135,000	131,883	0.22%
2	135,001	- 140,000	278,080	0.46%
1	140,001	- 145,000	143,690	0.24%
1	145,001	- 150,000	149,000	0.25%
1	155,001	- 160,000	158,626	0.26%
2	165,001	- 170,000	340,000	0.56%
1	205,001	- 210,000	205,647	0.34%
1	240,001	- 245,000	242,521	0.40%
1	265,001	- 270,000	269,900	0.45%
1	270,001	- 275,000	272,435	0.45%
1	285,001	- 290,000	285,455	0.47%
1	290,001	- 295,000	292,652	0.48%
1	295,001	- 300,000	300,000	0.50%
1	340,001	- 345,000	341,000	0.56%
1	380,001	- 385,000	380,499	0.63%
1	445,001	- 450,000	445,500	0.74%
1	590,001	- 595,000	590,831	0.98%
1	610,001	- 615,000	610,307	1.01%
1	640,001	- 645,000	641,246	1.06%
1	700,001	- 705,000	700,498	1.16%
1	1,030,001	- 1,035,000	1,032,218	1.71%
1	1,395,001	- 1,400,000	1,398,573	2.31%
1	2,705,001	- 2,710,000	2,706,358	4.48%
1	3,525,001	- 3,530,000	3,529,626	5.84%
1	3,870,001	- 3,875,000	3,874,935	6.41%
1	7,015,001	- 7,020,000	7,018,473	11.61%
1	25,295,001	- 25,300,000	25,296,785	41.85%
5,009			60,445,964	100.00%


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR

CATEGORIES OF SHAREHOLDERS

ANNEXURE-B/I

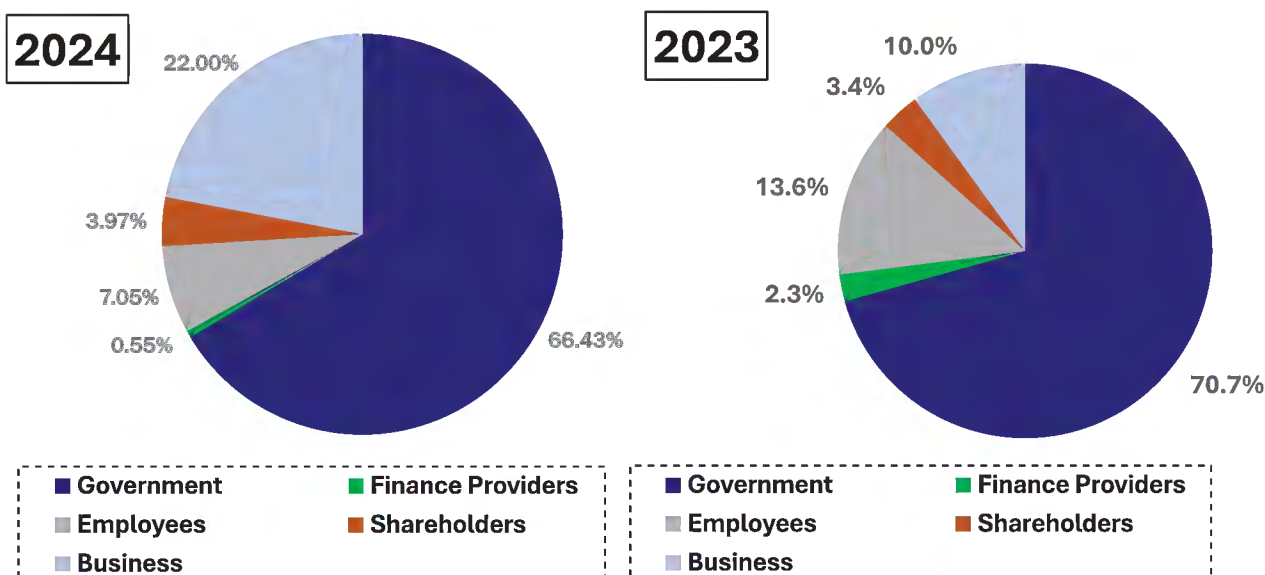
CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF SHAREHOLDING
I Directors, Chief Executive Officer, and their Spouse And Minor Children		
i. Mr. Mian Asad Hameed	25,296,785	41.85%
ii. Mrs. Saira Asad Hameed	3,874,935	6.41%
iii. Mr. Saeed Iqbal Khan	2,706,358	4.48%
iv. Mr. Mian Muhammad Ali Hameed	7,018,473	11.61%
v. Mrs. Sana Suleyman	242,521	0.40%
vi. Mr. Humza Amjad Wazir	1,853	0.00%
vii. Mr. Muhammad Omer Saeed	528	0.00%
viii. Mr. Umair Ejaz	1,588	0.00%
ix. Mr. Taha Mahmood	1,443	0.00%
x. Mrs. Naghmana Saeed W/o Mr. Saeed Iqbal Khan	1,032,218	1.71%
xi. Mr. Muhammad Suleyman Khan spouse of Mrs. Sana Suleyman	66,704	0.11%
xii. Mrs. Amina Humza Wazir W/o Mr. Humza Amjad Wazir	66,563	0.11%
II Associated Companies, Undertakings & Related Parties	Nil	-
III NIT and ICP	Nil	-
IV Banks, Development Financial Institutions, Non Banking Financial Institutions	14,000	0.02%
V Insurance / Takaful Companies		
i. ASKARI GENERAL INSURANCE COMPANY	4,000	0.01%
ii. ALFALAH INSURANCE COMPANY LIMITED	12,500	0.02%
iii. DAWOOD FAMILY TAKAFUL LIMITED	41,000	0.07%
iv. DAWOOD FAMILY TAKAFUL LIMITED	66,849	0.11%
VI Modarabas and Mutual Funds		
i. CDC - TRUSTEE HBL INVESTMENT FUND	45,500	0.08%
ii. CDC - TRUSTEE HBL GROWTH FUND	97,500	0.16%
iii. CDC - TRUSTEE MEEZAN BALANCED FUND	10,000	0.02%
iv. CDC - TRUSTEE ALFALAH GHP VALUE FUND	10,000	0.02%
v. CDC - TRUSTEE MEEZAN ISLAMIC FUND	85,413	0.14%
vi. CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	91,839	0.15%
vii. CDC - TRUSTEE HBL - STOCK FUND	13,000	0.02%
viii. CDC - TRUSTEE HBL MULTI - ASSET FUND	729	0.00%
ix. CDC - TRUSTEE ALFALAH GHP STOCK FUND	81,372	0.13%
x. CDC - TRUSTEE ALFALAH GHP ALPHA FUND	43,624	0.07%
xi. CDC - TRUSTEE AL HABIB STOCK FUND	101,000	0.17%
xii. CDC-TRUSTEE HBL ISLAMIC STOCK FUND	740	0.00%
xiii. CDC - TRUSTEE HBL EQUITY FUND	13,500	0.02%
xiv. CDC - TRUSTEE HBL IPF EQUITY SUB FUND	980	0.00%
xv. CDC - TRUSTEE HBL PF EQUITY SUB FUND	560	0.00%
xvi. CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND	149,000	0.25%
xvii. CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	2,527	0.00%
xviii. CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	10,400	0.02%
xix. CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1,140	0.00%
xx. CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	2,500	0.00%
xxi. CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	3,100	0.01%
xxii. CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	2,500	0.00%
xxiii. CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	10,500	0.02%
xxiv. CDC - TRUSTEE JS MOMENTUM FACTOR EXCHANGE TRADED FUND	31,728	0.05%
xxv. CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	8,400	0.01%
VII Shareholders Holding 10% (other than above S.No. I)	Nil	-
VIII General Public		
a. Local	10,198,790	16.87%
b. Foreign	Nil	-
IX Others (to be specified)		
i. Joint Stock Companies	6,427,052	10.63%
ii. Foreign Companies	1,398,573	2.31%
iii. Others	1,155,679	1.91%
TOTAL	60,445,964	100.00%


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	June 30, 2024	%	June 30, 2023	%
Rupees				
VALUE ADDITION				
Gross Sales	67,777,174,952		21,579,086,395	
Other Operation Income	832,388,254		30,963,925	
Total Income	68,609,563,206		21,610,050,320	
Addition of material and services and other expenses	38,133,233,556		14,412,940,005	
TOTAL VALUE ADDITION	30,476,329,650		7,197,110,315	
VALUE DISTRIBUTION				
To Government				
Workers Welfare Fund	287,069,159		18,934,281	
Sales tax	7,619,148,982		2,673,504,490	
Income tax, custom duties & F.E.D	12,338,901,023		2,393,563,986	
	20,245,119,164	66.43%	5,086,002,757	70.67%
To Employees				
Workers' profits participation fund	706,047,215		79,063,511	
Salaries, wages and benefits	1,441,861,735		902,594,617	
	2,147,908,950	7.05%	981,658,128	13.64%
To Finance Providers				
Financial charges to providers of finance	168,911,343	0.55%	168,360,565	2.34%
To Shareholders				
Dividend to shareholders	1,208,919,280	3.97%	241,783,856	3.36%
Retained in / (Distributed) from Business				
Un-appropriated profit	6,705,470,913	22.00%	719,305,009	9.99%
TOTAL VALUE DISTRIBUTION	30,476,329,650	100.00%	7,197,110,315	100.00%



SHARE PRICE SENSITIVITY ANALYSIS

The Market Capitalization of the Company at the end of the year 2023-24 was Rs. 50.32 billion. There are many factors which affect the Company's market share price. Some of these factors are mentioned below:

Stock Market

Company's share price depends on overall market performance, investor confidence in the economy and particular sector and the overall fundamentals of the Company. Positive sentiments, news-flows prevailing in the market may result in an appreciation of the share price of the Company.

Law and Order

A favorable and stable political environment and law order situation help in creating a conducive business environment. Sales of the Company are directly impacted by political instability and adverse law and order conditions, hence the share price.

Interest Rates

The variation in interest rates may have a direct impact on the sale of vehicles through consumer financing.

Material Prices Volatility

The production of three-wheeler and four-wheeler requires major raw materials which constitute a significant portion of the Company's total annual expenses. Any negative or positive change in the raw material prices will affect the Company's performance and influence the share price.

Regulations and Government Policies

Company is exposed to Government regulations and policies which directly affect the Company's financial performance which in turn may affect the share price.

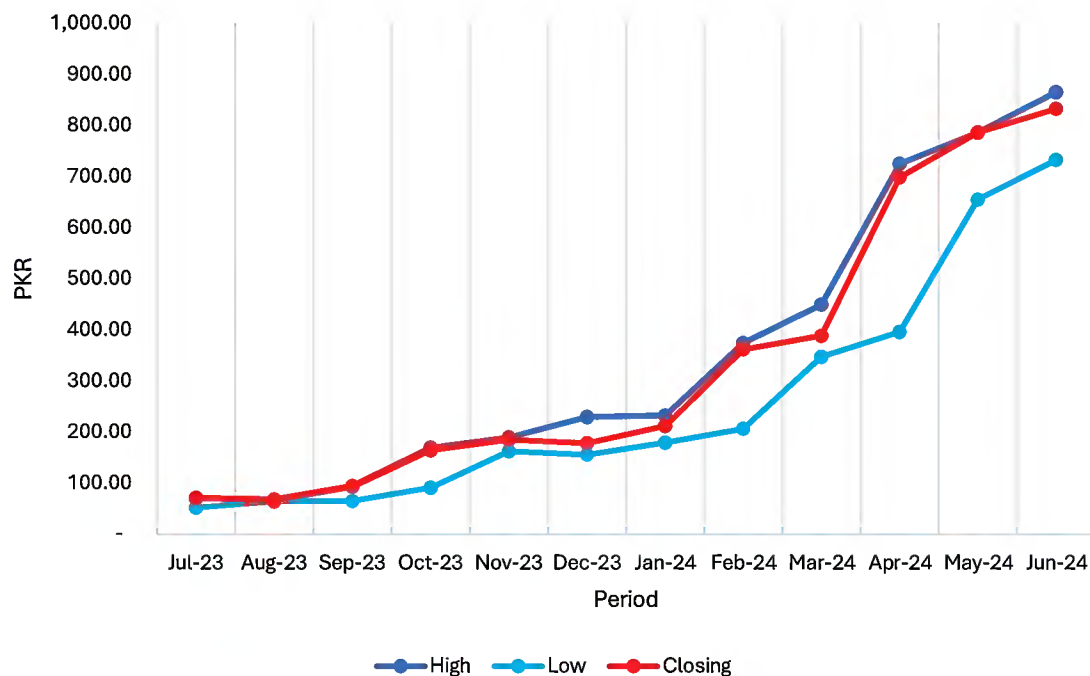
Exchange Fluctuations

Company is frequently engaged in exports and import arrangements, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the Company's profitability and hence, affect the share price.

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange Limited during the financial year ended June 30, 2024:

Months	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of Shares Traded (in Million)	Market Capitalization in Value* (Rs.)
Jul-23	70.75	52.01	70.06	16.92	4,234,844,028
Aug-23	68.00	63.63	65.54	10.43	3,961,628,284
Sep-23	94.30	64.75	92.71	13.57	5,603,945,044
Oct-23	169.30	90.80	163.66	32.62	9,892,585,977
Nov-23	189.00	162.10	184.44	44.20	11,148,653,047
Dec-23	228.97	155.55	177.86	34.28	10,750,918,623
Jan-24	231.88	179.00	211.19	43.20	12,765,582,504
Feb-24	373.74	206.30	361.60	43.51	21,857,259,498
Mar-24	449.00	347.00	388.31	38.62	23,471,771,116
Apr-24	724.96	396.00	698.18	36.17	42,202,161,051
May-24	786.14	655.06	786.14	34.49	47,518,987,781
Jun-24	865.00	732.35	832.46	23.72	50,318,844,694

*Market Capitalization in Value is calculated on the closing value.



Segmental View of Business Performance

Based on internal management reporting structure and products produced and sold, the Company is organized into the following operating segments:

- Automobiles - Three-Wheelers
- Automotive Parts
- Household Appliances
- Automobiles - Four-Wheelers

The detail regarding segment wise performance is appearing in the Note 40 to the financial statements of the Company and in Directors' Report 2024.

Disclosure of Market Share of the Company

The Company is the rising player in the automotive industry in Pakistan, with production capacity of 20,000 units of three-wheelers and 24,000 units of four-wheelers. There are many competitors in the industry that can match the Company's scale. However, due to the lack of accurate and comprehensive industry data, the precise market share measurement is not possible.

GENDER PAY GAP STATEMENT

UNDER SECP'S CIRCULAR 10 OF 2024

Following is gender pay gap calculated for the year ended **June 30, 2024**

(i)	Mean Gender Pay Gap:	-27%
(ii)	Median Gender Pay Gap:	-20%

The above percentages reflect the gender pay gap of relevant male versus female employees.

On behalf of the Board of Directors of the Company

September 23, 2024


MIAN ASAD HAMEED
CHIEF EXECUTIVE



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**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, 2024 in accordance with the requirements of regulation 36 of the Regulations.

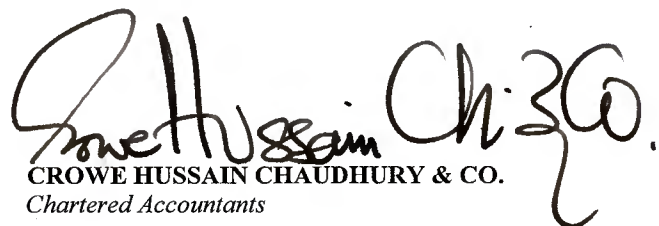
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight 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, 2024.

Lahore
Dated: September 23, 2024
UDIN: CR202410051WIOc3EiGS


CROWE HUSSAIN CHAUDHURY & CO.
 Chartered Accountants

STATEMENT OF COMPLIANCE

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

NAME OF COMPANY: SAZGAR ENGINEERING WORKS LIMITED

YEAR ENDED: JUNE 30, 2024

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. Umair Ejaz, Mr. Taha Mahmood, Mr. Muhammad Omer Saeed
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; seven directors have completed their Directors' Training Program (DTP), two directors fall under the exemption criteria of the Regulations and also obtained exemption from SECP.

Directors who have completed their DTP:

1. Mrs. Saira Asad Hameed
2. Mrs. Sana Suleyman
3. Mr. Mian Muhammad Ali Hameed
4. Mr. Umair Ejaz
5. Mr. Taha Mahmood
6. Mr. Humza Amjad Wazir
7. Mr. Muhammad Omer Saeed

Directors exempt from DTP:

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

Company's following executive has also acquired DTP:

- | Name | Designation |
|------------------------|---|
| 1. Mr. Arshad Mahmood | Company Secretary |
| 2. Mr. Adil Saeed Khan | Executive Director - Quality Control of the Company |

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
e)	Sustainability Committee	Chairman: Mr. Muhammad Omer Saeed Members: Mr. Umair Ejaz, Mrs. Sana Suleyman

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
Sustainability 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 23, 2024



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAZGAR ENGINEERING WORKS LIMITED

Report on the Audit of the 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, 2024 and the statement of profit or loss, the statement of 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 material accounting policy information 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, the statement of profit or loss, the statement of 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, 2024 and of the profit, its 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 the 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 judgment, 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.

