



# QUARTERLY & HALF YEARLY FINANCIAL STATEMENTS

(UN-AUDITED)

December 31, 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

**Three Wheeler Plant:**  
18-KM, Raiwind Road, Lahore, Pakistan.  
+92-42-35330300-2, Fax +92-42-35330329

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

### 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 Limited  
Askari Bank Limited  
Dubai Islamic Bank Pakistan Limited

## ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2022 کو مکمل ہونے والی دوسری سہ ماہی اور ششماہی کے لئے کمپنی کے معاملات پر بخوشی اپنا جائزہ پیش کرتے ہیں۔

### مختصر جائزہ:

ملک اپنی تاریخ کے مشکل ترین دور سے گزر رہا ہے۔ معیشت کو تجارتی اور کرنٹ اکاؤنٹ خسارے سمیت متعدد چیلنجز کا سامنا ہے۔ ملک میں سیاسی غیر یقینی صورت حال، زرمبادلہ کے ذخائر میں مسلسل کمی، پاکستانی روپے کی قدر میں مسلسل کمی، KIBOR میں اضافہ، موبائلیٹی کی بڑھتی ہوئی شرح، اور ایندھن کی بلند قیمتوں نے کاروباری سرگرمیاں معطل کر دی ہیں۔ ریگولیٹری حکام نے اپنے مالیاتی اقدام کے ذریعے بینکوں کو صرف تجویز کردہ ضروری اشیاء کے لئے LCs کھولنے پر مجبور کر دیا ہے۔ اس کے نتیجے میں، بینکوں نے خام مال اور گاڑیوں کے (CKD) سی کے ڈی سمیت غیر ضروری اشیاء کی درآمد پر مکمل پابندی عائد کر دی ہے۔

مزید برآں، لیٹر آف کریڈٹس (LCs) کی ادائیگی میں بہت زیادہ تاخیر نے نہ صرف درآمدی اشیاء کی درآمدی قیمت میں اضافہ کیا ہے بلکہ غیر ملکی سپلائرز کے اعتماد کو بھی متزلزل کیا ہے۔

آپ کی کمپنی نے زیر جائزہ مدت کے دوران بغیر کسی استثنا کے ان چیلنجز کا سامنا کیا ہے۔ تاہم، کمپنی میں موجود خام مال/CKDs اور LCs کے اشکاک کی دستیابی کی وجہ سے، کامیابی کے ساتھ اپنے فور ویلر بھرتی دہلاؤ اور آٹوموبیل پارٹس کے آپریشن کو جاری رکھنے کا انتظام کر رہی ہے۔

الحمد للہ، کمپنی کی دوسری سہ ماہی کے مالیاتی نتائج گزشتہ مالی سال کی اسی مدت کے مقابلہ میں کمپنی کی مالی حالت میں بہتری ظاہر کر رہے ہیں۔ کمپنی نے سیکڑ آمدنی میں 36.02 فی صد بڑھوتری کا اندراج کیا ہے۔ "HAVAL" برانڈ کامیابی سے SUV کٹیگری میں اپنی پوزیشن مضبوط کر رہا ہے۔

مجموعی طور پر ششماہی کے دوران، آٹو ٹیکٹر نے گزشتہ مالی سال کی اسی مدت کے مقابلہ میں زیر جائزہ مدت کے دوران فروخت کے حجم میں (34.29) فی صد کمی ظاہر کی ہے۔ حصہ وار: مسافر گاڑیاں (39.97) فی صد، بھرتی ویلز گاڑیاں (51.65) فی صد اور ٹریکٹر (56.52) فی صد۔ (ذرائع: پاکستان آٹوموبیل میونسپلٹی زونل ایسوسی ایشن)۔

