

ANNUAL REPORT 2023



— 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

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

Car Plant:
Maghrabi Tanki-1, Link Road, near Ijtimah
Chowk, Sundar-Raiwind Road, Raiwind, Lahore, Pakistan.
Ph: +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



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 delay in IMF program and non-funding from other international financial institutions created economic crisis in the country during the period under review. However, subsequent to period under review, the Government of Pakistan has been successful in securing the nine months loan of US Dollars 3.00 Billion from IMF which shall be a short term relief but will facilitate the country for obtaining financing from other international financial institutions.

The automobile sector remained under pressure and has faced multiple challenges during the year in form of constant devaluation of Pak Rupee against foreign currencies, strict fiscal measures taken by SBP on import of CKD of vehicles, rise in inflation as well as KIBOR, increase in fuel cost etc.

This sector has shown a decline in sales volume i.e. in respect of four wheelers (other than tractors) (54.26)%, tractors (47.51)% and three wheelers (53.01)%. (*Source: Pakistan Automotive Manufacturers Association*)

Under these circumstances, the Company performed satisfactorily and has recorded highest ever sales revenue of **Rs. 18.17 Billion (2022: Rs 10.27 Billion)**. The increase in sales revenue was mainly due to the commencement of commercial operation of **HAVAL SUV vehicles** that played an instrumental role in achieving this milestone. The Company has also been honored to introduce the first-ever locally produced/assembled Hybrid Electric Vehicle "**HAVAL-HEV**" in Pakistan during the current financial year.

During the year, the election of directors was held and the directors were elected for a period of three years commencing from March 20, 2023. 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 re-appointed Mr. Mian Asad Hameed as Chief Executive of the Company whereas Mr. Saeed Iqbal Khan was appointed as Chief Operating Officer- COO of Three Wheelers & Automotive parts Division and Mr. Mian Muhammad Ali Hameed was appointed as Chief Operating Officer- COO of Car Division for a period of three years with effect from March 28, 2023. The Board also determined their remuneration packages which shall be subject to review annually or from time to time.

The Board also reconstituted the Board Committees in accordance with the Code of Corporate Governance Regulations 2019 and determined their Terms of Reference.

The Board exercised all its powers in deciding the significant matters; Five (5) Board meetings were held during the year in timely manner and sufficient time was spent by the Board to decide the matters. The directors actively participated in the process of decision making and provided their valuable contribution. Board committees have functioned in accordance with their terms of reference diligently.

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

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

The Board ensures that the company is in compliance of its statutory obligations and good corporate governance



practices, system of risk identification, risk management and system of related internal controls which is sound in design and is being implemented effectively with continuous monitoring.

The Company is committed in discharging its Corporate Social Responsibility.

Research and development work is continuously carried on for the innovation of new products and or to make the production and existing products more efficient to maintain or expand its market share.

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

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

Lahore
September 06, 2023

Mrs. Saira Asad Hameed

Chairperson



DIRECTORS' REPORT

The directors of your company are pleased to present 32nd Annual Report along with the audited financial statements of the Company for the year ended 30th June 2023:

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.

During the year, the Company commenced the commercial production of SUV vehicles under the world renowned brand "HAVAL".

By the Grace of Almighty Allah, the Company has also honoured to introduce the first-ever locally produced/assembled Hybrid Electric Vehicle "HAVAL-HEV" in Pakistan during the current financial year.

These vehicles are beautifully designed, comfortable and offer exclusive features.

BUSINESS BRIEF OVERVIEW:

The current financial year has passed under severe stress with low foreign currency reserves, constant depreciation of Pak Rupee, high inflation, high fuel cost and increase in KIBOR. The uncertain political conditions, devastating floods and delay in IMF programme further deteriorated the stability and economic conditions in the country. The fiscal measures taken by the regulatory authorities including restrictions on import of different items specifically CKD of vehicles halted the business activities in the country.

On the other hand, the Government has been successful in reducing the Current Account Deficit (CAD) substantially by imposing restrictions on imports but unfortunately Exports and Workers' remittances could not be sustained and declined by 14% and 13% respectively.

During the year, the auto sector was badly affected by the prevailing economic conditions and in accordance with the sales data of PAMA (*Pakistan Automotive Manufacturers Association*), four wheeler segment (other than tractors) has shown an overall decline of (54.26)%, tractors (47.51)% and three wheelers (53.01)%.

Under these circumstances, the Company launched its **HAVAL** branded vehicles and without any exception,

faced these multiple challenges during the current reporting period.

By the Grace of Almighty Allah, the Company managed all its available resources effectively and efficiently to tackle these challenges and **Al-hamdolillah**, received welcoming response from the market.

FINANCIAL PERFORMANCE OF THE COMPANY:

Summary of financial results is given below:

FINANCIAL RESULTS:

	2023 (Rupees)	2022 (Rupees)
Net Sales	18,174,296,868	10,274,217,196
Gross Profit	2,549,476,211	892,945,180
Operating Profit	1,649,237,567	317,330,601
Profit before Tax	1,481,435,745	263,452,573
Profit after Tax	995,076,624	117,839,528
Earnings Per Share	16.46	1.95

Appropriations:

The Board of Directors, at their meeting held on September 06, 2023 has recommended a final cash dividend @ 40% i.e. Rupees 4.00 per share subject to the approval of members in the forth coming Annual General Meeting of the Company(AGM).

Sales Revenue:

The overall net sales revenue of the Company has increased by 76.89% from Rupees **10.27 Billion** to Rupees **18.17 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 sales of four wheelers has increased by 160.66% from Rupees 5,660.49 million to Rupees 14,754.71 million whereas the net sale of Three Wheelers has decreased from Rupees 3,857.36 million to Rupees 2,888.64 million reflecting a decrease of 25.11%.

The sale of Three Wheelers also includes an export sale of Rupees 40.78 million showing a decline of 37.83% as compared to the last financial year export of Rupees 56.20 million. During the year, Company exported Three Wheelers to Japan, Ethiopia, Qatar, Dubai, Mauritania and Afghanistan.

The net sale of automotive parts has decreased by 29.75% from Rupees 755.02 million to Rupees 530.42 million.



The net sales of home appliances has decreased from Rupees 1.35 million to Rupees 0.52 million, compared with the corresponding period of last year.

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

Product	Sales volume 2022	Sales volume 2023	% of Increase/ (Decrease)
Four wheelers*	997	1,828	83.35
Three wheelers	15,683	9,381	(40.18)
Tractor Wheel Rims	71,294	37,540	(47.34)

*Four wheeler sales also includes the sale of 1 unit of imported CBU (June 30, 2022: 530 units).

The sale of four wheelers has increased on account of induction of HAVAL branded vehicles. Whereas the sale of Three Wheelers, Automotive Parts and home appliances has decreased due to the lower orders placed by the respective customers.

Gross Profit:

Company's gross profit has increased from Rupees 892.95 million to Rupees 2,549.48 million showing an increase of Rupees 1,656.53 million compared with the corresponding period of last year, whereas the gross profit ratio has inclined from 8.69% to 14.03% mainly due to the increased sales volume of four wheelers.

Finance Cost:

Finance cost has increased from Rs 53.88 million to Rs. 167.80 million showing an increase of 113.92 million compared with the corresponding period of last year. The increase is mainly due to the higher usage of banking facilities, payment of profit on long term loans and increase in KIBOR.

Profit Before Taxation:

Company's profit before taxation has increased from Rupees 263.45 million to Rupees 1,481.44 million showing a surge of Rupees 1,217.98 million compared with the corresponding period of last year.

Earnings Per Share:

The Earnings per share of the Company has increased from Rs. 1.95 to Rs. 16.46 as compared to corresponding period of last year showing a substantial increase in profits available for distribution to the shareholders.

Production:

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

Product	Production volume 2022	Production volume 2023	% of Increase/ (Decrease)
Four wheelers	474	1,861	292.62
Three wheelers	16,002	9,141	(42.88)
Tractor Wheel Rims	70,966	38,822	(45.29)

The increase in production volume of four wheelers is due to commencement of commercial production of HAVAL branded vehicles during the current financial year.

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 has introduced **HAVAL** branded SUV vehicles in the market during the current financial year. These vehicles are in addition to **BAIC** branded vehicles which were introduced during last financial year. 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.

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

Branding of Vehicles:

The brands “**BAIC**” and “**HAVAL**” 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:

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

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

Currency Devaluation:

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

Economic, Political and Law & Order conditions:

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

General Market Conditions:

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

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

Regulatory and Taxation Policy:

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

Sudden break down of Plant & Equipment:

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



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

Financial Risks:

The Company is also exposed to various financial risks which have been stated in note 41 to the audited financial statements.

Warranty cases:

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

Uncertainties:

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

MATERIAL CHANGES:

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

FUTURE OUTLOOK:

The Government of Pakistan has been successful in securing the nine months loan of nearly US Dollars 3.00 Billion from IMF which has not only provided a short term relief and staved off the default of current external debt obligation but also facilitated the country for

obtaining financing from other international financial institutions.

However, the unstable political conditions and external debt obligation with insufficient foreign reserves are continuously putting pressure on Pak Rupee resulting in its constant devaluation and escalation in cost of doing a business. The regulatory measures like increase in basic interest rate and permission of imports on limited scale has further slowdown the business activities in the country. Due to skyrocket inflation, the purchasing power of the people has contracted substantially.

There are multiple challenges ahead of this year and to address these challenges, Government of Pakistan has to take concrete steps for the economic stabilization in the country.

Company's Four Wheelers Business:

Under this segment, the Company is carrying two international Chinese brands, "BAIC" & "HAVAL".

BAIC Jeep BJ-40L is a unique product with exclusive features and does not have any competition in the market, however, this product pertains to a niche market and will have a great potential in corporate and institutional sales in the time to come. Therefore, the Company foresees its bright future.

HAVAL vehicles (SUVs') are beautifully designed quality products and offer excellent safety features as compared to its competition. Under the tough economic conditions, these products specially **HAVAL-HEV** are receiving a positive response from the market.

The Company has also launched another locally assembled model **HAVAL-JOLION** in August, 2023 along with a marketing campaign both on social as well as on electronic media. The result from the customers is encouraging so far and it is hoped that this model will contribute substantially to increase the sales volume of HAVAL branded vehicles.

Company's Three Wheeler Business:

The contraction in purchasing power of Three Wheelers' prospective customers, has adversely affected the demand of these products. The Company is taking remedial measures to stabilize this segment of business



through introduction and innovation of new models of Three Wheelers.

It is hoped that this segment will regain its growing momentum in the next financial year.

Automotive Parts:

The demand of tractor wheel rims is completely dependent on the sale of Tractors. Unfortunately, after the devastating floods throughout the country, the demand of tractors is still under stress and the tractor assemblers are struggling for its revival, therefore, the demand of tractor wheel rims may remain under pressure in next financial year.

Exports:

Your Company is making efforts to increase the exports of its products including three wheelers and four wheelers. In this regard, the Company is also working with its principal on the export of Haval vehicles to the surrounding region.

CORPORATE SOCIAL RESPONSIBILITY:

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

Health:

In order to protect the employees from the pandemic COVID-19, the Company has formed SOP's and is taking all possible measures. The Company has also formed a committee of employees who are continuously ensuring the compliance of SOP's of the Company.

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

Company made contribution of Rs. 250,000/- to various hospitals that provide free of cost medical facilities to the poor or deserving people of the society.

Education:

Company donated a sum of Rs. 320,800/- to the institutions which are not only looking after the poor children but are also providing them education free of cost.

Financial Assistance:

Company spent Rs. 2,155,800/- for the help of Flood effected people and welfare of deceased's workers families to meet their household and children's education expenses.

Hajj Sponsorship:

This year the Company sent its two (2) employees for performing Hajj and spent a sum of Rs. 1,940,000/- in this regard.

Employment of Disabled persons:

Company creates employment opportunities for disabled persons to make them respectable and self sufficient in the society. Presently company has employed 26 disabled persons.

Clean Drinking Water:

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

Workforce Training:

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

Safety:

The Company takes different safety measures to safe guard its manforce and working environment. Company provides safety goggles, Gloves, safety shoes, welding shields, etc, to its workers. Work places are cleaned



properly to avoid slips and fall. Hazardous materials are stored in designated area. The Company also takes measures to avoid the occurrence of accidents. First aid facility, fire extinguishers, dedicated Company owned Ambulance Service has been made available to meet the emergency situation.

Environment Protection:

The Company takes care of its environment in which it operates. The Company takes measures to minimize the negative impact of its business operations on air, soil, ground water and biological resources surrounding the plant areas. For this purpose, the Company uses the machinery with latest technology in production processes to control the hazardous wastages and harmful emission from the operations.

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

Plantation of trees is also done from time to time within and outside the plant areas.

The Company has been awarded a compliance certificate by Environmental Protection Agency (EPA), Government of Punjab.

Contribution To National Exchequer:

Being a responsible citizen, the company has made a contribution of Rs. **5.07 Billion** to National Exchequer during the year in form of income tax, sales tax, custom duties and excise as compared to Rs. **3.77 Billion** of last financial year reflecting an increase of 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, 2023.

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, 2023;
- **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 06, 2023 has recommended a final cash dividend @ 40% i.e. Rupees 4.00 per share subject to the approval of members in the forth coming Annual General Meeting of the Company(AGM).



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

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

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

STATEMENT ON ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

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. 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.

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

ELECTION OF DIRECTORS:

The election of directors of the Company was held as on March 18, 2023 in the Extra ordinary General Meeting of the Company and new Board was constituted for a period of three years commencing from March 20, 2023. The names of nine (9) newly elected directors are given below:

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

Appointment of Chairperson, Chief Executive and Chief Operating Officers (Executive Directors):

The Board appointed Mrs. Saira Asad Hameed as **Chairperson**, Mr. Mian Asad Hameed as **Chief Executive**, Mr. Saeed Iqbal Khan as Executive Director under the designation of "**Chief Operating Officer (COO) - Three Wheeler & Automotive Parts Division**" and Mr. Mian Muhammad Ali Hameed as Executive Director under the designation of "**Chief Operating Officer (COO) - Car Division**" of the Company as on March 28, 2023 for a period of three years commencing from March 28, 2023.

The Board also approved their monthly managerial remunerations (net of tax) as below along with free use of Company maintained vehicles for official and private purposes, re-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. 3.50 M
COO- Three Wheeler & Automotive Parts Division	Rs. 1.70M
COO- Car Division	Rs. 0.75M

These remunerations shall be increased by 15% annually or such higher amount as decided by Board of Directors.

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

Board Meeting fee	Rs 50,000/-
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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.

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
Total Meetings Held	5	4	2	1	1
Mr. Mian Asad Hameed	5	-	2	1	-
Mrs. Saira Asad Hameed	5	-	-	-	-
Mr. Saeed Iqbal Khan	5	-	-	1	-
Mr. Mian Muhammad Ali Hameed	5	-	-	-	1
Mrs. Sana Suleyman	5	4	-	-	-
Mr. Humza Amjad Wazir	5	-	2	1	-
Mr. Umair Ejaz	5	4	2	-	1
Mr. Taha Mahmood	5	4	2	-	1
Mr. Muhammad Omer Saeed	5	-	-	-	-

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, 2023 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
Mrs. Saira Asad Hameed	59,500	-
Mrs. Sana Suleyman	202,500	-
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
Umair Ejaz	**	*		**
Taha Mahmood	*	**		*
Sana Suleyman	*			
Hamza Amjad Wazir		*	*	
Mian Asad Hameed		*	**	
Saeed Iqbal Khan			*	
Mian Muhammad Ali Hameed				*



- ** Represents that the director is chairman of the respective committee
- * Represents that the director is member of the respective committee

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.