Following are the key audit matters:

Key Audit Matters	How the Matter was Addressed in our Report
1. Revenue Recognition	
Refer notes 3.10 and 26 to the annexed financial statements	Our key audit procedures included: <ul style="list-style-type: none"> Obtained understanding and evaluated the accounting policies and the Company's procedures with respect to revenue recognition.
The Company has earned revenue of Rs. 57,642.469 million for the year ending June 30, 2024. The Company is engaged in	



Key Audit Matters	How the Matter was Addressed in our Report
<p>manufacturing and sale of automobiles, automotive parts and household electric appliances.</p> <p>We consider revenue a key audit matter due to the significant increase in it as compared to last year and the fact that it is one of the key performance indicators of the Company. In addition, revenue was also considered an area of significant audit risk as part of the audit process.</p>	<ul style="list-style-type: none"> • Obtained an understanding and reviewed provisional booking order for four-wheeler and booking forms for three-wheeler and rims segment to understand the terms, particularly relating to the timing and transfer of control of goods, and assessed the appropriateness of the revenue recognition policies and practices followed by the Company. • Comparing a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents. • Obtaining an understanding of the types of contracts with the Company's customers and comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents to assess whether the revenue was recorded in accordance with the Company's revenue accounting policy and applicable financial reporting framework. • Performed analytical procedures over revenue transactions to identify trends and any unusual change in revenue for four-wheel segment. • Performing cut-off procedures on sales to ensure revenue has been recorded in the correct period. • Checking receipts from customers to whom sales were made on sample basis. • Considering adequacy of the related disclosures and assessing whether these are in accordance with the applicable accounting and reporting standards.
<p>2. Stock in trade</p>	
<p>Refer to note 3.9 & 22 to the financial statements.</p> <p>As at June 30, 2024, the Company holds certain items of raw materials, work in process, finished goods and stock in transit amounting to Rs. 14,318.097 million and stock in trade is stated at lower of cost and estimated net realizable value.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Observing physical inventory count procedures and comparing, on a sample basis, physically counted inventories with valuation sheets provided by the management • Obtained an understanding of the process and procedures with respect to the specific items of the raw materials, work in process and finished goods.



Key Audit Matters	How the Matter was Addressed in our Report
<p>We have considered this area as a key audit matter due to its size and the judgment involved in valuation.</p>	<ul style="list-style-type: none"> • Comparing on a sample basis specific purchases and directly attributable costs with underlying supporting documents. • Checking the accumulation of costs at different stages of production to ascertain the valuation of finished goods on a sample basis. • Comparing the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to stocks value in accordance with applicable accounting and reporting standards. • Assessing the provision for slow moving stocks as of the reporting date and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards. • Considering adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.

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 the 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:

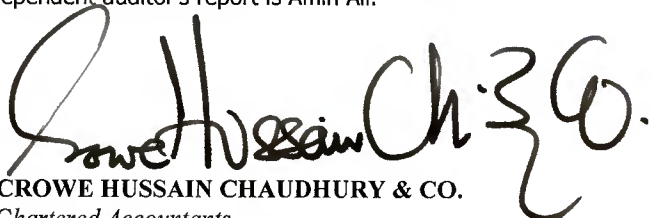
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on September 11, 2023.

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

Lahore
Dated: September 23, 2024
UDIN: AR202410051nX1Z8YDFM


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 100,000,000 (2023: 100,000,000) ordinary shares of Rs 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	5	604,459,640	604,459,640
Capital reserve - share premium	6	557,406,192	557,406,192
Revenue reserve - unappropriated profit		8,942,220,855	1,753,182,230
Shareholders' Equity		10,104,086,687	2,915,048,062
Non Current Liabilities			
Diminishing musharakah financing	7	151,892,953	344,773,069
Deferred tax liability	8	207,775,728	-
Post employment benefits	9	495,893,469	392,826,050
Deferred grant	10	-	-
Deferred revenue	11	19,763,562	6,915,405
		875,325,712	744,514,524
Current Liabilities			
Trade and other payables	12	16,160,140,423	3,809,918,412
Unclaimed dividend		6,269,891	1,407,358
Short term borrowings	13	-	-
Profit payable	14	17,220,879	23,362,697
Current portion of non-current liabilities	15	208,427,075	190,881,934
Taxation - net	16	1,854,552,237	-
		18,246,610,505	4,025,570,401
Contingencies and Commitments	17	-	-
Total Equity and Liabilities		29,226,022,904	7,685,132,987
ASSETS			
Non Current Assets			
Property, plant and equipment	18	4,560,374,008	2,861,287,076
Intangible assets	19	130,814	199,064
Long term loans to staff	20	39,444,745	13,593,831
Long term deposits	21	8,930,470	6,038,355
Deferred tax asset	8	-	39,208,370
		4,608,880,037	2,920,326,696
Current Assets			
Stores, spares and loose tools		5,809,570	3,649,621
Stock in trade	22	14,318,096,914	2,711,102,908
Trade debts	23	133,017,887	270,284,774
Loans, advances, deposits, prepayments and other receivables	24	2,398,535,831	750,963,903
Cash and bank balances	25	7,761,682,665	1,028,805,085
		24,617,142,867	4,764,806,291
Total Assets		29,226,022,904	7,685,132,987

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


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR


MUHAMMAD ATIF RAO
 CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Note	Rupees	Rupees
Sales - net	26 57,642,468,564	18,174,296,868
Cost of sales	27 <u>(41,996,098,564)</u>	<u>(15,624,820,657)</u>
Gross Profit	15,646,370,000	2,549,476,211
Distribution and marketing costs	28 (1,810,895,576)	(588,484,168)
Administrative expenses	29 (383,302,629)	(239,758,490)
	<u>(2,194,198,205)</u>	<u>(828,242,658)</u>
Operating Profit	13,452,171,795	1,721,233,553
Other operating expenses	30 (999,809,051)	(102,401,168)
Other operating income	31 832,388,254	30,963,925
Finance cost	32 (168,911,343)	(168,360,565)
	<u>(336,332,140)</u>	<u>(239,797,808)</u>
Profit before Levy and Taxation	13,115,839,655	1,481,435,745
Levy / final taxation	33 <u>(494,830)</u>	<u>(448,017)</u>
Profit before Taxation	13,115,344,825	1,480,987,728
Taxation	33 <u>(5,179,668,249)</u>	<u>(485,911,104)</u>
Net Profit for the Year	<u><u>7,935,676,576</u></u>	<u><u>995,076,624</u></u>
Earnings per Share - Basic and Diluted	34 <u><u>131.29</u></u>	<u><u>16.46</u></u>

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



MIAN ASAD HAMEED
CHIEF EXECUTIVE



SAEED IQBAL KHAN
DIRECTOR



MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

Note	2024	2023
	Rupees	Rupees
Net Profit for the Year	7,935,676,576	995,076,624
Other comprehensive income		
<i>Items that may be re-classified subsequently to profit or loss</i>	-	-
<i>Items that will not be re-classified subsequently to profit or loss</i>		
Re-measurement of net defined benefit obligation	9.3 (21,286,383)	(33,987,759)
Other comprehensive loss for the year	(21,286,383)	(33,987,759)
Total Comprehensive Income for the Year	<u>7,914,390,193</u>	<u>961,088,865</u>

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


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR


MUHAMMAD ATIF RAO
 CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

Particulars	Share Capital	Capital Reserve	Revenue Reserve	Total
		Share Premium	Unappropriated Profit	
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2022	604,459,640	557,406,192	792,093,365	1,953,959,197
Net profit for the year	-	-	995,076,624	995,076,624
Other comprehensive loss for the year	-	-	(33,987,759)	(33,987,759)
Total comprehensive income for the year	-	-	961,088,865	961,088,865
Balance as at June 30, 2023	604,459,640	557,406,192	1,753,182,230	2,915,048,062
Net profit for the year	-	-	7,935,676,576	7,935,676,576
Other comprehensive loss for the year	-	-	(21,286,383)	(21,286,383)
Total comprehensive income for the year	-	-	7,914,390,193	7,914,390,193
Transaction with Owners				
Final cash dividend @ Rs 4 (40%) per ordinary share for the year ended June 30, 2023	-	-	(241,783,856)	(241,783,856)
First interim dividend @ Rs 8 (80%) per ordinary share for the year ended June 30, 2024	-	-	(483,567,712)	(483,567,712)
Balance as at June 30, 2024	604,459,640	557,406,192	8,942,220,855	10,104,086,687

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


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR


MUHAMMAD ATIF RAO
 CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	35	11,955,069,844	2,390,377,820
Finance cost	14	(126,543,748)	(179,274,748)
Income tax		(2,738,424,302)	(568,389,867)
Deferred revenue	11	22,730,792	7,471,763
Staff gratuity	9.2	(33,544,401)	(14,513,540)
Workers' welfare fund	12.5	(37,705,776)	-
Workers (profit) participation fund	12.4	(79,063,509)	(13,889,528)
		<u>(2,992,550,944)</u>	<u>(768,595,920)</u>
Net Cash Generated from Operating Activities		8,962,518,900	1,621,781,900
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	18	(1,989,256,217)	(454,614,356)
Proceeds from disposal of property, plant and equipment	18.1.2	17,176,000	1,585,000
Long term deposits		(2,892,115)	(166,500)
Net Cash Used in Investing Activities		(1,974,972,332)	(453,195,856)
CASH FLOW FROM FINANCING ACTIVITIES			
Diminishing musharakah financing repaid	7	(185,217,610)	(174,097,099)
Short term borrowings obtained	13	-	5,631,509,498
Short term borrowings repaid	13	-	(5,794,385,058)
Profit on bank deposits received	31	651,037,657	24,149,221
Dividend paid		(720,489,035)	-
Net Cash Used in Financing Activities		(254,668,988)	(312,823,438)
Net Increase in Cash and Cash Equivalents		6,732,877,580	855,762,606
Cash and Cash Equivalents at the beginning of the year	25	1,028,805,085	173,042,479
Cash and Cash Equivalents at the End of the Year	38	<u>7,761,682,665</u>	<u>1,028,805,085</u>

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



MIAN ASAD HAMEED
CHIEF EXECUTIVE



SAEED IQBAL KHAN
DIRECTOR



MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 1

The Company and its Operations

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 domiciled in Pakistan and is engaged in manufacturing and sale of automobiles, automotive parts and household electric appliances.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

Business unit	Geographical location
Registered office	88- Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.
Manufacturing facility - three wheeler, wheel rim and household electric appliances	18-Km Raiwind Road, Lahore.
Manufacturing facility - four wheeler	Maghrabi Tanki-1 Link Road, Near Ijtamah Chowk, Sunder-Raiwind Road, Lahore.

Note 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 (IFRS), 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 IFRS and IFAS, 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 post employment benefits and interest free loans to employees at present value.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Key judgements and estimates

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values, depreciation method and fair value of property, plant and equipment – Note 3.3 & 18.1
- Useful lives, residual values and amortization method of intangible assets – Note 4.5 & 19
- Liability in respect of post employment benefits Note 3.1 and 9
- Provision for expected credit losses – Note 3.15.1 and 23

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- Provision for slow moving items - Note 3.9 and 22.2
 - Estimation of provisions - Note 3.14
 - Provision for warranty - Note 3.18 and 12.3
 - Estimation of contingent liabilities - Note 3.19 and 17
 - Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and credits) - Note 3.7, 8, 16 and 33
- However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, amendments, and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 1 Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting Policies	January 01, 2023
IAS 8 Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
IAS 12 Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
IAS 12 Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
IFRS 17 Initial Application of 'IFRS 17 Insurance Contracts and IFRS9 - Comparative Information'	January 01, 2023

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7 Amendments to IAS 7 "Statement of Cash Flows"	January 1, 2024
IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendments)	January 1, 2024
IFRS 7 Amendments to IFRS 7 "Financial Instruments Disclosures" - Supplier Finance Arrangements	January 1, 2024
IFRS 7 & 9 Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 1, 2024
IFRS 16 Amendments to IFRS 16 "Leases" - Clarification on how seller-lessee subsequently measures sale and lease back transaction	January 1, 2024

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2024:

IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 1	First Time Adoption of IFRS
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-Related Disclosures

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 3

Material Accounting Policy Information

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented except otherwise stated.

3.1 Employee benefits

Short term obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Post employment 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 other comprehensive income. The gratuity is payable on the basis of last drawn basic salary of an employee after completion of six months of service.

3.2 Compensated absences

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

3.3 Property, plant and equipment

Owned

Items of property, plant and equipment other than freehold land are stated at cost less accumulated depreciation and identified impairment losses, if any. Freehold land is stated at cost less any identified impairment loss.

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 and capital work progress is charged by applying the reducing balance method in accordance with the rates specified in note 18.1 of these financial statements, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged when the asset is available for use while no depreciation is charged when 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.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.4 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost may also include applicable borrowing costs. These are transferred to specific assets as and when these are available for use. All other repairs and maintenance are charged to statement of profit or loss during the period in which these are incurred.

3.5 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.

3.6 Loan, advances and prepayments and other receivables

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 and carrying value.

3.7 Taxation

Income tax expense for the year comprises current and deferred tax and is recognized in statement of profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the year end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments. Current tax for current and prior periods, to the extent unpaid is recognized as a liability. If the amount already paid irrespective of current and prior period exceeds the amount due to those periods the excess recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFIRC 21 / IAS 37. Further, the Company shall also charge tax expense under levy when tax is calculated under final tax regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profits / (tax losses) of the periods in which temporary differences are expected to be reversed.

3.8 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.

3.9 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 items is determined based on the management's assessment regarding their future usability.

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

3.10 Revenue Recognition

Revenue is recognized when the performance obligation is satisfied by applying the following five steps model of revenue recognition:

- a) Identify the contract with a customer;
- b) Identify the performance obligation in the contract;
- c) Determine the transaction price of the contract;
- d) Allocate the transaction price to each of the separate performance obligations in the contract; and
- e) Recognize the revenue as the Company satisfies a performance obligation

In case of vehicles and parts, revenue is recognised when goods are dispatched and invoiced to the customers. Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. In most cases, the consideration is received before the goods are dispatched / invoiced. Deferred payment terms may also be agreed in case of sales to certain categories of customers. Transaction price is adjusted for time value of money in case of significant financing component.

The Company's contracts with customers include promises to transfer goods or services without charges such as free inspections of vehicles. Such promised goods or services are generally considered performance obligations and related sales revenue is deferred under IFRS 15, if it is deemed material.

3.11 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.

3.12 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 and balances with banks.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.13 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. The amounts are unsecured and are usually paid as per terms and conditions. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

3.14 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.

3.15 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.

3.15.1 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 profit or loss (FVTPL);
- c) Fair value through other comprehensive income (FVTCI).

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 other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

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 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.

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.

Fair value through other comprehensive income (FVTCI)

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 FVTCI. Movements in the carrying amount are taken through statement of other 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 other comprehensive income is reclassified from

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

Fair value through 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.

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
- 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.

3.15.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- At fair value through 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:

Fair value through profit or loss

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

Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate (EIR) 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.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

3.16 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.

3.17 Interest free loans to employees

The Company provides interest free loans to its employees for various purposes. The loans are initially recognized at fair value which is the present value of future deductions to be made from employees' salaries, discounted at the market interest rate. The difference between fair value of the interest free loan and principal amount at initial recognition is recorded as expense in statement of profit or loss. The loan is subsequently measured at amortized cost with respective finance income to be recorded in profit or loss. In addition, the deferred employee benefit is fully expensed in the statement of profit and loss at the time of initial recognition.

3.18 Provision of warranty obligation

The Company recognises the estimated liability, on an accrual basis, to repair or replace products under warranty at the reporting date, and recognises the estimated product warranty costs in the statement of profit or loss when the sale is recognised.

3.19 Contingent liabilities

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.20 Return on Bank Deposits

Return on bank deposits is recognized and recorded on an accrual basis, reflecting the income as it is earned rather than when it is received.

Note 4

Summary of Other Accounting Policies

Other accounting policies which do not have significant impact on financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

4.1 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".

4.2 Borrowing cost

Borrowing cost is recognised initially at fair value, net of transaction cost incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.3 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.

4.4 Dividend and appropriation to reserves

Dividend declared and appropriations to reserves are recognised in the financial statements in the period in which they are approved.

4.5 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.

Amortization on additions to the intangible assets is charged when an asset is capitalized and / or is available for use, while no amortization is charged when 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.