### مالیاتی نتائج:

دوسری سہ ماہی کے دوران، مجموعی فروخت 36.02 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کی دوسری سہ ماہی کے مقابلہ میں 2,343.59 ملین روپے سے بڑھ کر 3,187.79 ملین روپے ہو گئی ہے، مجموعی منافع 37.92 فی صد اضافہ کے ساتھ 185.12 ملین روپے سے بڑھ کر 255.33 ملین روپے ہو گیا ہے، جبکہ قبل از ٹیکس منافع 17.59 فی صد کمی کے ساتھ 95.08 ملین روپے سے کم ہو کر 78.35 ملین روپے ہو گیا ہے۔

اس سال کی ششماہی کے دوران مجموعی فروخت 11.32 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کی ششماہی کے مقابلہ میں 4,213.34 ملین روپے سے بڑھ کر 4,690.15 ملین روپے ہو گئی ہے، مجموعی منافع 10.31 فی صد اضافہ سے 381.04 ملین روپے سے بڑھ کر 420.33 ملین روپے ہو گیا ہے، جبکہ قبل از ٹیکس منافع 54.07 فی صد کمی کے ساتھ 214.73 ملین روپے سے کم ہو کر 98.63 ملین روپے ہو گیا ہے اور آمدنی فی حصص 1.54 روپے سے کم ہو کر 1.31 روپے ہو گئی ہے۔ موجودہ ششماہی کی مجموعی فروخت میں فرویدر 3,396.74 ملین روپے بھرتی ویلز 1,076.76 ملین روپے اور ٹریکٹر ویلز 216.16 ملین روپے کی فروخت شامل ہے۔

فورویلر، تھری ویلر اور ٹریکٹر ویلر رمز کی پیداوار اور فروخت کے حجم کا خلاصہ ذیل میں دیا گیا ہے:-

تفصیل	یونٹ / پیکل	دوسری سہ ماہی 2022-23		دوسری سہ ماہی 2021-22		پہلی سہ ماہی (کی) فی صد		ششماہی 2022-23		ششماہی 2021-22		پہلی سہ ماہی (کی) فی صد		
		پیداوار	فروخت	پیداوار	فروخت	پیداوار	فروخت	پیداوار	فروخت	پیداوار	فروخت	پیداوار	فروخت	
نمبر	501	377	25	36	1,904	فی صد	947	فی صد	744	497	61	44	1,120	فی صد
نمبر	3,122	1,675	3,928	2,414	(21) فی صد	(31) فی صد	5,248	3,868	7,858	5,657	(33) فی صد	(32) فی صد	1,030	فی صد
نمبر	7,610	7,498	11,227	10,891	(32) فی صد	(31) فی صد	18,409	16,809	31,757	29,642	(42) فی صد	(43) فی صد		

مستقبل پر نقطہ نظر:


کمپنی کو زیر جائزہ مدت کے بعد پاکستانی روپے کی قدر میں مسلسل کمی، مہنگائی کے بڑھتے ہوئے رجحان، توانائی، ایندھن کی قیمت اور KIBOR میں اضافہ جیسے متعدد چیلنجز کا سامنا کرنا پڑے گا۔


حکومت کو ان مسائل کو فوری طور پر حل کرنے کے لئے ٹھوس اقدامات کرنے ہوں گے کیونکہ تاخیر کرنے سے کاروباری حالات مزید خراب ہوں گے اور بحالی مزید مشکل ہو جائے گی۔

آپ کی کہنی اپنے سخت بالیائی کنڈول کے ذریعے مستطاب وسائل کے ساتھ موجود صورت حال کو سنبھالنے اور اپنے کاموں کے تسلسل کو برقرار رکھنے کی کوشش کر رہی ہے۔ کہنی اپنی بڑھتی ہوئی رفتار کو برقرار رکھنے کے لئے بھی عزم ہے۔ تاہم طویل معاشی بحران مستقبل کے اور بارشیں کہنی کی فروخت کے حجم اور منافع کو نقصان پہنچا سکتا ہے۔

ڈائریکٹر یقینی کے ملازمین کی انتخاک کوششوں، غم، ورک اور گلن جس کا اظہار انہوں نے موجودہ عصر کے دوران کیا ہے، کے شکر گزار ہیں۔ وہ اپنے معزز شخص داران کا روبرو شراکت دار اور مالی اداروں کے سہنی کے ساتھ تسلیہ تعاون کرنے پر بھی شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
 میاں محمد علی حمید  
 ڈائریکٹر

