

## SAZGAR ENGINEERING WORKS LIMITED

### DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 2<sup>nd</sup> quarter and half year ended December 31, 2015:

#### **Financial Results:**

The financial results for the period under review are reflecting a reduction in sales and profitability of the company. The sales of 2<sup>nd</sup> quarter has decreased by 8.08% from Rs.590.44 M to Rs.542.73 M, gross profit by 15.23% from Rs. 57.65 M to Rs.48.87M and pre-tax profit by 42.98% from Rs.27.66 M to Rs. 15.77 M compared with corresponding period of last year.

The half year sales has decreased by 2.93% from Rs.1,124.46 M to Rs. 1,091.53 M, gross profit by 6.67% from Rs. 107.97 M to Rs.100.77M, and pre-tax profit by 23.46% from Rs.47.39 M to Rs. 36.27M compared with the corresponding period of last year.

The decrease in sales and profitability of the company is due to the decline in sales volumes of tractor wheel rims and home appliances during the period under review.

During the 2<sup>nd</sup> quarter and half year, the Company produced 4,165 & 7,827 units of Auto Rickshaws whereas during the corresponding periods of last year, the production was 3,247 and 6,434 units respectively.

The production of wheel rims was 11,959 & 27,918 in 2<sup>nd</sup> quarter and half year whereas the production of wheel rims during the same corresponding periods was 26,269 and 42,341 respectively.

#### **Interim Cash Dividend:**

The directors of your company are pleased to declare an interim cash dividend of Rs. 1.00 per ordinary share i.e. 10% for the period ended December 31, 2015 (December 31, 2014: 10%).

#### **Future Outlook:**

Your company is carrying a major market share of Auto Rickshaw in Karachi where business conditions are improving day by day due to constant efforts of Security

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Agencies. Further, action of Sindh government against the illegal motorcycle rickshaws has positively affected on the demand of Auto Rickshaws in the region and your company is receiving substantial orders from the said market subsequent to the period under review.

The sale of tractors is coming into its norms after waiting a long period of six months for the start of Government subsidy scheme on tractors that unfortunately could not start due to unknown reasons. It is hoped that the sale of tractor wheel rims will increase in the coming periods.

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

For and on behalf of the Board

Lahore  
Dated: 23-02-2016

  
Mian Asad Hameed  
(Chief Executive)