Note 5

Issued, Subscribed and Paid up Capital

2024	2023		2024	2023
Number of Shares			Rupees	Rupees
21,363,000	21,363,000	Ordinary shares of Rs. 10 each fully paid in cash	213,630,000	213,630,000
39,082,964	39,082,964	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	390,829,640	390,829,640
<u>60,445,964</u>	<u>60,445,964</u>		<u>604,459,640</u>	<u>604,459,640</u>

5.1 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

5.2 As at reporting date, the shares of the Company as held by its related parties are as follows:

	2024	2023	2024	2023
	Percentage		Number of Shares	
Directors	64.76%	64.79%	39,144,484	39,162,984
Others	2.45%	2.45%	<u>1,479,940</u>	<u>1,479,740</u>

5.3 No shares were further issued or cancelled during the year.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 6

Capital Reserve - Share Premium

	2024	2023
	Rupees	Rupees
Premium on issuance of right shares	<u>557,406,192</u>	<u>557,406,192</u>

6.1 This amount represents the premium received on the rights shares issued during the year ended June 30, 2020. This reserve can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

Note 7

Diminishing Musharakah Financing

		2024	2023
	Note	Rupees	Rupees
Diminishing musharakah - Islamic banking			
MCB Islamic Bank Limited	7.2	14,885,496	28,092,494
Meezan Bank Limited	7.3	124,679,285	201,898,266
Habib Metropolitan Bank Limited	7.4	121,875,002	150,000,000
Faysal Bank Limited	7.5	83,333,292	149,999,925
		344,773,075	529,990,685
Less: Current portion of diminishing musharakah financing		<u>(192,880,122)</u>	<u>(185,217,616)</u>
		<u>151,892,953</u>	<u>344,773,069</u>

7.1 Movement in diminishing musharakah financing

Opening balance	529,990,685	703,529,041
Obtained during the year	-	-
Repaid during the year	(185,217,610)	(174,097,099)
Deferred government grant amortization	-	558,743
Closing balance	<u>344,773,075</u>	<u>529,990,685</u>

Note	Financial Institution	For the year ended June 30,	Total Facility	Utilized Portion	Un-Utilized Portion	Purpose of Facility	Rate of Profit	Payment of Instalment	Repayment Commencement Date	Date of Maturity	Tenure	Security Details
...Rs. in million...												
7.2	MCB Islamic Bank Limited	2024	44.60	14.89	29.71	For the acquisition of four wheeler plant and machinery	6M-KIBOR plus 1.35% and 1.75%	Quarterly	April 2020	November 2025	Six years including one year grace period	- Pari passu charge over fixed assets of Rs. 90 million - Personal guarantees of certain directors
		2023	44.60	28.09	16.51							
7.3	Meezan Bank Limited	2024	161	98.12	36.38	For the acquisition of four wheeler plant and machinery	6M-KIBOR plus 1.75%	Quarterly	August 2021	November 2025	Seven years including two years and 7 months grace period	- Pari passu charge over fixed assets of Rs. 627.33 million - Personal guarantees of certain directors
				SBP rate plus 4%			Quarterly	October 2021	July 2026	Five years and six months including 9 months grace period		
		2023	222	163.55	20.10		6M-KIBOR plus 1.75%	Quarterly	August 2021	November 2025	Seven years including two years and 7 months grace period	- Pari passu charge over fixed assets of Rs. 627.33 million - Personal guarantees of certain directors
				38.35			SBP rate plus 4%	Quarterly	October 2021	July 2026	Five years and six months including 9 months grace period	
7.4	Habib Metropolitan Bank Limited	2024	132	121.87	10.13	For the acquisition of four wheeler plant and machinery	3M-KIBOR plus 1.50%	Quarterly	October 2022	July 2027	Five years including one year grace period	- Pari passu charge over fixed assets of Rs. 267 million - Personal guarantees of certain directors
		2023	150	150	-							
7.5	Faysal Bank Limited	2024	133	83.33	49.67	For the acquisition of four wheeler plant and machinery	3M-KIBOR plus 1.75%	Quarterly	November 2022	August 2025	Four years including one year grace period	- Pari passu charge over fixed assets of Rs. 534 million - Personal guarantees of certain directors
		2023	183	149.99	33.01							

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 8

Deferred Tax Liability / (Asset)

	Note	2024 Rupees	2023 Rupees
Taxable temporary differences			
Accelerated tax depreciation		296,217,362	178,936,727
Deductible temporary differences			
Provision for doubtful trade debt		(719,926)	-
Provision for warranty		(73,950,607)	(13,152,928)
Minimum tax u/s 113 of the Income Tax Ordinance, 2001		-	(204,992,169)
Deferred revenue		(13,771,101)	-
		<u>207,775,728</u>	<u>(39,208,370)</u>

8.1 Reconciliation of deferred tax liabilities / (assets) - Net

Opening balance		(39,208,370)	(178,768,130)
Charged to profit or loss during the year	33	246,984,098	139,559,760
Charged to other comprehensive income during the year		-	-
Closing balance		<u>207,775,728</u>	<u>(39,208,370)</u>

8.2 Analysis of deferred tax

	Statement of Financial Position		Statement of Profit or Loss	
	2024 Rupees	2023 Rupees	2024 Rupees	2023 Rupees
Accelerated tax depreciation	296,217,362	178,936,727	117,280,635	104,201,554
Provision for doubtful trade debt	(719,926)	-	(719,926)	-
Provision for warranty	(73,950,607)	(13,152,928)	(60,797,679)	(13,152,928)
Minimum tax u/s 113 of the Income Tax Ordinance, 2001	-	(204,992,169)	204,992,169	(925,769)
Unrealized tax losses carried forward	-	-	-	49,436,903
Deferred revenue	(13,771,101)	-	(13,771,101)	-
	<u>207,775,728</u>	<u>(39,208,370)</u>	<u>246,984,098</u>	<u>139,559,760</u>

8.3 Deferred tax liabilities / (assets) on temporary differences are measured at effective rate of 39% (2023: 29%) per annum.

Note 9

Post Employment Benefits

	Note	2024 Rupees	2023 Rupees
Staff gratuity - <i>unfunded</i>	9.1	<u>495,893,469</u>	<u>392,826,050</u>

9.1 The Company operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Most recent actuarial valuation was carried out as on June 30, 2024. Actuarial valuation estimates are based on assumption on anticipation of future salary increase, mortality and inflation rates.

9.2 Movement in the present value of defined benefit obligations

Opening balance	392,826,050	295,513,621
Current service cost	54,216,686	39,644,177
Interest cost on defined benefit obligation	61,108,751	38,194,033
Benefits due but not paid (payables)	-	(1,254,912)
Benefits paid	(33,544,401)	(13,258,628)
Actuarial losses from changes in financial assumptions	3,273,429	15,769,190
Experience adjustments	18,012,954	18,218,569
	<u>495,893,469</u>	<u>392,826,050</u>

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023			
		Rupees	Rupees			
9.3 Movement in net liability for staff gratuity						
Opening balance		392,826,050	295,513,621			
Expense recognized in profit or loss	9.4	115,325,437	77,838,210			
Liability discharged during the year		(33,544,401)	(13,258,628)			
Benefit payable transferred to short term liability		-	(1,254,912)			
Re-measurement recognized in other comprehensive income	9.7	21,286,383	33,987,759			
Net liability - closing balance		<u>495,893,469</u>	<u>392,826,050</u>			
9.4 Charge for the year						
Current service cost		54,216,686	39,644,177			
Interest cost		61,108,751	38,194,033			
		<u>115,325,437</u>	<u>77,838,210</u>			
9.5 The charge for the year has been allocated as follows:						
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	27	82,689,038	56,988,257			
Distribution and marketing costs	28	8,058,931	3,849,693			
Administrative expenses	29	24,577,468	17,000,260			
		<u>115,325,437</u>	<u>77,838,210</u>			
9.6 Year end sensitivity analysis (± 100 Bps) on defined benefit obligation						
Discount rate + 100 bps		460,871,248	366,449,401			
Discount rate - 100 bps		536,840,578	423,524,898			
Salary increase + 100 Bps		537,558,114	423,956,183			
Salary increase - 100 Bps		459,647,986	365,626,405			
9.7 Re-measurement recognized in other comprehensive income						
Actuarial losses from changes in financial assumptions		3,273,429	15,769,190			
Experience adjustments		18,012,954	18,218,569			
Total re-measurement recognized in other comprehensive income		<u>21,286,383</u>	<u>33,987,759</u>			
9.8 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:						
		2024	2023	2022	2021	2020
		Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations		495,893,469	392,826,050	295,513,621	244,891,848	202,107,551
Fair value of plan assets		-	-	-	-	-
Net liability		<u>495,893,469</u>	<u>392,826,050</u>	<u>295,513,621</u>	<u>244,891,848</u>	<u>202,107,551</u>
9.9 Estimated Charge for future period						
						2025
						Rupees
Service cost						73,379,946
Interest cost						67,071,425
						<u>140,451,371</u>

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

9.10 Actuarial assumptions

The present value of defined benefit obligations and charge for the current year have been determined on the basis of actuarial estimates provided by the actuary as under:

	2024	2023
Discount rate for year end obligation	14.75%	16.25%
Discount rate for interest cost in profit or loss	16.25%	13.25%
Average expected remaining working lives of employees	8 Years	7 Years
Expected mortality rate for active employees	SLIC 2001-2005 Setback 1 Year	
Actuarial valuation method	Projected Credit Unit Method	
Retirement assumption	60 Years	
Expected rate of increase in salary level - per annum	15% for 2025 and 13.75% onwards	20% for 2024 and 15.25% onwards

9.11 Expected benefit payments for next 10 years and beyond

	Rupees
Year 2025	82,343,884
Year 2026	108,843,229
Year 2027	40,957,562
Year 2028	53,568,143
Year 2029	57,219,290
Year 2030	68,540,846
Year 2031	70,965,049
Year 2032	98,652,512
Year 2033	101,075,291
Year 2034	84,263,019
Year 2035 and onwards	<u>20,461,297,351</u>

Note 10

Deferred Grant

	2024	2023
	Rupees	Rupees
Deferred grant	-	558,743
Amortization during the year	-	(558,743)
	<u>-</u>	<u>-</u>

10.1 This amount represented the difference between the loan proceeds and the fair value of the loan from Habib Bank Limited for the payment of wages and salaries for the months of April 2020 to September 2020, under the discounted profit scheme @ 3% fixed issued by the State Bank of Pakistan. The entire loan was repaid last year.

Note 11

Deferred Revenue

	2024	2023
	Rupees	Rupees
Deferred revenue	35,310,515	12,579,723
Less: Current portion of deferred revenue	(15,546,953)	(5,664,318)
	<u>19,763,562</u>	<u>6,915,405</u>

11.1 Movement in deferred revenue

Opening balance	12,579,723	5,107,960
Addition during the year	37,779,000	12,796,000
Expense charged during the year	(15,048,208)	(5,324,237)
Closing balance	<u>35,310,515</u>	<u>12,579,723</u>

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 12

Trade and Other Payables

	Note	2024 Rupees	2023 Rupees
Advances from trade customers - contract liability	12.1	12,950,356,962	2,641,407,157
Creditors - unsecured	12.2	1,346,313,454	588,208,710
Accrued and other liabilities		303,116,364	98,749,420
Sales tax and excise duty payable		267,769,041	111,145,315
Income tax deducted at source		127,976,423	44,344,257
Provision for warranty claims	12.3	189,616,937	45,454,925
Workers' (profit) participation fund	12.4	706,047,217	79,063,511
Workers' welfare fund	12.5	268,944,025	19,580,642
<i>Islamic mode of financing - Murabaha / Musawammah:</i>			
- Faysal Bank Limited	12.6	-	181,964,475
- Meezan Bank Limited	12.7	-	-
- Habib Bank Limited	12.8	-	-
- United Bank Limited	12.9	-	-
- Allied Bank Limited	12.10	-	-
- Habib Metropolitan Bank Limited	12.11	-	-
- Askari Bank Limited	12.12	-	-
- Dubai Islamic Bank Pakistan Limited	12.13	-	-
- The Bank of Punjab	12.14	-	-
- Bank Al-Habib Limited	12.15	-	-
		<u>16,160,140,423</u>	<u>3,809,918,412</u>

12.1 This represents advances received from customers in respect of sale of vehicles and related parts. The opening balance of contract liability has been recognized as revenue during the year.

12.2 This includes a balance of Rs. 46,286 (2023: Nil) payable to Power Vision Systems (Private) Limited, a related party.

12.3 Movement in provision for warranty claims

Opening balance		45,454,925	-
Charged during the year		<u>144,162,012</u>	<u>45,454,925</u>
		189,616,937	45,454,925
Utilized during the year		-	-
Closing balance		<u>189,616,937</u>	<u>45,454,925</u>

12.4 Movement in workers' (profit) participation fund

Opening balance		79,063,511	13,889,528
Expense recognised during the year	30	<u>706,047,215</u>	<u>79,063,511</u>
		785,110,726	92,953,039
Payments made during the year		<u>(79,063,509)</u>	<u>(13,889,528)</u>
Closing balance		<u>706,047,217</u>	<u>79,063,511</u>

12.5 Movement in workers' welfare fund

Opening balance		19,580,642	646,361
Expense recognised during the year		268,944,025	18,934,281
Prior year adjustment		18,125,134	-
	30	<u>287,069,159</u>	<u>18,934,281</u>
		306,649,801	19,580,642
Payments made during the year		<u>(37,705,776)</u>	-
Closing balance		<u>268,944,025</u>	<u>19,580,642</u>

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Islamic mode of financing - Murabaha / Musawammah

Note	Financial Institutions Name / Facility Type	For the Year Ended June 30,	Total Funded Facility	Utilized Portion	Un-Utilized Portion	Maximum Period	Rate of Profit	Security Details
...Rs. in million..								
12.6	Faysal Bank Limited - Islamic Banking - Murabaha arrangement	2024	300	-	300	120 Days	KIBOR + 1.00%	- Pari passu charge over fixed assets of Rs. 534 million - Pari passu charge over current assets of Rs. 300 million - Personal guarantees of certain directors
		2023	200	181.96	18.04	120 Days	KIBOR + 1.00%	- Pari passu charge over fixed assets of Rs. 534 million - Pari passu charge over current assets of Rs. 200 million - Personal guarantees of certain directors
12.7	Meezan Bank Limited - Muswammah arrangement	2024	400	-	400	180 Days	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 761.33 million - Pari passu charge over current assets of Rs. 400 million - Personal guarantees of certain directors
		2023	329	-	329	180 Days	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 761.33 million - Pari passu charge over current assets of Rs. 329 million - Personal guarantees of certain directors
12.8	Habib Bank Limited - Islamic Banking - Muswammah arrangement	2024	160	-	160	120 Days	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 214 million - Pari passu charge over current assets of Rs. 160 million - Personal guarantees of certain directors
		2023	160	-	160	120 Days	KIBOR + 1.10%	- Personal guarantees of certain directors
12.9	United Bank Limited - Ameen Islamic Banking Murabaha arrangement	2024	350	-	350	180 Days	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 467 million - Pari passu charge over current assets of Rs. 350 million - Personal guarantees of certain directors
		2023	350	-	350	180 Days	KIBOR + 1.10%	- Personal guarantees of certain directors
12.10	Allied Bank Limited - Murabaha arrangement	2024	135	-	135	90 Days	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 185 million - Pari passu charge over current assets of Rs. 110 million - Personal guarantees of certain directors
		2023	135	-	135	90 Days	KIBOR + 1.10%	- Personal guarantees of certain directors
12.11	Habib Metropolitan Bank Limited - Murabaha arrangement	2024	200	-	200	120 Days	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 267 million - Pari passu charge over current assets of Rs. 200 million - Personal guarantees of certain directors
		2023	150	-	150	120 Days	KIBOR + 1.10%	- Personal guarantees of certain directors
12.12	Askari Bank Limited - Islamic Banking - Murabaha arrangement	2024	300	-	300	120 Days	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 400 million - Pari passu charge over current assets of Rs. 300 million - Personal guarantees of certain directors
		2023	300	-	300	120 Days	KIBOR + 1.25%	- Personal guarantees of certain directors
12.13	Dubai Islamic Bank Pakistan Limited - Islamic Banking - Murabaha arrangement	2024	300	-	300	120 Days	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 400 million - Pari passu charge over current assets of Rs. 300 million - Personal guarantees of certain directors
		2023	300	-	300	180 Days	KIBOR + 1.10%	- Personal guarantees of certain directors
12.14	The Bank of Punjab - Islamic Banking - Muswammah arrangement	2024	250	-	250	180 Days	KIBOR + 1.00%	- Pari passu charge over fixed assets of Rs. 334 million - Pari passu charge over current assets of Rs. 250 million - Personal guarantees of certain directors
		2023	250	-	250	180 Days	KIBOR + 1.10%	- Personal guarantees of certain directors
12.15	Bank Al Habib - Islamic Banking - Murabaha arrangement	2024	250	-	250	120 Days	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 334 million - Pari passu charge over current assets of Rs. 250 million - Personal guarantees of certain directors
		2023	-	-	-	-	-	- Personal guarantees of certain directors

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 13

Short Term Borrowings**Islamic mode of financing (Shariah compliant financial institution)****Running Musharakah arrangements**

- Habib Bank Limited
- Askari Bank Limited
- United Bank Limited
- Meezan Bank Limited
- Allied Bank Limited

Istisna arrangements

- Meezan Bank Limited
- Dubai Islamic Bank Pakistan Limited

Note	2024	2023
	Rupees	Rupees
13.1	-	-
13.2	-	-
13.3	-	-
13.4	-	-
13.5	-	-
13.6	-	-
13.7	-	-
	<u>-</u>	<u>-</u>