DIRECTORS' REMUNERATION PACKAGE:

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:

(Rupees)

Particulars	Managerial Remuneration	Bonus and Others	Meeting fee & Boarding lodging expenses	Total
Chief Executive	36,914,516	5,926,888	-	42,841,404
Chief Operating Officer - Three Wheelers & Automotive Parts Division	17,714,210	2,875,966	-	20,590,176

Chief Operating Officer - Car Division	7,664,556	1,156,015	-	8,820,571
Non-Executive Directors	-	-	1,510,000	1,510,000

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS:

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

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

AUDITORS:

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

(Rupees)

a. Annual Audit	1,422,000
b. Half yearly review	260,000
c. Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	33,000
d. Certificate under CDC Regulation and Report on Free-float of shares	33,000

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 06, 2023

For and on behalf of the Board


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)

ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹران 30 جون 2023ء کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں کے ہمراہ کمپنی کی تینویس (32) سالانہ رپورٹ بخوشی پیش کرتے ہیں۔

بنیادی سرگرمیاں:

کمپنی بنیادی طور پر آٹوموبائلز بشمول فورویلرز اور تھری ویلرز، ٹریکٹریل ریمز اور ہوم اپلائنسز کی پیداوار اور فروخت میں مصروف عمل ہے۔

سال کے دوران، کمپنی نے دنیا کے مشہور "HAVAL" برانڈ کے تحت SUV گاڑیوں کی کمرشل پیداوار کا آغاز کیا۔

اللہ تعالیٰ کے فضل و کرم سے، کمپنی نے پاکستان میں رواں مالی سال کے دوران پہلی مقامی طور پر تیار / اسمبل شدہ ہائبرڈ الیکٹرک گاڑی "HAVAL HEV" متعارف کرانے کا اعزاز بھی حاصل کیا ہے۔

یہ گاڑیاں خوبصورت ڈیزائن، آرام دہ اور منفرد خصوصیات کی حامل ہیں۔

کاروبار کا مختصر جائزہ:

موجودہ مالی سال غیر ملکی کرنسی کے کم ذخائر، پاکستانی کرنسی کی قدر میں مسلسل کمی، بلند افراط زر، ایندھن کی بلند قیمت اور KIBOR میں اضافے کے ساتھ شدید دباؤ میں گزرا ہے۔ غیر یقینی سیاسی صورت حال، تباہ کن سیلاب اور IMF پروگرام میں تاخیر نے ملک میں استحکام اور معاشی حالات کو مزید خراب کیا۔ ریگولیٹری حکام کی طرف سے اٹھائے گئے مالی اقدامات بشمول مختلف اشیاء خاص طور پر گاڑیوں کی CKD کی درآمد پر پابندیوں نے ملک میں کاروباری سرگرمیاں کو روک دیا۔

دوسری جانب، حکومت درآمدات پر پابندی لگا کر کرنٹ اکاؤنٹ خسارے (CAD) کو خاطر خواہ حد تک کم کرنے میں کامیاب رہی ہے، لیکن بد قسمتی سے برآمدات اور ورکرز کی ترسیلات کی سطح برقرار نہ رہی اور بالترتیب 14 فی صد اور 13 فی صد کی واقع ہوئی ہے۔

سال کے دوران، آٹوسکٹر موجودہ معاشی حالات سے بری طرح متاثر ہوا ہے اور PAMA (پاکستان آٹوموٹیو مینوفیکچررز ایسوسی ایشن) کے سیکلز ڈیٹا کے مطابق مجموعی طور پر فورویلرز سیکمنٹ میں (ٹریکٹرز کے علاوہ) (54.26) فی صد، ٹریکٹرز (47.51) فی صد اور تھری ویلرز (53.01) فی صد کی واقع ہوئی ہے۔

ان حالات میں کمپنی نے اپنی "HAVAL" برانڈ ڈ گاڑیاں متعارف کرائیں اور موجودہ حالات میں بغیر کسی رعایت کے ان متعدد چیلنجز کا سامنا کیا۔

اللہ تعالیٰ کے فضل و کرم سے، کمپنی ان چیلنجز سے نمٹنے کے لئے اپنے تمام وسائل منظم اور پراثر طریقے سے بروئے کار لائی اور الحمد للہ مارکیٹ سے خوش آئند جواب حاصل ہوا۔



کمپنی کی مالیاتی کارکردگی:
مالیاتی نتائج کا خلاصہ ذیل میں دیا گیا ہے۔
مالیاتی نتائج:

2022 (روپے)	2023 (روپے)	
10,274,217,196	18,174,296,868	آمدنی
892,945,180	2,549,476,211	مجموعی منافع
317,330,601	1,649,237,567	آپریٹنگ منافع
263,452,573	1,481,435,745	منافع قبل از ٹیکس
117,839,528	995,076,624	منافع بعد از ٹیکس
1.95	16.46	نی حصص آمدنی

تخصیصات:

بورڈ آف ڈائریکٹران نے 06 ستمبر 2023 کو اپنے منعقدہ اجلاس میں 40 فی صد یعنی 41 روپے فی حصص حتمی نقد ڈیویڈنڈ کی سفارش کی ہے جو کمپنی کے آئندہ سالانہ اجلاس میں ممبران کی منظوری سے مشروط ہے۔

سیلز آمدنی:

کمپنی کی مجموعی سیلز آمدنی 76.89 فی صد اضافہ کے ساتھ 10.27 بلین روپے سے بڑھ کر اس سال 18.17 بلین روپے ہو گئی ہے، جو کمپنی کی تاریخ میں اب تک کی سب سے زیادہ فروخت آمدنی ہے۔ یہ سنگ میل فرویلرز خاص طور پر "HAVAL" برانڈ گاڑیوں کی فروخت کی وجہ سے حاصل ہوا ہے۔

حصہ وار سیلز آمدنی:

فرویلرز کی مجموعی سیلز آمدنی 160.66 گنا اضافہ کے ساتھ 5,660.49 بلین روپے سے بڑھ کر 14,754.71 بلین روپے ہو گئی ہے جبکہ قہری ویلرز کی مجموعی سیلز آمدنی پچھلے سال کے مقابلہ میں 3,857.36 بلین روپے سے کم ہو کر 2,888.64 بلین روپے ہو گئی ہے جو کہ 25.11 فی صد کی کوتاہی کرتی ہے۔

قہری ویلرز کی مجموعی سیلز آمدن جس میں 40.78 بلین روپے کی برآمدات بھی شامل ہیں جو کہ پچھلے مالی سال کی برآمدات 56.20 بلین روپے کے مقابلہ میں 37.83 فی صد کی کوتاہی کر رہی ہیں۔ سال کے دوران، کمپنی نے جاپان، ایتھوپیا، قطر، دبئی، افغانستان اور موریتانیہ قہری ویلرز برآمد کئے۔

آٹوموبیل پارٹس کی مجموعی سیلز آمدنی 29.75 فی صد کی ساتھ 755.02 بلین روپے سے کم ہو کر 530.42 بلین روپے ہو گئی ہے۔
ہوم اپلائنسز کی مجموعی سیلز آمدنی پچھلے سال کے مقابلہ میں 1.35 بلین روپے سے کم ہو کر 0.52 بلین روپے ہو گئی ہے۔



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

مبيعات	فروخت حجم 2022	فروخت حجم 2023	فی صد اضافہ (کی)
فورویلز	997	1,828	83.35
تھری ویلز	15,683	9,381	(40.18)
ٹریکٹر ویلز	71,294	37,540	(47.34)

☆ فورویلز کی فروخت میں درآمد شدہ CBU کے ایک (1) یونٹ کی فروخت بھی شامل ہے۔ (یونٹس 530:30 جون 2022)

"HAVAL" برانڈ گاڑیوں کی شمولیت کی وجہ سے فورویلز کی فروخت میں اضافہ ہوا ہے جبکہ تھری ویلز، آٹو موٹیو پارٹس اور ہوم ایپلائنسز کی فروخت میں کمی متعلقہ صارفین کی جانب سے کم آرڈر کی وجہ سے ہوئی ہے۔

مجموعی منافع:

کمپنی کا مجموعی منافع 1,656.53 ملین روپے کے اضافہ سے پچھلے سال کے مقابلہ میں 892.95 ملین روپے سے بڑھ کر 2,549.48 ملین روپے ہو گیا ہے جبکہ مجموعی منافع کا تناسب بنیادی طور پر فورویلز کی بڑھتی ہوئی فروخت کی وجہ سے 8.69 فیصد سے بڑھ کر 14.03 فیصد ہو گیا ہے۔

قرضوں کی لاگت:

قرضوں کی لاگت پچھلے سال کے مقابلہ میں 113.92 ملین روپے کے اضافہ کے ساتھ 53.88 ملین روپے سے بڑھ کر 167.80 ملین روپے ہو گئی ہے۔ یہ اضافہ بنیادی طور پر بینکنگ سہولیات کے زیادہ استعمال، KIBOR میں اضافہ اور طویل مدتی قرضوں پر منافع کی ادائیگی کی وجہ سے ہے۔

قبل از ٹیکس منافع:

کمپنی کا قبل از ٹیکس منافع پچھلے سال کے مقابلہ میں 263.45 ملین روپے سے بڑھ کر 1,481.44 ملین روپے ہو گیا ہے جو کہ 1,217.98 ملین روپے کے اضافہ کو ظاہر کر رہا ہے۔

آمدنی فی حصص:

کمپنی کی فی حصص آمدنی پچھلے سال کے مقابلہ میں 1.95 روپے سے بڑھ کر 16.46 روپے ہو گئی ہے جو کہ حصص داران کے لئے دستیاب منافع میں نمایاں اضافہ کو ظاہر کرتی ہے۔

پیداوار:

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

مبيعات	پیداوار حجم 2022	پیداوار حجم 2023	فی صد اضافہ (کی)
فورویلز	474	1,861	292.62
تھری ویلز	16,002	9,141	(42.88)
ٹریکٹر ویلز	70,966	38,822	(45.29)

رواں مالی سال کے دوران "HAVAL" برانڈ گاڑیوں کی تجارتی پیداوار کے آغاز کی وجہ سے فورویلز کی پیداوار کے حجم میں اضافہ ہوا ہے۔

خطرات اور غیر یقینی صورت حال:

خطرات:

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

خطرات کی گورننس 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 انٹرل کنٹرول کا مضبوط نظام بنا رکھا ہے۔ نظام کو مزید بہتر بنانے کے لئے اس کی مسلسل نگرانی کی جارہی ہے۔

ریسک مینجمنٹ اینڈ انٹرل 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 مارکیٹ میں "HAVAL" برانڈ کی گاڑیاں متعارف کرائی ہیں۔ یہ گاڑیاں گزشتہ مالی سال کے دوران متعارف کرائی گئی "BAIC" برانڈ گاڑیوں کے علاوہ ہیں۔ یہ کمپنی کے لئے ایک نئی مارکیٹ ہے اور اس میں رسائی حاصل کرنے کے لئے کمپنی کو بہت سارے چیلنجز کا سامنا کرنا پڑے گا۔

کمپنی نے اپنی مصنوعات کی مارکیٹنگ، فروخت اور سروس بعد از فروخت کے لئے ملک میں ایک ٹھوس ڈیلرشپ کا نظام قائم کیا ہے اور یہ نیٹ ورک 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۔

نئی مصنوعات کے متعارف کے لئے مارکیٹنگ منصوبے کو حتمی شکل دے دی گئی ہے جو کہ آہستہ آہستہ نافذ العمل ہوگا اور مصنوعات کی رسائی کو آسان اور مددگار بنائے گا۔

گاڑیوں کی برانڈنگ:

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

ٹریڈر ویل رمزاو تھری ویلرز کے لوہے کے پرزہ جات کی پیداوار کا انحصار لوہے کی دستیابی پر ہے اس لئے اسکی دستیابی میں کسی بھی قسم کی رکاوٹ اور اس کی قیمتوں میں اتار چڑھاؤ تھری ویلرز کے لوہے کے پرزہ جات اور ٹریڈر ویل رمزا کی پیداوار، ان کی لاگت اور فراہمی پر براثر ڈال سکتی ہے۔



مزید تھری ویلرز 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 جع 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:

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

اقتصادی، سیاسی اور امن و امان کی صورت حال:

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

عام مارکیٹ کے حالات:

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

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

ریگولیٹری اور ٹیکس پالیسی:

آئو میو ایڈمنسٹری 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 حتمی شدہ مالیاتی گوشواروں کے نوٹ 41 میں بیان کر دیئے گئے ہیں۔

وارنٹی مقدمات:

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



غیر یقینی صورت حال:

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

نمایاں تبدیلیاں:

سوائے ان تبدیلیوں کے جو کہ ڈائریکٹران کی رپورٹ اور مالی گوشواروں میں ظاہر کر دی 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:

حکومت پاکستان IMF سے تقریباً 3.00 بلین امریکی ڈالر کا نو ماہ کا قرضہ حاصل کرنے میں کامیاب رہی ہے جس نے نہ صرف قلیل مدتی ریلیف فراہم کیا ہے اور موجودہ بیرونی قرضوں کی نادرہنگی کو روکا ہے بلکہ ملک کو دیگر بین الاقوامی مالیاتی اداروں سے مالی اعانت حاصل کرنے میں بھی سہولت فراہم کی ہے۔

تاہم، غیر مستحکم سیاسی حالات اور نا کافی غیر ملکی ذخائر کے ساتھ بیرونی قرضوں کی ذمہ داری کے ساتھ پاکستان روپے پر مسلسل دباؤ ڈال رہی ہے جس کے نتیجے میں روپے کی قدر میں مسلسل کمی اور کاروبار کرنے کی لاگت میں اضافہ ہو رہا ہے۔ ملک میں بنیادی شرح سود میں اضافہ اور محدود پیمانے پر درآمدات کی اجازت جیسے ریگولیٹری اقدامات نے کاروباری سرگرمیاں مزید سخت کر دی ہیں۔ آسان کو چھوٹی مہنگائی کی وجہ سے عوام کی قوت خرید میں نمایاں کمی آئی ہے۔

اس سال ان متعدد چیلنجز کا سامنا ہے اور ان چیلنجز سے نمٹنے کے لئے حکومت پاکستان کو ملک میں معاشی استحکام کے لئے ٹھوس اقدامات کرنے ہوں گے۔

کمپنی کا فور ویلرز کا کاروبار:

اس سیکٹ کے تحت، کمپنی کے پاس دو بین الاقوامی چائنیز برانڈز "BAIC" اور "HAVAL" ہیں۔

BAIC JEEP BJ-40L منفرد خصوصیات کی حامل ایک پروڈکٹ ہے اور اس کا مارکیٹ میں کوئی مقابلہ نہیں ہے۔ تاہم یہ پروڈکٹ مارکیٹ کے ایک خاص طبقہ سے تعلق رکھتی ہے اور آنے والے وقت میں کارپوریٹ اور ادارہ جاتی فروخت میں اس کی بہت زیادہ مانگ ہو سکتی ہے اس لئے کمپنی اس کا مستقبل روشن دیکھتی ہے۔

"HAVAL" (SUVs) گاڑیاں خوبصورت ڈیزائن کی معیاری مصنوعات ہیں اور دوسری گاڑیوں کے مقابلے میں زیادہ حفاظتی خصوصیات رکھتی ہیں۔ سخت معاشی حالات میں ان مصنوعات کو خاص طور پر "HAVAL - HEV" کو مارکیٹ سے مثبت جواب مل رہا ہے۔

کمپنی نے اگست 2023 میں ایک اور مقامی طور پر اسمبل شدہ ماڈل HAVAL - JOLION متعارف کروایا ہے اور اس کے ساتھ سوشل اور الیکٹرانک دونوں میڈیا پر ایک مہم بھی چلا رہے ہیں۔ صارفین کی جانب سے اب تک کا نتیجہ حوصلہ افزا ہے اور امید ہے کہ یہ ماڈل HAVAL برانڈ ڈگاڑیوں کی فروخت کے حجم کو بڑھانے میں خاطر خواہ اضافہ کرے گا۔



کمپنی کی تھری ویلر گاڑیاں:

تھری ویلر کے مکمل صارفین کی قوت خرید میں کمی نے ان مصنوعات کی مانگ کو بری طرح متاثر کیا ہے کمپنی تھری ویلر کے نئے ماڈلز کے تعارف اور جدت کے ذریعے کاروبار کے اس حصے کو مستحکم کرنے کے لئے اصلاحی اقدامات کر رہی ہے۔
امید ہے کہ یہ حصہ اگلے مالی سال میں اپنی بڑھتی ہوئی رفتار کو دوبارہ حاصل کر لے گا۔

آٹو موٹیو پارٹس:

ٹریکٹر ویل رمز کی مانگ مکمل طور پر ٹریکٹر ویلر کی فروخت پر منحصر ہے بد قسمتی سے ملک بھر میں تباہ کن سیلاب کے بعد ٹریکٹر کی مانگ اب بھی دباؤ کا شکار ہے اور ٹریکٹر اسمبلرز اس کی بحالی کے لئے جدوجہد کر رہے ہیں اس لئے اگلے مالی سال میں ٹریکٹر ویل رمز کی مانگ دباؤ میں رہ سکتی ہے۔

برآمدات:

آپ کی کمپنی اپنی مصنوعات بشمول تھری ویلر اور فوروڈریلر کی برآمدات میں اضافہ کرنے کی کوشش کر رہی ہے اس سلسلے میں کمپنی اپنے پمپل کے ساتھ ارد گرد کے ممالک کو "HAVAL" گاڑیوں کی برآمد پر بھی کام کر رہی ہے۔

ادارے کی سماجی ذمہ داری:

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

صحت:

کمپنی نے وبا کی مرض COVID-19 سے ملازمین کی حفاظت کے لئے ایس او پیز (SOP's) تشکیل دیے ہیں اور ہر ممکن اقدامات کر رہی ہے۔ کمپنی نے ایس او پیز (SOP's) کی تعمیل کو یقینی بنانے کے لئے ایک کمیٹی بھی تشکیل دی ہے۔
کمپنی اپنے ملازمین کی ویکسینیشن کے لئے بھی مدد کر رہی ہے اور آج تک ملازمین کی اکثریت نے ویکسینیشن کروالی ہوئی ہے جس کے نتیجے میں کام کرنے کا صحت مندانہ ماحول پیدا ہوا ہے۔

کمپنی نے -/250,000 روپے مختلف ہسپتالوں کو دیئے ہیں جو کہ معاشرے کے غریب یا مستحق لوگوں کو مفت طبی سہولیات فراہم کرتے ہیں۔

تعلیم:

کمپنی نے ان اداروں کو -/320,800 روپے دیئے جو کہ نہ صرف غریب بچوں کی دیکھ بھال کرتے ہیں بلکہ ان کو بلا معاوضہ تعلیم بھی فراہم کرتے ہیں۔

مالی معاونت:

کمپنی نے -/2,155,800 روپے سیلاب متاثرین کی مدد اور اپنے مرحوم ملازمین کے اہل خانہ کی فلاح و بہبود اور ان کے بچوں کی تعلیم کے لیے خرچ کئے۔

جسپانسرز شپ:

کمپنی نے اس سال اپنے دو ملازمین کو ج کے لئے بھیجا اس سلسلے میں ان پر -/1,940,000 روپے رقم خرچ کی۔

معذور افراد کے لیے روزگار:

کمپنی معذور افراد کے لیے روزگار کے مواقع پیدا کرتی ہے تاکہ وہ معاشرے کے باعزت اور خود مختار افراد بن سکیں۔ اس وقت کمپنی میں 26 معذور افراد کام کرتے ہیں۔



پینے کا صاف پانی:

