

# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2015

### 1 LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on September 21, 1991 as a Private Limited Company under the Companies Ordinance, 1984 and converted into a Public Limited Company on November 21, 1994. The Company is listed on all the Stock Exchanges of Pakistan. 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.

### 2 BASIS OF PREPARATION

These condensed interim financial statements (un-audited) of the Company for the nine month ended March 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed and are being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.

These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

### 3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended June 30, 2014.

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

Mar 31, 2015 Number	June 30, 2014 Number		Unaudited Mar 31, 2015 Rupees	Audited June 30, 2014 Rupees
7,163,000	7,163,000	ordinary shares of Rupees 10/- each fully paid up in cash	71,630,000	71,630,000
10,809,368	10,809,368	ordinary shares of Rupees 10/- each allotted as bonus shares	108,093,680	108,093,680
<u>17,972,368</u>	<u>17,972,368</u>		<u>179,723,680</u>	<u>179,723,680</u>

### 5 CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statement of the company for the year ended June 30, 2014.

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**5.2 Commitments**

Commitments in respect of:

LIMIT Nos.	PARTICULARS	Unaudited	Audited	Unaudited	Audited
		MAR 2015 Rupees	JUNE 2014 Rupees	MAR 2015 Rupees	JUNE 2014 Rupees
		LIMITS AVAILABLE		LIMITS UTILIZED	
	Not Later Than one Year				
1	Foreign LC Sight / Inland LC- Gross	390,000,000	370,000,000	112,528,693	95,155,552
2	FATR- Sublimit of Limit No.1	88,000,000	88,000,000	19,534,832	3,857,920
3	Murabaha Sublimit of Limit no.2	40,000,000	40,000,000	-	13,383,884
4	Murabaha Sublimit of Limit no.1	40,000,000	40,000,000	2,372,499	-
5	Murabaha-FIM Spot Sublimit of Limit no.1	40,000,000	-	-	-
6	Guarantee	8,040,000	8,040,000	-	-

6	PROPERTY, PLANT AND EQUIPMENT	Note	Mar 31, 2015 Rupees	June 30, 2014 Rupees
	Operating fixed assets	6.1	241,917,408	250,089,438
	Capital work in progress		8,618,686	8,732,969
			<b>250,536,094</b>	<b>258,822,407</b>

**6.1 OPERATING FIXED ASSETS - Tangible**

Opening book value	250,089,438	235,207,254
<b>Add:</b>		
<b>Additions during the period (at cost)</b>		
- Building and Civil Works on Freehold Land	-	2,035,956
- Plant and machinery	3,280,805	19,931,660
- Furniture and fittings	-	26,600
- Office equipments	47,619	168,683
- Electric installations	59,900	203,948
- Vehicles	3,647,000	14,502,554
	<b>7,035,324</b>	<b>36,869,401</b>
<b>Less:</b>		
<b>Disposal during the period (at net book value)</b>		
- Electric installations	-	27,439
- Vehicles	133,284	1,136,988
<b>Depreciation charged during the period</b>	<b>15,074,070</b>	<b>20,822,789</b>
	<b>15,207,354</b>	<b>21,987,216</b>
<b>Closing book value</b>	<b>241,917,408</b>	<b>250,089,438</b>

