



# QUARTERLY FINANCIAL STATEMENTS

(UN-AUDITED)

September 30, 2022



— S A Z G A R —  
ENGINEERING WORKS LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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## Vision

Dynamic, Quality Conscious and Ever Progressive

## Mission

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

## Corporate Strategy

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



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mrs. Saira Asad Hameed  
Chairperson/Non-Executive Director

Mr. Mian Asad Hameed  
Chief Executive

Mr. Saeed Iqbal Khan  
Executive Director

Mr. Mian Muhammad Ali Hameed  
Executive Director

Mrs. Sana Suleyman  
Non-Executive Director

Mr. Humza Amjad Wazir  
Non-Executive Director

Mr. Umair Ejaz  
Independent Director

Mr. Muhammad Omer Saeed  
Independent Director

Mr. Taha Mahmood  
Independent Director

### COMPANY SECRETARY

Mr. Arshad Mahmood - FCA

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Atif Rao

### REGISTERED OFFICE

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

### SHARE REGISTRAR

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

### FACTORY

Unit-1 Located at 18-KM Raiwind Road, Lahore, Pakistan.  
Unit-2 Located at Western Tank Link Road, near Ijtimah  
Chowk, Sundar Road, Raiwind, Lahore, Pakistan.

### AUDIT COMMITTEE

Mr. Umair Ejaz  
Chairman

Mr. Taha Mahmood  
Member

Mrs. Sana Suleyman  
Member

Mr. Arshad Mahmood  
Secretary

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Taha Mahmood  
Chairman

Mr. Mian Asad Hameed  
Member

Mr. Humza Amjad Wazir  
Member

Mr. Umair Ejaz  
Member

Mr. Arshad Mahmood  
Secretary

### NOMINATION COMMITTEE

Mr. Mian Asad Hameed  
Chairman

Mr. Humza Amjad Wazir  
Member

Mr. Saeed Iqbal Khan  
Member

Mr. Arshad Mahmood  
Secretary

### RISK MANAGEMENT COMMITTEE

Mr. Umair Ejaz  
Chairman

Mr. Taha Mahmood  
Member

Mr. Mian Muhammad Ali Hameed  
Member

Mr. Arshad Mahmood  
Secretary

### AUDITORS

H.Y.K & Co.  
Chartered Accountants

### BANKERS

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

## ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2022 کو مکمل ہونے والی پہلی سرمایہ کے لئے کمپنی کے معاملات پر بخوشی اپنا جائزہ پیش کرتے ہیں۔

### مختصر جائزہ:

آؤٹسٹریٹ کی بڑی صلاحیت رکھتا ہے، تاہم، یہ کارفنانسنگ اور گاڑیوں کی CKD کی درآمد کے لئے LC، سہولت کے لئے سٹیٹ بینک آف پاکستان کی جانب سے اٹھائے گئے مالیاتی اقدامات، غیر ملکی کرنسی کے مقابلہ میں پاکستانی روپے کی قدر میں مسلسل اتار چڑھاؤ، زیادہ KIBOR، بڑھتی ہوئی موبائیلیٹی کی شرح اور ایندھن کی قیمتوں میں اضافہ وغیرہ جیسے منفی اثرات سے دوچار ہے۔ یہ عوامل گاڑیوں کی فروخت میں کمی کا باعث بنے ہیں۔ سیلاب سے بری طرح متاثر اور نقصان شدہ وسیع دیہی علاقوں میں گاڑیوں کی طلب میں مزید کمی آئی ہے۔

حکومت IMF قرض کی سہولت کی بحالی سے موجودہ معاشی بحران کو معمولی حد تک حل کرنے میں مدد ملی ہے لیکن اب بھی ملک کے معاشی حالات کو مستحکم کرنے کے لئے ٹھوس اقدامات کرنے کی ضرورت ہے۔