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

افراد کی قوت کی تربیت:

انڈسٹریل سیکٹر کی ترقی کے لیے انفرادی قوت کی نشوونما بہت اہمیت رکھتی ہے۔ کمپنی آٹوموٹو سیکٹر کے لیے انسانی وسائل کی ترقی کے لیے کام کرتی ہے۔ نئی تقریروں کو پیداواری لائن پر بھیجنے سے پہلے تربیت دی جاتی ہے۔ افرادی قوت کی مہارت اور کارکردگی کو بہتر بنانے کے لیے اقدامات کئے جاتے ہیں۔

حفاظت:

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

ماحولیاتی حفاظت:

کمپنی جس ماحول میں کام کرتی ہے اس کا خیال رکھتی ہے۔ کمپنی اپنے کاروباری معاملات کی وجہ سے پلانٹ ایریا کے ارد گرد پر موجود ہوا، مٹی، زمینی پانی اور حیاتیاتی وسائل پر ہونے والے منفی اثرات کو کم کرنے کے لیے اقدامات کرتی ہے۔ کمپنی اس مقصد کے لیے پیداواری عمل میں جدید ترین ٹیکنالوجی کی حامل مشینری کا استعمال کرتی ہے تاکہ آپریشن سے خطرناک ضیاع اور نقصان دہ اخراج کو کنٹرول کیا جاسکے۔

خام مال کے کٹرن کو مناسب طریقے سے سنبھالا اور تصرف میں لایا جاتا ہے۔ کمپنی کی پیداوار کا کٹرن، مواد کی صورت میں نئے پرزے بنانے میں بھی استعمال ہوتا ہے جس کی وجہ سے ماحول آلودہ نہیں ہوتا۔ پلانٹ ایریا کی جگہ کے اندر اور باہر وقتاً فوقتاً درخت بھی لگائے جاتے ہیں۔

حکومت پنجاب، ایجنسی برائے حفاظت ماحولیات (EPA) کی جانب سے ماحول کے تحفظ کے سلسلہ میں مطلوبہ اقدامات کرنے کی تعمیل پر کمپنی کو سرٹیفکیٹ دیا گیا ہے۔

قومی خزانے میں شراکت:

ایک ذمہ دار شہری کی حیثیت سے کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز کی مددیں پچھلے سال 3.77 بلین روپے کے مقابلہ میں اس سال 5.07 بلین روپے جمع کرائے ہیں جو کہ 34.42 فی صد اضافہ کو ظاہر کرتے ہیں۔

مالی گوشواروں پر COVID-19 کا اثر:

ان مالی گوشواروں کی تیاری کے لیے 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 کاؤٹنگ مضمرات کا اندازہ کیا ہے اور تعین کیا ہے کہ COVID-19 کا کمپنی کے 30 جون 2023 کے مالی گوشواروں پر کوئی قابل قدر اثر نہیں پڑا۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

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



مالی گوشواروں کی عکاسی:

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو 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 پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔

انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ کی پیروی:

ان مالیاتی گوشواروں کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی 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 ختمہ 30 جون 2023 پر لاگو ہوتا ہے سے انحراف نہیں کیا گیا ہے۔

پچھلے چھ سالوں کا فنانشل ڈیٹا:

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

منافع منقسمہ:

بورڈ آف ڈائریکٹران نے 06 ستمبر 2023 کو اپنے منعقدہ اجلاس میں 40 فی صد یعنی 41 روپے فی حصص حتمی نقد ڈیویڈنڈ کی سفارش کی ہے جو کمپنی کے آئندہ سالانہ اجلاس میں ممبران کی منظوری سے مشروط ہے۔

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۔

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۔

انٹرنل کنٹرول کی مناسبت پر بیان:

کمپنی نے انٹرنل 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 جارہی 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 کمپنی کی ویب سائٹ پر آویزاں ہے۔

بورڈ آف ڈائریکٹرز:

کمپنی کا موجودہ بورڈ آف ڈائریکٹرز مندرجہ ذیل نو (9) ڈائریکٹرز پر مشتمل ہے جو 19 مارچ 2026 تک عہدہ پر فائز ہیں گے۔
1. جناب میاں اسد حمید 2. مسز سائرہ اسد حمید 3. جناب سعید اقبال خان 4. جناب میاں محمد علی حمید 5. مسز ثناء سلیمان 6. جناب حمزہ امجد وزیر 7. جناب عمیر اعجاز 8. جناب طحہ محمود 9. جناب محمد عمر سعید

ڈائریکٹرز کا انتخاب:

کمپنی کے ڈائریکٹرز کا انتخاب 18 مارچ 2023ء کو منعقد ہونے والے غیر معمولی اجلاس عام میں کیا گیا تھا اور نیا بورڈ 20 مارچ 2023ء سے شروع ہونے والی تین سال کی مدت کے لئے تشکیل دیا گیا تھا۔ نئے منتخب ہونے والے نو (9) ڈائریکٹرز کے نام ذیل میں دیئے گئے ہیں:

1. جناب میاں اسد حمید	2. جناب سعید اقبال خان	3. مسز سائرہ اسد حمید
4. جناب میاں محمد علی حمید	5. مسز ثناء سلیمان	6. جناب حمزہ امجد وزیر
7. جناب عمیر اعجاز (آزاد ڈائریکٹر)	8. جناب طحہ محمود (آزاد ڈائریکٹر)	9. جناب محمد عمر سعید (آزاد ڈائریکٹر)

چیئر پرسن، چیف ایگزیکٹو اور چیف آپریٹنگ آفیسرز (ایگزیکٹو ڈائریکٹرز) کی تقرری:

بورڈ نے 28 مارچ 2023ء سے شروع ہونے والی تین سال کی مدت کے لئے مسز سائرہ اسد حمید کو چیئر پرسن، جناب میاں اسد حمید کو چیف ایگزیکٹو، جناب سعید اقبال خان کو ایگزیکٹو ڈائریکٹر بطور "چیف آپریٹنگ آفیسر (COO) - قہری ویلز اور آٹوموٹیو پارٹس ڈویژن" اور جناب میاں محمد علی حمید کو کمپنی کا ایگزیکٹو ڈائریکٹر بطور "چیف آپریٹنگ آفیسر (COO) - کار ڈویژن" مقرر کیا۔

بورڈ نے ذیل میں (نیٹ آف ٹیکس) ماہانہ مشاہرہ کے ساتھ سرکاری اور نجی مقاصد کے لئے کمپنی مینجمنٹ گاڑیوں کے مفت استعمال، اپنے اور اپنی شریک حیات کے حقیقی میڈیکل اخراجات کی واپسی، نقد بونس کی ادائیگی جب بھی بورڈ کے ڈائریکٹر ان منظور دیں اور ان عہدوں سے وابستہ کمپنی کی پالیسیوں اور نافذ قوانین کے مطابق دیگر فوائد کی منظوری دی ہے۔

چیف ایگزیکٹو	3.50 ملین روپے
چیف آپریٹنگ آفیسر (COO) - قہری ویلز اور آٹوموٹیو پارٹس ڈویژن	1.70 ملین روپے
چیف آپریٹنگ آفیسر (COO) - کار ڈویژن	0.75 ملین روپے

ان معاوضوں میں سالانہ 15 فی صد یا اس سے زیادہ رقم جو بورڈ آف ڈائریکٹر ان فیصلہ کریں، کے مطابق اضافہ کیا جائے گا۔

کمپنی نے ذیل میں نان ایگزیکٹو ڈائریکٹر ان بشمول آزاد ڈائریکٹر ان کے بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کرنے پر میٹنگ فیس کے پیمانے میں بھی اضافہ کیا ہے۔

بورڈ میٹنگ فیس	50,000 روپے
کمیٹی میٹنگ 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 ڈائریکٹر ان کو 50,000 روپے فی وزٹ بھی ادا کیے جاتے ہیں۔ کسی بھی ڈائریکٹر نے اپنے معاوضے کے تعین کے لئے میٹنگ کی کاروائی میں حصہ نہیں لیا۔

**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 ان کے نام	بورڈ	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمو نیویشن کمیٹی	نومینیشن کمیٹی	رسک مینجمنٹ کمیٹی
کل منعقدہ اجلاس	5	4	2	1	1
جناب میاں اسد حمید	5	-	2	1	-
مسز سائرہ اسد حمید	5	-	-	-	-
جناب سعید اقبال خان	5	-	-	1	-
جناب میاں محمد علی حمید	5	-	-	-	1
مسز ثناء سلیمان	5	4	-	-	-
جناب حمزہ امجد وزیر	5	-	2	1	-
جناب عمیر انجاز	5	4	2	-	1
جناب طحہ محمود	5	4	2	-	1
جناب محمد عمر سعید	5	-	-	-	-

سال کے دوران ڈائریکٹر ڈیپارٹمنٹ پروگرام:

کمپنی سٹریٹجکشن آف ڈائریکٹر ڈیپارٹمنٹ پروگرام کی پیروی میں ہے۔ نو (9) میں سے سات (7) ڈائریکٹر ان نے 30 جون 2023 تک ایس ای سی پی کے منظور شدہ اداروں سے ڈائریکٹر ڈیپارٹمنٹ پروگرام حاصل کیا ہے جبکہ دو (2) ڈائریکٹر ان کو کلسٹڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشنز 2019 کے تحت استثناء حاصل ہے اور ایس ای سی پی سے بھی استثناء حاصل کیا ہے۔

شیئر ہولڈنگ کی ترتیب:

شیئر ہولڈنگ کی ترتیب بطور Annexure B لف ہے۔

کمپنی کے حصص میں تجارت:

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

حصص کی خرید و فروخت اور ان میں تبدیلی:

ڈائریکٹر ان کے نام	حصص کی خرید	حصص کی فروخت
مسز سائرہ اسد حمید	59,500	-
مسز ثناء سلیمان	202,500	-
جناب طحہ محمود	18,500	-

**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۔

ا۔ آزاد ڈائریکٹران:	جناب عمیر اعجاز	جناب طہ محمود	جناب محمد عمر سعید
بی۔ نان ایگزیکٹو ڈائریکٹران:	مسز سائرہ اسد حمید	مسز ثناء سلیمان	جناب حمزہ امجد وزیر
سی۔ چیف ایگزیکٹو سمیت ایگزیکٹو ڈائریکٹران:	جناب میاں اسد حمید	جناب سعید اقبال خان	جناب میاں محمد علی حمید
ڈی۔ عورت ڈائریکٹران:	مسز سائرہ اسد حمید	مسز ثناء سلیمان	

بورڈ کمیٹیاں:

ممبران کے نام	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمو نیوٹریشن کمیٹی	نومینیشن کمیٹی	رسک مینجمنٹ کمیٹی
جناب عمیر اعجاز	**	*		**
جناب طہ محمود	*	**		*
مسز ثناء سلیمان	*			
جناب حمزہ امجد وزیر		*	*	
جناب میاں اسد حمید		*	**	
جناب سعید اقبال خان			*	
جناب میاں محمد علی حمید				*

** ڈائریکٹر متعلقہ کمیٹی کا چیئر مین ہے۔

* ڈائریکٹر متعلقہ کمیٹی کا ممبر ہے۔

ڈائریکٹران کے مشاہرہ کی پالیسی:

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

بورڈ آف ڈائریکٹران چیف ایگزیکٹو سمیت ایگزیکٹو ڈائریکٹران کے لئے مشاہرہ بشمول فوائد کا تعین پالیسی میں طے کردہ طریقہ کار کے مطابق کرتے ہیں۔ تاہم ایگزیکٹو 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 ایگزیکٹو ڈائریکٹران کو اجلاس میں شرکت کرنے کی فیس کے علاوہ کسی مشاہرہ کی ادائیگی نہیں کی جاتی ہے۔ آزاد ڈائریکٹران سمیت نان ایگزیکٹو ڈائریکٹران جولاء 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۔



کوئی بھی ڈائریکٹر اپنا مشاہرہ طے کرنے کے لئے اجلاس کی کارروائی میں حصہ نہیں لیتا ہے۔

ڈائریکٹران کے مشاہرہ کا بیج:

سال کے دوران، کمپنی نے چیف ایگزیکٹو، ایگزیکٹو ڈائریکٹران اور نان-ایگزیکٹو ڈائریکٹران کو درج ذیل میٹنگ میں شرکت کے اخراجات، مشاہرہ اور فوائد ادا کئے۔

تفصیلات	مشاہرہ	بونس	میٹنگ فیس، سفری اور رہائشی اخراجات	ٹوٹل اخراجات
چیف ایگزیکٹو	36,914,516	5,926,888	-	42,841,404
چیف آپریٹنگ آفیسر - تھری ویلز & آٹوموٹیو پارٹس ڈویژن	17,714,210	2,875,966	-	20,590,176
چیف آپریٹنگ آفیسر - کارڈویژن	7,664,556	1,156,015	-	8,820,571
نان-ایگزیکٹو ڈائریکٹران	-	-	1,510,000	1,510,000

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

بورڈ نے اپنی کمیٹیوں اور انفرادی ڈائریکٹران کی کارکردگی کی جانچ پڑتال کے لئے ایک طریقہ کار مرتب کیا ہے۔

اس سال کے دوران، ہیومن ریسورس اینڈ ریمو بیو نیشن 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 پٹاڑ ہوتے ہیں اور اہلیت کی بنیاد پر وہ اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے بھی مندرجہ ذیل معاوضوں پر ان کی دوبارہ تقرری کے لئے تجویز کیا ہے۔

روپے		
1,422,000	سالانہ آڈٹ فیس	اے۔
260,000	ششماہی جائزہ	بی۔
33,000	سٹیٹمنٹ آف کمپلائنس وولسٹونڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019	سی۔
33,000	سی ڈی سی ریگولیشن کے تحت سرٹیفکیٹ اور فری فلوٹ حصص پر رپورٹ	ڈی۔

ملازمین سے تعلقات:

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

**اظہار تشکر:**

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

لاہور:

06 ستمبر 2023

بورڈ آف ڈائریکٹرز کی جانب سے

سعید اقبال خان

ڈائریکٹر

میاں اسد جمید

چیف ایگزیکٹو



SUMMARY OF LAST SIX YEARS' FINANCIAL RESULTS

ANNEXURE-A

Description	2023	2022	2021	2020	2019	2018
R U P E E S						
Profit & Loss Account:						
Turnover	18,174,296,868	10,274,217,196	4,033,601,008	2,891,754,502	3,218,523,838	3,968,217,110
Gross Profit	2,549,476,211	892,945,180	366,723,669	293,014,141	330,722,331	444,912,891
Operating Profit	1,618,832,385	298,978,141	108,053,417	89,866,167	132,481,095	247,993,771
Profit before taxation	1,481,435,745	263,452,573	104,480,003	40,773,628	111,844,513	254,678,642
Profit after taxation	995,076,624	117,839,528	75,795,322	27,633,547	81,997,158	186,005,018
Statement of Financial Position						
Paid up share capital	604,459,640	604,459,640	464,968,950	357,668,420	215,668,420	215,668,420
Capital reserve - Share premium account	557,406,192	557,406,192	557,406,192	557,406,192	-	-
Accumulated Profit	1,753,182,230	792,093,365	817,476,633	853,884,500	829,038,827	741,695,967
Fixed Capital Expenditure	2,861,486,140	2,640,534,747	1,844,803,734	1,318,409,750	998,187,948	708,814,230
Other long term assets	19,632,186	27,624,833	33,004,918	31,003,008	28,215,108	21,119,673
Net current assets / (liabilities)	739,235,890	(83,400,489)	453,101,502	862,362,360	388,941,345	387,033,041
Long term liabilities	737,599,119	805,897,499	540,290,511	459,315,412	370,637,154	159,602,557
Significant Ratios:						
Gross profit ratio %	14.03	8.69	9.09	10.13	10.28	11.21
Profit/(loss) before tax ratio %	8.15	2.56	2.59	1.41	3.48	6.42
Fixed assets turnover ratio %	635.13	389.10	218.65	219.34	322.44	559.84
Price earning ratio - times	3.09	31.86	134.15	178.83	72.35	33.04
Return on capital employed % (Before Int & Tax)	44.32	10.83	4.54	4.03	9.36	22.20
Return on equity ratio (after Tax)	34.14%	6.03%	4.12%	1.56%	7.85%	19.43%
Market value per share (PSX) Rs.	50.85	62.12	168.21	124.59	219.85	284.98
Break up value per share Rs.	48.23	32.33	39.57	49.46	48.44	44.39
Long term Debt : Equity ratio	18 : 82	44 : 56	30 : 70	26 : 74	35 : 65	17 : 83
Current ratio	1.18 : 1	0.97 : 1	1.20 : 1	2.47 : 1	1.70 : 1	1.79 : 1
Interest cover ratio - times	9.83	5.89	5.93	1.64	5.60	53.02
Cash Dividend %						
Interim Dividend	-	-	-	-	-	-
Final Dividend	40%	-	-	-	-	-
Scrip Dividend %	-	-	30	30.00	-	-
Earnings per share Rs.	16.46	1.95	1.25	0.70	3.04	8.62
Free Float Shares - number	18,986,922	19,345,905	15,101,094	11,367,886	6,644,521	6,812,349
Free Float Shares %	31.41	32.01	32.48	31.78	30.81	31.59




FORM-34

ANNEXURE - B

THE COMPANIES ACT, 2017 (SECTION 227 (2)(f))
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2023
SAZGAR ENGINEERING WORKS LIMITED
Registration Number: 0025184