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		Unaudited		Audited	
		Mar 31, 2015 Rupees		June 30, 2014 Rupees	
<b>7</b>	<b>INTANGIBLE ASSETS</b>				
	Opening book value	448,976		606,229	
	Add: additions during the period	13,500		65,500	
		<u>462,476</u>		<u>671,729</u>	
	Less: amortization charged during the period	171,832		222,753	
	Closing book value	<u>290,644</u>		<u>448,976</u>	
<b>8</b>	<b>SALES - NET</b>				
	Note	Jan-Mar 2015 Rupees	Jan-Mar 2014 Rupees	July-Mar 2015 Rupees	July-Mar 2014 Rupees
	Gross sales	889,355,538	759,453,343	2,232,668,565	1,923,270,998
	Less: Sales tax	134,450,369	114,627,506	336,455,139	288,159,983
	Sales returns	2,227,804	1,293,095	5,100,939	7,716,595
	Commission	13,151,368	9,364,400	27,130,721	29,112,001
		<u>149,829,541</u>	<u>125,285,001</u>	<u>368,686,799</u>	<u>324,988,579</u>
		<u>739,525,997</u>	<u>634,168,342</u>	<u>1,863,981,766</u>	<u>1,598,282,419</u>
<b>9</b>	<b>COST OF SALES</b>				
	Raw materials and components consumed	549,295,637	486,350,610	1,427,251,158	1,298,770,258
	Salaries, wages and other benefits	42,765,346	33,342,406	134,974,818	103,545,579
	Stores, spares and loose tools consumed	8,042,128	6,606,849	19,863,497	20,910,086
	Power and fuel charges	15,054,753	12,542,743	38,023,644	38,632,944
	Repair and maintenance	14,301,780	6,909,008	36,619,401	21,116,220
	Other expenses	1,485,824	923,599	4,625,600	3,913,879
	Depreciation & Amortization	3,509,507	3,535,382	10,384,250	10,461,561
		<u>634,454,975</u>	<u>550,210,597</u>	<u>1,671,742,368</u>	<u>1,497,350,526</u>
	Opening work-in-process	12,839,280	15,203,700	16,685,065	7,897,939
	Closing work-in-process	(16,972,358)	(15,472,165)	(16,972,358)	(15,472,165)
	Cost of goods manufactured	<u>630,321,897</u>	<u>549,942,133</u>	<u>1,671,455,075</u>	<u>1,489,776,301</u>
	Opening finished goods	167,264,021	163,904,644	134,163,421	91,927,686
	Cost of finished goods purchased during the period	-	-	8,455,181	-
	Closing finished goods	<u>(129,239,665)</u>	<u>(144,627,247)</u>	<u>(129,239,665)</u>	<u>(144,627,247)</u>
		<u>668,346,253</u>	<u>569,219,530</u>	<u>1,684,834,012</u>	<u>1,437,076,740</u>
<b>10</b>	<b>TAXATION</b>				
	<b>Current</b>				
	For the period	10.1 12,549,696	14,081,144	26,507,680	27,023,685
	Prior Year	-	-	(6,530,221)	(136,730)
	<b>Deferred</b>				
	For the period	(57,758)	(867,532)	(521,474)	(2,124,085)
		<u>12,491,938</u>	<u>13,213,612</u>	<u>19,455,985</u>	<u>24,762,870</u>

10.1 The rate of tax has decreased from 34% to 33% during the period.

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	Jan-Mar 2015 Rupees	Jan-Mar 2014 Rupees	July-Mar 2015 Rupees	July-Mar 2014 Rupees
<b>11 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Basic Earnings Per Share				
Profit after taxation for the period - Rupees	25,185,737	24,280,320	65,614,711	51,236,626
Weighted average number of ordinary shares outstanding during the period - Note 4	17,972,368	17,972,368	17,972,368	17,972,368
Basic & diluted earnings per share - Rupees	1.40	1.35	3.65	2.85
<b>12 TRANSACTIONS WITH RELATED PARTIES</b>				
Remuneration, Allowances and benefits paid to Chief Executive and Executive Director(s)			10,735,000	10,652,581
<b>13 SEGMENT RESULTS</b>				
	Jan-Mar 2015 Rupees	Jan-Mar 2014 Rupees	July-Mar 2015 Rupees	July-Mar 2014 Rupees
<b>Segment Revenue</b>				
Home appliances	888,891	3,871,193	9,494,650	4,116,217
Auto parts	95,827,091	28,104,680	325,638,129	168,255,536
Auto rickshaw	642,810,015	602,192,469	1,528,848,987	1,425,910,666
<b>Total</b>	<b>739,525,997</b>	<b>634,168,342</b>	<b>1,863,981,766</b>	<b>1,598,282,419</b>
<b>Segment operating results</b>				
Home appliances	(147,248)	(57,889)	29,987	(362,756)
Auto parts	991,270	(5,765,186)	3,575,514	(5,369,429)
Auto rickshaw	40,468,303	45,998,905	91,789,209	89,227,208
<b>Total</b>	<b>41,312,324</b>	<b>40,175,832</b>	<b>95,394,709</b>	<b>83,495,025</b>
<b>14 DATE OF AUTHORIZATION FOR ISSUE</b>				
The Board of Directors of the Company has authorized these condensed interim financial statements for issue on April 23, 2015.				
<b>15 GENERAL</b>				
The figures have been rounded off to the nearest Rupee.				

  
**MIAN ASAD HAMEED**  
**CHIEF EXECUTIVE**

  
**SAEED IQBAL KHAN**  
**DIRECTOR**