  
 میاں اسد حمید  
 چیف ایگزیکٹو

لا حول ولا قوة الا بالله العلي العظيم

مورخہ 07 فروری 2023

## DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 2<sup>nd</sup> quarter and half year ended December 31, 2022:

### Brief Overview:

The country is passing through the toughest time of its history. The economy is facing multiple challenges including trade and current account deficit. The political uncertainty, constant depletion of foreign exchange reserves, devaluation of Pak Rupee, higher KIBOR, rising inflation rate and high fuel prices have halted the business activities in the country. The regulatory authorities through its fiscal measures have restricted the banks to open LCs only for the prescribed essential items. Resultantly, the banks have imposed a complete ban on the import of non-essential items including raw materials and CKD of vehicles. Moreover, the huge delay in payment of letter of credits, has not only increased the landed cost of imported items but also has shaken the confidence of the foreign suppliers.

Without any exception, your Company has also faced these challenges during the period under review. However, due to availability of stocks of raw materials/ CKDs and LCs in hand, the Company is successfully managing to continue its operations of four wheeler, three wheeler and automotive parts.

**Al-hamdolillah**, the financial results for the 2<sup>nd</sup> quarter are showing an improvement in financial position of the Company compared with the corresponding period of last financial year. The Company has registered a 36.02% growth in sales revenue. The "HAVAL" brand is successfully consolidating its market position in SUV category.

Cumulatively during half year, the Auto Sector has shown an overall decline of (34.29)% in sales volume during the period under review compared with the corresponding period of last financial year. Segment wise position is: passenger vehicles (39.97)%, three wheelers vehicles (51.65)% and tractors (56.52)%. (Source: PAMA)

### Financial Results:

During the 2<sup>nd</sup> quarter, the sales has increased by 36.02% from Rs. 2,343.59M to Rs. 3,187.79M, gross profit by 37.92% from Rs. 185.12 M to Rs. 255.33M whereas pre-tax profit has declined by 17.59% from Rs. 95.08M to Rs. 78.35M compared with corresponding period of last year.

The half year sales has increased by 11.32% from Rs.4,213.34M to Rs.4,690.15M, gross profit by 10.31% from Rs. 381.04 M to Rs.420.33M whereas pre-tax profit has declined by 54.07% from Rs. 214.73M to Rs. 98.63M and earning per share from Rs 1.54 to Rs. 1.31 as compared with the corresponding period of last year. The current half year sale is comprised of Rs. 3,396.74 M of Four Wheeler, Rs. 1,076.76 M of Three Wheeler and Rs. 216.16 M of tractor wheel rims.

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

Description	U/M	Second Quarter		Second Quarter		Increase /		Half Year		Half Year		Increase /	
		2022-23		2021-22		(Decrease) %		2022-23		2021-22		(Decrease) %	
		Production	Sale	Production	Sale	Production	Sale	Production	Sale	Production	Sale	Production	Sale
Four Wheeler	No.	501	377	25	36	1,904%	947%	744	497	61	44	1,120%	1,030%
Three Wheeler	No.	3,122	1,675	3,928	2,414	(21%)	(31%)	5,248	3,868	7,858	5,657	(33%)	(32%)
Tractor Wheel Rims	No.	7,610	7,498	11,227	10,891	(32%)	(31%)	18,409	16,809	31,757	29,642	(42%)	(43%)

### Future Outlook:

There are multiple challenges ahead of the period under review, the Company will have to face in form of constant devaluation of Pak Rupee, rising inflationary trend, increase in energy cost, fuel prices and KIBOR.

The Government has to take concrete steps to resolve these issues on most urgent basis because the delay will further deteriorate the business conditions and revival will become more difficult.

Your Company through its tight financial controls is trying to manage the prevailing situation with available resources and maintaining continuity of its operations. The Company is also committed for the sustainability of its growing momentum. However, the prolonged economic crisis may damage the sales volumes and profitability of the company in the future periods.

