Alpha Capital REN # REP - 004 akseer إكسير REN # REP - 400 R

Laiba Arshad Ali
laiba.arshad@akseerresearch.com

24 October 2025

SAZEW: PHEV Expansion and Cost Discipline Driving Growth Uphill

Sazgar Engineering Works Limited

PSX: SAZEW | Bloomberg: SAZEW PA | Reuters: SAZG.PSX

Groundwork to Grid Power: Entering the Plug-In Era

We initiate coverage on Sazgar Engineering Works Limited (SAZEW) with a 'BUY' recommendation and a target price of PKR 2,690/share for June '26, representing potential upside of 40%. Our positive outlook is underpinned by i) SAZEW's expansion in the PHEV market through the introduction of TANK-500 and Cannon Alpha in Completely Knocked Down (CKD) form, ii) strengthening HAVAL's market position translating into higher sales, and iii) SAZEW navigating margin decline through production efficiency and localization.

Entering a New Segment – Plug-in Portfolio

SAZEW is executing a PKR 11.5bn CAPEX program to establish a New Energy Vehicle (NEV) facility for CKD assembly of its PHEV portfolio — TANK-500 and Cannon Alpha, with launch targeted by end-Q3 FY26. This initiative broadens the company's presence across both SUV and pickup segments. We estimate ex-factory pricing at PKR 24-26mn for the TANK-500, with expected volumes of ~200 units in FY27, and PKR 18.2mn for the Cannon Alpha, with volumes anticipated at ~300 units in FY27.

HAVAL Deliveries Strengthen – New PHEV Variant Gain Traction

HAVAL family remains the primary revenue driver for SAZEW, recording sales volume of 10,783 units in FY25, up by 103% YoY. SAZEW also recently launched HAVAL H6 PHEV in Aug-25, which will enable the company to capture the PHEV evolution in the SUV/crossover segment. To note, SAZEW's dominance is signified by its market leadership in the SUV/crossover segment, with a 42% market share in FY25. In the short term, we expect monthly sales volume of HAVAL to average around 1,000 units in FY26. Looking ahead, we expect HAVAL's volume to grow at a 5-year CAGR (FY26-FY31) of 10%.

Enduring Margin Pressures Through Scaling and Localization Gains

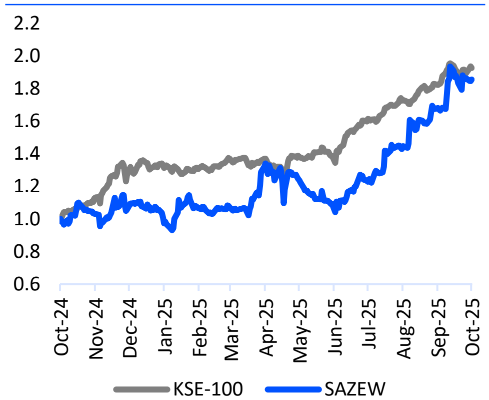
SAZEW delivered gross margin of 29% in FY25, improving from 27% in FY24 on the back of operational efficiencies, better utilization, and a favorable product mix. However, margins are expected to come under pressure from FY26 as the New Electric Vehicle (NEV) levy took effect in the FY26 budget. The situation will further compound in FY27, once tax incentives under the Auto Industry Development and Export Policy (AIDEP) 2021-2026 expire in Jun-26. This is likely to normalize margins near 20% in FY27–28. That said, the company's localization drive should partially mitigate these pressures, while the removal of Additional Customs Duty (ACD) under the National Tariff Policy (NTP) by FY29 could lead to a rebound in margins at ~22% in the medium term.