زیر جائزہ مدت کے دوران، آؤٹسٹریٹ کے فروخت کے حجم میں مجموعی طور پر (36.03) فی صد کی تباہی ظاہر ہوئی ہے۔ حصہ دار: مسافر گاڑیاں (50.34) فی صد، ٹیبلٹ اور تھری ویلر گاڑیاں (33.83) فی صد اور ٹریکٹر (38.70) فی صد۔ (ذرائع: پاکستان آؤٹوموبائل مینوفیکچررز ایسوسی ایشن)۔

اللہ کے فضل و کرم سے، کمپنی نے اپنے مقرر کردہ ہدف سے پہلے اس سرمایہ کے دوران "HAVAL" برانڈ کے تحت 'SUVs' مسافر گاڑیوں کی کمرشل پیداوار بھی شروع کر دی ہے۔

اس مدت کے دوران، کمپنی کو موجودہ معاشی حالات اور ملک میں سیلاب کی وجہ سے گزشتہ سال کی اسی سرمایہ کے مقابلے میں تھری ویلر اور ٹریکٹر ویل ریمز کی پیداوار کی سطح کے عدم استحکام کا سامنا کرنا پڑا ہے۔

### مالیاتی نتائج:

کمپنی کی اس سرمایہ میں مجموعی فروخت 19.65 فی صد کی کے ساتھ پچھلے مالیاتی سال کی سرمایہ کے مقابلے میں 1,869.75 ملین روپے سے کم ہو کر 1,502.36 ملین روپے ہو گئی ہے، مجموعی منافع 15.78 فی صد کی کے ساتھ 195.91 ملین روپے سے کم ہو کر 165.00 ملین روپے ہو گیا ہے۔ قبل از ٹیکس منافع 83.05 فی صد کی کے ساتھ 119.65 ملین روپے سے کم ہو کر 20.28 ملین روپے ہو گیا ہے اور آمدنی فی شخص 1.03 روپے (ری اسٹینڈ) سے کم ہو کر 0.18 روپے ہو گئی ہے۔ مجموعی فروخت میں فروڈیلر 777.36 ملین روپے، تھری ویلر 603.95 ملین روپے، ٹریکٹر ویل ریمز 120.63 ملین روپے اور ہوم اپلائنسز 0.42 ملین روپے کی فروخت شامل ہے۔

فروڈیلر تھری ویلر اور ٹریکٹر ویل ریمز کی پیداوار اور فروخت کے حجم کا خلاصہ ذیل میں دیا گیا ہے:-

تفصیل	یونٹ / پیکائش	پہلی سرمایہ 2022-23		پہلی سرمایہ 2021-22		بڑھوتری / (کمی) فی صد	
		فروخت	پیداوار	فروخت	پیداوار	فروخت	پیداوار
فروڈیلر	نمبر	243	120	36	8	575.00 فی صد	1400.00 فی صد
تھری ویلر	نمبر	2,126	2,193	3,930	3,243	(45.90) فی صد	(32.38) فی صد
ٹریکٹر ویل ریمز	نمبر	10,799	9,311	20,348	18,751	(46.93) فی صد	(50.34) فی صد

**مستقبل پر نقطہ نظر:**

آؤیکسٹرڈید و باؤ میں ہے اور مشکل ترین وقت سے گزر رہا ہے۔ یہ توقع کی جاتی ہے کہ حکومت اور سٹیٹ بینک آف پاکستان اس شے پر عائد کردہ اپنے پالیسی اقدامات اور پابندیوں پر نظر ثانی کریں گے اور اس کی جگہ کے لئے قابل عمل فراہم کریں گے۔

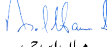
آپ کی کمپنی نے فورویئر میں نوٹیکسٹرنگ کے کاروبار میں داخل ہونے والی نئی کمپنی کے طور پر اس مشکل وقت سے کامیابی کے ساتھ گزرنے کے لئے کاروباری لاگت کے موثر انتظام کے لئے سخت مالیاتی کنٹرول نافذ کئے ہیں۔