Note	Financial Institutions Name / Facility Type	For the Year Ended June 30,	Total Funded Facility	Utilized Portion	Un-Utilized Portion	Rate of Profit	Security Details
Rs. in Millions							
13.1	Habib Bank Limited - Islamic Banking - Running Musharakah arrangement	2024	160	-	160	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 214 million - Pari passu charge over current assets of Rs. 160 million - Personal guarantees of certain directors
		2023	160	-	160	KIBOR + 1.10%	- Personal guarantees of certain directors
13.2	Askari Bank Limited - Islamic Banking - Running Musharakah arrangement	2024	100	-	100	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 400 million - Pari passu charge over current assets of Rs. 300 million - Personal guarantees of certain directors
		2023	100	-	100	KIBOR + 1.25%	- Personal guarantees of certain directors
13.3	United Bank Limited - Ameen Islamic Banking - Running Musharakah arrangement	2024	280	-	280	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 467 million - Pari passu charge over current assets of Rs. 350 million - Personal guarantees of certain directors
		2023	280	-	280	KIBOR + 1.10%	- Personal guarantees of certain directors
13.4	Meezan Bank Limited - Running Musharakah arrangement	2024	221	-	221	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 761.33 million - Pari passu charge over current assets of Rs. 400 million - Personal guarantees of certain directors
		2023	150	-	150	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 761.33 million - Pari passu charge over current assets of Rs. 329 million - Personal guarantees of certain directors
13.5	Allied Bank Limited - Business Running Musharakah arrangement	2024	45	-	45	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 185 million - Pari passu charge over current assets of Rs. 110 million - Personal guarantees of certain directors
		2023	45	-	45	KIBOR + 1.10%	- Personal guarantees of certain directors
13.6	Meezan Bank Limited - Istisna arrangement	2024	40	-	40	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 761.33 million - Pari passu charge over current assets of Rs. 400 million - Personal guarantees of certain directors
		2023	40	-	40	KIBOR + 1.25%	- Pari passu charge over fixed assets of Rs. 761.33 million - Pari passu charge over current assets of Rs. 329 million - Personal guarantees of certain directors
13.7	Dubai Islamic Bank Pakistan Limited - Istisna-cum-Wakala arrangement	2024	-	-	-	-	-
		2023	300	-	300	KIBOR + 1.10%	- Pari passu charge over fixed assets of Rs. 400 million - Pari passu charge over current assets of Rs. 300 million - Personal guarantees of certain directors

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 14

Profit Payable

	2024	2023
	Rupees	Rupees
Diminishing musharkah financing - secured	15,356,278	19,738,290
Short term borrowings - secured	1,864,601	2,633,409
Profit on murabaha payable	-	990,998
	<u>17,220,879</u>	<u>23,362,697</u>

Note 15

Current Portion of Non-Current Liabilities

		2024	2023
	Note	Rupees	Rupees
Diminishing musharakah financing - Islamic banking	7	192,880,122	185,217,616
Deferred revenue	11	15,546,953	5,664,318
		<u>208,427,075</u>	<u>190,881,934</u>

Note 16

Taxation - Net

	2024	2023
	Rupees	Rupees
Opening balance	-	-
Add: Charge for the current year	4,932,684,151	346,351,344
Less: Payment / adjustment during the year	<u>(3,078,131,914)</u>	<u>(346,351,344)</u>
Closing balance	<u>1,854,552,237</u>	<u>-</u>

16.1 The provision for current year tax represents corporate tax at 29% (2023: 29%) and super tax at the rate of 10% (2023: 10%) as per the Income Tax Ordinance, 2001.

16.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2023 as tax returns were filed under the self assessment scheme.

Note 17

Contingencies and Commitments

17.1 Contingencies

17.1.1 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 the Deputy Director (Admin) of Rs. 6,547,688 as on June 12, 2019. The Company filed an appeal against the said order before The Honourable Labour Court, Lahore and has been granted a stay order. The appeal is still pending. In the opinion of the legal advisor, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.

17.1.2 The Sindh Revenue Board (SRB) restored sales tax on renting of immovable property services, retrospectively vide Sindh Sales Tax on Services (Amendment) Act, 2018. Consequently the landlord of the Company's Karachi Office has claimed sales tax on rental services amounting to Rs. 257,064 for the tax year 2016, 2017 and 2018. The Company has challenged the law by filing a writ petition in the Honourable Sindh High Court, Karachi and has been granted a stay order on December 31, 2018. In the opinion of the legal advisor, the outcome of the case is expected in favour of the Company, hence no provision is incorporated in these financial statements.

17.1.3 During the year 2022, ATIR decided the case against the Company for tax year 2013 of Rs. 2,479,693 as on November 09, 2021. The Company filed a reference petition before the Honourable Lahore High Court, Lahore on February 03, 2022. The said petition is pending before the Honourable Court. In the opinion of the legal counsel, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.

17.1.4 DCIR passed an order under section 11 (2) of the 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 (A). The CIR (A) has remanded 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 (A) for the upheld amount and decision of remand back. In the opinion of the tax consultant, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 17.1.5** DCIR passed an order under section 11 (2) of the 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 (A) and got a relief of Rs. 5,694,504 as on April 30, 2021. For remaining tax upheld of Rs. 1,724,445, the Company filed an appeal before ATIR as on June 29, 2021. Further, the Department also filed an appeal before ATIR regarding the relief of Rs. 5,694,504. The appeals are still pending and in the opinion of the tax consultant, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.
- 17.1.6** Additional Commissioner Inland Revenue (ACIR) initiated proceedings under section 122(5A) of the 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) and got a relief of Rs. 4,264,240. However the DCIR filed an appeal before the ATIR against the order of CIR(A). On the other hand, the Company also filed an appeal before the ATIR as on April 14, 2020. The proceedings of ATIR are still pending. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.
- 17.1.7** DCIR initiated proceedings under section 161/205 of the 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, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.
- 17.1.8** The Company has filed writ petition in the Honourable 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 the Sales Tax Act, 1990. Which was rejected by the honourable Court. The Company filed an Intra Court Appeal (ICA) before LHC and the 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 legal counsel, outcome of this case will be in favour of the Company. Hence, no provision is incorporated in these financial statements.
- 17.1.9** DCIR initiated proceedings under Section 122(5A) of the Income Tax Ordinance, 2001, for the tax year 2016, resulting in a tax demand of Rs. 273,476,590 as on February 28, 2022. The Company filed an appeal against this order before CIR(A) on March 25, 2022. The CIR(A) subsequently remanded back and deleted the tax demand amounting to Rs. 233,002,141. The Company has filed an appeal before the ATIR regarding the remand back and tax demand confirmed of Rs. 40,474,449. The Department has also filed an appeal before ATIR concerning the relief granted. The proceedings are still pending. In the opinion of the tax consultant, a favourable outcome is expected, hence, no provision has been incorporated in these financial statements.
- 17.1.10** A group of persons in rickshaw market Karachi deposited a sum of Rs. 10.93 million (2023: 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 Honourable Sindh High Court, Karachi (SHC) against these persons as on September 24, 2019. Instead of appearing in the Honourable 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 legal advisor, these claims are frivolous and the outcome of these cases will be in favour of the Company, hence, no provision has been incorporated in these financial statements.
- 17.1.11** Federal Board of Revenue issued SRO 845(I)/2021 dated June 30, 2021 in which Additional Custom Duty (ACD) was imposed on import of our four wheels CKD kits. The Company filed writ petitions in LHC as on March 30, 2021 and Honourable Sindh High Court, Karachi as on April 15, 2021 and obtained stay orders. The cases are still pending. In the opinion of legal counsel, favourable outcome of the cases is expected, hence, no provision is incorporated in these financial statements.
- 17.1.12** The Company has challenged the legality and constitutionality of section 5 (A) of the Income Tax Ordinance, 2001 by filing a constitutional petition in LHC as on July 10, 2018. During the previous years, the FBR brought various amendments in the Income Tax Ordinance, 2001 relating applicability of section 5A, which may have material bearing on our case. Therefore, the matter was discussed in detail with the legal counsel and it was decided that with the permission of Honourable Court, the present writ petition was withdrawn and fresh writ petition was filed before the LHC. Therefore, the Company filed a fresh writ petition on the subject matter as on December 19, 2022. In the opinion of the legal counsel, favourable outcome of the petition is expected, hence, no provision is incorporated in these financial statements.
- 17.1.13** DCIR issued an order under Section 11(2) of the Sales Tax Act, 1990, for the tax periods from July 2020 to June 2021, creating a demand of Rs. 226,283,805 on January 27, 2023. The Company filed an appeal against this order with the CIR(A) on February 23, 2023. CIR(A) subsequently remanded the case back to the assessing officer. As neither the Company nor the Department was satisfied with the order of CIR(A), both parties filed appeals with ATIR. The proceedings are still pending. In the opinion of tax consultant, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.

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- 17.1.14** ACIR passed an order as on June 19, 2023 under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2021 and created a demand of Rs. 2,512,850. Subsequent to the reporting date, the Company filed an appeal against this order before CIR (A) as on July 18, 2023. The proceedings are still pending. In the opinion of tax consultant, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.
- 17.1.15** The Company received an order passed by DCIR as on January 25, 2024 under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2017 to June 2018 and created a demand of Rs. 39,069,356. The Company filed an appeal against this order before CIR(A) as on February 21, 2024. The proceeding is still pending. In the opinion of tax consultant, favourable outcome of the appeal is expected, hence, no provision is incorporated in these financial statements.
- 17.1.16** Proceedings under Section 122(5A) were initiated by the DCIR for the tax year 2009, resulting in a tax demand of Rs. 5,440,062 as of March 31, 2015. The Company filed an appeal with the CIR(A), which granted relief amounting to Rs. 5,318,163. For the remaining tax demand of Rs. 121,899, the Company appealed to the ATIR. Additionally, the DCIR filed a separate appeal with the ATIR against the relief granted by the CIR(A). During the year, the ATIR ruled in favor of the Company, nullifying the demands raised by the DCIR. Subsequently, the CIR filed a reference application with LHC on October 25, 2023, challenging the ATIR's decision. The case is still pending, in the opinion of legal counsel, favourable outcomes of the reference application are expected, hence, no provision is incorporated in these financial statements.
- 17.1.17** The DCIR issued an order under Section 122(5A) for the tax year 2003, creating an income tax liability of Rs. 545,930. The Company appealed the order to the CIR(A), which upheld the DCIR's decision. The Company then filed an appeal with the ATIR on November 12, 2009. On April 14, 2021, the ATIR ruled in favor of the Company, deleting the demands upheld by the CIR(A). Following this, the CIR filed a reference petition with LHC challenging the ATIR's decision. The case is still pending, in the opinion of legal counsel, favourable outcomes of the reference application are expected, hence, no provision is incorporated in these financial statements.
- 17.1.18** Proceedings under Section 122(5A) were initiated by the DCIR for the tax year 2012, resulting in a tax demand of Rs. 387,050,666 as of April 30, 2018. The Company filed an appeal with the CIR(A) on June 4, 2018, where the CIR(A) annulled the DCIR's order and instructed a reassessment based on the available records. Subsequently, the Company appealed the decision of reassessment before the ATIR, and the case remains pending without any tax demand. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.
- 17.1.19** Proceedings under Section 122(5A) were initiated by the DCIR for the tax year 2015, resulting in a tax demand of Rs. 31,262,633 as of July 9, 2021. The Company filed an appeal with the CIR(A) on July 19, 2021 where the CIR(A) annulled the DCIR's order and instructed a fresh proceeding based on the available record, along with a speaking order. The Company subsequently appealed before the ATIR, contesting that the CIR(A) should have passed a speaking order. The case is still pending, with no tax demand. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.
- 17.1.20** The ACIR initiated proceedings under Section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2017, resulting in a tax demand of Rs. 11,385,589 as of September 26, 2018. The Company appealed this order to the CIR(A) and received partial relief of Rs. 5,745,964 with directions to the OIR for verification of certain matters. Subsequently, the DCIR appealed the CIR(A)'s order to the ATIR, and the Company also filed an appeal before the ATIR on April 14, 2021. On October 18, 2023, the ATIR remanded the case to the OIR for reconsideration. The assessment is still pending, with no tax demand. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.
- 17.1.21** The ACIR initiated proceedings under Sections 161/205 of the Income Tax Ordinance, 2001, for the tax year 2014 resulting in a tax demand of Rs. 8,468,165 as of December 6, 2019. The Company appealed this order before the CIR(A), and the CIR(A) annulled the ACIR's order, directing a fresh proceeding after providing a fair opportunity to be heard. Dissatisfied with the CIR(A)'s decision, the Company appealed to the ATIR. On October 18, 2023 the ATIR remanded the case to the OIR for reconsideration. The assessment is still pending, with no tax demand. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.
- 17.1.22** The DCIR issued an order on January 27, 2023 under Section 11(2) of the Sales Tax Act, 1990 for the tax periods from January, 2014 to February, 2017, creating a demand of Rs. 6,770,083. The Company filed an appeal with the CIR(A) on February 23, 2023. On April 28, 2023 the CIR(A) upheld the DCIR's order. Aggrieved by this decision, the Company appealed to the ATIR. On January 5, 2024 the ATIR remanded the case, directing that a fresh order be passed after providing an adequate opportunity to be heard. The assessment is still pending, with no tax demand. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.

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17.1.23 The DCIR issued an order on January 27, 2023 under Section 11(2) of the Sales Tax Act, 1990 for the tax periods from July, 2019 to June, 2021 creating a demand of Rs. 177,877,849. The Company appealed this order before the CIR(A) on March 8, 2023. On June 6, 2023 the CIR(A) upheld the DCIR's order. Aggrieved by this decision, the Company appealed to the ATIR, which deleted the CIR(A)'s order concerning the sale of auto rickshaws and remanded the sales related to loaders to the OIR for further verification. The assessment is still pending, with no tax demand. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.

17.1.24 The DCIR issued an order on January 27, 2023 under Section 11(2) of the Sales Tax Act, 1990, for the tax periods from July, 2020 to June, 2021 creating a demand of Rs. 226,283,805. The Company filed an appeal with the CIR(A) on February 23, 2023. The CIR(A) remanded the case to the OIR, instructing a fresh proceeding and a speaking order based on the available records. Aggrieved by the CIR(A)'s decision, the Company appealed to the ATIR on July 7, 2023. The case is still pending, with no tax demand. In the opinion of tax consultant, favourable outcome of the appeals is expected, hence, no provision is incorporated in these financial statements.

17.1.25 Mr. Abdul Rauf has instituted a suit before the Civil Court against Tableeghi Jamaat, Sazgar Engineering Works Limited and others. The suit is without merit, being false, and frivolous, lacking any cogent reason, substantive evidence, or proof. In the opinion of legal counsel there is no probability of any decision against the Company, hence, no provision is incorporated in these financial statements.

17.2 Commitments

17.2.1 Commitments in respect of outstanding letters of credit for raw materials amount to Rs. 13,061.57 million (2023: Rs. 2,650.39 million) as at the reporting date.

17.2.2 Commitments in respect of capital expenditures amount to Rs. 25.10 million (2023: Rs. 130.21 million) and bank guarantees amount to Rs. 30.82 million (2023: Rs. 22.18 million) as at the reporting date.

Outstanding Letters of Credit

Note	Financial Institutions Name / Facility type	For the year ended June 30,	Total Unfunded Facility	Utilized Facility	Un-Utilized Facility	Security Details
...Rs. in million..						
17.2.3	Meezan Bank Limited	2024	1,200	1,021.74	178.26	-Nil cash margin or as per SBP requirement, whichever is higher -Lien on import documents
		2023	500	420.1	79.9	- Personal guarantees of certain directors
17.2.4	Habib Bank Limited - Islamic Banking	2024	2,050	1,792.4	257.6	-Nil cash margin or as per SBP requirement, whichever is higher -Lien on import documents
		2023	1,750	962.91	787.09	- Personal guarantees of certain directors
17.2.5	United Bank Limited - Ameen Islamic Banking	2024	250	-	250	-100% cash margin or as per SBP requirement, whichever is higher -Lien on import documents
			600	-	600	-Nil cash margin or as per SBP requirement, whichever is higher -Lien on import documents
		2023	350	18.15	331.85	- Personal guarantees of certain directors
			500	-	500	-100% cash margin or as per SBP requirement, whichever is higher -Lien on import documents
17.2.6	Allied Bank Limited - Islamic Banking	2024	225	-	225	-Nil cash margin or as per SBP requirement, whichever is higher -Lien on import documents
		2023	225	8.17	216.83	- Personal guarantees of certain directors
17.2.7	Habib Metro Bank Limited - Islamic Banking	2024	1,500	1,021.64	478.36	-Nil cash margin or as per SBP requirement, whichever is higher -Lien on import documents
		2023	1,100	1,008	92	- Personal guarantees of certain directors
17.2.8	Faysal Bank Limited - Islamic Banking	2024	1500	1131.18	368.82	-Nil cash margin or as per SBP requirement, whichever is higher -Lien on import documents - Personal guarantees of certain directors
			7,000	5,716.69	1283.31	-15% or 100% lien over saving account -Lien on import documents - Personal guarantees of certain directors
		2023	300	-	300	-Nil cash margin or as per SBP requirement, whichever is higher -Lien on import documents - Personal guarantees of certain directors

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Outstanding Letters of Credit