NUMBER OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD	PERCENTAGE %
	FROM		TO		
682	1	-	100	30,696	0.05%
1,410	101	-	500	439,188	0.73%
1,024	501	-	1,000	817,328	1.35%
1,746	1,001	-	5,000	4,150,017	6.87%
357	5,001	-	10,000	2,548,805	4.22%
103	10,001	-	15,000	1,281,441	2.12%
48	15,001	-	20,000	869,976	1.44%
34	20,001	-	25,000	773,840	1.28%
15	25,001	-	30,000	423,339	0.70%
15	30,001	-	35,000	490,171	0.81%
15	35,001	-	40,000	562,303	0.93%
8	40,001	-	45,000	330,314	0.55%
7	45,001	-	50,000	343,500	0.57%
7	50,001	-	55,000	365,679	0.60%
5	55,001	-	60,000	288,965	0.48%
2	60,001	-	65,000	124,839	0.21%
6	65,001	-	70,000	406,897	0.67%
2	70,001	-	75,000	145,900	0.24%
1	75,001	-	80,000	77,500	0.13%
1	80,001	-	85,000	84,500	0.14%
1	85,001	-	90,000	88,000	0.15%
2	90,001	-	95,000	187,300	0.31%
4	95,001	-	100,000	397,500	0.66%
1	100,001	-	105,000	102,000	0.17%
1	105,001	-	110,000	108,000	0.18%
2	110,001	-	115,000	224,873	0.37%
1	115,001	-	120,000	116,917	0.19%
2	125,001	-	130,000	256,155	0.42%
1	130,001	-	135,000	135,000	0.22%
1	135,001	-	140,000	138,580	0.23%
2	150,001	-	155,000	305,952	0.51%
1	175,001	-	180,000	178,781	0.30%
2	180,001	-	185,000	366,500	0.61%
1	195,001	-	200,000	200,000	0.33%
1	210,001	-	215,000	215,000	0.36%
1	215,001	-	220,000	218,023	0.36%
1	225,001	-	230,000	230,000	0.38%
2	240,001	-	245,000	487,521	0.81%
1	265,001	-	270,000	269,900	0.45%
1	270,001	-	275,000	272,935	0.45%
1	285,001	-	290,000	285,178	0.47%
1	290,001	-	295,000	292,652	0.48%
1	295,001	-	300,000	298,000	0.49%
1	585,001	-	590,000	587,230	0.97%
1	1,030,001	-	1,035,000	1,032,218	1.71%
1	2,705,001	-	2,710,000	2,706,358	4.48%
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%
5,526				60,445,964	100.00%



MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

**PATTERN OF SHAREHOLDING**

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	19,943	0.03%
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	Nil	-
V Insurance / Takaful Companies		
i. UNITED INSURANCE COMPANY OF PAKISTAN LIMITED	10,000	0.02%
ii. JUBILEE LIFE INSURANCE COMPANY LIMITED	587,230	0.97%
iii. DAWOOD FAMILY TAKAFUL LIMITED	88,000	0.15%
iv. DAWOOD FAMILY TAKAFUL LIMITED	1,500	0.00%
VI Modarabas and Mutual Funds		
i. B.R.R. GUARDIAN MODARABA	218,023	0.36%
ii. CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	245,000	0.41%
iii. CDC - TRUSTEE ALFALAH GHP STOCK FUND	215,000	0.36%
iv. CDC - TRUSTEE ALFALAH GHP ALPHA FUND	102,000	0.17%
v. CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	5,000	0.01%
vi. CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	11,000	0.02%
vii. CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	10,000	0.02%
VII Shareholders Holding 10% (other than above S.No. I)	Nil	-
VIII General Public		
a. Local	16,842,219	27.86%
b. Foreign	21,167	0.04%
IX Others (to be specified)		
i. Joint Stock Companies	1,245,860	2.06%
ii. Government Holding	292,652	0.48%
iii. Pension / Provident Fund	71,739	0.12%
iv. Cooperative Societies	12,525	0.02%
v. Investment Companies	138,580	0.23%
TOTAL	60,445,964	100.00%

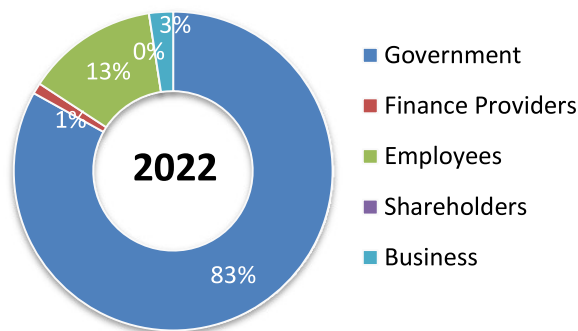
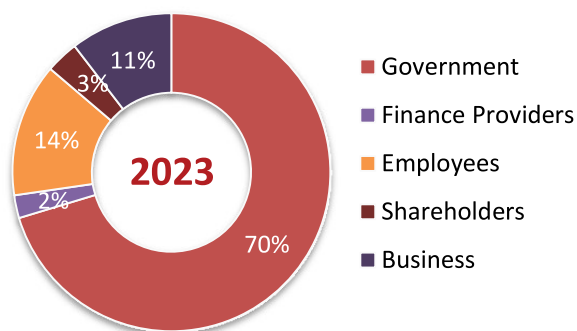

MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR



STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

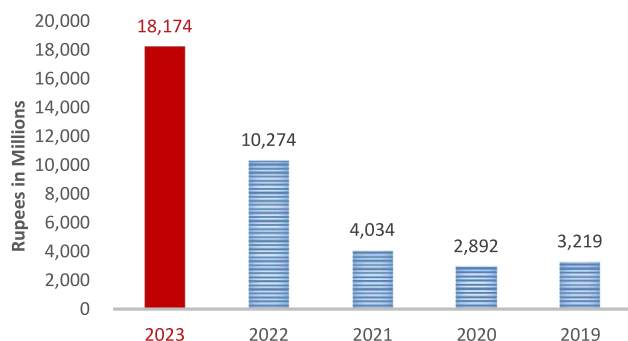
	June 30, 2023	%	June 30, 2022	%
Rupees				
VALUE ADDITION				
Gross Sales	21,579,086,395		11,954,743,867	
Other Operation Income	30,405,182		18,352,460	
Total Income	21,609,491,577		11,973,096,327	
Addition of material and services and other expenses	14,378,952,246		7,100,963,772	
TOTAL VALUE ADDITION	7,230,539,331		4,872,132,555	
VALUE DISTRIBUTION				
To Government				
Workers welfare fund	18,934,281		-	
Sales tax	2,673,504,490		1,773,321,217	
Income tax, custom duties & F.E.D	2,393,563,986		2,275,146,966	
	5,086,002,757	70.3%	4,048,468,183	83.1%
To Employees				
Workers' profits participation fund	79,063,511		13,889,528	
Salaries, wages and benefits	902,594,617		638,057,288	
	981,658,128	13.6%	651,946,816	13.4%
To Finance Providers				
Financial charges to providers of finance	167,801,822	2.3%	53,878,028	1.1%
To Shareholders				
Dividend to shareholders	241,783,856	3.3%	-	0.0%
Retained in / (Distributed) from Business				
Un-appropriated profit	753,292,768	10.4%	117,839,528	2.4%
TOTAL VALUE DISTRIBUTION	7,230,539,331	100.00%	4,872,132,555	100%



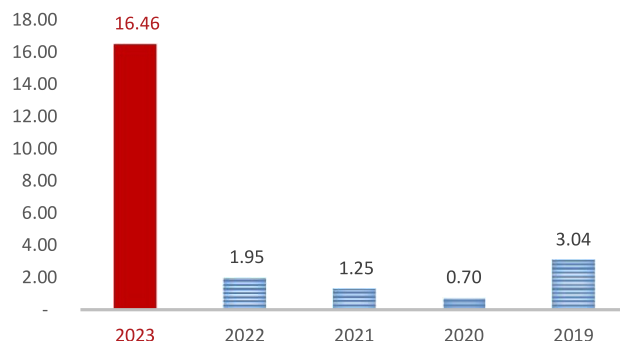


FINANCIAL PERFORMANCE

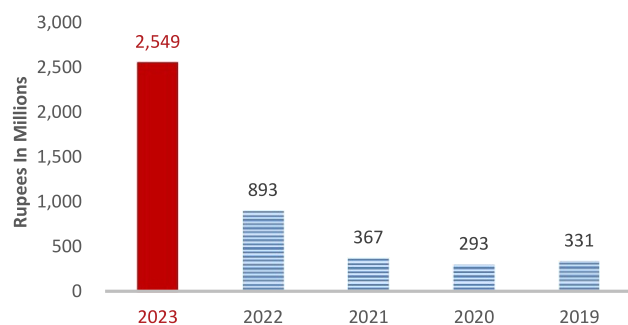
TURNOVER



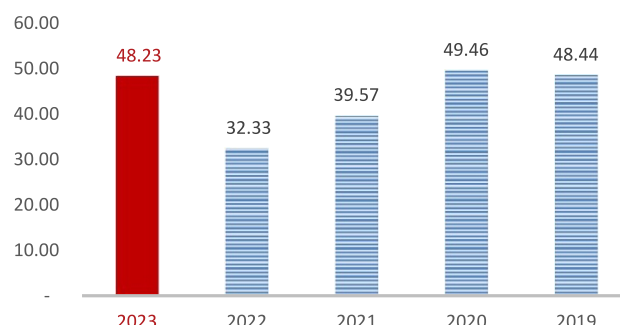
EARNINGS PER SHARE RS.



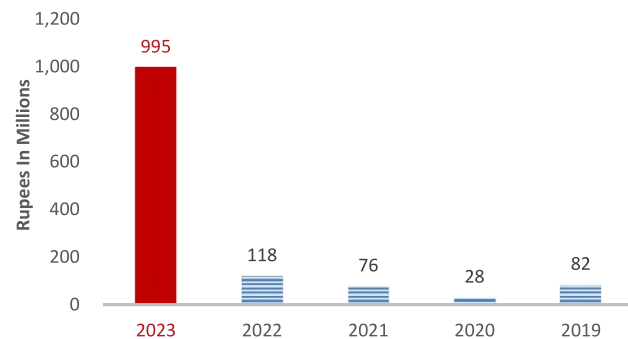
GROSS PROFITS



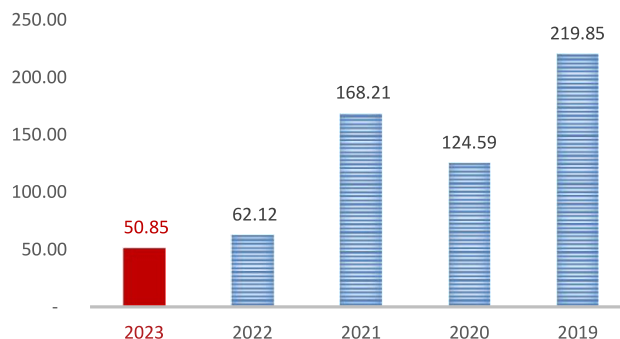
BREAK UP VALUE PER SHARE RS.



NET PROFIT AFTER TAX



MARKET VALUE PER SHARE (PSX) RS.



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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Sazgar Engineering Works Limited** (the Company) for the year ended June 30, 2023 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, 2023.

HyK & Co

H.Y.K & Co.
Chartered Accountants
Lahore
Date: September 12, 2023

Engagement Partner: Younus Kamran

UDIN: CR202310144RpXba0iU

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019****NAME OF COMPANY: SAZGAR ENGINEERING WORKS LIMITED****YEAR ENDED: JUNE 30, 2023**

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 Certification (DTC), two directors fall under the exemption criteria of the Regulations and also obtained exemption from SECP.

Directors who have completed their DTC:

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 DTC:

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

**Company's following executive has also acquired DTC:**

Name	Designation
1. Mr. Arshad Mahmood	Company Secretary

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

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

15. The board has set up an effective internal audit function.


16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board

September 06, 2023


Mrs. Saira Asad Hameed
(Chairperson)

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

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Sazgar Engineering Works Limited (the Company), which comprise the statement of financial position as at June 30, 2023, 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 significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

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Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Capitalization of Capital Work in Progress to property, Plant and Equipment</p> <p>Refer notes 3.3 and 16 to the annexed financial statements.</p> <p>The Company has incurred significant capital expenditure on four-wheeler projects that has been capitalized. We identified capitalization of property, plant and equipment as key audit matters because there is a risk that amounts being capitalized may not meet the capitalization criteria.</p>	<p>Our audit procedures to assess the capitalization included the followings,</p> <ol style="list-style-type: none"> Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalized with the relevant underlying documentation, which included purchase agreements and invoices. Assessed the nature of costs incurred for the capital assets through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; and Checked the date of transfer of capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. Assessed the adequacy of the related disclosures made in the financial statements in this respect with regard to the applicable accounting and reporting standards.
2.	<p>Revenue from contracts with customers (Refer notes 3.13 and 27 to the annexed financial statements)</p> <p>The Company is engaged in the manufacturing and sale of motor vehicles and related spare parts. Revenue is recognized when performance obligation is satisfied by transferring control of a promised good to a customer. The Company recognized revenue aggregating to Rs. 18,174,296,868/-, net of taxes and sales returns, for the year ended June 30, 2023.</p> <p>We considered revenue as a key audit matter due to the large volume of transactions, significant increase in revenue as compared to last year and revenue is one of the company's key performance indicators. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures included the followings,</p> <ol style="list-style-type: none"> Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition; Understood and evaluated the accounting policy with respect to revenue recognition; Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices; Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognized in the correct period; Performed audit procedures to analyze variation in the price and quantity sold during the year; and Assessed the adequacy of disclosures made in the financial statements related to revenue.

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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

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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.

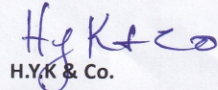
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Report on Other Legal and Regulatory Requirements

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) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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


H.Y.K & Co.

Chartered Accountants
Lahore

Date: September 11, 2023

UDIN: AR2023101447RZufvGH9



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5.1	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital	5.2	604,459,640	604,459,640
Capital reserve - share premium account	6	557,406,192	557,406,192
Revenue reserve - un-appropriated profit		1,753,182,230	792,093,365
		2,915,048,062	1,953,959,197
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing	7	344,773,069	510,383,878
Deferred liabilities	8	392,826,050	295,513,621
Deferred grant	9	-	558,743
Deferred revenue	10	6,915,405	3,111,783
CURRENT LIABILITIES			
Trade and other payables	11	3,809,918,412	2,498,331,108
Unclaimed dividend		1,407,358	1,407,358
Profit accrued on loans and other payables	12	23,362,697	34,835,623
Short term borrowings	13	-	162,875,560
Current portion of long term liabilities	14	190,881,934	195,141,340
		4,025,570,401	2,892,590,989
CONTINGENCIES AND COMMITMENTS			
	15	-	-
TOTAL EQUITY AND LIABILITIES		7,685,132,987	5,656,118,211
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	2,861,287,076	2,640,250,123
Intangible assets	17	199,064	284,624
Long term loans and advances	18	13,593,831	21,752,978
Long term deposits	19	6,038,355	5,871,855
Deferred taxation	8.2	39,208,370	178,768,131
CURRENT ASSETS			
Stores, spares and loose tools	20	3,649,621	7,520,318
Stock-in-trade	21	1,680,009,484	1,741,815,484
Trade debts	22	270,284,774	179,841,812
Loans & advances	23	74,086,634	53,912,676
Trade deposits and short term prepayments	24	1,359,161,096	451,046,555
Other receivables	25	348,809,597	202,011,176
Cash and bank balances	26	1,028,805,085	173,042,479
		4,764,806,291	2,809,190,500
TOTAL ASSETS		7,685,132,987	5,656,118,211

The annexed notes 1 to 49 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, 2023

		June 30, 2023	June 30, 2022
	Note	Rupees	Rupees
Sales - net	27	18,174,296,868	10,274,217,196
Cost of sales	28	15,624,820,657	9,381,272,016
Gross profit		2,549,476,211	892,945,180
Distribution and marketing costs	29	588,484,168	428,677,498
Administrative expenses	30	239,758,490	148,116,313
Other operating expenses	31	102,401,168	17,173,228
		930,643,826	593,967,039
		1,618,832,385	298,978,141
Other income	32	30,405,182	18,352,460
Operating profit before finance cost		1,649,237,567	317,330,601
Finance cost	33	167,801,822	53,878,028
Profit before taxation		1,481,435,745	263,452,573
Taxation	34	486,359,121	145,613,045
Profit after taxation		995,076,624	117,839,528
Earnings per share - basic and diluted	35	16.46	1.95

The annexed notes 1 to 49 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, 2023

	NOTE	June 30, 2023 Rupees	June 30, 2022 Rupees
PROFIT AFTER TAXATION FOR THE YEAR		995,076,624	117,839,528
Other comprehensive income / (loss) for the year		-	-
Items that may be reclassified subsequently to profit or (loss)		-	-
Items that will not be reclassified subsequently to profit or (loss)			
- Remeasurement of post employment benefit obligation	8.1.6	(33,987,759)	(3,732,106)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		961,088,865	114,107,422

The annexed notes 1 to 49 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 CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital Rupees	Capital reserve - share premium account Rupees	Revenue reserve - un-appropriated profit Rupees	Total Rupees
Balance as at June 30, 2021	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 year				
Profit after taxation	-	-	117,839,528	117,839,528
Comprehensive income / (loss)	-	-	(3,732,106)	(3,732,106)
Total comprehensive income for the year ended June 30, 2022	-	-	114,107,422	114,107,422
Balance as at June 30, 2022	604,459,640	557,406,192	792,093,365	1,953,959,197
	Share Capital Rupees	Capital reserve - share premium account Rupees	Revenue reserve - un-appropriated profit Rupees	Total Rupees
Balance as at June 30, 2022	604,459,640	557,406,192	792,093,365	1,953,959,197
Comprehensive income for the year				
Profit after taxation	-	-	995,076,624	995,076,624
Comprehensive income / (loss)	-	-	(33,987,759)	(33,987,759)
Total comprehensive income for the year ended June 30, 2023	-	-	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

The annexed notes 1 to 49 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, 2023

		June 30, 2023	June 30, 2022
	Note	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	36	2,390,377,820	1,103,670,506
Finance cost paid		(179,274,748)	(28,040,469)
Income tax paid/deducted at source		(568,389,867)	(286,885,014)
Increase in deferred revenue		7,471,763	5,107,960
Employees retirement benefit - gratuity paid		(14,513,540)	(7,146,718)
Workers profit participation fund paid		(13,889,528)	(5,543,487)
Net cash generated from operating activities		1,621,781,900	781,162,778
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(454,614,356)	(945,680,728)
Increase in long term security deposits		(166,500)	(1,826,000)
Proceeds from sale of property, plant and equipment		1,585,000	6,035,000
Net cash used in investing activities		(453,195,856)	(941,471,728)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	414,009,411
Repayment of long term liabilities		(174,097,099)	(145,145,070)
Proceeds from short term borrowings		5,631,509,498	3,865,657,938
Repayment of short term borrowings		(5,794,385,058)	(3,822,461,986)
Profit on bank deposits		24,149,221	6,314,044
Net cash (used in) / generated from financing activities		(312,823,438)	318,374,337
NET INCREASE IN CASH AND CASH EQUIVALENTS		855,762,606	158,065,387
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		173,042,479	14,977,092
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	37	1,028,805,085	173,042,479

The annexed notes 1 to 49 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 Maghribi Tank 1 Link Road, Near Ijtimah Chowk, Sundar Road, Raiwind, Lahore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of; International Financial Reporting Standards (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 IFR Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

The following standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations:

Standards	Interpretation	Effective date
IAS 1	Presentation of Financial Statements — Amendments	January 01, 2023
IAS 8	Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12	Income Taxes (Amendments)	January 01, 2023
IFRS 4	Insurance Contracts (Amendments)	January 01, 2023
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2023
IFRS 7	Financial Instruments	January 01, 2023

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

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Employee benefits

3.1.1 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.