تھری ویراؤڈریکٹر و مل رم کے کاروبار بھی پیداواری لاگت میں خاطر خواہ اضافے اور اس کے نتیجے میں تیار مصنوعات کی زیادہ قیمتوں کی وجہ سے اپنی جگہ کے لئے جدوجہد کر رہے ہیں۔

ڈائریکٹر کمپنی کے ملازمین کی انتھک کوششوں، ٹیم ورک اور گن جس کا اظہار انہوں نے موجودہ عرصہ کے دوران کیا ہے، کے شکر گزار ہیں۔ وہ اپنے معزز حصص داران، گاہکوں، سپلائرز اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
سعید اقبال خان  
ڈائریکٹر

  
میاں اسد حمید  
چیف ایگزیکٹو

لاہور

مورخہ: 26 اکتوبر 2022

## DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the company for the first quarter ended September 30, 2022.

### Brief Overview:

The Auto Sector has great potential of growth, however, it is suffering with the adverse effects of the fiscal measures taken by SBP on car financing and opening of LCs' for the import of CKD of vehicles, constant fluctuation in value of Pak Rupee against foreign currencies, higher KIBOR, rising inflation rate and high fuel prices etc. These factors have contributed to suppress the sales volume of vehicles. The demand of vehicles has further reduced in vast rural areas which have been badly affected and damaged by flood.

The revival of IMF loan facility has helped the government to sort out the prevailing economic crisis marginally but still concrete steps are required to be taken to stabilize the economic conditions of the country.

The auto sector has shown an overall decline of (36.03)% in sales volume during the period under review. Segment wise: passenger vehicles (50.34)%, two & three wheelers vehicles (33.83)% and tractors (38.70%). (Source: PAMA)

By the Grace of Almighty Allah, the company has also started commercial production of SUVs' passenger vehicles under brand "HAVAL" during this quarter well before its target time line.

During this period, the company has to face unsustainability of the production level of three wheelers and tractor wheel rims as compared with corresponding period of last year due to prevailing economic conditions and flood in the country.

### Financial Results:

During this quarter, the company's net sale has decreased by 19.65% from Rs. 1,869.75 M to Rs. 1,502.36 M, gross profit by 15.78% from Rs. 195.91 M to Rs. 165.00 M, pretax profit by 83.05% from Rs. 119.65 M to Rs. 20.28 M and earnings per share from Rs. 1.03 (restated) to Rs. 0.18 as compared to the corresponding period of last financial year. The sale is comprised of Rs. 777.36 M four wheeler, Rs. 603.95 M three wheeler, Rs. 120.63 M tractor wheel rims and Rs 0.42 M of home appliances.

The summary of production and sales volume of four wheeler, three wheeler and tractor wheel rims is given below:

Description	U/M	First Quarter 2022-23		First Quarter 2021-22		Increase / (Decrease) %	
		Production	Sale	Production	Sale	Production	Sale
Four Wheeler	No.	243	120	36	8	575.00%	1400.00%
Three Wheeler	No.	2,126	2,193	3,930	3,243	(45.90%)	(32.38%)
Tractor Wheel Rims	No.	10,799	9,311	20,348	18,751	(46.93%)	(50.34%)

### Future Outlook:

The auto sector is tremendously under pressure and passing through a most difficult time. It is expected that the government and SBP will reconsider their policy measures and restrictions imposed on this sector and shall provide workable solutions for its survival.

Your company, being a new entrant in four wheelers manufacturing business, has implemented tight financial controls to manage the cost of doing business effectively to pass through this difficult time in a successful manner.

The three wheeler and tractor wheel rim businesses are also struggling for their survival due to the substantial increase in input costs and consequently higher prices of the finished products.