Note	Financial Institutions Name / Facility Type	For the Year Ended June 30,	Total Unfunded Facility	Utilized Portion	Un-Utilized Portion	Security Details
...Rs. in million..						
17.2.9	Askari Bank Limited - Islamic Banking	2024	500.00	276.24	223.76	- Nil cash margin or as per SBP requirement, whichever is higher - Lien on import documents - Personal guarantees of certain directors
		2023	200.00	-	200.00	-100% cash margin or as per SBP requirement, whichever is higher - Lien on import documents
			300.00	-	300.00	- Nil cash margin or as per SBP requirement, whichever is higher - Lien on import documents - Personal guarantees of certain directors
17.2.10	Dubai Islamic Bank Pakistan Limited	2024	750.00	656.14	93.86	- Nil cash margin or as per SBP requirement, whichever is higher - Lien on import documents
		2023	750.00	232.06	517.94	- Personal guarantees of certain directors
17.2.11	The Bank of Punjab	2024	1,000	845.54	154.46	- Nil cash margin or as per SBP requirement, whichever is higher - Lien on import documents
		2023	500	-	500	- Personal guarantees of certain directors
17.2.12	Bank Al Habib Limited	2024	600	600	-	- 25% cash margin or as per SBP requirement, whichever is higher - Lien on import documents - Personal guarantees of certain directors
			1,488	169.6	1,318.4	- 30% cash margin or as per SBP requirement, whichever is higher - Lien on import documents - Personal guarantees of certain directors
		2023	-	-	-	-
17.2.13	National Bank of Pakistan - Islamic Banking	2024	1,000	-	1,000	- 100% cash margin in form of lien over saving account - Lien on import documents - Personal guarantees of certain directors
		2023	-	-	-	-

Note 18

Property, Plant and Equipment

Operating fixed assets - owned
Capital work in progress
Advance for purchase of land

Note	2024 Rupees	2023 Rupees
18.1	4,223,942,764	2,831,287,076
18.2	336,431,244	-
	-	30,000,000
	<u>4,560,374,008</u>	<u>2,861,287,076</u>

18.1 Operating fixed assets - Owned

	Freehold Land	Leasehold - Building and Civil Works	Freehold - Building and Civil Works	Plant and Machinery	Electric Fittings	Furniture and Fittings	Office Equipment	Electric Installations	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Cost										
Balance as at July 01, 2022	195,551,940	2,509,800	491,108,460	1,262,268,749	9,291,359	6,218,351	12,810,472	54,554,341	149,459,493	2,183,772,965
Additions	140,401,000	-	119,508,818	1,034,295,191	3,093,213	3,679,710	7,400,753	7,612,096	1,950,000	1,317,940,781
Disposals	-	-	-	-	-	-	-	-	(2,657,000)	(2,657,000)
Balance as at June 30, 2023	335,952,940	2,509,800	610,617,278	2,296,563,940	12,384,572	9,898,061	20,211,225	62,166,437	148,752,493	3,499,056,746
Additions	1,085,350,400	-	188,199,026	149,275,537	12,129,451	6,705,611	24,254,544	24,701,794	192,208,610	1,682,824,973
Disposals	-	-	-	-	-	-	-	-	(20,469,000)	(20,469,000)
Balance as at June 30, 2024	1,421,303,340	2,509,800	798,816,304	2,445,839,477	24,514,023	16,603,672	44,465,769	86,868,231	320,492,103	5,161,412,719
Rate of depreciation	-	10%	5% - 10%	10%	10%	10%	10%	10%	20%	
Accumulated depreciation										
Balance as at July 01, 2022	-	1,253,795	100,403,598	252,414,007	7,019,821	2,239,231	4,616,396	7,003,360	61,899,058	436,849,266
Depreciation charged during the year	-	125,601	40,002,557	167,684,931	440,684	603,564	1,382,427	5,133,232	17,835,104	233,208,100
Disposals	-	-	-	-	-	-	-	-	(2,287,696)	(2,287,696)
Balance at June 30, 2023	-	1,379,396	140,406,155	420,098,938	7,460,505	2,842,795	5,998,823	12,136,592	77,446,466	667,769,670
Depreciation charged during the year	-	113,040	48,197,940	189,958,202	969,529	1,158,105	1,983,595	5,488,451	34,543,704	282,412,566
Disposals	-	-	-	-	-	-	-	-	(12,712,281)	(12,712,281)
Balance at June 30, 2024	-	1,492,436	188,604,095	610,057,140	8,430,034	4,000,900	7,982,418	17,625,043	99,277,889	937,469,955
Carrying amount As at June 30, 2023	335,952,940	1,130,404	470,211,123	1,876,465,002	4,924,067	7,055,266	14,212,402	50,029,845	71,306,027	2,831,287,076
Carrying amount As at June 30, 2024	<u>1,421,303,340</u>	<u>1,017,364</u>	<u>610,212,209</u>	<u>1,835,782,337</u>	<u>16,083,989</u>	<u>12,602,772</u>	<u>36,483,351</u>	<u>69,243,188</u>	<u>221,214,214</u>	<u>4,223,942,764</u>

18.1.1 Depreciation charge for the year has been allocated as follows:

Note	2024 Rupees	2023 Rupees
Cost of sales	27	249,603,811
Distribution and marketing costs	28	14,282,611
Administrative expenses	29	18,526,144
		<u>282,412,566</u>
		<u>233,208,100</u>

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18.1.2 Detail of disposals of property, plant and equipment

The details of property, plant and equipment disposed off during the year are as follows:

Asset	June 30, 2024				Particulars of the Buyer	Mode of Disposal	Relationship with the Purchaser
	Cost	Carrying Amount	Sale Price	Gain			
-----Rupees-----							
Honda Civic	2,637,000	696,395	706,000	9,605	Mr. Zubair Aamir	Company policy	GM Project
Honda Civic	3,003,000	562,254	570,000	7,746	Mr. Arshad Mahmood	Company policy	Company Secretary
Haval 2.0	6,550,000	4,089,401	9,500,000	5,410,599	Mr. Faisal Hashmi	Negotiation	Third Party
Baic BJ40	6,730,000	2,221,499	4,600,000	2,378,501	Mr. Sajid Mahmood Khan	Negotiation	Third Party
Shahzore Hyundai	1,549,000	187,170	1,800,000	1,612,830	Mr. Muhammad Haleem	Negotiation	Third Party
	<u>20,469,000</u>	<u>7,756,719</u>	<u>17,176,000</u>	<u>9,419,281</u>			

Asset	June 30, 2023				Particulars of the Buyer	Mode of Disposal	Relationship with the Purchaser
	Cost	Carrying Amount	Sale Price	Gain			
-----Rupees-----							
Suzuki Cultus	1,059,000	192,477	885,000	692,523	Mr. Arsalan Qamar	Negotiation	Third Party
Suzuki Mehran	683,000	144,231	400,000	255,769	Mr. Ahsan Ahmed	Negotiation	Third Party
Toyota Corolla	915,000	32,596	300,000	267,404	Mr. Altaf Ul Haque	Negotiation	Executive Employee
	<u>2,657,000</u>	<u>369,304</u>	<u>1,585,000</u>	<u>1,215,696</u>			

18.1.3 Particulars of immovable property (i.e. land and building) of the Company are as follow:

Location	Usage of immovable property	Nature	Total area
			(Acres)
Maghrabi Tanki-1, Link Road, Near Ijtamah Chowk, Sunder-Raiwind Road, Lahore.	Four Wheeler Plant	Owned	56.73
18 KM, Raiwind Road, Lahore.	Three Wheeler Plant	Owned	5.46
B-66, State Avenue S.I.T.E, Karachi.	Warranty Center, Karachi	Leased	0.36
78-W, Roshan Center, Main Jinnah Avenue, Blue Area, Islamabad.	Haval Display Center	Leased	0.10

18.1.4 The property, plant and equipment of the Company are subject to pari passu charge as security for certain financing by certain banks (Note 7 and 13).

18.2 Reconciliation of carrying amounts is as follows:

	2024			
	Balance as at July 01, 2023	Expenditure incurred during the year	Transfer to operating fixed assets	Balance as at June 30, 2024
-----Rupees-----				
Plant and machinery	-	107,197,254	(95,353,524)	11,843,730
Civil works	-	316,381,846	(188,199,026)	128,182,820
Advances to suppliers	-	196,404,694	-	196,404,694
Advance for land	30,000,000	-	(30,000,000)	-
	<u>30,000,000</u>	<u>619,983,794</u>	<u>(313,552,550)</u>	<u>336,431,244</u>
-----Rupees-----				
	2023			
	Balance as at July 01, 2022	Expenditure incurred during the year	Transfer to operating fixed assets	Balance as at June 30, 2023
-----Rupees-----				
Plant and machinery	765,614,277	258,648,794	(1,024,263,071)	-
Civil works	33,712,147	85,796,671	(119,508,818)	-
Advance for land	-	30,000,000	-	30,000,000
	<u>799,326,424</u>	<u>374,445,465</u>	<u>(1,143,771,889)</u>	<u>30,000,000</u>

18.2.1 The capital work in progress as of June 30, 2024, pertains to plant, machinery and civil works.

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Note 19

Intangible Assets

		2024	2023
	Note	Rupees	Rupees
Net Carrying Value			
Opening balance		199,064	284,624
Additions during the year		-	-
Amortization during the year	19.2	<u>(68,250)</u>	<u>(85,560)</u>
Closing balance		<u>130,814</u>	<u>199,064</u>
Gross Carrying Value			
Cost		4,699,173	4,699,173
Accumulated amortization		<u>(4,568,359)</u>	<u>(4,500,109)</u>
Net book value		<u>130,814</u>	<u>199,064</u>
Useful life		<u>5 Years</u>	<u>5 Years</u>

19.1 Intangible assets include costs incurred on patents, copyrights, trademarks, and designs.

19.2 Amortization charge for the year has been allocated to cost of sales.

Note 20

Long Term Loans to Staff

		2024	2023
		Rupees	Rupees
Loans to staff (secured - considered good)			
- Executives		28,652,925	15,945,425
- Non-executives		87,399,441	60,398,069
		116,052,366	76,343,494
Less: Discounting of loan to staff		(48,509,413)	-
Unwinding of discount		1,408,095	-
		68,951,048	76,343,494
Less: Current portion of loans	24	<u>(29,506,303)</u>	<u>(62,749,663)</u>
		<u>39,444,745</u>	<u>13,593,831</u>

20.1 These loans and advances have been granted as per the Company's policy to facilitate employees for meeting household expenses. These are secured against post employment benefits payable to employees. These loans are interest free and are repayable within 20 years (June 30, 2023: 2 to 2.5 years). The maximum amount of loan outstanding to executives at the end of any month during the year was Rs. 28.65 million (2023: Rs. 15.95 million). Receivable from executives of the Company do not include any amount receivable from directors or chief executive. The credit quality of these financial assets can be assessed with reference to no default 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.

These loans were initially recognized at fair value using effective profit rates of 20.85% (2023: Nil). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as expense in statement of profit or loss.

20.2 Reconciliation of loans to staff

Description	Opening balance	Disbursements / transfers	Repayments / transfers	Closing balance
Executives	15,945,425	17,786,452	(5,078,952)	28,652,925
Non-executives	60,398,069	64,503,615	(37,502,243)	87,399,441
Carrying value as at June 30, 2024	<u>76,343,494</u>	<u>82,290,067</u>	<u>(42,581,195)</u>	<u>116,052,366</u>
Carrying value as at June 30, 2023	<u>71,363,447</u>	<u>50,343,657</u>	<u>(45,363,610)</u>	<u>76,343,494</u>

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 21 Long Term Deposits

	2024	2023
	Rupees	Rupees
Deposit with Pakistan Steel Mills	400,000	400,000
Securities with utility companies	4,511,855	4,511,855
Rent securities	3,905,000	625,000
Others	113,615	501,500
	<u>8,930,470</u>	<u>6,038,355</u>

Note 22 Stock in Trade

	Note	2024	2023
		Rupees	Rupees
Raw materials and components		6,803,018,057	1,009,169,251
Work-in-process		32,066,787	47,015,266
Finished goods		1,848,659,626	638,790,179
Less: Provision for slow moving items	22.2	(27,016,712)	(14,965,212)
		8,656,727,758	1,680,009,484
Stock in transit		5,661,369,156	1,031,093,424
		<u>14,318,096,914</u>	<u>2,711,102,908</u>

22.1 The stock in trade of the Company is subject to pari passu charge as security for certain financing by banks (Note 7 and 13).

22.2 Movement in provision for slow moving items

Opening balance	14,965,212	10,450,102
Charged during the year	12,051,500	4,515,110
Less: written off during the year	-	-
Closing balance	<u>27,016,712</u>	<u>14,965,212</u>

Note 23 Trade Debts

		2024	2023
		Rupees	Rupees
Considered good	23.1	133,017,887	270,284,774
Considered doubtful		1,845,965	1,221,865
		134,863,852	271,506,639
Less: allowance for expected credit losses	23.2	(1,845,965)	(1,221,865)
		<u>133,017,887</u>	<u>270,284,774</u>

23.1 This includes receivable from Pak Tractors Manufacturing Company (Private) Limited amounting to Rs. 1.589 million (2023: Nil), which is a related party due to common directorship. The aging of the balance is as follows:

	1-30 days	31-60 days	Over 60 days	Total	Maximum amount outstanding at any time during the year
					Rupees.....
Pak Tractor Manufacturing Company (Private) Limited	1,191,776	397,259	-	1,589,035	1,589,035

23.2 Allowance for expected credit loss

	2024	2023
	Rupees	Rupees
Opening balance	1,221,865	5,070,487
Loss allowance for the year	1,124,500	-
	2,346,365	5,070,487
Less: Reversal of credit loss allowance during the year	(500,400)	(3,848,622)
Closing balance	<u>1,845,965</u>	<u>1,221,865</u>

23.3 The customer has no history of default. For age analysis of these trade debts, refer to Note 37.1 (b).

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 24

Loans, Advances, Deposits, Prepayments and Other Receivables

	Note	2024 Rupees	2023 Rupees
Current portion of long term loans to staff	20	29,506,303	62,749,663
Advance to employees for expenses	24.1	4,140,328	-
Advance to suppliers (unsecured - considered good)		93,559,628	11,336,971
Letter of credit margins		462,218,771	324,504,893
Prepayments		15,959,774	3,162,779
Contract securities		834,000	400,000
Bank guarantee margins		5,413,160	-
Accrued profit on bank deposits		118,912,865	-
Advance income tax - net		-	340,202,442
Advance sales tax		1,667,991,002	8,607,155
		<u>2,398,535,831</u>	<u>750,963,903</u>

24.1 These amounts are given in the normal course of business and do not carry any interest or mark-up.

Note 25

Cash and Bank Balances

		2024 Rupees	2023 Rupees
Cash in hand		2,144,370	1,194,312
Cash at banks in:			
- Current accounts - Conventional banking		53,637,696	7,931,168
- Current accounts - Islamic banking		492,918,918	610,170,562
- Saving accounts - Islamic banking	25.1	7,212,981,681	409,509,043
		7,759,538,295	1,027,610,773
		<u>7,761,682,665</u>	<u>1,028,805,085</u>

25.1 These represents shariah compliant bank deposits with Islamic banks that yield profit at the rates ranging from 6.77% to 23.18% (2023: 7.00% to 16.00%) per annum. During the year, profit of Rs. 769.95 million was earned on these shariah compliant deposits.

25.2 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

Note 26

Sales - Net

		2024 Rupees	2023 Rupees
Gross sales	26.1	67,790,386,654	21,887,284,526
Less: Sales tax		7,619,148,982	2,673,504,490
Federal excise duty		2,515,557,406	731,285,037
Sales return		13,211,702	308,198,131
		(10,147,918,090)	(3,712,987,658)
		<u>57,642,468,564</u>	<u>18,174,296,868</u>

26.1 This amount includes Rs. 70.01 million (2023: Rs. 40.78 million) related to export sales. It also includes the amortization of deferred revenue amounting to Rs. 15.05 million (2023: Rs. 5.32 million), which has been recognized for deferred revenue outstanding at the beginning of the year.