3.1.2 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 leave in the period in which the leave is earned.

3.3 Property, plant and equipment-owned

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

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 no. 16.1 of these financial statements, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

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

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

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

3.4 Impairment of fixed assets

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

3.5 Intangible assets

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.6 Loan, advances and prepayments

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

3.7 Leases

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

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

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

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

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

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

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

3.8 Taxation

Current and prior year

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

Deferred

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

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

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

3.9 Trade debts and other receivables

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

3.10 Store, spares and loose tools

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.11 Stock-in-trade

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

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

3.12 Foreign currency translation

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

3.13 Revenue recognition

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer over time or at a point of time under contract. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

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.

Return on bank deposits are accounted for on an accrual basis.

3.14 Borrowings and their cost

Borrowings are 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.

3.15 Segment reporting

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

3.16 Cash and cash equivalents

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

3.17 Trade and accrued liabilities

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

3.18 Provisions

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.19 Financial instruments

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

3.19.1 Financial assets

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or statement of 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 statement of profit or loss (FVTPL), the Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

(i) Amortized cost

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

(ii) Fair value through statement of 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 equity to statement of profit or loss and recognized in other income/expenses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expenses and impairment expenses are presented as separate line item in the statement of profit or loss.

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

Assets that do not meet the criteria for amortized cost or FVTCI 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

3.19.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

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

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

(i) Fair value through statement of profit or loss

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

(ii) Amortized cost

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

De-recognition of financial liabilities

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

3.19.3 Offsetting of financial assets and financial liabilities

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.20 Research and development

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

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

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

3.21 Earning per share

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

3.22 Dividend and appropriation to reserves

Dividend is recognised as a liability in the period in which it is declared and approved by the Company's shareholders at the Annual General Meeting, while final / interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

3.23 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Notes
a) Liability in respect of staff retirement benefits.	3.1
b) Useful life of depreciable property, plant and equipment and amortizable intangible assets.	3.3 & 3.5
c) Current and deferred income taxes	3.8
d) Stock in trade	3.11
e) Provision of slow moving items	21.1
f) Provision for expected credit losses (ECL)	22.2
g) Provision of warranty obligation	3.23
h) Contingencies and commitments	15

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5 SHARE CAPITAL

5.1 AUTHORIZED SHARE CAPITAL

June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
Number	Number		Rupees	Rupees
100,000,000	100,000,000	Ordinary shares of Rupees 10 each	1,000,000,000	1,000,000,000

Note

5.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

21,363,000	21,363,000	Ordinary shares of Rupees 10 each fully paid in cash	213,630,000	213,630,000
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

5.2.1

5.2.1 These shares include nil bonus shares of Rs. 10 each (June 30, 2022: 13,949,069) issued by the company during the current year.

5.2.2 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

6 CAPITAL RESERVE

Premium on issuance of right shares

6.1

557,406,192	557,406,192
557,406,192	557,406,192

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

7 LONG TERM FINANCING-SECURED

Diminishing Musharakah - Islamic banking

MCB Islamic bank limited.

7.1

Meezan bank limited

7.2

Habib bank limited

7.3

Habib metro bank limited

7.4

Faysal bank limited

7.5

28,092,494	41,299,492
201,898,266	279,117,249
-	33,112,400
150,000,000	150,000,000
149,999,925	199,999,900
529,990,685	703,529,041

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

14

185,217,616	193,145,163
344,773,069	510,383,878

Following is the movement of long term loans:

Opening balance

Financing obtained during the year

Loan repaid during the year

Deferred government grant amortize/realize

9

703,529,041	429,524,268
-	414,009,411
(174,097,099)	(145,145,071)
558,743	5,140,433
529,990,685	703,529,041

Closing balance



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note	Financial institutions name / facility type	For the year ended June 30,	Total facility	Utilized facility	Un-utilized facility	Purpose of Facility	Rate of profit	Number of installment	Repayment commencement date	Date of maturity	Tenure	Security details
IN MILLION												
7.1	MCB Islamic Bank Limited - Diminishing Musharakah	2023	44.60	28.09	16.51	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.35% & 1.75%	Quarterly Installments	April 2020	November 2025	Six years including One Year grace period	-Paripassu charge over fixed assets of Rs. 90.00 Million. -Personal guarantees of some of the directors.
		2022	44.60	41.30	3.30							
7.2	Meezan Bank Limited - Diminishing Musharakah	2023	222.00	163.55	20.10	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.75%	Quarterly Installments	August 2021	Nov 2025	Seven years including Two year and 7 months grace period	-Paripassu charge over fixed assets of Rs. 627.33 million. -Personal guarantees of some of the directors.
				38.35			SBP rate plus 4%	Quarterly Installments	October 2021	July 2026	Five years and six months including 9 months grace period	
		2023 - Total	222.00	201.90	20.10							
		2022	280.00	228.96	0.89		KIBOR plus 1.75%	Quarterly Installments	August 2021	Nov 2025	Seven years including Two year and 7 months grace period	
				50.15			SBP rate plus 4%	Quarterly Installments	October 2021	July 2026	Five years and six months including 9 months grace period	
		2022 - Total	280.00	279.11	0.89							
7.3	Habib Bank Limited - Diminishing Musharakah (Sub-Limit of Note No.11.4)	2023	NIL	NIL	NIL	For the payment of wages and salaries for the month April-2020 to September-2020	NIL	NIL	NIL	NIL	NIL	-Paripassu charge over fixed assets of Rs. 214.00 million. -Paripassu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
		2022	50.51	33.67	17		Fixed at the rate 3.00%	Quarterly Installments	January 2021	October 2022	2.5 Years	
7.4	Habib Metro Bank Limited	2023	150.00	150.00	-	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.50%	Quarterly Installments	October 2022	July 2027	Five years including One Year grace period	-Paripassu charge over fixed assets of Rs. 267.00 million. -Personal guarantees of some of the directors.
		2022	150.00	150.00	-							
7.5	Faysal Bank Limited	2023	183.00	149.99	33.01	For the acquisition of four wheeler Plant & Machinery.	KIBOR plus 1.75%	Quarterly Installments	November 2022	August 2025	Four years including One Year grace period	-Paripassu charge over fixed assets of Rs. 534.00 million. -Personal guarantees of some of the directors.
		2022	200.00	199.99	0.01							



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
8 DEFERRED LIABILITIES			
Employee benefits obligation	8.1	392,826,050	295,513,621
Deferred tax liability	8.2	-	-
		392,826,050	295,513,621
Deferred tax asset	8.2	39,208,370	178,768,131
8.1 Employee benefits obligation			
8.1.1 Movement in the present value of defined benefit obligations			
Present value of defined benefit obligations 1st July		295,513,621	244,891,848
Current Service Cost		39,644,177	29,904,536
Interest cost on defined benefit obligation		38,194,033	24,131,849
Benefits due but not paid (payables)		(1,254,912)	-
Benefits paid		(13,258,628)	(7,146,718)
Actuarial (gain) / losses from changes in financial assumptions		15,769,190	1,988,332
Experience adjustments		18,218,569	1,743,774
		392,826,050	295,513,621
8.1.2 Movement in the net liability recognized in the statement of financial position			
Net liability - opening balance		295,513,621	244,891,848
Expense recognized in the statement of profit or loss	8.1.3	77,838,210	54,036,385
Liability discharged during the year		(13,258,628)	(7,146,718)
Benefit payable transferred to short term liability		(1,254,912)	-
Re-measurement recognized in other comprehensive income	8.1.6	33,987,759	3,732,106
Net liability - closing balance		392,826,050	295,513,621
8.1.3 Expense recognized in the statement of profit or loss			
Current service cost		39,644,177	29,904,536
Interest cost		38,194,033	24,131,849
		77,838,210	54,036,385
8.1.4 Distribution of expense recognized in the statement of profit or loss			
The expense is recognized in the following line items in the statement of profit or loss under the head salaries, wages and other benefits.			
Cost of sales		56,988,257	40,050,882
Administrative expenses		17,000,260	11,345,167
Distribution and marketing costs		3,849,693	2,640,336
		77,838,210	54,036,385
8.1.5 Year end sensitivity analysis (± 100 Bps) on defined benefit obligation			
Discount rate + 100 bps		366,449,401	274,854,778
Discount rate - 100 bps		423,524,898	319,636,246
Salary increase + 100 Bps		423,956,183	320,064,207
Salary increase - 100 Bps		365,626,405	274,125,905



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees																									
8.1.6 Re-measurement recognized in other comprehensive income																												
Actuarial (gain) / losses from changes in financial assumptions		15,769,190	1,988,332																									
Experience adjustments		18,218,569	1,743,774																									
Total re-measurement recognized in other comprehensive income		33,987,759	3,732,106																									
8.1.7 Expected benefit payments for the next 10 years and beyond																												
		<table><tr><th>Less than one Year</th><th>From 1 to 2 Year</th><th>From 2 to 5 Year</th><th>From 5 to 10 Year</th><th>More Than 10 Years</th><th>Total</th></tr><tr><td colspan="6">Rupees</td></tr><tr><td colspan="6">As At June 30, 2023</td></tr><tr><td>Defined Benefit Obligations</td><td>74,838,040</td><td>138,885,061</td><td>125,274,930</td><td>309,843,653</td><td>19,796,557,069</td><td>20,445,398,753</td></tr></table>	Less than one Year	From 1 to 2 Year	From 2 to 5 Year	From 5 to 10 Year	More Than 10 Years	Total	Rupees						As At June 30, 2023						Defined Benefit Obligations	74,838,040	138,885,061	125,274,930	309,843,653	19,796,557,069	20,445,398,753	
Less than one Year	From 1 to 2 Year	From 2 to 5 Year	From 5 to 10 Year	More Than 10 Years	Total																							
Rupees																												
As At June 30, 2023																												
Defined Benefit Obligations	74,838,040	138,885,061	125,274,930	309,843,653	19,796,557,069	20,445,398,753																						
8.1.8 The amount of expected expense of gratuity benefit in 2023-24 will be Rs. 111,970,328/- as per the actuary's report.																												
8.1.9 The average duration of defined benefit obligation (unfunded) is 7 years (June 30, 2022, 8 Years).																												
8.1.10 Principal actuarial assumptions																												
The company has carried out actuarial valuation as at June 30, 2023 from professional actuary expert under the 'Projected Unit Credit Actuarial Cost Method' for calculating the accounting entries for these financial statements. The main assumptions used for actuarial valuation are as follows:																												
Discount rate for year end Obligation		16.25 % p. a.	13.25 % p. a.																									
Discount rate for interest cost in statement of profit or loss		13.25 % p. a.	10.00 % p. a.																									
Expected rate of future salary increase for the year		N/A	12.25 % p. a.																									
Expected rate of future salary increase		20.00 % for 2024 and 15.25 % onward p. a.	12.25 % p. a.																									
Next salary is increased at		July 01, 2023	July 01, 2022																									
Mortality rates		SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year																									
Withdrawal rates		Age-Based (per appendix)	Age-Based (per appendix)																									
Retirement assumption		60 Years	60 Years																									
8.2 Deferred taxation																												
Taxable temporary differences arising from:																												
Accelerated depreciation and provisions		165,783,799	74,735,173																									
Right of use asset		-	-																									
Deductible temporary differences arising from:																												
Minimum tax u/s 113 of Income Tax Ordinance, 2001	8.2.2	(204,992,169)	(204,066,400)																									
Unrealized tax losses carried forward		-	(49,436,904)																									
		(39,208,370)	(178,768,131)																									



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		June 30, 2023 Rupees	June 30, 2022 Rupees
	Note		
8.2.1 Movement of deferred tax is as follows:			
Opening Balance - deferred tax asset		(178,768,131)	(54,931,308)
Less: Deferred tax income during the year		48,511,135	(182,840,284)
Less: Transfer from deferred tax asset to taxation - net		91,048,626	59,003,461
Closing balance - deferred tax asset		(39,208,370)	(178,768,131)
8.2.2 Deferred tax asset on tax credit representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 has been recognised as sufficient taxable profits would be available for adjustment/utilisation in the foreseeable future. Minimum tax would expire as follows:			
Accounting year to which minimum tax relates	Accounting year in which minimum tax will expire	Amount of minimum tax (Rupees)	
2021	2026	51,356,860	
2022	2027	153,635,309	
		204,992,169	
9 DEFERRED GRANT			
Opening balance		558,743	5,699,176
Add: received during the Year	9.1	-	-
Less: amortized during the Year	33	(558,743)	(5,140,433)
Closing balance		-	558,743
9.1 The amount represents the difference of loan proceed and fair value of the loan from Habib bank limited for payment of wages and salaries for the months of april-2020 to september-2020 under the discount profit scheme 3% fixed issued by the State bank of Pakistan.			
10 DEFERRED REVENUE			
Deferred revenue		12,579,723	5,107,960
Less: current portion of deferred revenue	14	5,664,318	1,996,177
Closing balance		6,915,405	3,111,783
11 TRADE AND OTHER PAYABLES			
Creditors		588,208,710	677,527,259
Advances from trade customers - contract liability	11.1	2,641,407,157	1,085,059,862
Accrued & other liabilities		98,749,420	90,681,507
Murabaha/Muswammah Payable: (Islamic banking)			
Meezan bank limited	11.3	-	118,758,024
Habib bank limited	11.4	-	-
United bank limited	11.5	-	-
Allied bank limited	11.6	-	-
Habib metro bank limited	11.7	-	-
Faysal bank limited	11.8	181,964,475	190,000,000
Askari bank limited	11.9	-	264,910,500
Dubai islamic bank pakistan limited	11.10	-	-
The bank of punjab	11.11	-	-
Sales tax and excise duty payable		111,145,315	40,128,071
Income tax deducted at source		44,344,257	16,729,996
Provision for warranty claims	11.12	45,454,925	-
Payable towards:			
Workers' profit participation fund	11.13	79,063,511	13,889,528
Workers' welfare fund	11.14	19,580,642	646,361
		3,809,918,412	2,498,331,108



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

11.2 Letter of Credit facilities

Note	Financial institutions name / facility type	For the year ended June 30,	Total facility	Utilized facility	Un-utilized facility	Security details
IN MILLION						
11.2.1	Meezan Bank Limited	2023	500.00	420.10	79.90	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents. -Personal guarantees of some of the directors.
		2022	500.00	476.51	23.49	
11.2.2	Habib Bank Limited - Islamic Banking	2023	1750.00	962.91	787.09	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents. -Personal guarantees of some of the directors.
		2022	1000.00	735.92	264.08	
11.2.3	United Bank Limited - Ameen Islamic Banking	2023	500.00	-	500.00	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents.
			350.00	18.15	331.85	-Nil cash margin or as per SBP requirement, which ever is higher .
		2022	350.00	76.00	274.00	-Lien on import Documents, -Personal guarantees of some of the directors.
11.2.4	Allied Bank Limited - Islamic Banking	2023	225.00	8.17	216.83	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
			500.00	-	500.00	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents.
		2022	225.00	147.54	77.46	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
11.2.5	Habib Metro Bank Limited - Islamic Banking	2023	1100.00	1,008.00	92.00	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents. -Personal guarantees of some of the directors.
			400.00	-	400.00	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents.
		2022	700.00	700.00	-	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents. -Personal guarantees of some of the directors.
11.2.6	Faysal Bank Limited - Islamic Banking	2023	300.00	-	300.00	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents. -Personal guarantees of some of the directors.
			300.00	-	300.00	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents.
		2022	300.00	96.29	203.71	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents. -Personal guarantees of some of the directors.
11.2.7	Askari Bank Limited - Islamic Banking	2023	200.00	-	200.00	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents.
			300.00	-	300.00	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2022	200.00	-	200.00	-100% cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents.
			300.00	-	300.00	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
11.2.8	Dubai Islamic Bank Pakistan Limited	2023	750.00	232.06	517.94	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2022	750.00	-	750.00	
11.2.9	The Bank of Punjab	2023	500.00	-	500.00	-Nil cash margin or as per SBP requirement, which ever is higher . -Lien on import Documents, -Personal guarantees of some of the directors.
		2022	Nil	Nil	Nil	Nil