Key Data (Price as of Oct 22, 2025)

PSX Ticker	SAZEW
Target Price (PKR)	2,690
Current Price (PKR)	1,898
Upside/(Downside) (%)	+40%
Dividend Yield (%)	3%
Total Return (%)	43%
12-month High (PKR)	2,050
12-month Low (PKR)	930
Outstanding Shares (mn)	60
Market Cap (PKR mn)	116,185

Source: PSX, Akseer Research

Figure 01: Historical Performance of SAZEW vs KSE-100



Source: PSX, Akseer Research

Table 01: Key Financials (PKRbn)

	FY25	FY26F	FY27F	FY28F
Sales	108.7	131.3	150.3	172.9
GM	29%	28%	20%	20%
PAT	16.3	19.0	15.8	18.8
EPS (PKR)	270	315	261	310
DPS (PKR)	52	87	131	171
P/E (x)	7.1	6.1	7.4	6.2
D/Y	3%	5%	7%	9%

Source: Company Accounts, Akseer Research

Business Overview

SAZEW began as a manufacturer of tractor wheel rims and home appliances (the latter discontinued on September 1, 2025). In 2004, it diversified into 3-wheeler production (ICE and EV), becoming Pakistan's market leader and exporting to over 25 countries, including Japan. The company now aims to expand exports further to the Philippines, Mexico, and Afghanistan.

In 2021, SAZEW entered the 4-wheeler market with imported SUVs and, by 2022, launched CKD assembly operations to deliver localized premium vehicles at competitive prices. Since then, it has expanded its SUV lineup with HEVs and, in 2025, began local PHEV production to meet evolving demand.

Market Presence

SAZEW offers a broad range of products and services, including 3 and 4 wheelers, spare parts and after-sales support through 50+ 3-wheeler agents and 20 4-wheeler dealerships, ensuring a wide customer reach and a strong market presence across Pakistan.

Management Profile

SAZEW's leadership team consists of skilled professionals with extensive experience in the automotive industry and engineering sector. The board of directors provides strategic direction, while the executive management team focuses on operational efficiency, product innovation and sustainable growth.

Shareholding Structure / Equity Distribution

SAZEW's equity is largely held by promoters, including directors, the CEO, and their families, who own 65% of the shares. Banks, development financial institutions (DFIs), non-banking financial institutions, and insurance/takaful companies hold 2%, while modarabas and mutual funds account for 3%. The general public owns 13%, and other shareholders, including corporate entities and individuals, hold 18%. The company has 60,445,964 shares outstanding.

Table 05: Shareholding Category

Category of Shareholders	% of Shareholding
Directors, CEO, Spouses and Minor Children	65%
Banking Sector, Insurance/Takaful Companies	2%
Modarabas and Mutual Funds	3%
General Public	13%
Other Shareholders	18%

Source: Company Accounts, Akseer Research

Partnership with Chinese Manufacturers

SAZEW's strategic partnerships with Great Wall Motors Company Ltd. (GWM) and Beijing Automotive Group Company Ltd. (BAIC), provide access to advanced automotive technologies, a strong pipeline of SUVs and NEVs, and cost-efficient CKD assembly. Through its collaboration with GWM, SAZEW offers a comprehensive product line in Pakistan, including the HAVAL series (H6, H6 HEV, H6 PHEV, Jolion, Jolion HEV), the TANK-500 and Cannon Alpha in CKD form, and the ORA 07 and ORA 03 in CBU form. In collaboration with BAIC, the company offers BJ40L in CKD form. These models give SAZEW a strong positioning across multiple SUV segments.

Table 02: Board of Directors List

Board of Directors				
Name	Position	Executive	Non-Executive	Independent
Mr. Mian Asad Hameed	CEO			
Mrs. Saira Asad Hameed	Chair-person		✓	
Mr. Saeed Iqbal Khan	COO	✓		
Mr. Mian Muhammad Ali Hameed	COO	✓		
Mr. Humza Amjad Wazir	Board Member		✓	
Mrs. Sana Suleyman	Board Member		✓	
Mr. Muhammad Omer Saeed	Board Member			✓
Mr. Umair Ejaz	Board Member			✓
Mr. Taha Mahmood	Board Member			✓

Source: Company Accounts, Akseer Research

Table 03: Management Team

Management Team	
Name	Position
Mr. Arshad Mahmood – FCA	Company Secretary
Mr. Muhammad Atif Rao	Chief Financial Officer