26.2 Contract liabilities as at the beginning of the year have been recognized as sales upon dispatch of vehicles against such advances.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

26.3 The disaggregation of revenue is disclosed in note 40 of these financial statements.

26.4 The Company's revenue based on geographical location is given as under:

	2024	2023
	Rupees	Rupees
Pakistan	57,572,456,674	18,133,511,415
Japan	22,883,310	15,401,367
Afghanistan	26,765,625	8,925,000
Tanzania	12,184,098	-
Mauritania	-	8,828,439
Others	8,178,857	7,630,647
	<u>57,642,468,564</u>	<u>18,174,296,868</u>

Note 27

Cost of Sales

		2024	2023
	Note	Rupees	Rupees
Raw materials and components consumed	27.1	39,452,894,267	14,374,365,574
Salaries, wages and other benefits	27.2	1,058,475,389	691,430,142
Stores, spares and loose tools consumed		193,818,785	110,217,079
Power and fuel charges		622,030,158	284,426,801
Repairs and maintenance		328,568,911	130,956,721
Other manufacturing expenses		38,776,680	21,653,025
Provision for slow moving items	22.2	12,051,500	4,515,110
Depreciation	18.1.1	249,603,811	214,354,503
Amortization	19.2	68,250	85,560
		<u>41,956,287,751</u>	<u>15,832,004,515</u>
Work in process:			
- Opening stock		47,015,266	57,165,012
- Closing stock	22	<u>(32,066,787)</u>	<u>(47,015,266)</u>
		<u>14,948,479</u>	<u>10,149,746</u>
Cost of goods manufactured		<u>41,971,236,230</u>	<u>15,842,154,261</u>
Finished goods:			
- Opening stock		638,790,179	421,456,575
- Closing stock	22	<u>(1,848,659,626)</u>	<u>(638,790,179)</u>
- Cost of finished goods purchased during the year		<u>1,234,731,781</u>	<u>-</u>
		<u>24,862,334</u>	<u>(217,333,604)</u>
		<u>41,996,098,564</u>	<u>15,624,820,657</u>

27.1 This includes adjustment of scrap sales of Rs. 59.83 million (2023: Rs. 62.32 million).

27.2 This includes Rs. 82.69 million (2023: Rs. 56.99 million) in respect of post employment benefits.

Note 28

Distribution and Marketing Costs

		2024	2023
		Rupees	Rupees
Salaries and other benefits	28.1	123,392,890	51,930,320
Freight, octroi and others		313,952,998	128,192,958
Commission		947,096,353	270,052,891
Travelling and conveyance		43,789,620	18,477,063
Provision for warranty claims		144,162,012	45,454,925
Packing materials consumed		10,040,769	4,263,798
Advertisement and sale promotion		193,894,838	48,911,349
Insurance		2,217,376	852,978
Rent expenses	28.2	11,713,180	4,760,105
After sales service		3,259,134	1,484,608
Printing and stationery		3,093,795	4,315,632
Depreciation	18.1.1	14,282,611	9,787,541
		<u>1,810,895,576</u>	<u>588,484,168</u>

28.1 This includes Rs. 8.06 million (2023: Rs. 3.85 million) in respect of post employment benefits.

28.2 This represents lease rentals recognised on leases classified as short term.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 29

Administrative Expenses

		2024	2023
	Note	Rupees	Rupees
Salaries and other benefits	29.1	259,993,456	159,234,155
Electricity		789,693	649,104
Communication expenses		20,960,462	18,746,907
Vehicle running expenses		24,020,222	16,899,409
Legal and professional		12,887,328	2,171,750
Travelling and conveyance		1,373,498	849,531
Fees and subscription		18,947,132	8,953,125
Insurance		1,460,548	1,196,132
Rent, rates and taxes	29.2	4,076,289	1,944,851
Printing and stationery		6,775,360	6,953,381
Entertainment		7,837,158	6,719,492
Office supplies		1,765,719	3,758,131
Miscellaneous expenses		-	333,866
Donations	29.3	3,889,620	2,282,600
Depreciation	18.1.1	18,526,144	9,066,056
		383,302,629	239,758,490

29.1 This includes Rs. 24.58 million (2023: Rs. 17.00 million) in respect of post employment benefits.

29.2 This represents lease rentals recognised on leases classified as short term.

29.3 Directors and their spouses do not have any interest in the donees.

Note 30

Other Operating Expenses

		2024	2023
		Rupees	Rupees
Auditors' remuneration	30.1	2,005,000	1,343,500
Tax consultancy services		3,561,661	3,059,876
Exchange loss		1,516	-
Provision for doubtful debts		1,124,500	-
Workers' (profit) participation fund	12	706,047,215	79,063,511
Workers' welfare fund	12	287,069,159	18,934,281
		999,809,051	102,401,168

30.1 Auditors' remuneration

Statutory audit	1,600,000	1,093,500
Half yearly review	260,000	200,000
Workers' (profit) participation fund audit	25,000	25,000
Certificate fee	120,000	25,000
	2,005,000	1,343,500

Note 31

Other Operating Income

		2024	2023
		Rupees	Rupees
Income from financial assets			
Profit from Islamic banking deposits	31.1	769,950,522	24,149,221
Unwinding of discount	20	1,408,095	-
Income from non financial assets			
Gain on sale of fixed asset		9,419,281	1,215,697
Amortization of deferred grant		-	558,743
Reversal of provision for doubtful debts		500,400	3,848,622
Sale of scrap		34,036,651	-
Rectification charges		17,073,305	1,191,642
		832,388,254	30,963,925

31.1 This represents income from shariah compliant bank deposits.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 32

Finance Cost

	Note	2024 Rupees	2023 Rupees
Profit on:			
- Long term finances - Islamic banking		96,874,767	94,601,121
- Short term borrowings - secured - Islamic banking		820,316	18,099,651
- Profit on murabaha - Islamic banking		7,037,329	52,817,872
Discounting of loan to staff	20	48,509,413	-
Interest on workers' (profit) participation fund		11,988,279	1,836,675
Bank charges and others		3,681,239	1,005,246
		<u>168,911,343</u>	<u>168,360,565</u>

Note 33

Taxation

		2024 Rupees	2023 Rupees
Levy / final taxation		494,830	448,017
Current tax			
- Current year		3,614,858,427	227,999,972
- Super tax		1,317,825,724	118,351,372
Deferred tax	8	4,932,684,151	346,351,344
		246,984,098	139,559,760
		5,179,668,249	485,911,104
		<u>5,180,163,079</u>	<u>486,359,121</u>

33.1 Reconciliation of tax charge for the year

Profit before Levy and Taxation	13,115,839,655	1,481,435,745
Tax @ 29% (2023: 29%) on profit before taxation	3,803,593,500	429,616,366
Tax effect of amounts that are allowable deductions for tax purposes	64,560,300	7,407,798
Tax effect of profit attributable to		
-presumptive income	(6,311,275)	(792,527)
-presumptive tax	494,830	448,017
Super tax	1,317,825,724	118,351,372
Carry forward tax losses	-	(68,671,905)
	<u>5,180,163,079</u>	<u>486,359,121</u>

33.2 Reconciliation of Levy and Income tax under IAS-12

Current Tax liability as per applicable tax laws	4,933,178,981	346,799,361
Portion of current tax liability representing		
- Income tax as per IAS -12	(4,932,684,151)	(346,351,344)
- Levy as per IFRIC 21 / IAS 37	(494,830)	(448,017)
Difference	<u>-</u>	<u>-</u>

33.3 The current tax expense for the year is calculated using corporation tax rate of 29% (2023: 29%) and super tax at 10% (2023: 10%) per annum. Deferred tax assets and liabilities on temporary differences are measured at effective rate of 39% (2023: 29%) per annum.

NOTES

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FOR THE YEAR ENDED JUNE 30, 2024

Note 34

Earnings Per Share - Basic and Diluted

		2024	2023
		Rupees	Rupees
Profit attributable to ordinary shareholders	Rupees	<u>7,935,676,576</u>	<u>995,076,624</u>
Weighted average number of ordinary shares outstanding during the year	Numbers	<u>60,445,964</u>	<u>60,445,964</u>
Basic earnings per share	Rupees	<u>131.29</u>	<u>16.46</u>

34.1 There is no dilution effect on the earnings per share of the Company as the Company does not have any convertible instruments in issue as at the reporting date (2023: Nil) which would have any effect on the earnings per share if the option to convert is exercised.

Note 35

Cash Generated from Operations

		2024	2023
		Rupees	Rupees
Profit before levy and taxation	Note	13,115,839,655	1,481,435,745
Adjustment for:			
- Depreciation on property, plant and equipment	18.1	282,412,566	233,208,100
- Amortization on intangibles	19	68,250	85,560
- Amortization of deferred grant		-	(558,743)
- Provision for post employment benefits	9.3	115,325,437	77,838,210
- Provision for slow moving items - net	22.2	12,051,500	4,515,110
- Reversal for doubtful debt	23.2	(500,400)	(3,848,622)
- Provision for doubtful debt	23.2	1,124,500	-
- Workers' (profit) participation fund	12.4	706,047,215	79,063,511
- Provision for warranty claims	12.3	144,162,012	45,454,925
- Workers' welfare fund	12.5	287,069,159	18,934,281
- Finance cost	32	120,401,930	167,801,822
- Discounting of loan to staff	32	48,509,413	-
- Bank profits on saving accounts	31	(769,950,522)	(24,149,221)
- Effect of unwinding on loan to staff	31	(1,408,095)	-
- Miscellaneous income		-	(632,899)
- Gain on disposal of fixed assets	31	(9,419,281)	(1,215,697)
Operating profit before working capital changes		<u>14,051,733,339</u>	<u>2,077,932,082</u>

(Increase) / decrease in current assets

- Store, spares and loose tools		(2,159,949)	3,870,697
- Stock-in-trade	22	(11,619,045,506)	700,903,962
- Trade debts	23	136,642,787	(86,594,340)
- Loans, advances, deposits, prepayments and other receivables	24	(257,987,071)	(1,571,901,571)

Increase / (decrease) in current liabilities

- Trade and other payables	12	9,670,329,063	1,258,007,843
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(Increase) / decrease in long term loans

		(2,072,220,676)	304,286,591
		(24,442,819)	8,159,147
Cash generated from operations		<u>11,955,069,844</u>	<u>2,390,377,820</u>

Note 36

Cash and Cash Equivalents

		2024	2023
		Rupees	Rupees
Cash and cash equivalents included in the statement of cash flows comprise of the following:			
Cash and bank balances	25	<u>7,761,682,665</u>	<u>1,028,805,085</u>

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 37 Financial Risk Management

37.1 Financial risk factors and risk management framework

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management under policies approved by the Board of Directors. The Company's management evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk, provided by the Board of Directors. All treasury related transactions are carried out within the parameters of these policies.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) 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 i.e., currency risk, interest rate risk and price risk.

(i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import and foreign currency payments.

As at June 30, 2024, if Pakistani Rupee had weakened / strengthened by 1% against the the foreign currencies with all other variables held constant, pre-tax profit for the year would have been lower / higher by Rs. 130.86 million (2023: Rs. 27.81 million), mainly as a result of foreign exchange losses / gains on translation of the foreign currencies financial assets and liabilities.

	2024 Rupees	2023 Rupees
Letters of credit commitments	13,086,670,000	2,780,600,000
Foreign currency bank account	759,730	-
	<u>13,087,429,730</u>	<u>2,780,600,000</u>

The following exchange rates were applied during the year:

Rupees per foreign currency rate

	USD	CNY
June 30, 2024		
Average rate	283.12	38.99
Reporting date rate	278.34	38.31
June 30, 2023		
Average rate	246.05	35.13
Reporting date rate	287.90	39.67

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2024 Rupees	2023 Rupees
Fixed rate instruments		
Financial liabilities		
Murabaha financing	-	181,964,475
Floating rate instruments		
Financial liabilities		
Diminishing musharakah financing	344,773,075	529,990,685
Financial assets		
Saving accounts - Islamic banking	7,212,981,681	409,509,043

NOTES

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Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2024, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 68.682 million (2023: Rs. 3.025 million), mainly as a result of interest exposure on variable rate borrowings.

Cash flow sensitivity analysis for fixed rate instruments

The profit before taxation for the year would have no fluctuation as there are no such instruments.

(iii) 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.

(iv) Other price risk

Other price risk represents 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 rate 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. The Company is not exposed to equity price risk since there are no direct investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

The management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2024, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	2024 Rupees	2023 Rupees
Trade debts	23	133,017,887	270,284,774
Bank balances	25	7,759,538,295	1,027,610,773

The aging of trade debts as at reporting date is as follows:

Not past due	61,775,262	60,151,032
Past Due 0-30 days	70,541,739	107,754,948
Past due 31-120 days	700,886	102,378,794
Past due more than 120 days	-	-
	<u>133,017,887</u>	<u>270,284,774</u>

Customers credit risk is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security. The letters of credit are considered integral part of foreign trade receivables and considered in the calculation of impairment.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	Rating		Rating	2024	2023
	Short term	Long term	Agency		
				Rupees	Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	129,487,380	60,963,711
Bank Al-Habib Limited	A1+	AAA	PACRA	660,026,985	3,998
Habib Bank Limited	A1+	AAA	VIS	485,263,860	275,323,243
The Bank of Punjab	A1+	AA+	PACRA	588,215,041	60,000,000
Al Baraka Bank (Pakistan) Limited	A1	A+	VIS	1,966,347	-
Meezan Bank Limited	A1+	AAA	VIS	1,240,214,432	142,687,935
National Bank of Pakistan	A1+	AAA	PACRA	715,527,302	10,004
Allied Bank Limited	A1+	AAA	PACRA	27,557,207	11,712,794
Bank Islami Limited	A1	AA-	PACRA	14,663,690	13,486,192
JS Bank Limited	A1+	AA	PACRA	992,579	57,930
MCB Islamic Bank Limited	A1	A+	PACRA	4,891,990	2,319,769
United Bank Limited	A1+	AAA	VIS	61,298,510	413,124,296
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	10,822,239	253,576
Bank Alfalah Limited	A1+	AAA	PACRA	58,384,313	30,471,177
Faysal bank Limited	A1+	AA	PACRA	3,303,628,803	871,265
Askari Bank Limited	A1+	AA+	PACRA	456,597,617	16,321,092
Bank Makramah Limited (formerly Summit Bank Limited)	A3	BBB-	VIS	-	3,791
				<u>7,759,538,295</u>	<u>1,027,610,773</u>

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2024:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	1,649,429,818	1,649,429,818	1,649,429,818	-	-	-
Profit payable	17,220,879	17,220,879	17,220,879	-	-	-
Diminishing Musharakah Financing	344,773,075	442,573,344	247,593,582	194,979,762	-	-
	<u>2,011,423,772</u>	<u>2,109,224,041</u>	<u>1,914,244,279</u>	<u>194,979,762</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2023:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	686,958,130	686,958,130	686,958,130	-	-	-
Profit payable	23,362,697	23,362,697	23,362,697	-	-	-
Diminishing Musharakah Financing	529,990,685	705,470,446	411,255,656	237,954,184	56,260,606	-
	<u>1,240,311,512</u>	<u>1,415,791,273</u>	<u>1,121,576,483</u>	<u>237,954,184</u>	<u>56,260,606</u>	<u>-</u>

(d) Fair value of financial instruments

The carrying value of all financial instruments, i.e., financial assets and liabilities reflected in the financial statements, approximates 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. IFRS 13, 'Fair Value Measurement,' 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).

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

37.2 Financial instruments by categories

Financial asset as at amortized cost

	2024	2023
	Rupees	Rupees
Trade debts	133,017,887	270,284,774
Cash and bank balances	7,761,682,665	1,028,805,085
Long term loans to staff	68,951,048	87,680,465
Accrued profit on bank deposits	118,912,865	-
	<u>7,940,895,522</u>	<u>1,326,105,129</u>

The Company did not possess any financial assets designated as fair value through profit or loss and fair value through other comprehensive income categories.

Financial liabilities at amortized cost

Trade and other payables	1,649,429,818	686,958,130
Profit payable	17,220,879	23,362,697
Diminishing Musharakah Financing	344,773,075	529,990,685
Unclaimed dividends	6,269,891	1,407,358
	<u>2,017,693,663</u>	<u>1,241,718,870</u>

Note 38

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, 2024 and 2023, the Company had surplus reserves to meet its requirements.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and bank balances and liquid investments. The Company is not exposed to any externally imposed capital requirements.

As at the reporting date, the gearing ratio of the Company was worked out as under:

	2024	2023
	Rupees	Rupees
Total borrowings	344,773,075	529,990,685
Cash and bank balances	(7,761,682,665)	(1,028,805,085)
Net debt	(7,416,909,590)	(498,814,400)
Equity	10,133,724,822	2,915,048,062
Total capital employed	<u>2,716,815,232</u>	<u>2,416,233,662</u>
Gearing ratio	<u>Nil</u>	<u>Nil</u>

Note 39

Balances and Transaction with Related Parties

Related parties comprise associated companies due to common directorship, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances as at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Significant balances and transactions with related parties are as follows:

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TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Transactions for the period

Related party	Relationship	Nature of Transaction	2024	2023	
			Rupees	Rupees	
Pak Tractor Manufacturing Company (Private) Limited	Associate	Sale of goods			
		-Vehicle	9,280,990	-	
		-Rims	9,381,189	-	
		Receipt against sales	17,073,144		
Power Vision Systems (Private) Limited	Associate	Purchase of goods	64,841	-	
		Payment against purchases	18,555	-	
Non-executive directors		Meeting fee paid	2,820,000	1,410,000	
		Travelling, boarding and lodging expenses	150,000	100,000	
		Sale of goods - vehicles	32,791,970	-	
		Receipts against sale of goods	29,291,970		
		Advance against sale of goods	-	3,500,000	
		Dividend paid	49,548,416	-	
	Key management personnel		Remuneration, allowances and benefits	202,028,381	100,482,129
			Sale of goods - vehicle	8,119,490	-
			Receipts against sale of goods	8,119,490	
			Dividend paid	420,761,412	-
		Sales of operating fixed asset vehicle	570,000	-	
		Receipts against sale of operating fixed asset	570,000		
Other executives		Remuneration, allowances and benefits	23,627,394	9,164,235	
		Dividend paid	3,269,040	-	
Spouses of directors		Dividend paid	13,985,820	-	
Balances outstanding as at June 30,					
Pak Tractor Manufacturing Company (Private) Limited		Trade debt	1,589,035	-	
Power Vision Systems (Private) Limited		Payable	46,286	-	
Non-executive directors		Advance against sale of goods	-	3,500,000	

39.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Name	Relationship	% of Shareholding
Associate		
Pak Tractor Manufacturing Company (Private) Limited	Associate	Common directorship
Power Vision (Private) Limited	Associate	Common directorship
Key Management Personnel		
Mr. Mian Asad Hameed	Chief Executive Officer	41.85%
Mr. Saeed Iqbal Khan	Executive director	4.48%
Mr. Mian Muhammad Ali Hameed	Executive director	11.61%
Mr. Arshad Mehmood	Company secretary	0.07%
Mr. Muhammad Atif Rao	Chief Financial Officer	Nil

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Name	Relationship	% of Shareholding
Non-Executive Director		
Mrs. Saira Asad Hameed	Non-executive director	6.41%
Mrs. Sana Suleyman	Non-executive director	0.40%
Mr. Humza Amjad Wazir	Non-executive director	0.003%
Mr. Muhammad Omer Saeed	Non-executive director	0.001%
Mr. Umair Ejaz	Non-executive director	0.003%
Mr. Taha Mahmood	Non-executive director	0.002%
Spouses of Directors		
Mrs. Naghmana Saeed	Spouse of director	1.71%
Mr. Muhammad Suleyman Khan	Spouse of director	0.11%
Mrs. Amina Humza Wazir	Spouse of director	0.11%
Other Executives		
Mr. Mian Muhammad Ammar Hameed	Other executive	0.447%
Mr. Adil Saeed Khan	Other executive	0.004%

Note 40

Segment Reporting

40.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined its operating segments based on the information that is presented to the Chief Operating Decision Maker for allocation of resources and assessments of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into the following operating segments:

- Auto-Rikshaw
- Automotive Parts
- Household Appliances
- Automobiles-Four Wheeler

The Chief Operating Decision Maker (the Chief Executive Officer) of the Company monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions but do not include deferred tax. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

The pricing for inter-segment transactions is determined on an arm's length basis.

