

# SAZGAR ENGINEERING WORKS LIMITED

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## DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 1<sup>st</sup> quarter ended September 30, 2013.

### Financial Results:

During this quarter, the Company's net sale has decreased by 1.08% from Rs. 440.44 M to Rs. 435.66 M, gross profit by 7.80% from Rs.45.57 M to Rs. 42.02 M and gross profit ratio from 10.35% to 9.64%. Whereas pretax profit has increased by 2.54% from Rs.16.63 M to Rs. 17.05 M and earnings per share from Rs. 0.47 to Rs. 0.61 as compared to the same corresponding period of last financial year.

The Company produced 3,176 units of Auto Rickshaws during this period whereas the production of Auto Rickshaws during the corresponding period of last year was 2,650 units.

In addition to above, the production of wheel rims was 6,532 during this period whereas the production of wheel rims during the corresponding period of last year was 16,645. The decrease in production is due to drastic reduction in orders from the tractor assemblers placed during the period under review. Al-Ghazi Tractors is facing lot of difficulties in production whereas Millat Tractors has reduced company's orders due to prices issue and inducted a new vendor for your company's parts at exceptionally low prices.

### Future Outlook:

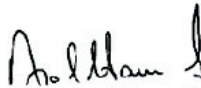
Government efforts to improve law and order situation has started effecting the business volumes in Karachi positively. The company's sale of auto rickshaw in this region has also improved. It is hoped that Government's efforts to improve law & order position in the country will continue with more enthusiasm which will help to restore the normal business conditions of the country in future period. Under the desired circumstances, it is expected that the sale volumes of your company will improve substantially.

Regarding wheel rims, your company is in negotiation with Millat Tractors to settle the prices issue and restoration of company's orders but it is feared that it may take long time and adversely affect on the company's business volume and profitability 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: 28-10-2013

  
Mian Asad Hameed  
(Chief Executive)