The directors would like to place on record their appreciation for the untiring efforts, teamwork and dedication shown by the company's employees during the period under review. They would also like to express their gratitude to the valued shareholders, customers, suppliers and financial institutions for their co-operation, constant support and trust on the Company.

For and on behalf of the Board

Lahore  
Dated: 26-10-2022

  
Mian Asad Hameed  
(Chief Executive)

  
Saeed Iqbal Khan  
(Director)



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT SEPTEMBER 30, 2022**

	Note	Un-audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	4.1	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital	4.2	604,459,640	604,459,640
Capital reserve - share premium account		557,406,192	557,406,192
Revenue reserve - un-appropriated Profit		803,102,535	792,093,365
		1,964,968,367	1,953,959,197
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Long term financing		497,990,638	510,383,878
Deferred liabilities		312,230,604	295,513,621
Deferred grant		-	558,743
Deferred revenue		3,073,533	3,111,783
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,241,328,592	2,498,331,108
Unclaimed dividend		1,407,358	1,407,358
Profit accrued on loans and other payables		49,531,849	34,835,623
Short term borrowings		-	162,875,560
Current portion of long term liabilities		168,891,038	195,141,340
		5,461,158,837	2,892,590,989
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,239,421,979</b>	<b>5,656,118,211</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	2,667,220,563	2,640,250,123
Intangible assets	7	268,280	284,624
Long term loans and advances		19,938,325	21,752,978
Long term deposits		5,871,855	5,871,855
Deferred taxation		192,709,110	178,768,131
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		10,845,905	7,520,318
Stock-in-trade		3,820,505,030	1,741,815,484
Trade debts		72,824,597	179,841,812
Loans & advances		213,398,075	53,912,676
Trade deposits and short term prepayments		235,921,674	451,046,555
Other receivables		562,724,931	202,011,176
Cash and bank balances		437,193,634	173,042,479
		5,353,413,846	2,809,190,500
<b>TOTAL ASSETS</b>		<b>8,239,421,979</b>	<b>5,656,118,211</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED

CHIEF EXECUTIVE

  
SAEED IQBAL KHAN

DIRECTOR

  
MUHAMMAD ATIF RAO

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	NOTE	First Quarter Ended	
		September 30, 2022	September 30, 2021
		Rupees	Rupees
Sales - net	8	1,502,358,381	1,869,745,391
Cost of sales	9	1,337,357,547	1,673,830,659
<b>Gross profit</b>		<b>165,000,834</b>	195,914,732
Distribution and marketing costs		53,935,822	28,553,243
Administrative expenses		44,017,808	36,134,742
Other operating expenses		1,099,650	6,304,768
		99,053,280	70,992,753
		65,947,554	124,921,979
Other income		1,974,977	1,765,312
<b>Operating profit before finance cost</b>		<b>67,922,531</b>	126,687,291
Finance cost		47,647,448	7,035,725
<b>Profit before taxation</b>		<b>20,275,083</b>	119,651,566
Taxation	10	9,265,913	57,552,378
<b>Profit after taxation</b>		<b>11,009,170</b>	62,099,188
<b>Earnings per share - Basic and diluted</b>	11	<b>0.18</b>	Restated 1.03