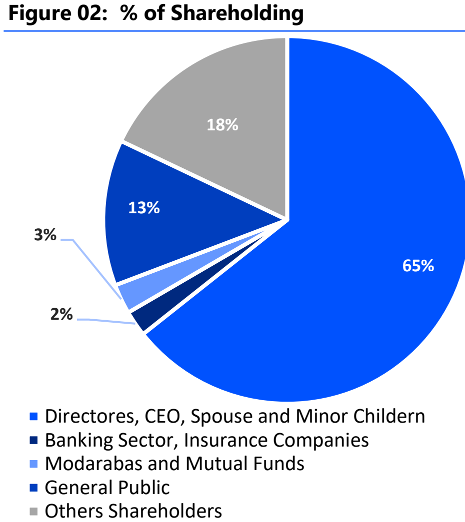
Source: Company Accounts, Akseer Research

Table 04: Auditor

Auditors	
Name	Position
Crowe Hussain Chaudhury & Co.	Chartered Accountants

Source: Company Accounts, Akseer Research

Figure 02: % of Shareholding



Source: Company Accounts, Akseer Research

Strong Brand Backing

1. GWM's Global Ranking in SUV Segment

GWM has established its global standing through a strong focus on SUVs, anchored by the HAVAL brand and supported by the off-road-oriented TANK series and WEY. GWM sold over 284k units of SUVs worldwide out of its total sales of 623k SUVs, the success is largely driven by the HAVAL H6. Furthermore, with rising exports to regions such as the Middle East, Latin America, and Southeast Asia, GWM is steadily expanding its global footprint and positioning itself among the prominent SUV manufacturers worldwide.

2. GWM in China's SUV Segment

GWM, led by its HAVAL brand, has sustained a dominant presence in China's SUV market. The company's domestic sales of around 339k units represent a significant portion of its total SUV sales. This performance highlights GWM's strong product positioning and brand loyalty, putting it at the forefront of the Chinese SUV segment.

3. GWM's Raking in the EV Segment (Globally and China)

GWM sold 76k units of NEVs globally in CYTD, up ~13% in SPLY, with NEVs contributing ~15% of total sales. Growth was driven by the ORA brand in small EVs and the WEY brand in premium PHEVs, positioning GWM as a meaningful player in the global NEV market. The ORA 03, launched in Chile and locally produced in Thailand as the country's first mass-produced EV, reflects GWM's "ecosystem-based overseas expansion" strategy and its commitment to sustainable mobility.

Within China, however, GWM's NEV scale remains modest compared to leaders like BYD and other OEMs. In CYTD, the WEY brand sold 53k units, while ORA recorded 23k units, underscoring its secondary position in the domestic NEV market but highlighting its strength in niche models and unique advantage in overseas production and global expansion.

4. GWM's Product Range and its Competitiveness Compared to Other Chinese Manufacturers

GWM offers a broad product portfolio spanning SUVs, 4x4, passenger cars, and pickups across ICE, HEV/PHEV, and BEV powertrains. The six brands, including HAVAL, TANK, WEY, Great Wall Pick-up, ORA, and GWM SOUO, cover segments ranging from mass-market to premium and off-road niches.

While GWM trails BYD in domestic market share, and profitability, it remains highly competitive in SUVs, pickups, and select NEV models. However, the company distinguishes itself through its strong overseas production drive and strategic emphasis on SUVs and pickups.

5. Operational Efficiency: GWM Margins vs. Major Chinese Large-SUV & EV Manufacturers

GWM reported a gross margin of 17.84% in 1QFY25 reflecting a notable improvement over SPLY and underscoring progress in operational efficiency. This places the company broadly in line with other major Chinese OEMs such as BYD, Geely, and SAIC. While GWM's margin remains sensitive to product mix and localization levels, its focus on SUVs, pickups, and expanding NEV offerings has supported stronger profitability relative to its historical performance.

Table 06: Ranking of OEMs by SUV Sales

Ranking	OEMs	CYTD Sales Units
1st	Chery Auto	1,388,588
2nd	BYD Auto	1,271,188
3rd	Geely Auto	1,029,646
4th	Changan Auto	666,038
5th	**Great Wall Motor**	**622,704**
6th	FAW-VW	367,947
7th	Tesla Motors	318,760
8th	FAW-Toyota	306,658
9th	SAIC-VW	266,948
10th	GAC-Toyota	265,549