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: 07-02-2023**

  
Mian Asad Hameed  
(Chief Executive)  
Mian Muhammad Ali Hameed  
(Director)



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF SAZGAR ENGINEERING WORKS LIMITED  
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim Statement of financial position of Sazgar Engineering Works Limited as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2022.

**Scope of Review**

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

**H.Y.K & Co.**  
(Chartered Accountants)  
Lahore.

**Date: 9 February 2023**  
**UDIN: RR20221014415RYEibvH**

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**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT DECEMBER 31, 2022**

	Note	Un-audited December 31, 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		871,207,849	792,093,365
		2,033,073,681	1,953,959,197
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Long term financing		442,069,376	510,383,878
Deferred liabilities		327,612,693	295,513,621
Deferred grant		-	558,743
Deferred revenue		3,908,573	3,111,783
<b>CURRENT LIABILITIES</b>			
Trade and other payables		7,485,302,434	2,498,331,108
Unclaimed dividend		1,407,358	1,407,358
Profit accrued on loans and other payables		32,392,875	34,835,623
Short term borrowings		-	162,875,560
Current portion of long term liabilities		169,458,884	195,141,340
		7,688,561,551	2,892,590,989
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,495,225,874</b>	<b>5,656,118,211</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	2,731,548,644	2,640,250,123
Intangible assets	7	235,591	284,624
Long term loans and advances		11,338,982	21,752,978
Long term deposits		6,328,355	5,871,855
Deferred taxation		219,371,654	178,768,131
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		1,218,702	7,520,318
Stock-in-trade		4,772,126,413	1,741,815,484
Trade debts		192,147,811	179,841,812
Loans & advances		222,901,211	53,912,676
Trade deposits and short term prepayments		474,107,641	451,046,555
Other receivables		733,333,546	202,011,176
Cash and bank balances		1,130,567,324	173,042,479
		7,526,402,648	2,809,190,500
<b>TOTAL ASSETS</b>		<b>10,495,225,874</b>	<b>5,656,118,211</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE



**MIAN MUHAMMAD ALI HAMEED**  
DIRECTOR



**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022**

	NOTE	Second Quarter Ended		Half Year Ended	
		Oct - Dec	Oct - Dec	July - Dec	July - Dec
		2022	2021	2022	2021
		Rupees	Rupees	Rupees	Rupees
Sales - net	8	3,187,787,179	2,343,591,100	4,690,145,560	4,213,336,491
Cost of sales	9	2,932,457,584	2,158,467,335	4,269,815,131	3,832,297,994
<b>Gross profit</b>		<b>255,329,595</b>	<b>185,123,765</b>	<b>420,330,429</b>	<b>381,038,497</b>
Distribution and marketing costs		76,016,319	41,231,776	129,952,141	69,785,019
Administrative expenses		54,649,685	35,807,374	98,667,493	71,942,116
Other operating expenses		4,998,577	6,057,801	6,098,227	12,362,569
		135,664,581	83,096,951	234,717,861	154,089,704
		119,665,014	102,026,814	185,612,568	226,948,793
Other income		1,797,662	3,764,170	3,772,639	5,529,482
<b>Operating profit before finance cost</b>		<b>121,462,676</b>	<b>105,790,984</b>	<b>189,385,207</b>	<b>232,478,275</b>
Finance cost		43,108,822	10,714,604	90,756,270	17,750,329
<b>Profit before taxation</b>		<b>78,353,854</b>	<b>95,076,380</b>	<b>98,628,937</b>	<b>214,727,946</b>
Taxation	10	10,248,540	64,026,747	19,514,453	121,579,125
<b>Profit after taxation</b>		<b>68,105,314</b>	<b>31,049,633</b>	<b>79,114,484</b>	<b>93,148,821</b>
<b>Earnings per share - Basic and diluted</b>	11	<b>1.13</b>	<b>0.51</b>	<b>1.31</b>	<b>1.54</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
MIAN MUHAMMAD ALI HAMEED  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022**