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

First Quarter Ended	
September 30, 2022	September 30, 2021
Rupees	Rupees

**PROFIT AFTER TAXATION FOR THE PERIOD**

**11,009,170** 62,099,188

OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD

-

-

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**

**11,009,170** 62,099,188

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Share Capital Rupees	Share Premium Account Rupees	Un-appropriated Profit Rupees	Total Rupees
<b>Balance as at June 30, 2021 - audited</b>	464,968,950	557,406,192	817,476,633	1,839,851,775
<b>Comprehensive Income for the period</b>				
Profit after taxation	-	-	62,099,188	62,099,188
Comprehensive Income / (loss)	-	-	-	-
<b>Total comprehensive income for the period ended September 30, 2021</b>	-	-	62,099,188	62,099,188
<b>Balance as at September 30, 2021 - Un-audited</b>	464,968,950	557,406,192	879,575,821	1,901,950,963
	Share Capital Rupees	Share Premium Account Rupees	Un-appropriated Profit Rupees	Total Rupees
<b>Balance as at June 30, 2022 - audited</b>	604,459,640	557,406,192	792,093,365	1,953,959,197
<b>Comprehensive Income for the period</b>				
Profit after taxation	-	-	11,009,170	11,009,170
Comprehensive Income / (loss)	-	-	-	-
<b>Total comprehensive income for the period ended September 30, 2022</b>	-	-	11,009,170	11,009,170
<b>Balance as at September 30, 2022 - Un-audited</b>	604,459,640	557,406,192	803,102,535	1,964,968,367

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	First Quarter Ended	
	September 30, 2022	September 30, 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,275,083	119,651,566
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	47,805,622	17,640,457
Amortization	16,344	24,517
Provision for staff retirement gratuity	19,036,244	12,977,882
Increase in deferred revenue	201,531	-
Workers' profit participation fund	1,099,650	6,304,768
Finance cost	47,647,448	7,035,725
Other Income	(1,974,977)	(1,765,312)
	113,831,862	42,218,037
<b>Working capital changes</b>	134,106,945	161,869,603
<b>(Increase)/Decrease in current assets</b>		
Store, spares and loose tools	(3,325,587)	(4,935,168)
Stock-in-trade	(2,078,689,546)	(449,994,951)
Trade debts	107,017,215	3,423,886
Loans & advances	(159,485,399)	(32,491,754)
Trade deposits and short term prepayments	215,124,881	375,563,186
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	2,466,159,993	123,581,300
<b>Increase in long term loans and advances</b>	1,814,653	284,692
	548,616,210	15,431,191
<b>Cash generated from operations</b>	682,723,155	177,300,794
Finance cost paid	(32,951,222)	(14,008,963)
Income tax paid/deducted at source	(107,991,376)	(74,041,240)
Employees retirement benefit - gratuity paid	(2,319,261)	(1,405,411)
<b>Net cash generated from operating activities</b>	539,461,296	87,845,180
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(75,112,769)	(183,506,778)
Increase in long term deposits	-	(165,000)
Proceeds from sale of property, plant and equipment	1,285,000	1,205,000
<b>Net cash used in investing activities</b>	(73,827,769)	(182,466,778)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	-	105,954,089
Repayment of long term financing	(39,442,066)	(34,497,791)
Proceeds from short term borrowings	1,390,746,379	1,000,003,024
Repayment of short term borrowings	(1,553,621,939)	(958,276,353)
Profit on bank deposits	835,254	427,696
<b>Net cash (used in) / generated from financing activities</b>	(201,482,372)	113,610,666
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	264,151,155	18,989,068
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	173,042,479	14,977,092
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	437,193,634	33,966,160

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Sazgar Engineering Works Limited was incorporated in Pakistan on September 21, 1991 as a Private Limited Company and converted into a Public Limited Company on November 21, 1994. The Company is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of automobiles, automotive parts and household electric appliances. The registered office of the company is situated at 88-Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.

The geographic location of three wheeler, wheel rim and household electric appliances manufacturing facility is located at 18 K.m Raiwind Road, Lahore and four wheeler manufacturing facility is situated at Western Tank Link Road, Near Ijtimah Chowk, Sundar Road, Raiwind, Lahore.

### 2 BASIS OF PREPARATION

2.1 These condensed interim financial statements (un-audited) of the Company for the three months ended September 30, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of; International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 (the "Act"). Where the provisions of and directives issued under the Companies Act, 2017 (the "Act") differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 (the "Act") have been followed.

2.2 These condensed interim financial statements (un-audited) are being submitted to the shareholders as required by section 237 of The Companies Act, 2017 (the "Act").