Source: Gasgoo, Akseer Research

Table 07: Ranking of OEMs by EV Sales

Ranking	OEMs	CYTD Sales Units
1st	BYD Auto	1,400,853
2nd	Geely Auto	735,457
3rd	Tesla Motors	515,552
4th	SAIC-GM-Wuling	450,835
5th	Changan Auto	318,303
6th	Chery Auto	149,370
7th	SAIC Motor	108,947
8th	**Great Wall Motor**	**75,998**
9th	FAW-VW	21,673
10th	Cowin Auto	20,368

Source: Gasgoo, Akseer Research

Table 08: Ranking of OEMs by Sales

Ranking	OEMs	CYTD Sales Units
1st	BYD Auto	2,825,802
2nd	Geely Auto	1,942,544
3rd	Chery Auto	1,622,005
4th	Changan Auto	1,127,820
5th	FAW-VW	984,010
6th	**Great Wall Motor**	**666,260**
7th	SAIC-GM-Wuling	658,278
8th	SAIC-VW	656,076
9th	SAIC Motor	539,883
10th	Tesla Motors	515,552

Source: Gasgoo, Akseer Research

Table 09: Margins comparison with other OEMs

OEMs	Gross Margin (1QFY25)
BYD Auto	20.7%
Great Wall Motor	**17.84%**
Geely Auto	15.78%
Changan Auto	13.86%
SAIC	8.13%

Source: Gasgoo, Akseer Research

Building the Case for SAZEW

Strong Product Pipeline: TANK-500 PHEV, Cannon Alpha PHEV & H6 PHEV

i) Entering the Plug-in Market via NEV Expansion

SAZEW's board decided to accelerate its presence in the electrified vehicle segment. This includes the acquisition of land worth PKR 1.54 bn to support future expansion and a revised NEV production budget of PKR 11.50 bn (excluding land cost), reflecting the scale of investment in sustainable mobility. Furthermore, the company now targets the rollout of CKD-based NEV models before the end of 3QFY26. These initiatives highlight SAZEW's commitment to building a diversified, future-ready portfolio and position the company for long-term growth in Pakistan's evolving auto market.

- **New Facility to Double Production Capacity by Mar '26**

The company currently operates on single-shift with a daily output of approximately 60 units, translating to around 1,260 vehicles per month. Following the completion of the new facility by March 2026, daily production capacity is expected to increase to about 100 units, significantly enhancing overall output potential.

- **PHEV Rollout – TANK-500 & Cannon Alpha**

SAZEW is set to enter the plug-in segment, targeting consumers in the premium SUV and Pickup markets. The upcoming TANK-500 and Cannon Alpha, both in CKD format, are expected to launch by the end of 3QFY26, enabling cost efficiencies and competitive pricing. With this addition, SAZEW is not only strengthening its footprint in electrified vehicle market but also providing mobility options for Pakistani consumers.

According to our estimates, the TANK-500 will carry an ex-factory price in the range of PKR 24-26mn, adjusted from the TANK-500 HEV CBU price to reflect CKD duties, localization, and logistics costs.

Table 10: Estimated TANK-500 PHEV ex-factory price

Mark-up	TANK-500 PHEV
10%	24,668,536
15%	25,531,935
20%	26,642,019

Source: Company Accounts, Akseer Research

We expect sales volume of ~200 units in FY27, based on early demand from pre-bookings and display units across dealerships. TANK-500 positioned within SAZEW's premium SUV lineup, with the model designed for customers seeking luxury, performance, and electrified alternatives. Although not a PHEV, the Toyota Fortuner remains a key competitor due to its size, off-road capability, and prestige value.

- **Large and in Charge: Car Size Plays a Key Role in Its Success:**

Table 11: TANK-500, Land Cruiser & Fortuner Comparison

Description	TANK-500 HEV	Land Cruiser	Fortuner
Price (PKR mn)	45	95	14.93 - 20.49
Body Type	SUV	SUV	SUV
LxWxH (mm)	5078 x 1934 x 1905	4985 x 1980 x 1905	4795 x 1855 x 1835
Displacement(cc)	1998	3445	2694 - 2755
Horsepower (HP@RPM)	346 @ 6000	409 @ 5200	201 @ 3400
Torque (Nm@RPM)	648 @ 1700	650 @ 2000	500 @ 1600
Max Speed (Km/H)	200	240	180 - 200
Mileage City/Highway (Km/L)	10/15	5/8	8/11
Minimum Turning Radius (m)	5.5	6.3	6.2
Fuel Tank Capacity (L)	75	110	80
Gearbox	9	10	6
No. of Cylinders	4	6	4
No. of Airbags	6	13	3