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note	Financial institutions name / facility type	For the year ended June 30,	Total facility	Utilized facility	Un-utilized facility	Maximum Period	Rate of Profit	Security details
IN MILLION								
11.3	Meezan Bank Limited - Muswammah Arrangement	2023	329.00	-	329.00	180 Days	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 761.33 million. -Paripassu charge over current assets of Rs. 329.00 million. -Personal guarantees of some of the directors.
		2022	200.00	118.76	81.24	180 Days	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 268.00 million. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
11.4	Habib Bank Limited - Islamic Banking - Muswammah Arrangement	2023	160.00	-	160.00	120 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 214.00 million. -Paripassu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
		2022	160.00	-	160.00	120 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 467.00 million. -Paripassu charge over current assets of Rs. 350.00 million. -Personal guarantees of some of the directors.
11.5	United Bank Limited - Ameen Islamic Banking Murabaha Arrangement (sublimit of Note no. 11.2.3)	2023	350.00	-	350.00	180 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 467.00 million. -Paripassu charge over current assets of Rs. 350.00 million. -Personal guarantees of some of the directors.
		2022	350.00	-	350.00	180 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 185.00 million. -Paripassu charge over current assets of Rs. 110.00 million. -Personal guarantees of some of the directors.
11.6	Allied Bank Limited - Murabaha Arrangement (sublimit of Note no. 11.2.4)	2023	135.00	-	135.00	90 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 267.00 million. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2022	135.00	-	135.00	90 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 534.00 million. -Paripassu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
11.7	Habib Metro Bank Limited - Murabaha Arrangement (sublimit of Note no. 11.2.5)	2023	150.00	-	150.00	120 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
		2022	150.00	-	150.00	120 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
11.8	Faysal Bank Limited - Islamic Banking - Murabaha Arrangement (sublimit of Note no. 11.2.6)	2023	200.00	181.96	18.04	120 Days	KIBOR PLUS 1.00%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
		2022	200.00	190.00	10.00	120 Days	KIBOR PLUS 1.00%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
11.9	Askari Bank Limited - Islamic Banking - Murabaha Arrangement (sublimit of Note no. 11.2.7)	2023	300.00	-	300.00	120 Days	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
		2022	300.00	264.91	35.09	120 Days	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
11.10	Dubai Islamic Bank Pakistan Ltd - Islamic Banking - Murabaha Arrangement (sublimit of Note no. 11.2.8)	2023	300.00	-	300.00	180 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
		2022	Nil	Nil	Nil	Nil	Nil	Nil
11.11	The Bank of Punjab - Islamic Banking - Muswammah Arrangement (sublimit of Note no. 11.2.9)	2023	250.00	-	250.00	180 Days	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 334.00 million. -Paripassu charge over current assets of Rs. 250.00 million. -Personal guarantees of some of the directors.
		2022	Nil	Nil	Nil	Nil	Nil	Nil



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
11.12	Provision for warranty claims			
	Balance at beginning of the year		-	-
	Charged during the year		45,454,925	-
			45,454,925	-
	Utilized during the year		-	-
	Balance at the end of the Year		45,454,925	-
11.13	Workers' profit participation fund			
	Balance at beginning of the year		13,889,528	5,543,487
	Charged during the year	31	79,063,511	13,889,528
			92,953,039	19,433,015
	Payment made during the year		(13,889,528)	(5,543,487)
	Balance at the end of the Year		79,063,511	13,889,528
11.14	Workers' welfare fund			
	Balance at beginning of the year		646,361	646,361
	Charged during the year		18,934,281	-
	Adjustment for prior years		-	-
	Charged to statement of profit or loss	31	18,934,281	-
			19,580,642	646,361
	Payment made during the year		-	-
	Balance at the end of the Year		19,580,642	646,361
12	PROFIT ACCRUED ON LOANS AND OTHER PAYABLES			
	Short term borrowings - secured		2,633,409	7,293,751
	Long term borrowings - secured		19,738,290	25,873,353
	Profit on murabaha payable		990,998	1,668,519
			23,362,697	34,835,623
13	SHORT TERM BORROWINGS - SECURED			
	Running Musharakah arrangements - Islamic Banking			
	Habib bank limited	13.1	-	-
	Askari bank limited	13.2	-	-
	United bank limited	13.3	-	119,728,307
	Meezan bank limited	13.4	-	-
	Allied bank limited	13.5	-	43,147,253
	Istisna arrangements - Islamic Banking			
	Meezan bank limited	13.6	-	-
	Dubaiislamic bank pakistan limited	13.7	-	-
			-	162,875,560



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note	Financial institutions name / facility type	For the year ended June 30,	Sub-limit of note no.	Total facility	Utilized facility	Un-utilized facility	Rate of Profit	Security details
IN MILLION								
13.1	Habib Bank Limited - Islamic Banking - Running Musharakah Arrangements	2023	11.4	160.00	-	160.00	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 214.00 million.
		2022	11.4	160.00	-	160.00	KIBOR PLUS 1.10%	-Paripassu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
13.2	Askari Bank Limited - Islamic Banking - Running Musharakah Arrangements	2023	11.9	100.00	-	100.00	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 400.00 million.
		2022	11.9	100.00	-	100.00	KIBOR PLUS 1.25%	-Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.
13.3	United Bank Limited - Ameen Islamic Banking - Running Musharakah Arrangements	2023	11.5	280.00	-	280.00	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 467.00 million.
		2022	11.5	280.00	119.73	160.27	KIBOR PLUS 1.10%	-Paripassu charge over current assets of Rs. 350.00 million. -Personal guarantees of some of the directors.
13.4	Meezan Bank Limited - Running Musharakah Arrangements	2023	11.3	150.00	-	150.00	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 761.33 million.
		2022	11.3	60.00	-	60.00	KIBOR PLUS 1.25%	-Paripassu charge over current assets of Rs. 329.00 million. -Personal guarantees of some of the directors.
13.5	Allied Bank Limited - Business Running Musharakah Arrangements	2023	11.6	45.00	-	45.00	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 185.00 million.
		2022	11.6	45.00	43.15	1.85	KIBOR PLUS 1.10%	-Paripassu charge over current assets of Rs. 110.00 million. -Personal guarantees of some of the directors.
13.6	Meezan Bank Limited - Istisna Arrangement	2023	11.3	40.00	-	40.00	KIBOR PLUS 1.25%	-Paripassu charge over fixed assets of Rs. 761.33 million.
		2022	11.3	40.00	-	40.00	KIBOR PLUS 1.25%	-Paripassu charge over current assets of Rs. 329.00 million. -Personal guarantees of some of the directors.
13.7	Dubai Islamic Bank Pakistan Limited - Istisna cum Wakala Arrangement	2023	Nil	Nil	Nil	Nil	Nil	Nil
		2022	11.2.8	300.00	-	300.00	KIBOR PLUS 1.10%	-Paripassu charge over fixed assets of Rs. 400.00 million. -Paripassu charge over current assets of Rs. 300.00 million. -Personal guarantees of some of the directors.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

14	CURRENT PORTION OF NON CURRENT LIABILITIES	Note	June 30, 2023	June 30, 2022
			Rupees	Rupees
	Diminishing musharakah - islamic banking	7	185,217,616	193,145,163
	Deferred revenue	10	5,664,318	1,996,177
			190,881,934	195,141,340

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1** The Director General (HQ)/Adjudicating Officer of Punjab Employees Social Security Institution (PESSI) has passed an order against the company and sustained the demand created by Deputy Director (Admin) of Rs. 6,547,688/- as on June 12, 2019. The company filed an appeal against the said order before The Honorable Labour Court, Lahore and has been granted a stay order. The appeal is still pending. In the opinion of the legal advisor, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 15.1.2** The Sindh Revenue Board (SRB) retrospectively restored sales tax on renting of immovable property services vide Sindh Sales Tax on Services (Amendment) Act, 2018, therefore Landlord of Company's Karachi office has claimed sales tax on rent services of Rs. 257,064/- for the tax year 2016, 2017 and 2018. The Company has challenged the law by filing a writ petition in Honorable Sindh High Court, Karachi and has been granted a stay order as on December 31, 2018. In the opinion of the lawyer, the outcome of the case is expected in favour of the company, hence no provision is made in these financial statements.
- 15.1.3** ACIR initiated proceedings under section 122 (5A) of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 11,385,589/- as on September 26, 2018. The company filed an appeal against this order with CIR (Appeals) and got a relief of Rs. 5,745,964/- with the directions to OIR for verification of certain matters. 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, 2021. The proceedings of ATIR are still pending. In the opinion of tax consultant, favorable outcome of the appeals is expected, hence no provision is made in these financial statements.
- 15.1.4** ACIR initiated proceedings under section 3(1A) of Sales Tax Act 1990 for tax period July-Sep 2015 and created sales tax demand of Rs. 9,392,789/- as on June 06, 2016. The company filed an appeal against this order with CIR (A) and CIR (A) vacated the order of ACIR. However ACIR filed an appeal with ATIR, appeal is still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.
- 15.1.5** DCIR initiated proceedings under section 122 (5A) for tax year 2009 and created a tax demand of Rs. 5,440,062/- as on March 31, 2015. The company filed an appeal against this order with CIR (Appeals) and got relief up to Rs.5,318,163. For remaining tax demand of Rs. 121,899/-, company file an appeal with ATIR. Further, the DCIR has also filed an appeal with ATIR against the Relief of Rs. 5,318,163/- given by the CIR (A). In the opinion of tax consultant, favorable outcomes of the appeals are expected, hence no provision is made in these financial statements.
- 15.1.6** During the year, ATIR decided the case against the company for the tax year 2013 of Rs. 2,479,693/- as on November 11, 2021. The company filed a reference petition before the Honorable Lahore High Court, Lahore on February 01, 2022. The said petition is pending before the Honorable Court. In the opinion of the lawyer, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 15.1.7** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2011 to June-2012 and created a demand of Rs. 192,568,536/- as on May 30, 2018. The company filed an appeal against this order with CIR (Appeals). The CIR (Appeals) has remand back the case to DCIR with upheld amount of Rs. 2,223,033. The Company filed an appeal with ATIR against the decision of CIR (Appeals) for the upheld amount and decision of remand back. In the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 15.1.8** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2013 to June-2014 and created a demand of Rs. 7,418,949/- as on September 28, 2017. The company filed an appeal against this order with CIR (Appeals) and got a relief of Rs. 5,694,504/- as on April 30, 2021. For remaining tax demand of Rs. 1,724,445/-, company filed an appeal before ATIR as on June 29, 2021. The appeal is still pending and in the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 15.1.9** Additional Commissioner Inland Revenue (ACIR) initiated proceedings under section 122(5A) of Income Tax Ordinance 2001 for tax year 2018 and created a tax demand of Rs. 8,848,110/- as on February 06, 2020. The Company filed an appeal before the Commissioner Inland Revenue Appeal CIR(A) 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, favorable outcome of the appeals is expected, hence no provision is made in these financial statements.
- 15.1.10** DCIR initiated proceedings under section 161/205 of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 33,952,716/- as on March 30, 2019. The Company filed an appeal against this order with CIR (A) and CIR (A) deleted the order of DCIR as on June 25, 2019. However DCIR filed an appeal with ATIR against the order of CIR (A) as on August 27, 2019, proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 15.1.11** The Company has filed Writ Petition in the Honorable Lahore High Court, Lahore (LHC) against the illegal selection by the Commissioner Inland Revenue for the audit of sales tax affairs for tax year 2017 under section 25 of Sales Tax Act 1990. Which was rejected by the honorable Court. The Company filed an Interim Court Appeal (ICA) before honorable Lahore High Court, Lahore and honorable Court has granted an interim relief to the Company and restrained the Commissioner Inland Revenue to pass a final order till the decision of appeal as on January 21, 2020. The case is still pending. In the opinion of the lawyer, outcome of this case will be in favour of the company.
- 15.1.12** DCIR initiated proceedings under section 122(5A) of Income Tax Ordinance 2001 for tax year 2016 and created a tax demand of Rs. 273,476,590/- as on February 28, 2022. The Company filed an appeal against this order with CIR (A) as on March 25, 2022. Proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 15.1.13** A group of persons in rickshaw market Karachi deposited a sum of Rs. 10.93 Million unilaterally in the Company's bank account for the purchase of auto rickshaw without any authorization from the Company. The company filed a suit in Honorable Sindh High Court, Karachi (SHC) against these persons as on September 24, 2019. Instead of appearing in the Honorable Sindh High Court, Karachi, they filed nine civil suits against the Company for the declaration, cancellation, recovery and damages amounting to Rs. 109.43 Million. The cases are still pending. In the opinion of the lawyer, these claims are frivolous and the outcome of these cases will be in favour of the company. Therefore, The Company has not made any provision for this amount in these financial statements.
- 15.1.14** 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 matter was discussed in detail with the lawyer and decided to challenge the legality of the SRO. Therefore, the company filed writ petitions in Honorable Lahore High Court, Lahore and Honorable Sindh High Court, Karachi and obtained stay orders. The cases are still pending. In the opinion of lawyer, favorable outcome of the cases is expected, hence no provision of Rs. 203.86 Million is made in these financial statements.
- 15.1.15** The company has challenged the legality and constitutionality of section 5 (A) of Income Tax Ordinance 2001 by filing a Constitutional petition in the Honorable Lahore High Court, Lahore as on July 03, 2018. During the previous years, the FBR brought various amendments in the Income Tax Ordinance, 2001 relating applicability of section 5A, which has material bearing on our case. Therefore, the matter was discussed in detail with the lawyer and it was decided that with the permission of Honorable Court the present Writ Petition to be withdrawn and file a fresh Writ Petition before the LHC. Therefore, the company filed a fresh Writ Petition on the subject matter as on Dec 19, 2022. In the opinion of the lawyer, favorable outcome of the petition is expected, hence no provision of Rs.19.10 Million relating to tax year 2018 is made in these financial statements.
- 15.1.16** DCIR passed an order as on January 27, 2023 under section 11 (2) of Sales Tax Act, 1990 for the tax periods from July-2019 to June-2021 and created a demand of Rs. 177,877,849/- . The Company filed an appeal against this order with CIR (A) as on March 08, 2023. The Proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 15.1.17** DCIR passed an order as on January 27, 2023 under section 11 (2) of Sales Tax Act, 1990 for the tax periods from July-2020 to June-2021 and created a demand of Rs. 226,283,805/-. The Company filed an appeal against this order with CIR (A) as on February 23, 2023. The Proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 15.1.18** DCIR passed an order as on January 27, 2023 under section 11 (2) of Sales Tax Act, 1990 for the tax periods from January 2014 to February 2017 and created a demand of Rs. 6,770,083/-. The Company filed an appeal against this order with CIR (A) as on February 23, 2023. Proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

15.1.19 ACIR passed an order as on June 19, 2023 under section 122 (5A) of Income Tax Ordinance 2001 for the tax year 2021 and created a demand of Rs. 2,512,850/-. Subsequent to year end, 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, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.

15.2 Commitments

15.2.1 Commitments in respect of outstanding letters of credit for raw material amount to Rs. 2,650.39 million (June 30, 2022: Rs. 2,232.26 million).

15.2.2 Commitments in respect of capital expenditures amount to Rs. 130.21 million (June 30, 2022: Rs. 70.78 million) and bank guarantee of Rs. 22.18 million (June 30, 2022: Rs. 5.37 million).