40.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2024 is as follows.

Automobiles- Three wheeler	Automotive parts	Household Appliances	Automobiles- Four wheeler	Total
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.....Rupees in Thousands.....

Segment Results for the year ended June 30, 2024

Segment revenue - Net	5,778,023	1,056,745	532	50,807,170	57,642,469
Segment operating results	124,771	28,195	33	13,293,606	13,446,605
Segment assets	752,231	439,153	2,336	18,560,389	19,754,110
Unallocated assets	-	-	-	-	9,471,913
Total assets	752,231	439,153	2,336	18,560,389	29,226,023
Segment liabilities	427,341	35,247	-	16,409,051	16,871,639
Unallocated liabilities	-	-	-	-	2,250,298
Total liabilities	427,341	35,247	-	16,409,051	19,121,937
Capital expenditure	-	-	-	2,019,256	2,019,256
Depreciation and amortization	14,025	13,892	-	254,564	282,481
Non-cash charges other than depreciation and amortization	50,220	22,427	54	55,800	128,501

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TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Automobiles- Three wheeler	Automotive parts	Household Appliances	Automobiles- Four wheeler	Total
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.....Rupees in Thousands.....

Segment Results for the year ended June 30, 2023

Segment revenue - Net	2,888,643	530,421	520	14,754,714	18,174,297
Segment operating results	43,944	1,211	(4,502)	1,676,177	1,716,830
Segment assets	1,465,652	438,443	2,338	4,315,966	6,222,399
Unallocated assets	-	-	-	-	9,472,364
Total assets	1,465,652	438,443	2,338	4,315,966	15,694,762
Segment liabilities	989,250	9,443	-	3,615,902	4,614,595
Unallocated liabilities	-	-	-	-	2,295,379
Total liabilities	989,250	9,443	-	3,615,902	6,909,974
Capital expenditure	-	-	-	1,317,941	1,317,941
Depreciation and amortization	14,310	2,032	4.38	216,946	233,294
Non-cash charges other than	30,420	13,585	33	33,800	77,838

40.3 99.88% (2023: 99.82%) of the gross sales of the Company are made to customers located in Pakistan.

40.4 Entity-wise disclosures regarding reportable segment are as follows:

- *Information about major customers*

The Company's customer base is diverse with no single customer accounting for more than 10% of sales. The automotive parts sales is mainly related to Millat Tractors Limited and Al Ghazi Tractors Limited.

- *Information about geographical areas*

- All non-current and current assets of the Company as at June 30, 2024 are located in Pakistan.
- Revenue from export sales is Rs. 70.01 million (2023: Rs 40.78 million).

40.5 Product-wise reconciliation of sales

	2024	2023
	Rupees	Rupees
Automobiles - Four wheeler	50,807,169,646	14,754,713,583
Automobiles - Three wheeler	5,778,022,619	2,888,643,103
Automotive parts	1,056,744,521	530,420,663
Home appliance	531,778	519,519
Scrap sales	93,866,787	62,318,959
	57,736,335,351	18,236,615,827
Less: Scrap sales transferred to cost of sales	(59,830,136)	(62,318,959)
Less: Sale of scrap transferred to other operating income	(34,036,651)	
	57,642,468,564	18,174,296,868

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 41**Liabilities arising from Financing Activities**

	As at June 30, 2023	Non-cash changes	Cash flows (Net)	As at June 30, 2024
	Rupees	Rupees	Rupees	Rupees
Diminishing musharakah financing	529,990,685	-	(185,217,610)	344,773,075
Murabaha financing	181,964,475	-	(181,964,475)	-
Total liabilities from financing activities	711,955,160	-	(367,182,085)	344,773,075

	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at June 30, 2023
	Rupees	Rupees	Rupees	Rupees
Diminishing musharakah financing	703,529,041	-	(173,538,356)	529,990,685
Short term borrowings	617,786,060	-	(435,821,585)	181,964,475
Total liabilities from financing activities	1,321,315,101	-	(609,359,941)	711,955,160

Note 42**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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	-----Rupees-----									
Managerial remuneration	43,575,000	36,914,516	30,502,500	25,378,766	-	-	178,263,133	125,575,500	252,340,633	187,868,782
Bonus	14,498,590	1,207,750	10,114,680	835,594	-	-	56,308,975	3,628,730	80,922,246	5,672,074
Leave encashment	-	-	-	-	-	-	4,099,770	3,976,220	4,099,770	3,976,220
Income tax benefit	29,647,362	4,719,138	19,100,270	3,196,387	-	-	46,171,236	6,916,653	94,918,868	14,832,178
Medical expenses	609,215	-	414,193	-	-	-	3,803,461	-	4,826,869	-
Other allowances	-	-	-	-	-	-	59,500	-	59,500	-
Meeting Fee	-	-	-	-	2,970,000	1,510,000	-	-	2,970,000	1,510,000
Total	88,330,167	42,841,404	60,131,643	29,410,747	2,970,000	1,510,000	288,706,075	140,097,103	440,137,885	213,859,254
Number of persons	1	1	2	2	6	6	53	34	62	43

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

42.2 An executive is defined as an employee, other than the Chief Executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 43**Shariah Screening Disclosures by Company Listed on Islamic Index**

	Note	2024	2023
		Rupees	Rupees
Loans / advances obtained as per Islamic mode	7	344,773,075	529,990,685
Shariah compliant bank deposits / bank balances / overdrawn	25	7,705,900,599	1,019,679,605
Profit earned from Shariah compliant bank deposits / bank balances	31	769,950,522	24,149,221
Revenue earned from a Shariah compliant business segment	26	57,642,468,564	18,174,296,868
Gain / loss or dividend earned from shariah compliant investments		-	-
Shariah compliant exchange gain earned		-	-
Mark up paid on Islamic mode of financing	32	104,732,412	165,518,644
Profits earned on any conventional loan or advance		-	-
Interest paid on any conventional loan or advance		-	-
Relationship with shariah compliant financial institute	43.1	-	-

43.1 Shariah compliant financial institutions are disclosed in Note 7, 13 and 25.

Note 44**Plant Capacity and Production**

	2024	2023
	Rupees	Rupees
Total Capacity		
-Auto rickshaw - three wheeler (8 hours single shift basis)	20,000	20,000
-Automobiles - four wheeler (8 hours single shift basis)	24,000	24,000

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

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FOR THE YEAR ENDED JUNE 30, 2024

Actual Production	2024	2023
	Number	Number
-Auto rickshaw	15,678	9,141
-Four wheeler	5,414	1,861
-Automotive parts		
-Wheel rims	65,711	38,822

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

Note 45

Number of Employees

	2024	2023
	Number	Number
Number of permanent employees at the year end	1,392	1,197
Average number of permanent employees during the year	1,284	1,182

Note 46

Authorization of Financial Statements

These financial statements were approved and authorized by the Board of Directors of the Company for issuance on September 23, 2024

Note 47

Subsequent Event

The Directors in their meeting held on September 23, 2024 have recommended a final cash dividend of Rs. 12 per share i.e. 120% amounting to Rs. 725.352 million for the year ended June 30, 2024 (2023: Rs. 4 per share i.e. 40% amounting to Rs. 241.784 million). This dividend is in addition to interim dividend paid of Rs. 8 per share i.e. 80% amounting to Rs. 483.568 million declared during the current year. The financial statements for the year ended June 30, 2024 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 48
General

Corresponding figures are rearranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangement / reclassifications have been made in these financial statements:

Nature	From	To	2023 Rupees
Statement of Financial Position			
Stock in transit	Trade deposits and short-term prepayments	Stock in trade (Note 22)	1,031,093,424
Contract Securities	Trade deposits and short-term prepayments	Loans, advances, deposits, prepayments and other receivables (Note 24)	400,000
Prepayments	Trade deposits and short-term prepayments	Loans, advances, deposits, prepayments and other receivables (Note 24)	3,162,779
Letter of credit margin	Trade deposits and short-term prepayments	Loans, advances, deposits, prepayments and other receivables (Note 24)	324,504,893
Advance income tax - net	Other receivables	Loans, advances, deposits, prepayments and other receivables (Note 24)	340,202,442
Advance sales tax	Other receivables	Loans, advances, deposits, prepayments and other receivables (Note 24)	8,607,155
Statement of Profit or Loss			
Levy / final taxation	Taxation	Levy (Face of the statement of profit or loss)	448,017
Amortization of deferred grant	Finance Cost	Other Operating Income (Note 31)	558,743
Donation expense	Miscellaneous expenses	Donations (Note 29)	2,282,600

48.1 This re-arrangement did not have any impact on statement of financial position, the profitability, the comprehensive income, the statement of changes in equity and statement of cash flow of the Company for the last year.


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR


MUHAMMAD ATIF RAO
 CHIEF FINANCIAL OFFICER

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Company have been prepared in accordance with the IFRS issued by IASB as notified under the Companies Act, 2017, which ensures consistency, comparability, and credibility in corporate reporting.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed in the note 2.5 of the annual audited financial statements for the year ended June 2024. However, the management believes these standards and interpretation does not have any material impact on the financial statements of the Company, other than certain additional disclosures.

Other standards and guidelines adopted

Sustainability report is integrated with the Annual Report 2024 of the Company which is prepared on the basis of Global Reporting Initiative (GRI) standards 2021. The GRI standards 2021 provide information about adherence to the principles of inclusivity, materiality, responsiveness and impact. The GRI content index for the users of this report is mentioned on page numbers 216 to 221.

In addition, the requirements / guidelines provided by the following have also been adopted:

- Guidelines on ESG Disclosure for Listed Companies 2023 issued by SECP; and
- ESG Reporting Guidance issued by PSX.

The Annual Report 2024 has been designed considering the Best Corporate Report (BCR) Award 2024 Evaluation Criteria, developed by the Evaluation Committee (a sub-committee of the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP)), to promote transparency, corporate governance and excellence in financial reporting. The BCR Checklist for the users of this report is mentioned on page numbers 211 to 215.

BCR (BEST CORPORATE REPORTING) CHECKLIST-2024

Sr. No.	Statement of Clause	Page Reference		
1	Organizational Overview and External Environment			
1.01	Mission, vision, code of conduct, ethical, principal and core values.	01, 02, 17		
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	04, 16, 101		
1.03	Geographical location and address of all business units including sales units and plants.	16		
1.04	The legislative and regulatory environment in which the company operates.	04		
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	N/A		
1.06	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	N/A		
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	N/A		
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	05		
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	103		
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	103		
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	12		
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response.	18		
	b) The effect of seasonality on business in terms of production and sales.	19		
1.13	The legitimate needs, interests of key stakeholders and industry trends.	46, 103		
1.14	SWOT Analysis of the company.	20		
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	19		
1.16	History of major events.	13		
1.17	Details of significant events occurred during the year and after the reporting period.	14 - 15		
2	Strategy and Resource Allocation			
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	21 - 23		
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	21 - 23		
	2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	24	
	2.04	Company's strategy on market development, product and service development.	24	
	2.05	The effects of the given factors on the company strategy and resource allocation: a) Technological Changes; b) Sustainability reporting and challenges; c) Initiatives taken by the company in promoting and enabling innovation; and d) Resource shortages (if any).	25	
		2.06	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	21 - 23
		2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	26
2.08		Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	26, 106	
2.09	a) Information about defaults in payment of any debt with reasons and its repayment plan; b) Board strategy to overcome liquidity problems and plans to meet operational losses.	26		
	3	Risks and Opportunities		
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	94 - 98		
3.02	A Statement from the Board for determining the following: a) Company's level of risk tolerance by establishing risk management policies; b) Company's robust assessment of the principal risks being faced, including those that would threaten the business model, future performance and solvency or liquidity.	92		

Sr. No.	Statement of Clause	Page Reference
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	92 - 93
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	94 - 98
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	98
4	Sustainability and Corporate Social Responsibility (CSR)	
4.01	Board's statement for the adoption of CSR best practices including Board's commitment to continuous improvement and implementation updates in the form of periodic reviews to ensure the relevance and effectiveness of CSR practices in business strategies.	30
4.02	Board's statement about the company's strategic objectives and the intended impact on stakeholders on ESG (Environmental, Social and Governance) reporting/ Sustainability Reporting in line with IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'.	30
	Disclosures (as per IFRS S1 and IFRS S2) along with the company specific examples for each factor for the investor's information:	40
	a) Disclosures of company specific sustainability-related risks and opportunities and their impact on the financial performance in the short, medium and long term;	53 - 63
	b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrics designed by the company to demonstrate the performance and progress of the company.	
c) Disclosures of material information about sustainability-related risks and opportunities throughout a company's value chain together with specific examples of initiatives taken by the company.		
d) Disclosure about company's climate-related risks and opportunities, as required in IFRS S2 including explanation of the specific methodologies and tools used by the company.		
4.03	A chairman's overview on how the company's sustainable practices can affect the financial performance of the company.	31
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR:	73 - 86
	• Social initiatives such as research and development initiatives, employment generation, community health and education, and health and safety of staff etc.	68 - 72
	• Environmental initiatives like climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle) and how does the company reduce pollution, depletion and degradation of natural resources.	
	• Technological innovation such as contributing to sustainability (i.e. energy-efficient processes or eco-friendly product designs).	84 - 86
• Information on consumption and management of materials, energy, water, emissions and waste.	68 - 72	
4.05	• Status of adoption/ compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP.	41
	• ISO certifications acquired for best sustainability and CSR practices.	36
5	Governance	
5.01	Board composition:	37,39,110
	a) Leadership structure of those charged with governance.	37, 110
	b) Name of independent directors indicating justification for their independence.	6 - 9, 37
	c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience.	6 - 9
	d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	6 - 9
	e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	6 - 9
5.02	A brief description about role of the Chairman and the CEO.	39 - 40
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	39
5.04	Chairman's Review Report on the overall performance of the board including:	99 - 100
	a) Effectiveness of the role played by the board in achieving the company's objectives;	
	b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year';	
c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.		
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company	38
5.06	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	39
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	39
5.08	Details of formal orientation courses for directors.	110
5.09	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	110
5.10	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	41
5.11	Disclosure about related party transactions:	42 - 43
	a) Approved policy for related party transactions.	
	b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding.	
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement.	
	d) Disclosure of director's interest in related party transactions.	
	e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	

Sr. No.	Statement of Clause	Page Reference
5.12	<p>Disclosure of Board's Policy on the following significant matters:</p> <p>a) Governance of risk and internal controls.</p> <p>b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.</p> <p>c) Disclosure of director's interest in significant contracts and arrangements.</p> <p>d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.</p> <p>e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.</p> <p>f) Security clearance of foreign directors.</p> <p>g) Board meetings held outside Pakistan.</p> <p>h) Human resource management including:</p> <ul style="list-style-type: none"> • Preparation of succession plan; • Merit based recruitment; • Performance based appraisal system; • Promotion, reward and motivation; • Training and development; • Gender and race diversity; • Appointment of / quota for people with disability; and • Employee engagement /feedback. <p>i) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions.</p> <p>j) Communication with stakeholders.</p> <p>k) Dividend policy.</p> <p>l) Investors' relationship and grievances.</p> <p>m) Employee health, safety and protection.</p> <p>n) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in Audit Committee's report</p> <p>n) Safety of records of the company.</p>	<p>41, 104</p> <p>108</p> <p>42</p> <p>109</p> <p>-</p> <p>37</p> <p>37</p> <p>73 - 86</p> <p>66, 68, 81</p> <p>46 - 49</p> <p>103, 107</p> <p>43 - 44</p> <p>79 - 80</p> <p>44</p> <p>43</p>
5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	87 - 88
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	159 - 160
5.15	<p>Disclosure about:</p> <p>a) Shares held by Sponsors / Directors / Executives;</p> <p>b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.) or foreign shareholding (if any).</p>	151 - 152
5.16	Details about Board meetings and its attendance.	110
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	39, 110
5.18	<p>Timely Communication:</p> <p>Date of authorization of financial statements by the board of directors:</p> <p>Within 40 days</p> <p>Within 50 days</p> <p>within 60 days</p> <p>(Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).</p>	208
5.19	<p>Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <p>a) Composition of the committee with at least one member qualified as "financially literate" and all members are non-executive / Independent directors including the Chairman of the Audit Committee.</p> <p>b) Committee's overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed.</p> <p>c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.</p> <p>d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.</p> <p>e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures.</p> <p>f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.</p> <p>g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.</p> <p>h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.</p> <p>i) Results of the self-evaluation of the Audit Committee carried out of its own performance.</p> <p>j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.</p>	89 - 91
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	91
5.21	<p>Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including:</p> <p>a) How it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system;</p> <p>b) Management support in the effective implementation and continuous update;</p> <p>c) Details about user training of ERP software;</p> <p>d) How the company manages risks or control risk factors on ERP projects;</p> <p>e) How the company assesses system security, access to sensitive data and segregation of duties.</p>	88
5.22	Disclosure about the Government of Pakistan policies related to company's business / sector in Directors' Report and their impact on the company business and performance.	102 - 103
5.23	Information on company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	107, 153