	Second Quarter Ended		Half Year Ended	
	Oct - Dec	Oct - Dec	July - Dec	July - Dec
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
<b>PROFIT AFTER TAXATION FOR THE PERIOD</b>	<b>68,105,314</b>	31,049,633	<b>79,114,484</b>	93,148,821
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>68,105,314</b>	31,049,633	<b>79,114,484</b>	93,148,821

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
MIAN MUHAMMAD ALI HAMEED  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Share Capital Rupees	Share Premium Account Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2021 - audited	464,968,950	557,406,192	817,476,633	1,839,851,775
Transaction with owner, recognize directly in equity				
Issuance of Bonus Shares	139,490,690	-	(139,490,690)	-
Total Transaction with owner, recognized directly in equity	139,490,690	-	(139,490,690)	-
Comprehensive Income for the period				
Profit after taxation	-	-	93,148,821	93,148,821
Comprehensive Income / (loss)	-	-	-	-
Total comprehensive income for the period ended December 31, 2021	-	-	93,148,821	93,148,821
Balance as at December 31, 2021 - Un-audited	604,459,640	557,406,192	771,134,764	1,933,000,596
	Share Capital Rupees	Share Premium Account Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2022 - audited	604,459,640	557,406,192	792,093,365	1,953,959,197
Comprehensive Income for the period				
Profit after taxation	-	-	79,114,484	79,114,484
Comprehensive Income / (loss)	-	-	-	-
Total comprehensive income for the period ended December 31, 2022	-	-	79,114,484	79,114,484
Balance as at December 31, 2022 - Un-audited	604,459,640	557,406,192	871,207,849	2,033,073,681

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
MIAN MUHAMMAD ALI HAMEED  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Half Year Ended	
	July - Dec 2022	July - Dec 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	98,628,937	214,727,946
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	108,203,449	60,427,403
Amortization	49,033	49,034
Provision for staff retirement gratuity	37,462,325	25,955,764
Increase in deferred revenue	1,791,881	2,765,546
Workers' profit participation fund	5,257,201	11,316,319
Finance cost	90,756,270	17,750,329
Other Income	(3,772,639)	(5,529,482)
	<b>239,747,520</b>	<b>112,734,913</b>
<b>Working capital changes</b>	<b>338,376,457</b>	<b>327,462,859</b>
<b>(Increase)/Decrease in current assets</b>		
Store, spares and loose tools	6,301,616	(5,811,831)
Stock-in-trade	(3,030,310,929)	(1,014,426,323)
Trade debts	(12,305,999)	(11,452,504)
Loans & advances	(168,988,535)	(14,103,943)
Trade deposits and short term prepayments	(23,061,086)	1,062,062,931
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	4,598,646,747	329,440,341
<b>(decrease) / Increase in long term loans and advances</b>	<b>10,413,996</b>	<b>(4,967,763)</b>
	<b>1,380,695,810</b>	<b>340,740,908</b>
<b>Cash generated from operations</b>	<b>1,719,072,267</b>	<b>668,203,767</b>
Finance cost paid	(93,199,018)	(20,003,065)
Income tax paid/deducted at source	(207,795,132)	(181,716,045)
Employees retirement benefit - gratuity paid	(5,363,253)	(3,319,255)
<b>Net cash generated from operating activities</b>	<b>1,412,714,864</b>	<b>463,165,402</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(199,838,677)	(293,902,141)
Increase in long term deposits	(456,500)	(992,000)
Proceeds from sale of property, plant and equipment	1,285,000	1,205,000
<b>Net cash used in investing activities</b>	<b>(199,010,177)</b>	<b>(293,689,141)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	-	108,850,876
Repayment of long term financing	(95,550,792)	(34,497,791)
Proceeds from short term borrowings	1,136,083,280	1,495,036,608
Repayment of short term borrowings	(1,298,958,840)	(1,513,022,293)
Profit on bank deposits	2,246,510	3,595,328
<b>Net cash (used in) / generated from financing activities</b>	<b>(256,179,842)</b>	<b>59,962,728</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>957,524,845</b>	<b>229,438,989</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>173,042,479</b>	<b>14,977,092</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,130,567,324</b>	<b>244,416,081</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
MIAN MUHAMMAD ALI HAMEED  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 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 half year ended December 31, 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** The figures included in the condensed interim statement of profit or loss for the quarters ended December 31, 2022 and 2021 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2022 and 2021.