Source: Company Account, Pak-Wheels, Akseer Research

Meanwhile, the Cannon Alpha is expected to have an ex-factory price of approximately PKR 18.2mn, serving LCV and pickup users in urban and semi-urban markets. The pricing assumption is anchored to the Cannon Alpha being sold in Australia, adjusted duties and localization effects, and current market dynamics with an estimated sales volume of ~300 units based on other competitor like BYD shark, D-Max, JAC and Revo market demand, the BYD Shark 6 is viewed as a close competitor, particularly in the electrified pickup segment. These launches will broaden SAZEW's product portfolio, support earnings growth, and give a competitive edge in both the SUV and pickup segments.

Table 12: Cannon Alpha, Revo, BYD-Shark 6, D-Max & T9 Hunter Comparison

Description	Cannon Alpha PHEV	Revo	BYD-Shark 6 PHEV	D-Max	JAC T9 Hunter
Price (PKR mn)	18.2*	12.3 – 14.8	19.5	10.7 -13.3	10.5
Body Type	Double Cabin	Double Cabin	Double Cabin	Double Cabin	Double Cabin
LxWxH (mm)	5445 x 1991 x 1924	5325 x 1855 x 1815	5457 x 1971 x 1925	5265 x1870 x 1785	5330 x 1965 x 1920
Displacement(cc)	1998	2393 - 2982	1497	1898 – 2999	1999
Horsepower (HP@RPM)	Electric motor 120 kW; Petrol engine 180 kW; Combined 300 kW;	201 @ 3400	436 @ 6000	187 @ 3600	168 @ 3600
Torque (Nm@RPM)	Electric motor 400 Nm; Petrol engine 380 Nm; Combined 750 Nm;	500 @ 2800	650 @ 4500	450 @ 2600	410 @ 2500
Max Speed (Km/H)	-	200	180	180	150
Mileage City/Highway (Km/L)	-	9/11	30/13	9/11	10/12
Minimum Turning Radius (m)	-	6.7	6.8	6.3	5.9
Fuel Tank Capacity (L)	80	80	60	76	76
Gearbox	-	6	1	6	8
No. of Cylinders	-	4	4	4	4
No. of Airbags	7	3	7	6	7

Source: Company Account, Pak-Wheels, Akseer Research

ii) Strengthening in the SUV Market by HAVAL

First-mover advantage drives success in the automobile segment, but only if the product meets market expectations.

- **KIA – Market Shift from Picanto to Sportage**

KIA's entry into the SUV segment highlighted its first-mover advantage. While the Picanto targeted the larger economy market, it struggled due to strong consumer comfort with existing offerings. In contrast, the Sportage excelled, capturing the majority of KIA's sales, and firmly establishing the brand in the SUV segment.

- **SAZEW – Product Diversification from HEV to PHEV/BEV**

A similar pattern emerged with SAZEW, when the company entered the SUV market. SAZEW introduced a distinctive twist by launching an HEV variant, creating a separate market niche despite entering an already clustered SUV segment. The differentiation has been enabled by technological innovation, and the market response has been overwhelming. Even with the availability of cheaper ICE variants such as the HAVAL H6 and Jolion, the H6 HEV remains SAZEW's flagship seller.