16 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - tangible

Capital work in progress

Advance for purchase of land

	June 30, 2023	June 30, 2022
	Rupees	Rupees
16.1	2,831,287,076	1,746,923,699
16.3	-	799,326,424
	30,000,000	94,000,000
	2,861,287,076	2,640,250,123

16.1 OPERATING FIXED ASSETS - TANGIBLE

Particulars	2023				Rupees			
	Cost			Rate %	Depreciation			W.D.V. as at 30-06-2023
	As at 01-07-2022	Additions/ (Deletions)	As at 30-06-2023		As at 01-07-2022	For the Year	Adjustment / Disposal	As at 30-06-2023
Freehold land	195,551,940	140,401,000	335,952,940	-	-	-	-	335,952,940
Building and civil works on freehold land	491,108,460	119,508,818	610,617,278	5 to 10	100,403,598	40,002,557	-	140,406,155
Building and civil works on leasehold land	2,509,800	-	2,509,800	10	1,253,795	125,601	-	1,379,396
Plant and machinery	1,262,268,749	1,034,295,191	2,296,563,940	10	252,414,007	167,684,931	-	420,098,938
Electric fittings	9,291,359	3,093,213	12,384,572	10	7,019,821	440,684	-	7,460,505
Furniture and fittings	6,218,351	3,679,710	9,898,061	10	2,239,231	603,564	-	2,842,795
Office equipment	12,810,472	7,400,753	20,211,225	10	4,616,396	1,382,427	-	5,998,823
Electric installations	54,554,341	7,612,096	62,166,437	10	7,003,360	5,133,232	-	12,136,592
Vehicles	149,459,493	1,950,000 (2,657,000)	148,752,493	20	61,899,058	17,835,104	-	77,446,466
							(2,287,696)	
Total 2023	2,183,772,965	1,317,940,781 (2,657,000)	3,499,056,746		436,849,266	233,208,100	-	667,769,670
							(2,287,696)	2,831,287,076

Particulars	2022				Rupees			
	Cost			Rate %	Depreciation			W.D.V. as at 30-06-2022
	As at 01-07-2021	Additions/ (Deletions)	As at 30-06-2022		As at 01-07-2021	For the Year	Adjustment / Disposal	As at 30-06-2022
Freehold land	195,551,940	-	195,551,940	-	-	-	-	195,551,940
Building and civil works on freehold land	88,273,401	402,835,059	491,108,460	5 to 10	64,526,517	35,877,081	-	100,403,598
Building and civil works on leasehold land	2,509,800	-	2,509,800	10	1,114,239	139,556	-	1,253,795
Plant and machinery	224,418,657	1,037,850,092	1,262,268,749	10	159,344,500	93,069,507	-	252,414,007
Electric fittings	9,189,359	102,000	9,291,359	10	6,775,928	243,893	-	7,019,821
Furniture and fittings	3,617,266	2,601,085	6,218,351	10	2,006,413	232,818	-	2,239,231
Office equipment	8,971,777	3,838,695	12,810,472	10	3,963,003	653,393	-	4,616,396
Electric installations	6,557,854	47,996,487	54,554,341	10	2,810,297	4,193,063	-	7,003,360
Vehicles	97,544,393	57,380,100 (5,465,000)	149,459,493	20	51,921,722	14,164,257	-	61,899,058
							(4,186,921)	
Total 2022	636,634,447	1,552,603,518 (5,465,000)	2,183,772,965		292,462,619	148,573,568	-	436,849,266
							(4,186,921)	1,746,923,699



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		June 30, 2023	June 30, 2022
		Rupees	Rupees
16.2	Depreciation for the year has been allocated as follows:		
	Cost of sales	214,354,503	135,054,371
	Distribution and marketing costs	9,787,541	7,033,514
	Administrative expenses	9,066,056	6,485,683
		233,208,100	148,573,568

16.3 CAPITAL WORK-IN-PROGRESS - TANGIBLE

Plant and machinery

Opening balance		765,614,277	1,006,200,367
Additions made during the year	16.4	258,648,794	792,789,002
		1,024,263,071	1,798,989,369
Transferred to operating fixed assets		1,024,263,071	1,033,375,092
		-	765,614,277

Civil works

Opening balance		33,712,147	448,048,847
Additions made during the year		85,796,671	33,712,147
		119,508,818	481,760,994
Transferred to operating fixed assets		119,508,818	448,048,847
		-	33,712,147
		-	799,326,424

16.4 This includes borrowing cost related to the plant and machinery amounting to Nil (2022: Rs. 17.96 million) using rate ranging between Nil (2022: 8.89% - 16.65%) per annum.

16.5 Particulars of Company's immovable fixed assets:

SR No.	PARTICULARS	LOCATION	NATURE	AREA OF LAND (In Acres)
1	Manufacturing Facility of Three Wheeler, Appliances and Automotive Parts	18 K.M Raiwind Road, Lahore.	OWNED	5.46
2	Four Wheeler Manufacturing Facility	Mouza Bhai Kot, Near Tablighi Ijtama, Raiwind, Lahore	OWNED	39.78
3	Warranty Center, Karachi	B-66, State Avenue S.I.T.E, Karachi	LEASED	0.36

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

Particulars	Cost	Net Book Value	Sale Price	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
	Rupees					
Suzuki Cultus	1,059,000	192,477	885,000	692,523	Negotiation	Mr. Arsalan Qamar, House No. 128/D Mohalla Pakistan Quarters Nishtar Road, Garden, Karachi South.
Suzuki Mehran	683,000	144,231	400,000	255,769	Negotiation	Mr. Ahsan Ahmed, House No. G-3A, Block 17, Gulshan-e-Iqbal, Karachi East.
Toyota Corolla	915,000	32,596	300,000	267,404	Negotiation	Mr. Altaf Ul Haque, House No. 14, St No. B-10, Mohalla Faheemi Street Shalamar Town, Lahore Cantt. (Executive Employee)
June 30, 2023	2,657,000	369,304	1,585,000	1,215,696		
June 30, 2022	5,465,000	1,278,079	6,035,000	4,756,920		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

17 INTANGIBLE ASSETS

(Rupees)						
Particulars	Cost			Amortization		
	As at 01-07-2022	Additions/ (deletion)	As at 30-06-2023	As at 01-07-2022	For the Year	As at 30-06-2023
Intangible Assets	4,699,173	-	4,699,173	4,414,549	85,560	4,500,109
Jun-23	4,699,173	-	4,699,173	4,414,549	85,560	4,500,109
Jun-22	4,699,173	-	4,699,173	4,316,482	98,067	4,414,549

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

17.2 The amortization cost is included in cost of sales.

18 LONG TERM LOANS AND ADVANCES - SECURED

Loans and advances - considered good, to:

	June 30, 2023 Rupees	June 30, 2022 Rupees
Executives	15,945,425	12,800,425
Non-executives	60,398,069	58,563,022
	76,343,494	71,363,447
Less: Amount due within twelve months, shown under current portion of loans and advances	23 62,749,663	49,610,469
	13,593,831	21,752,978

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

	Opening balance as at July 01, 2022	Disbursements / Transfer	Repayments / Transfer	Closing balance as at June 30, 2023
Executives	12,800,425	7,263,297	4,118,297	15,945,425
Non-executives	58,563,022	43,080,360	41,245,313	60,398,069
June 30, 2023	71,363,447	50,343,657	45,363,610	76,343,494
June 30, 2022	58,229,416	42,139,378	29,005,347	71,363,447

These loans and advances have been granted under staff loan and advances policy to facilitate the employees for meeting household payments. These are secured against the gratuity payable to employees. These are interest free loans which are repayable within 2 to 2.5 years. The maximum amount of loan outstanding to executives at the end of any month during the year was Rs. 15,945,425 (2022: Rs. 12,800,425). Receivable from executives of the Company does not include any amount receivable from directors or chief executive. The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement of gratuity. Long term loans have been carried at cost as the effect of carrying these balances at amortised cost is not considered to be material.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
19 LONG TERM DEPOSITS			
Deposit with pakistan steel mill		400,000	400,000
Utilities and others		5,638,355	5,471,855
		6,038,355	5,871,855
19.1	Long term deposits are given in the normal course of business and do not carry any interest or mark-up.		
20 STORES, SPARES AND LOOSE TOOLS			
Stores		3,336,959	7,064,888
Spares		271,089	390,150
Loose tools		41,573	65,280
		3,649,621	7,520,318
21 STOCK-IN-TRADE			
Raw materials and components		1,009,169,251	1,273,643,999
Work-in-process		47,015,266	57,165,012
Finished goods		638,790,179	421,456,575
Less:			
Provision for slow moving items	21.1	(14,965,212)	(10,450,102)
		1,680,009,484	1,741,815,484
21.1 Provision for slow moving items			
Balance at the beginning of the year		10,450,102	9,922,842
Charged during the year	28	4,515,110	527,260
Balance at the end of the year		14,965,212	10,450,102
22 TRADE DEBTS - UNSECURED	22.1	270,284,774	179,841,812
22.1 Classification:			
Considered good		270,284,774	179,841,812
Considered doubtful		1,221,865	5,070,487
		271,506,639	184,912,299
Less: Provision for expected credit losses	22.2	(1,221,865)	(5,070,487)
		270,284,774	179,841,812
22.2 Provision for expected credit losses (ECL)			
Balance at the beginning of the year		5,070,487	9,596,805
Reversal during the year	22.2.1	(3,848,622)	(4,526,318)
Balance at the end of the year		1,221,865	5,070,487
22.2.1	Amount recovered during the year.		
23 LOANS & ADVANCES			
Advances - considered good			
- Current portion of loans and advances	18	62,749,663	49,610,469
- To employees for incurring business expenses		-	82,954
- To suppliers-unsecured		11,336,971	4,219,253
		74,086,634	53,912,676
23.1	These amount given in the normal course of business and do not carry any interest or mark-up.		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Contract securities		400,000	400,000
Prepaid expenses		3,162,779	2,278,653
Letter of credit margin		324,504,893	60,887,550
Letter of credit in process		1,031,093,424	387,480,352
		1,359,161,096	451,046,555
24.1 These amount given in the normal course of business and do not carry any interest or mark-up.			
25 OTHER RECEIVABLES			
Advance income tax - net		340,202,442	118,611,936
Advance Sales tax		8,607,155	83,399,240
		348,809,597	202,011,176
26 CASH AND BANK BALANCES			
Cash in hand		1,194,312	459,079
Balance with banks			
In current accounts - conventional banking		7,931,168	8,393,988
In current accounts - islamic banking		610,170,562	32,736,723
In saving accounts - islamic banking	26.1	409,509,043	131,452,689
		1,028,805,085	173,042,479
26.1 This carry profit at the rates ranging from 7.00% to 16.00% (June 30, 2022: From 6.25% to 12.00%) per annum.			
27 SALES - NET			
Gross sales	27.1, 27.2 & 27.3	21,887,284,526	12,497,460,390
Less: Sales tax		2,673,504,490	1,773,321,217
Federal excise duty		731,285,037	133,304,763
Sales returns		308,198,131	316,617,214
		3,712,987,658	2,223,243,194
		18,174,296,868	10,274,217,196
27.1 This includes Rs. 40.78 million (June 30, 2022: Rs. 56.20 million) on account of export sales.			
27.2 Contract liabilities as at the beginning of the year have been recognized as sales upon dispatch of vehicles against such advances.			
27.3 Includes amortization of deferred revenue amounting to Rs 5.66 million (2022: Rs nil) that has been recognised in respect of deferred revenue outstanding as at the beginning of the year.			
27.4 The disaggregation of revenue is disclosed in note no.40 of these financial statements.			



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		June 30, 2023 Rupees	June 30, 2022 Rupees
28 COST OF SALES	Note		
Raw materials and components consumed	28.1	14,374,365,574	6,079,161,474
Salaries, wages and other benefits	28.2	691,430,142	497,745,376
Stores, spares and loose tools consumed		110,217,079	64,905,703
Power and fuel charges		284,426,801	177,131,927
Repair and maintenance		130,956,721	113,009,241
Other expenses		21,653,025	14,642,720
Provision for slow moving items	21.1	4,515,110	527,260
Depreciation	16.2	214,354,503	135,054,371
Amortization	17	85,560	98,067
		15,832,004,515	7,082,276,139
Opening work-in-process		57,165,012	31,392,103
		15,889,169,527	7,113,668,242
Closing work-in-process		47,015,266	57,165,012
Cost of goods manufactured		15,842,154,261	7,056,503,230
Opening finished goods		421,456,575	232,678,793
		16,263,610,836	7,289,182,023
Cost of finished goods purchased during the year		-	2,513,546,568
		16,263,610,836	9,802,728,591
Closing finished goods		638,790,179	421,456,575
		15,624,820,657	9,381,272,016

28.1 This includes adjustment of scrap sales of Rs. 62,318,959/- (June 30, 2022: Rs. 47,442,806/-).

28.2 Salaries, wages and other benefits include Rs.56,988,257 (June 30, 2022: Rs.40,050,882) in respect of retirement benefits.

29 DISTRIBUTION AND MARKETING COSTS

Salaries and other benefits	29.1	51,930,320	41,694,811
Freight, octroi and others		128,192,958	96,121,270
Commission		270,052,891	226,099,309
Traveling & conveyance		18,477,063	9,637,991
Provision for warranty claims	11.12	45,454,925	-
Packing material consumed		4,263,798	8,027,071
Advertisement and sale promotion		48,911,349	32,215,174
Insurance		852,978	790,901
Rent expenses	29.2	4,760,105	4,907,945
After sales service		1,484,608	1,846,092
Printing & stationery		4,315,632	303,420
Depreciation	16.2	9,787,541	7,033,514
		588,484,168	428,677,498

29.1 Salaries and other benefits include Rs. 3,849,693 (June 30,2022: Rs. 2,640,336) in respect of retirement benefits.

29.2 This represents short term lease rentals.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		June 30, 2023 Rupees	June 30, 2022 Rupees
30 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	30.1	159,234,155	98,617,101
Electricity, gas and water charges		649,104	416,637
Communication expenses		18,746,907	9,209,950
Vehicle running expenses		16,899,409	7,956,668
Legal and professional		2,171,750	2,920,000
Traveling and conveyance		849,531	253,977
Fee and subscription		8,953,125	5,671,653
Insurance		1,196,132	611,854
Rent, rates and taxes	30.2	1,944,851	1,765,679
Printing and stationery		6,953,381	6,145,962
Entertainment		6,719,492	4,697,262
Office supplies		3,758,131	949,664
Miscellaneous expenses		2,616,466	2,414,223
Depreciation	16.2	9,066,056	6,485,683
		239,758,490	148,116,313
30.1	Salaries and other benefits include Rs. 17,000,260 (June 30, 2022: Rs. 11,345,167) in respect of retirement benefits.		
30.2	This includes short term lease rentals.		
31 OTHER OPERATING EXPENSES			
Tax consultancy services		3,059,876	2,093,700
Auditors' remuneration	31.1	1,343,500	1,190,000
Contribution towards:			
Workers' profit participation fund	11.13	79,063,511	13,889,528
Workers' welfare fund	11.14	18,934,281	-
		102,401,168	17,173,228
31.1 Auditors remuneration			
H.Y.K & Co.			
Statutory audit		1,093,500	950,000
Half yearly review		200,000	180,000
Workers' profit participation fund audit		25,000	20,000
Certificate fee		25,000	40,000
		1,343,500	1,190,000
		1,343,500	1,190,000
32 OTHER INCOME			
Income from financial assets			
Profit from Islamic banking deposits		24,149,221	6,314,044
Exchange gain		-	315,824
Income from non financial assets			
Gain on sale of fixed asset		1,215,697	4,756,920
Reversal of provision for doubtful debts		3,848,622	4,526,318
Miscellaneous income		1,191,642	2,439,354
		30,405,182	18,352,460
33 FINANCE COST			
Profit on:			
Long term finances - islamic banking		94,601,121	35,142,248
Short term borrowings - secured - islamic banking		18,099,651	11,640,456
Profit on murabaha - islamic banking		52,817,872	8,911,582
Less: amortization of deferred grant	9	(558,743)	(5,140,433)
Interest on workers' profit participation fund		1,836,675	448,467
Financial charges on lease		-	1,936,090
Bank charges and others		1,005,246	939,618
		167,801,822	53,878,028



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
34 TAXATION			
Current			
For the year	34.1	346,799,361	270,198,736
Prior year	34.2	-	(748,867)
Deferred			
For the year	34.4	139,559,760	(123,836,824)
		486,359,121	145,613,045
34.1	The Company computes tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available.		
34.2	This amount relates to adjustment of provision for taxation of previous year.		
34.3	The income tax assessments of the company have been finalized up to tax year 2022, except as mentioned in note. 15.1. The provision for taxation is considered adequate to discharge the expected liability for current year.		
34.4 Tax charge reconciliation			
Profit before taxation		1,481,435,745	263,452,573
Tax charge on accounting profit at applicable tax rate 29% (29%: 2022) as per Income Tax Ordinance, 2001		429,616,366	76,401,246
Tax effect of amounts that are:			
- allowable deductions for tax purposes		7,407,798	(100,102,894)
Tax effect of profit attributable to presumptive income		(792,527)	(57,153,701)
Effect of presumptive tax		448,017	158,545,356
Super tax		118,351,372	-
Adjustment of prior year taxation		-	(748,867)
carryforward tax losses		(68,671,905)	68,671,905
Taxation for the year		486,359,121	145,613,045
35 EARNINGS PER SHARE - BASIC AND DILUTED			
Basic earnings per share			
Profit after taxation for the year	Rupees	995,076,624	117,839,528
Weighted average number of ordinary shares outstanding during the year	Number	60,445,964	60,445,964
Basic earnings per share - Rupees	Rupees 35.1	16.46	1.95
35.1 Diluted earnings per share			

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022 which would have any effect on earning per share if the option to convert is exercised.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
36 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,481,435,745	263,452,573
Adjustment for non cash charges and other items:			
Depreciation	16.2	233,208,100	148,573,568
Amortization	17	85,560	98,067
Provision of staff retirement gratuity	8.1.4	77,838,210	54,036,385
Workers' profit participation fund	31	79,063,511	13,889,528
Provision for warranty claims	29	45,454,925	-
Workers' welfare fund	31	18,934,281	-
Finance cost	33	167,801,822	53,878,028
Other income	32	(30,405,182)	(18,352,460)
		591,981,227	252,123,116
		2,073,416,972	515,575,689
Working capital changes	36.1	308,801,701	580,888,732
Decrease / (Increase) in long term loans and advances		8,159,147	7,206,085
Cash generated from operations		2,390,377,820	1,103,670,506
36.1 Working capital changes			
(Increase)/decrease in current assets			
Store, spares and loose tools		3,870,697	(4,242,029)
Stock-in-trade		61,806,000	(923,918,137)
Trade debts		(86,594,340)	(58,391,799)
Loans and advances		(20,173,958)	(22,900,460)
Trade deposits and short term prepayments		(908,114,541)	1,174,941,416
Increase in current liabilities			
Trade and other payables		1,258,007,843	415,399,741
		308,801,701	580,888,732
37 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents include:			
Cash and bank balances	26	1,028,805,085	173,042,479
		1,028,805,085	173,042,479
38 TRANSACTIONS WITH RELATED PARTIES			
The related party comprises of non-executive directors and key management personnel and other executives. The detail of related party transactions is given below:			
Non-executive director (s)			
Meeting fee		1,410,000	995,000
Travelling, boarding and lodging expenses		100,000	50,000
Sale of goods		-	13,733,000
Advance against sale of goods		3,500,000	-
Key management personnel			
Remuneration, allowances and benefits		100,482,129	77,396,561
Sale of operating fixed assets		-	519,482
Other executives			
Remuneration, allowances and benefits		9,164,235	6,120,000