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

#### 2.5.1 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.

#### 2.5.2 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.

#### 2.5.3 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.

### 2.6 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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 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 December 31, 2022 Number	Audited June 30, 2022 Number		Un-audited December 31, 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

#### 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. 2796.82 Million (June 30, 2022: Rs. 2232.26 Million).

5.2.2 Commitments in respect of capital expenditures amount to Rs. 23.62 Million (June 30, 2022: Rs. 70.78 Million) and bank guarantee of Rs. 22.17 Million (June 30, 2022: Rs. 5.37 Million).

### 6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - Tangible	6.1	2,425,170,057	1,746,923,699
Capital work in progress	6.2	188,378,587	799,326,424
Advance for purchase of land		118,000,000	94,000,000
		2,731,548,644	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		770,106,629	1,037,850,092
- Electric fittings		3,093,213	102,000
- Furniture and fittings		1,825,294	2,601,085
- Office equipment		5,978,603	3,838,695
- Electric installations		3,832,775	47,996,487
- Vehicles		1,950,000	57,380,100
		786,786,514	1,552,603,518

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022

		Un-audited December 31, 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		108,203,449	148,573,568		
		108,540,156	149,851,647		
		2,425,170,057	1,746,923,699		
Closing book value					
6.2 CAPITAL WORK IN PROGRESS					
Opening balance		799,326,424	1,454,249,214		
Additions during the period					
- Plant and machinery		109,250,957	792,789,002		
- Building and Civil Works on freehold land		49,907,835	33,712,147		
		159,158,792	826,501,149		
Less: Transferred to fixed assets during the period					
- Plant and machinery		770,106,629	1,033,375,092		
- Building and Civil Works on freehold land		-	402,835,059		
- Electric installations		-	45,213,788		
		770,106,629	1,481,423,939		
		188,378,587	799,326,424		
Closing Balance					
7 INTANGIBLE ASSETS					
Opening book value		284,624	382,691		
Less: amortization charged during the period		49,033	98,067		
Closing book value		235,591	284,624		
NOTES					
		Un-audited Oct - Dec 2022 Rupees	Un-audited Oct - Dec 2021 Rupees	Un-audited July - Dec 2022 Rupees	Un-audited July - Dec 2021 Rupees
8 SALES - NET					
Gross sales	8.1	3,950,508,924	2,908,412,687	5,875,683,456	5,263,760,644
Less:					
Sales tax		537,045,837	397,843,336	806,271,464	733,605,476
Federal excise duty		140,411,225	4,020,908	180,166,865	4,823,263
Sales returns		28,464,607	117,600,259	114,163,832	229,946,321
Commission		56,800,076	45,357,084	84,935,735	82,049,093
		762,721,745	564,821,587	1,185,537,896	1,050,424,153
		3,187,787,179	2,343,591,100	4,690,145,560	4,213,336,491
8.1	This includes Rs. 22.39 million (December 31, 2021: Rs. 23.67 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 Oct - Dec 2022 Rupees	Un-audited Oct - Dec 2021 Rupees	Un-audited July - Dec 2022 Rupees	Un-audited July - Dec 2021 Rupees
9 COST OF SALES					
Raw materials and components consumed		3,845,052,509	883,654,739	5,489,564,626	1,892,362,278
Salaries, wages and other benefits		175,957,941	119,213,646	310,898,427	223,115,688
Stores, spares and loose tools consumed		43,297,882	17,546,019	62,745,918	24,920,597
Power and fuel charges		66,920,883	32,748,244	134,021,263	65,105,926
Repair and maintenance		38,051,690	29,793,388	67,408,930	58,606,134
Other expenses		1,995,575	4,767,714	6,733,619	7,493,877
Depreciation & amortization		56,512,254	39,815,772	98,966,905	54,871,148
		4,227,788,734	1,127,539,523	6,170,339,688	2,326,475,648
Opening work-in-process		70,075,201	44,464,371	57,165,012	31,392,103
Closing work-in-process		(95,325,853)	(27,509,801)	(95,325,853)	(27,509,801)
Cost of goods manufactured		4,202,538,082	1,144,494,093	6,132,178,847	2,330,357,950
Opening finished goods		1,013,739,793	742,403,125	421,456,575	232,678,794
Cost of finished goods purchased		-	1,507,366,981	-	2,505,058,114
Closing finished goods		(2,283,820,291)	(1,235,796,864)	(2,283,820,291)	(1,235,796,864)
		2,932,457,584	2,158,467,335	4,269,815,131	3,832,297,994
10 TAXATION					
Current					
For the period		36,911,084	76,369,612	60,117,977	163,315,629
Prior period		-	(748,867)	-	(748,867)
Deferred					
For the period		(26,662,544)	(11,593,998)	(40,603,524)	(40,987,637)
		10,248,540	64,026,747	19,514,453	121,579,125