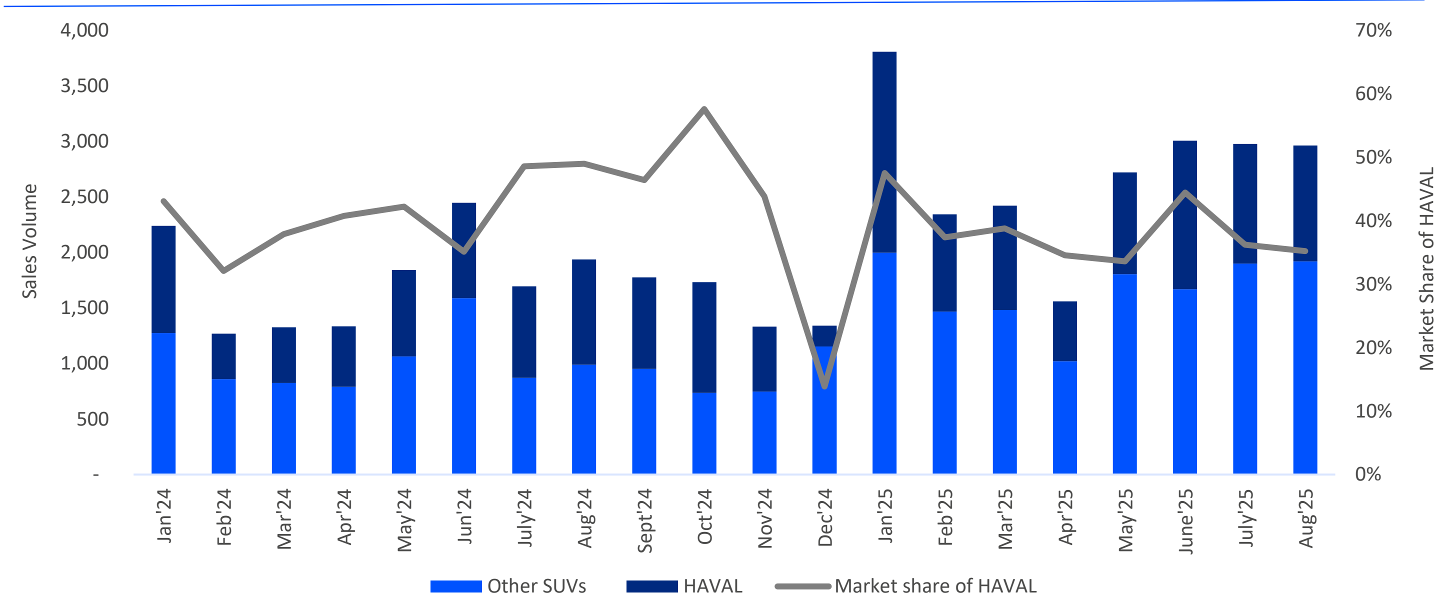
While competitors have aggressively pursued PHEV and BEV crossovers, SAZEW took a measured approach by launching the H6 PHEV with minimal exterior changes and an upgraded powertrain, delivering a competitive product with lower development effort.

However, to retain the spotlight of the first move, SAZEW is expanding into new segments with advanced technologies, highlighted by the TANK-500 PHEV and Cannon Alpha PHEV. The mid- to ultra-luxury SUV segment shows a notable gap between Fortuner (PKR ~15 million) and Land Cruiser (PKR 95 million), while the Cannon Alpha targets the pickup segment against the BYD Shark 6, Revo, and D-Max, T9 Hunter. SAZEW aims to position both models in their optimal segments, offering near Land Cruiser-level luxury with the TANK-500 at a price closer to Fortuner.

- **Competitive Positioning of HAVAL HEVs in Pakistan's SUV Market**

Our analysis of Pakistani's SUV's market indicates that HAVAL, across its ICE, HEV and PHEV lineup, continues to secure a leading position in the segment. The chart below illustrates HAVAL's monthly sales volumes relative to competing SUV brands registered with Pakistan Automotive Manufacturers Association (PAMA).

Figure 03: Market Share of HAVAL in SUV Market



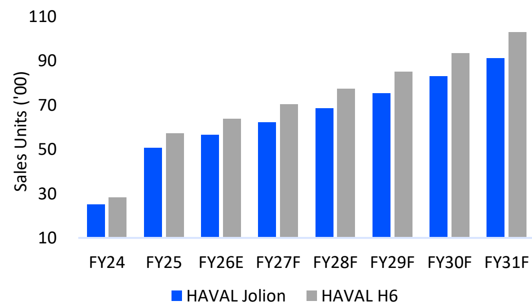
Source: PAMA, Company Account, Akseer Research

- **Expanding Footprint with Rising HAVAL Sales**

SAZEW's HAVAL lineup has become a key growth driver in the four-wheeler segment. In FY25, sales reached 10,783 units, up 103% YoY from 5,319 units in FY24, capturing a strong 42% SUV market share. This performance highlights HAVAL's rapid market penetration and growing consumer preference.