Sr. No.	Statement of Clause	Page Reference
6	Analysis of the Financial Information	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	123 - 128
6.02	a) Analysis of financial ratios with graphical presentation and disclosure of methods and assumptions used in compiling the indicators b) Explanation of negative change in the performance as compared to last year.	129 -138
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	140 - 150
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	-
6.05	a) Information about business segment and non-business segment; and b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	156
6.06	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	154 - 155
6.07	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	-
6.08	Disclosure of market share of the company and its products and services.	156
6.09	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	153
6.10	Statement of Economic value added (EVA) [EVA = NOPAT – WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	-
6.11	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	-
7	Business Model	
7.01	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	10 - 11
7.02	Explanation of any material changes in the entity's business model during the year.	
8	Disclosures on IT Governance and Cybersecurity	
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	87 - 88
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	
9	Future Outlook	
9.01	Forward-looking statement in narrative and quantitative form, including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	106
9.02	Explanation as to how the performance of the company aligns with the forward-looking disclosures made in the previous year.	
9.03	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year.	
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement, and any assistance taken by any external consultant.	
9.05	Disclosure about company's future Research & Development initiatives.	
10	Stakeholders Relationship and Engagement	
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	46
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	46 - 48

Sr. No.	Statement of Clause	Page Reference
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	48
10.04	Investors' Relations section on the corporate website.	49
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	48
10.06	a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and b) Disclosure of brief summary of Analyst briefing conducted during the year.	49
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	43 - 44
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	49
11	Striving for Excellence in Corporate Reporting	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	210
11.02	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	211 - 215
12	Specific Disclosures of the Financial Statements	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs.	171 - 209
13	Assessment based on Qualitative Factors	
13.01	Overall quality of information contained in the annual report based on the following qualitative factors: a) Clarity, simplicity and lucidity in presentation of Financial Statements. b) Theme on the cover page. c) Effective use of presentation tools, particularly, effective use of diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report. d) Effectiveness and relevance of photos and graphs e) Effectiveness of the theme on the cover page.	Overall Report
14	Industry Specific Disclosures (if applicable)	
14.01	a) Disclosures required for Banking Company (Annexure III). b) Disclosures required for Insurance Company (Annexure IV). c) Disclosures required for Exploration and Production (E&P) Company (Annexure V). d) Disclosures required for State-Owned Entities (SOEs) as per State-Owned Enterprises (Governance and Operations) Act, 2023 (Annexure VI).	N/A

GRI CONTENT INDEX

Statement of use	Sazgar Engineering Works Limited has reported in accordance with the GRI Standards for the period 01 July 2023 to 30 June 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standard is available for our sector.

GRI Standard/ Other Source	Disclosure	Location (Page No.)	Omission		
			Requirement(s) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	29			
	2-2 Entities included in the organization's sustainability reporting	28			
	2-3 Reporting period, frequency and contact point	28			
	2-4 Restatements of information	-	All	Not applicable	First year of sustainability reporting
	2-5 External assurance	-	All	Information unavailable / incomplete	First year of sustainability reporting
	2-6 Activities, value chain and other business relationships	12, 29 81-83			
	2-7 Employees	74 – 75			
	2-8 Workers who are not employees	74			
	2-9 Governance structure and composition	37 – 41, 110			
	2-10 Nomination and selection of the highest governance body	37, 109			
	2-11 Chair of the highest governance body	3, 37			
	2-12 Role of the highest governance body in overseeing the management of impacts	37 – 45			
	2-13 Delegation of responsibility for managing impacts	39 – 41			
	2-14 Role of the highest governance body in sustainability reporting	40 - 41			

GRI Standard/ Other Source	Disclosure	Location (Page No.)	Omission		
			Requirement(s) Omitted	Reason	Explanation
	2-15 Conflicts of interest	42 – 43			
	2-16 Communication of critical concerns	43 – 44			
	2-17 Collective knowledge of the highest governance body	110			
	2-18 Evaluation of the performance of the highest governance body	39			
	2-19 Remuneration policies	109			
	2-20 Process to determine remuneration	109			
	2-21 Annual total compensation ratio	-	All	Confidentiality constraints	Due to confidentiality reasons, the information cannot be disclosed
	2-22 Statement on sustainable development strategy	30 – 32			
	2-23 Policy commitments	41 – 42			
	2-24 Embedding policy commitments	41 – 42			
	2-25 Processes to remediate negative impacts	44			
	2-26 Mechanisms for seeking advice and raising concerns	43 – 44			
	2-27 Compliance with laws and regulations	44 – 45			
	2-28 Membership associations	29			
	2-29 Approach to stakeholder engagement	46 – 48			
	2-30 Collective bargaining agreements	-	All	-	-
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	50 - 52			
	3-2 List of material topics	51 - 52			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 64 - 67			



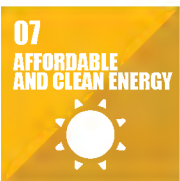
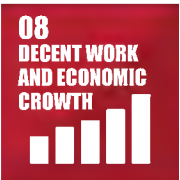



GRI Standard/ Other Source	Disclosure	Location (Page No.)	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	65,153			
	201-2 Financial implications and other risks and opportunities due to climate change	54 – 59			
	201-3 Defined benefit plan obligations and other retirement plans	77			
	201-4 Financial assistance received from government	65			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 64 - 67			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	81 - 83			
	203-2 Significant indirect economic impacts	64			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 64 - 67			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	66			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 68 - 72			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	-	a (i) & (ii)	Information unavailable / incomplete	Information not available as required by GRI Standards.
	301-2 Recycled input materials used	69			
	301-3 Reclaimed products and their packaging materials	69			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 68 - 72			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	69			
	302-2 Energy consumption outside of the organization	-	a, b, c	Information unavailable / incomplete	Company does not calculate the energy consumption outside the organization as such information is not significant in the overall context.

GRI Standard/ Other Source	Disclosure	Location (Page No.)	Omission		
			Requirement(s) Omitted	Reason	Explanation
	302-3 Energy intensity	69			
	302-4 Reduction of energy consumption	-	All	Information unavailable / incomplete	Information not available / calculated as required by GRI Standards.
	302-5 Reductions in energy requirements of products and services	-			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 68 - 72			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	71			
	303-2 Management of water discharge-related impacts	71			
	303-3 Water withdrawal	-	All	Information unavailable / incomplete	Information not available at the end of the reporting period.
	303-4 Water discharge	-	All		
	303-5 Water consumption	-	All		
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 68 - 72			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	62, 70	d	Not Applicable	Current period is the first year of sustainability reporting.
	305-2 Energy indirect (Scope 2) GHG emissions	62, 70			
	305-3 Other indirect (Scope 3) GHG emissions	-	All	Information unavailable / incomplete	Scope-3 emissions not calculated due to the non-availability of reliable data.
	305-4 GHG emissions intensity	70			
	305-5 Reduction of GHG emissions	71	c	Not Applicable	Current period is the first year of sustainability reporting.
	305-6 Emissions of ozone-depleting substances (ODS)	70			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.	70			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 68 - 72			

GRI Standard/ Other Source	Disclosure	Location (Page No.)	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	-	All	Information unavailable / incomplete	Information not available / calculated as required by GRI Standards.
	306-2 Management of significant waste-related impacts	72	a		
	306-3 Waste generated	72			
	306-4 Waste diverted from disposal	-	All	Information unavailable / incomplete	Information not available / calculated as required by GRI Standards.
	306-5 Waste directed to disposal	-			
Employment, Labor Relations and DE&I					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 73 – 86			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	74 – 75			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	76 – 77			
	401-3 Parental leave	76	c, d, e	Not Applicable	No employee availed parental leave during the year.
GRI 402: Labor / Management Relations 2016	402-1 Minimum notice periods regarding operational changes	77			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	38, 75			
	405-2 Ratio of basic salary and remuneration of women to men	76			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 73 – 86			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	79 - 80			
	403-2 Hazard identification, risk assessment, and incident investigation	79 - 80			
	403-3 Occupational health services	79 - 80			
	403-4 Worker participation, consultation, and communication on occupational health and safety	79 - 80			
	403-5 Worker training on occupational health and safety	79 - 80			

GRI Standard/ Other Source	Disclosure	Location (Page No.)	Omission		
			Requirement(s) Omitted	Reason	Explanation
	403-6 Promotion of worker health	79 - 80			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	79 - 80			
	403-8 Workers covered by an occupational health and safety management system	79 - 80			
	403-9 Work-related injuries	79 - 80			
	403-10 Work-related ill health	79 - 80			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 73 – 86			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	77 - 78			
	404-2 Programs for upgrading employee skills and transition assistance programs	77 - 78			
	404-3 Percentage of employees receiving regular performance and career development reviews	76 - 77			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 73 – 86			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	81 - 83			
	413-2 Operations with significant actual and potential negative impacts on local communities	81			
Customer health and safety (Product Safety)					
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – 52, 73 – 86			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	84			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	84			

PSX SDG INDEX

SDGs	Page Number
 05 GENDER EQUALITY	38, 74 - 76
 06 CLEAN WATER AND SANITATION	82 - 83
 07 AFFORDABLE AND CLEAN ENERGY	69 - 70
 08 DECENT WORK AND ECONOMIC GROWTH	64 - 67 75, 76, 77, 79, 80, 82
 09 INDUSTRY, INNOVATION AND INFRASTRUCTURE	64 - 67
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	69, 72
 13 CLIMATE ACTION	69, 70, 71

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 33rd Annual General Meeting of **Sazgar Engineering Works Limited** will be held at The Hallmark Events, Near Shanu Baba Chowk, next to Alfatah Store, Pine Avenue Road, Lahore on Saturday, October 26, 2024 at 11:15 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 30th June, 2024 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, 2025. The present auditors' M/s Crowe Hussain Chaudhury & 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.
3. To approve the payment of final cash dividend @ 120% of current paid up share capital i.e. Rupees 12/- per ordinary share as recommended by the Board of Directors, in addition to the interim cash dividend of 80% already paid making total of 200% for the year ended June 30, 2024.

By order of the Board



Arshad Mahmood
(Company Secretary)


Lahore
October 04, 2024

Notes:

- a. The share transfer books of the company will remain closed from October 20, 2024 to October 26, 2024 (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 19th October, 2024 will be treated in time for the entitlement of final cash dividend and to attend the 33rd Annual General Meeting of the Company.
- 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. **Placement of Annual Report on Web-site:**
In terms of the approval of the members of the Company in their Annual General Meeting held on October 26, 2023 and pursuant to the SECP's Notification No. SRO 389 (1)/2023 dated March 21, 2023, the Annual Report of the Company containing audited financial statements of the Company for the year ended June 30, 2024 along with Auditors and Directors Report thereon, the Chairperson's Review and notice of AGM etc. have been placed on the website of the Company which can be downloaded from the following link and / or QR code:

Weblink	QR Code
https://sazgarautos.com/reports/	

The shareholders who wish to receive hard copy of the Annual Report may send their request to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copy of the Annual Report to the shareholders on demand, free of cost, within one week of such demand.

e. 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. Attendance through Zoom:

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 as per Standard Request Form available on the Company's website (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 23, 2024.

(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 23, 2024.

g. Particulars of Physical Shareholders:

According to Section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to Company's Share Registrar at their address, M/s CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore, email (info@corptec.com.pk) immediately to avoid any non-compliance of law or any inconvenience in future.

h. Electronic Payment of Dividend:

The provisions of Section 242 of the Companies Act, 2017 (the Act) read with Companies (Distribution of Dividends) Regulations, 2017 provide that any cash dividend declared by a listed company must be paid through electronic mode directly into the bank account designated by the entitled shareholder. In order to receive dividend directly into their bank account, shareholders are requested to communicate, if not already provided, below detailed information by filling in Electronic Credit Mandate Form available on Company's website (www.sazgarautos.com) and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, in case of physical shares. In case shares are held in CDC, then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the aforesaid provisions of the Act and Regulations. Electronic Credit Mandate Form shall authorize the Company to credit their current and future cash dividends directly to their designated bank accounts. The required information are:

- a) International Bank Account Number (IBAN)
- b) Name of Bank
- c) Branch name and address
- d) Valid copy of CNIC

i. Income Tax Deduction from Dividend Payment:

The current withholding tax rates on dividend payments as prescribed by the Income Tax Ordinance, 2001 (the Ordinance) are 15% for persons whose names are appearing in the active taxpayers' list (ATL) and 30%

for persons whose names are not appearing in the ATL. To enable the Company to make tax deduction on the amount of Cash Dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the ATL available on the website of the Federal Board of Revenue, are advised to make sure that their names are entered into ATL before the date of dividend payment, otherwise they shall not be treated as Active Taxpayers (despite the fact that they are filers of income tax return) and tax on their Cash Dividend will be deducted @ 30%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Share Registrar of the Company.

The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his/her shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company.

Folio / CDC Account No.	Total Holding	Principal Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

In case the required information is not provided to the Company's Share Registrar by October 19, 2024, it will be assumed that the shares are held in equal proportion by the principal shareholder and joint holder(s).

j. Exemption from Deduction of Income Tax / Zakat:

Members seeking exemption from deduction of income tax or deduction at reduced rate, are requested to submit a valid exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of Zakat are also required to submit a valid declaration, duly attested by Notary Public on Stamp Paper to Company's Shares Registrar for non-deduction of Zakat.

Moreover, as per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above clause must provide valid Tax Exemption Certificate to the Company's Shares Registrar; otherwise tax will be deducted on dividend amount as per prescribed rates.

k. Unclaimed/Unpaid Dividend and Share Certificates:

In compliance of Section 244 of the Act, the Company has already requested through individual letters to shareholders and also through newspaper to collect their unclaimed shares / unpaid cash dividend, if any. Shareholders are once again requested to lodge a claim for unclaimed shares / unpaid cash dividends with the Company's Share Registrar i.e. M/s CorpTec Associates Pvt. Limited, 503-E, Johar Town, Lahore.

تشکیل نیابت داری

میں / ہم _____ ساکن _____

بجائیت رکن (ممبر) سازگار انجینئرنگ ورکس لمیٹڈ

مقرر کرتا / کرتی ہوں / کرتے ہیں مسلماً / مسماة _____ ساکن _____

کو یا ان کی غیر حاضری میں مسلماً / مسماة _____ ساکن _____

جو کہ خود بھی سازگار انجینئرنگ ورکس لمیٹڈ کا ا کے رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ سازگار انجینئرنگ ورکس لمیٹڈ کے تینتیسواں سالانہ اجلاس عام میں جو بروز ہفتہ 26 اکتوبر 2024 کو دن 11:15 بجے دی ہال مارک اپنٹس، شانوبابا چوک، نزد الفچ سٹور، پائن ایونیوروڈ 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 _____ 2024 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
			دس روپے کی رسیدی ٹکٹ پر دستخط

گواہ نمبر ۱	گواہ نمبر ۲
دستخط _____	دستخط _____
نام _____	نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____	پتہ _____

نوٹ:

1. پراکسی کے لئے کہنی کارکن ہونا ضروری ہے۔
2. دستخط کی مماثلت کہنی میں رجسٹرڈ نمونہ دستخط کے ساتھ ہونا ضروری ہے۔
3. اگر پراکسی ای رکن کی طرف جاری کی گئی ہے جس کے ا کی کے حصص سنٹرل ڈیپازٹری کہنی 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 مالک انقما کی پاسپورٹ کی فوٹو کاپی لانا لازمی ہے۔ کارپوریٹ ارکان کے نمائندہ ارکان اس مقصد کیلئے 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 کہنی کے شیئر 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 33rd Annual General Meeting of the shareholders of the Company to be held on Saturday October 26th, 2024 at 11:15A.M. at The Hallmark Events, Near Shanu Baba Chowk next to Alfatah Store, Pine Avenue Road, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2024

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held	Signature over Revenue Stamp of Rupees 10/-

Witness 1

Signature _____
Name _____
CNIC No. _____
Address _____

Witness 2

Signature _____
Name _____
CNIC No. _____
Address _____

Notes:

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. 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.
4. The proxy shall produce his / her original (CNIC) or original passport at the time of the meeting.
5. 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.



Sazgar Engineering Works Limited

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

☎ +92-42-35291573-74 , 042-35297861-62 📠 +92-42-35297863

✉ Info@sazgarautos.com | 🌐 sazgarautos.com | 📺 sazgarautos | 📷 sazgarautos