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022

		Un-audited Oct - Dec 2022 Rupees	Un-audited Oct - Dec 2021 Rupees	Un-audited July - Dec 2022 Rupees	Un-audited July - Dec 2021 Rupees
<b>11 EARNINGS PER SHARE - BASIC AND DILUTED</b>					
Basic earnings per share					
Profit after taxation for the period	Rupees	68,105,314	31,049,633	79,114,484	93,148,821
Weighted average number of ordinary shares outstanding during the period - Note 4.2	Number	60,445,964	60,445,964	60,445,964	60,445,964
Basic earnings per share	Rupees	1.13	0.51	1.31	1.54
<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 December 31, 2022 and December 31, 2021, which would have any effect on earning per share if the option to convert is exercised.					
				Un-audited July - Dec 2022 Rupees	Un-audited July - Dec 2021 Rupees
<b>12 TRANSACTIONS WITH RELATED PARTIES</b>					
Non-Executive Director (s)					
Meeting fee				465,000	590,000
Travelling, boarding and lodging expenses				50,000	50,000
Key Management Personnel					
Remuneration, allowances and benefits				42,566,677	36,226,559
Other Executive					
Remuneration, allowances and benefits				3,780,000	2,610,000
		Un-audited Oct - Dec 2022 Rupees	Un-audited Oct - Dec 2021 Rupees	Un-audited July - Dec 2022 Rupees	Un-audited July - Dec 2021 Rupees
<b>13 SEGMENT RESULTS</b>					
Segment Revenue - Net - External					
Home appliances		65,640	206,400	483,839	206,400
Automotive parts		95,535,997	129,216,959	216,163,625	295,991,048
Automobiles - three Wheeler		472,805,709	538,511,154	1,076,756,105	1,254,108,816
Automobiles - four Wheeler		2,619,379,833	1,675,656,587	3,396,741,991	2,663,030,227
<b>Total</b>		<b>3,187,787,179</b>	<b>2,343,591,100</b>	<b>4,690,145,560</b>	<b>4,213,336,491</b>
Segment operating results					
Home appliances		65,629	17,102	89,556	(8,378)
Automotive parts		529,889	951,305	950,751	5,720,120
Automobiles - three Wheeler		10,224,052	36,018,163	28,142,412	73,518,361
Automobiles - four Wheeler		113,002,995	70,051,796	161,687,050	159,035,009
<b>Total</b>		<b>123,822,565</b>	<b>107,038,365</b>	<b>190,869,769</b>	<b>238,265,112</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 February 07, 2023.					
<b>15 GENERAL</b>					
<b>15.1</b>	The figures have been rounded off to the nearest Rupee.				

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
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QUARTERLY REPORT



  
**SAZGAR**

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