2.3 These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2022.

#### 2.4 FINANCIAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND ACCOUNTING ESTIMATES AND JUDGMENTS

##### 2.4.1 Financial risk management

The Company oversee the management of risks. The Company's risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2022.

##### 2.4.2 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair value.

##### 2.4.3 Accounting estimates and judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2022.

### 2.5 COMPARATIVE FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

### 3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2022.

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

3.3 There are certain amendments in the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been detailed in these condensed interim financial statements.

### 4 SHARE CAPITAL

#### 4.1 AUTHORIZED SHARE CAPITAL

Un-audited September 30, 2022 Number	Audited June 30, 2022 Number		Un-audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
100,000,000	100,000,000	Ordinary shares of Rupees 10 each	1,000,000,000	1,000,000,000

NOTE

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

21,363,000	21,363,000	ordinary shares of Rupees 10/- each fully paid up in cash.	213,630,000	213,630,000
39,082,964	39,082,964	ordinary shares of Rupees 10/- each allotted as bonus shares.	390,829,640	390,829,640
60,445,964	60,445,964		604,459,640	604,459,640

### 5 CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended June 30, 2022.

#### 5.2 Commitments

5.2.1 Commitments in respect of outstanding letters of credit for raw material amount to Rs. 1,764.25 Million (June 30, 2022: Rs. 2,232.26 Million).

5.2.2 Commitments in respect of capital expenditures amount to Rs. 70.39 Million (June 30, 2022: Rs. 70.78 Million) and bank guarantee of Rs. 19.77 Million (June 30, 2022: Rs. 5.37 Million).

### 6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - tangible	6.1	2,477,609,381	1,746,923,699
Capital work in progress	6.2	83,611,182	799,326,424
Advance for purchase of land		106,000,000	94,000,000
		2,667,220,563	2,640,250,123

#### 6.1 OPERATING FIXED ASSETS - Tangible

Opening book value		1,746,923,699	344,171,829
Add:			
Additions during the period (at cost)			
- Building and civil works on freehold land		-	402,835,059
- Plant and machinery		770,021,629	1,037,850,092
- Electric fittings		-	102,000
- Furniture and fittings		158,400	2,601,085
- Office equipment		3,859,942	3,838,695
- Electric installations		2,838,040	47,996,487
- Vehicles		1,950,000	57,380,100
		778,828,011	1,552,603,518

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	NOTES	Un-audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
Less:			
Disposal during the period (at net book value)			
- Vehicles		336,707	1,278,079
Depreciation charged during the period		47,805,622	148,573,568
		48,142,329	149,851,647
Closing book value		2,477,609,381	1,746,923,699
<b>6.2 CAPITAL WORK IN PROGRESS</b>			
Opening Balance		799,326,424	1,454,249,214
Additions during the period			
- Plant and machinery		104,407,352	792,789,002
- Building and Civil Works on freehold land		49,899,035	33,712,147
		154,306,387	826,501,149
Less: Transferred to fixed assets during the period			
- Plant and machinery		870,021,629	1,033,375,092
- Building and Civil Works on freehold land		-	402,835,059
- Electric installations		-	45,213,788
		870,021,629	1,481,423,939
Closing Balance		83,611,182	799,326,424
<b>7 INTANGIBLE ASSETS</b>			
Opening book value		284,624	382,691
Less: amortization charged during the period		16,344	98,067
Closing book value		268,280	284,624
		Un-audited	Un-audited
		July - Sep 2022	July - Sep 2021
		Rupees	Rupees
<b>8 SALES - NET</b>			
Gross sales	8.1	1,925,174,532	2,355,347,957
Less:			
Sales tax		269,225,627	335,762,140
Federal excise duty		39,755,640	802,355
Sales returns		85,699,225	112,346,062
Commission		28,135,659	36,692,009
		422,816,151	485,602,566
		1,502,358,381	1,869,745,391
8.1	This includes Rs. 10.49 million (September 30, 2021: Rs. 14.35 million) on account of export sales for the period.		
8.2	The disaggregation of revenue is disclosed in note no.13 of these condensed interim financial statements.		
		Un-audited	Un-audited
		July - Sep 2022	July - Sep 2021
		Rupees	Rupees
<b>9 COST OF SALES</b>			
Raw materials and components consumed		1,644,512,117	1,008,707,539
Salaries, wages and other benefits		134,940,486	103,902,042
Stores, spares and loose tools consumed		19,448,036	7,374,578
Power and fuel charges		67,100,380	32,357,682
Repair and maintenance		29,357,240	28,812,746
Other expenses		4,738,044	2,726,163
Depreciation & amortization		42,454,651	15,055,376
		1,942,550,954	1,198,936,126
Opening work-in-process		57,165,012	31,392,103
Closing work-in-process		(70,075,201)	(44,464,371)
Cost of goods manufactured		1,929,640,765	1,185,863,858
Opening finished goods		421,456,575	232,678,793
Cost of finished goods purchased		-	997,691,133
Closing finished goods		(1,013,739,793)	(742,403,125)
		1,337,357,547	1,673,830,659
<b>10 TAXATION</b>			
Current			
For the period		23,206,893	86,946,017
Deferred			
For the period		(13,940,980)	(29,393,639)
		9,265,913	57,552,378