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

39 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Managerial Remuneration	36,914,516	29,766,000	25,378,766	19,957,350	-	-	125,575,500	106,040,400	187,868,782	155,763,750
Bonus	1,207,750	605,000	835,594	405,625	-	-	3,628,730	6,576,478	5,672,074	7,587,103
Leave encashment	-	-	-	-	-	-	3,976,220	2,165,075	3,976,220	2,165,075
Others	4,719,138	-	3,196,387	-	-	-	6,916,653	4,364,768	14,832,178	4,364,768
Meeting Fee	-	-	-	-	1,510,000	1,045,000	-	-	1,510,000	1,045,000
Total	42,841,404	30,371,000	29,410,747	20,362,975	1,510,000	1,045,000	140,097,103	119,146,721	213,859,254	170,925,696
Number of persons	1	1	2	2	6	6	34	30	43	39

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

40 SEGMENT REPORTING

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

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

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

40.1 AUTOMOBILES - THREE WHEELER

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

40.2 AUTOMOTIVE PARTS

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

40.3 HOUSEHOLD APPLIANCES

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

40.4 AUTOMOBILES - FOUR WHEELER

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

	Automobiles - Three Wheeler		Automotive parts		Household appliances		Automobiles - four wheeler		Total	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Segment revenue - Net	2,888,643,103	3,857,360,783	530,420,663	755,018,437	519,519	1,348,200	14,754,713,583	5,660,489,776	18,174,296,868	10,274,217,196
Segment operating results	43,943,806	142,621,708	1,211,468	11,782,307	(4,502,140)	20,040	1,676,177,043	158,443,613	1,716,830,177	312,867,669
Segment assets	1,465,652,117	1,616,936,567	438,442,558	410,352,894	2,337,875	7,351,902	4,315,965,992	3,193,839,327	6,222,398,542	5,228,480,690
Unallocated assets	-	-	-	-	-	-	-	-	1,462,734,445	427,637,522
Total assets	-	-	-	-	-	-	-	-	7,685,132,987	5,656,118,211
Segment liabilities	989,250,126	935,931,234	9,443,218	102,064,142	-	-	3,615,902,008	2,607,305,570	4,614,595,353	3,645,300,947
Unallocated liabilities	-	-	-	-	-	-	-	-	155,489,572	56,858,067
Total liabilities	-	-	-	-	-	-	-	-	4,770,084,925	3,702,159,014
Capital expenditure	-	8,875,000	-	-	-	-	1,317,940,781	888,805,728	1,317,940,781	897,680,728
Depreciation and amortization	14,310,352	16,623,525	2,032,441	2,841,542	4,384	4,384	216,946,483	129,202,184	-	-
Non-cash charges other than depreciation and amortization	30,420,277	27,609,608	13,585,124	12,455,841	32,500	25,214	33,800,308	14,472,982	-	-
Primary Geographical Markets Revenue	2,856,596,089	3,769,006,033	530,420,663	755,018,437	519,519	1,348,200	14,754,713,583	5,466,541,967	18,142,249,854	9,991,914,637
Pakistan	15,401,367	13,219,374	-	-	-	-	-	-	15,401,367	13,219,374
Afghanistan	8,925,000	5,042,125	-	-	-	-	-	-	8,925,000	5,042,125
Ethiopia	-	29,691,065	-	-	-	-	-	-	-	29,691,065
Mauritania	8,828,439	-	-	-	-	-	-	-	8,828,439	-
Others	7,720,647	8,250,686	-	-	-	-	-	-	7,720,647	8,250,686

40.5 99.82% (2022: 99.44%) of the gross sales of the Company are made to customers located in Pakistan.

40.6 All non-current and current assets of the Company as at June 30, 2023 are located in Pakistan.

40.7 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023 Rupees	June 30, 2022 Rupees
40.8 Product wise reconciliation of sales		
Four wheeler	14,754,713,583	5,660,489,776
Auto rickshaw	2,888,643,103	3,847,840,438
Automotive parts	530,420,663	764,538,782
Home appliance	519,519	1,348,200
Scrap sales	62,318,959	47,442,806
	18,236,615,827	10,321,660,002
Less:		
scrap sales transferred to cost of sales	62,318,959	47,442,806
	18,174,296,868	10,274,217,196

41 FINANCIAL RISK MANAGEMENT

41.1 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 BOD. 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 BOD. 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: Currency risk, interest rate risk and price risk.

(I) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk on import of raw materials and finished goods being denominated in US dollar and Chinese Yuan (CNY). The Company's exposure to foreign currency risk for US Dollar and Chinese Yuan (CNY) are on account of outstanding letter of credits of Rs. 2,780.60 million (June 30, 2022: Rs. 2,303.04 million).

As at June 30, 2023, if the Rupee had weakened/strengthened by 5% against the USD and CNY with all other variables held constant, the impact on post tax profit for the year would have been Rs. 20.16 million (2022: Rs. 16.47 million) lower, mainly as a result of exchange losses/gains on translation of USD denominated financial instruments.

(II) Interest / profit rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest / profit rates. Financial liabilities include balance of Rs. 535.66 Million (June 30, 2022: Rs. 868.40 Million) which is subject to interest / profit rate risk.

Fair value sensitivity analysis for fixed rate instruments

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

Cash Flow Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date, with all other variables remaining constant, the net income for the year would have been lower or higher by Rs. 5.36 million (2022: Rs. 8.684 million).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

(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) Liquidity risk

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

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

	JUNE - 2023						(Rupees)
	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Long term loan	529,990,685	705,470,446	141,298,497	269,957,159	237,954,184	56,260,606	-
Trade and other payables	3,555,784,687	3,555,784,687	3,555,784,687	-	-	-	-
Mark-up & profit accrued on loans and other payables	23,362,697	23,362,697	23,362,697	-	-	-	-
Short term borrowing	-	-	-	-	-	-	-
	4,109,138,069	4,284,617,830	3,720,445,881	269,957,159	237,954,184	56,260,606	-

	JUNE - 2022						(Rupees)
	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Long term loan	703,529,041	894,372,748	149,566,596	135,546,589	249,802,316	359,457,246	-
Trade and other payables	2,426,937,152	2,426,937,152	2,426,937,152	-	-	-	-
Mark-up & profit accrued on loans and other payables	34,835,623	34,835,623	34,835,623	-	-	-	-
Short term borrowing	162,875,560	162,875,560	162,875,560	-	-	-	-
	3,328,177,376	3,519,021,083	2,774,214,931	135,546,589	249,802,316	359,457,246	-

c) Credit risk

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
FINANCIAL ASSETS			
Long term deposits	19	6,038,355	5,871,855
Trade debts - considered good	22	270,284,774	179,841,812
Loans and advances	18 & 23	87,680,465	75,665,654
Trade deposits	24	1,359,161,096	451,046,555
Cash and bank balances	26	1,028,805,085	173,042,479
		2,751,969,775	885,468,355

The maximum exposure to credit risk for trade debts on geographical basis:

Pakistan	270,284,774	179,841,812
	270,284,774	179,841,812

The maximum exposure to credit risk for trade debts at the reporting date by type of parties was:

Institutional customers	-	-
Corporate customers	87,287,926	142,903,105
Dealers & customers	182,996,848	36,938,707
	270,284,774	179,841,812

The aging of trade debts at the reporting date was:

Not past due	60,151,032	169,350,415
Past Due 0-30 days	107,754,948	6,375,323
Past due 31-120 days	102,378,794	-
Past due more than 120 days	-	4,116,074
	270,284,774	179,841,812

The trade debts provision for ECL has been disclosed in note 22.2 of these financial statements.

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:

BANKS	RATING AGENCY	RATING	
		SHORT TERM	LONG TERM
Habib Bank Limited	VIS	A1+	AAA
United Bank Limited	VIS	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Bank Al Habib Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Meezan Bank Limited	VIS	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Dubai Islamic Bank Limited	VIS	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
Askari Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA+

d) Foreign exchange risk management

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

41.2 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, 2023 and 2022, 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.

	June 30, 2023 Numbers	June 30, 2022 Numbers
Borrowings	529,990,685	866,404,601
Less: Cash and cash equivalents	1,028,805,085	173,042,479
(Surplus) / Net debt	(498,814,400)	693,362,122
Total equity	2,915,048,062	1,953,959,197

The Company is not exposed to any externally imposed capital requirements.

41.3 Fair value of financial instruments

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

The fair value hierarchy has the following levels:

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

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

42 PLANT CAPACITY AND ACTUAL PRODUCTION

Installed capacity

Auto rickshaw - three wheeler (8 hours single shift basis)

Automobiles - four wheeler (8 hours single shift basis)

20,000	20,000
24,000	24,000

Automotive parts

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

Actual production

Auto rickshaw

Four wheeler

Automotive parts

Wheel rims

9,141	16,002
1,861	474
38,822	70,966

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

43 NUMBER OF EMPLOYEES

Number of permanent employees at the year end

Average number of permanent employees during the year

1,197	1,117
1,182	1,039



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

44 DISCLOSURE REQUIREMENT FOR THE COMPANIES LISTED ON ISLAMIC INDEX

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

44.1	Loans/advances obtained as per Islamic mode	Disclosed in Note no. 7, 11, 13
44.2	Shariah compliant bank deposits/bank balances	Disclosed in Note no. 26.
44.3	Profit earned from shariah compliant bank deposits/bank balances	Disclosed in Note no. 32.
44.4	Revenue earned from a shariah compliant business segment	Disclosed in Note no. 27.
44.5	Gain/loss or dividend earned from shariah compliant investments	No investment made during the year.
44.6	Exchange gain earned from actual currency	Disclosed in Note no. 32.
44.7	Profit paid on Islamic mode of financing	Disclosed in Note no. 33.
44.8	Relationship with shariah compliant banks	Disclosed in Note no. 7, 11, 13, 26
44.9	Profits earned or interest paid on any conventional loan or advance.	No profit earned or interest paid to any conventional bank during the year.

45 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, 2023.

The management has assessed the accounting implications of these developments on these financial statements. Accordingly, there is no significant accounting and financial impact of the effects of COVID-19 on these financial statements.

46 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, at their meeting held on September 06, 2023 has recommended a final Cash dividend of Rs. 4.00 per share (June 30, 2022: Nil) i.e., 40% (June 30, 2022: Nil) for the financial year ending June 30, 2023.

These Financial Statements for the year ended June 30, 2023 do not include the effect of the above dividend, which will be accounted for in the financial statements for the year ended June 30, 2024, once the dividend is approved in the forthcoming 32nd Annual General Meeting.

47 CORRESPONDING FIGURES

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


Reclassified From	Reclassified To	Nature	June 30, 2023	June 30, 2022
			Rupees	Rupees
Sales-net	Distribution and marketing costs	Commission Exp	270,052,891	226,099,309

48 DATE OF AUTHORIZATION FOR ISSUE:

The Board of Directors of the Company has authorized these financial statements for issue on September 06, 2023.

49 GENERAL

The figures have been rounded off to the nearest rupees.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 32nd Annual General Meeting of **Sazgar Engineering Works Limited** will be held at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM-Raiwind Road, Lahore on Thursday, October 26, 2023 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, 2023 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, 2024. The present auditors M/s H.Y.K & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their re-appointment.
3. To consider and approve a final cash dividend @ 40% of current paid up share capital i.e. Rupees 4/- per ordinary share for the year ended June 30, 2023 as recommended by the Board of Directors.

SPECIAL BUSINESS:

4. To consider and approve, in pursuance of S.R.O. 389 (I)/ 2023 dated March 21, 2023 of the Securities and Exchange Commission of Pakistan, the circulation of Annual Audited Financial Statements (including balance sheet, profit and loss account, directors report, auditors report etc.) to its members through QR enabled code and weblink instead of transmitting the same in the form of CD/DVD/USB.

By order of the Board

Arshad Mahmood
(Company Secretary)

Lahore
October 05, 2023

Notes:

- a. The share transfer books of the company will remain closed from October 20, 2023 to October 26, 2023 (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, 2023 will be treated in time for entitlement of final cash dividend and to attend the 32nd 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 & its Circulation through DVD/CD:**
The Annual Report of the Company containing financial statements of the Company for the year ended June 30, 2023 along with Auditors and Directors Report thereon, the Chairperson's Review and notice of AGM etc. have been circulated through DVDs and have also been placed on the company's website: (www.sazgarautos.com)

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 company.secretary@sazgarautos.com 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 19, 2023.
(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. 0341 8469913 not later than October 19, 2023.

g. Deposit of Physical Shares into CDC Account:

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

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

h. Procedure for E-Voting and Voting by Post:

In accordance with the Companies (Postal Ballot) Regulations, 2018, ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members for all businesses classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

E – Voting:

- a. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 19, 2023.
- b. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote online at any time from **October 23, 2023 9:00 A.M. to October 25, 2023 at 5:00 P.M.** Once the vote on the resolution is casted by a Member, he/she shall not be allowed to change it subsequently.

Voting by Post:

The members shall ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairperson of the meeting through post at the Company's registered office address, 88- Ali Town Thokar Niaz Baig, Raiwind Road Lahore or email at sairahameed@sazgarautos.com one day before the AGM, i.e., on October 25, 2023 upto 5:00 P.M. The signature on the Ballot Paper shall match with signature on the CNIC.

The Postal Ballot paper will be available for download from the website of Sazgar Engineering Works Limited or may be used the same as published in newspapers.

i. Particulars of Physical Shareholders:

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, 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.

j. 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

**k. 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 16, 2023, it will be assumed that the shares are held in equal proportion by the principal shareholder and joint holder(s).

l. 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.

m. 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.

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

This statement sets out the material facts pertaining to the special business to be transacted at the 32nd Annual General Meeting of the Company to be held on Thursday, October 26, 2023.

ITEM NO. 4 OF THE AGENDA

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023 has allowed the companies to circulate annual audited financial statements (including balance sheet, profit and loss account, directors and auditors reports etc.) to its members through QR enabled code and weblink instead of transmitting same through CD/DVD/USB; therefore, the Board of Directors of the Company in its meeting held on September 06, 2023, has approved and recommended for circulation/transmission of Annual Reports including annual audited financial statements of the Company to its members through QR enabled code and weblink instead of transmitting the same through CD/DVD/USB. However, hard copy of annual audited financial statements will be supplied to the shareholders, on demand, at their registered address, free of cost, within one week of receipt of such demand.



The following resolutions are proposed to be passed as ordinary resolutions with or without any modification(s), addition(s) or deletion(s):

“Resolved that circulation of annual audited financial statements (including balance sheet, profit and loss account, directors report, auditors reports, etc.) of the Company to its shareholders through QR enabled code and weblink as notified by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023, be and is hereby approved.”

“Further resolved that Chief Executive Officer and Company Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and to file documents as may be necessary or incidental for the purposes of implementing this resolution.”

Interest of Directors:

The Directors of the Company have no interest in this business except in their capacity as shareholders and Directors of the Company.



تشکیل نیابت داری

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

جو کہ خود بھی سازگار انجینئرنگ ورکس لمیٹڈ کا / کے رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ سازگار انجینئرنگ ورکس لمیٹڈ کے بتیسواں سالانہ اجلاس عام میں جو بروز
 جمعرات 26 اکتوبر 2023 کو دن 11:15 بجے آل سیزن ویڈنگ اینڈ ٹینکٹ ہال لالہ زار کمرشل مارکیٹ ٹھوکر نیاں بیگ بریکس یا سربروسٹ 0.5 کلومیٹر رانیونڈ روڈ لاہور میں منعقد ہو رہا ہے۔
 یا اسکے ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ _____ 2023 کو میرے / ہمارے دستخط سے جاری ہو۔

فولیو نمبر	سی ڈی سی شرکت کنندہ I.D نمبر	سی ڈی سی / ذیلی کھاتہ نمبر	حصص کی تعداد

پانچ 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 کپنی کارکن ہونا ضروری ہے۔
2. دستخط کی مماثلت کپنی میں رجسٹرڈ نمونہ دستخط کے ساتھ ہونا ضروری ہے۔
3. اگر پراکسی اسی رکن کی طرف جاری کی گئی ہے جس کے / کی حصص مندرجہ ذیل پراکسی کپنی 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 اشغالی کے پاسپورٹ کی فوٹو کاپی لانا لازمی ہے۔ کارپوریٹ ارکان کے نمائندہ ارکان اس
 مقصد کیلئے درکار دستاویزات ساتھ لے کر آئیں۔
4. پراکسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا / گی۔
5. مناسب طور پر مکمل شدہ پراکسی کے دستاویز اجلاس سے کم از کم 48 گھنٹے قبل کپنی کے شیئر رجسٹرار آفس کو موصول ہو جانے 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 32nd Annual General Meeting of the shareholders of the Company to be held on Thursday October 26th, 2023 at 11:15 A.M. at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM Raiwind Road, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2023

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

Witness 1

Signature _____
Name _____
CNIC No. _____
Address _____

Witness 2

Signature _____
Name _____
CNIC No. _____
Address _____

- Notes:**
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.

RAIWIND



SAZGAR

Sazgar Engineering Works Limited

Registered Office: 88 – Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore, Pakistan

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