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

		Un-audited July - Sep 2022 Rupees	Un-audited July - Sep 2021 Rupees
<b>11 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
<b>Basic earnings per share</b>			
Profit after taxation for the period	Rupees	11,009,170	62,099,188
Weighted average number of ordinary shares outstanding during the period - Note 4.2	Number	60,445,964	60,445,964
Basic earnings per share	Rupees	0.18	1.03
<b>11.1 Diluted earnings per share</b>			
A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2022 and September 30, 2021, which would have any effect on earning per share if the option to convert is exercised.			
<b>12 TRANSACTIONS WITH RELATED PARTIES</b>			
<b>Non-Executive Director (s)</b>			
Meeting fee and travelling, boarding and lodging expenses		225,000	395,000
<b>Key Management Personnel</b>			
Remuneration, allowances and benefits		19,394,786	18,778,347
<b>Other Executive</b>			
Remuneration, allowances and benefits		1,593,750	1,636,250
<b>13 SEGMENT RESULTS</b>			
<b>Segment Revenue - Net - External</b>			
Home appliances		418,199	-
Automotive parts		120,627,628	166,774,089
Automobiles - Three Wheeler		603,950,396	715,597,662
Automobiles - Four Wheeler		777,362,158	987,373,640
<b>Total</b>		<b>1,502,358,381</b>	<b>1,869,745,391</b>
<b>Segment operating results</b>			
Home appliances		23,927	(25,480)
Automotive parts		420,862	4,768,816
Automobiles - Three Wheeler		17,918,360	37,500,199
Automobiles - Four Wheeler		48,684,055	88,983,213
<b>Total</b>		<b>67,047,203</b>	<b>131,226,747</b>
<b>14 DATE OF AUTHORIZATION FOR ISSUE</b>			
The Board of Directors of the Company has authorized these condensed interim financial statements for issue on October 26, 2022.			
<b>15 CORRESPONDING FIGURES</b>			
The corresponding figures of Statement of Cash Flows have been re-classified for the purpose of better presentation.			
<b>Reclassified From</b>	<b>Reclassified To</b>	<b>Nature</b>	
Trade and other payables	Workers' Profit Participation Fund	Provision of Expenses	1,099,650
			6,304,768
<b>16 GENERAL</b>			

**16.1** The figures have been rounded off to the nearest Rupee.

**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE

**SAEED IQBAL KHAN**  
DIRECTOR

**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER

QUARTERLY REPORT



  
SAZGAR

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