Looking ahead, momentum is expected to remain robust, with sales projected to average ~1,000 units per month in FY26. Over the medium term, HAVAL is set to deliver a 5-year CAGR of ~10% (FY26–FY31), driven by a broader product portfolio, stronger distribution network, and rising brand recognition.

Figure 04: HAVAL Sales Volume



Source: Company Accounts, Akseer Research

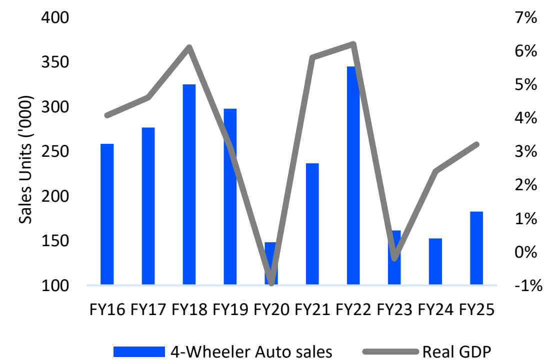
1. Economic Recovery – Demand Recovery

a) Real GDP vs Auto Sales

Passenger car sales in Pakistan (FY16–FY25) have shown a strong correlation with GDP trends, reflecting high sensitivity to economic conditions. 4-Wheeler sales peaked in FY18 and FY22 alongside strong GDP growth (6–6.5%), while downturns in FY20 (~-1%) and FY23 (~0.5%) led to sharp declines in sales.

Since demand typically lags GDP recovery, Pakistan's economic stabilization, reflected by modest GDP growth (~2.5–2.8%) is expected to support a slow rebound in sales (FY25 4-wheeler sales grew by 20% YoY). In this regard, the IMF's projections indicate Pakistan's GDP growth of 3.6% - 4.5% from FY26 – FY30. Going forward, significant recovery in GDP growth may propel 4-wheeler demand even further.

Figure 05: 4-Wheelers vs. Real GDP



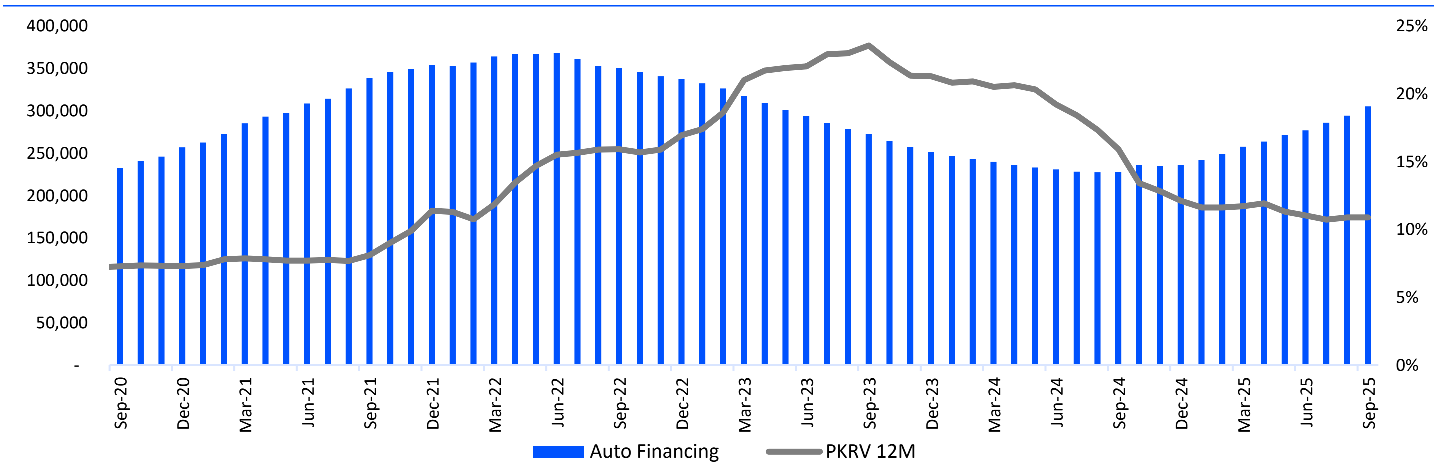
Source: PAMA, IMF, Akseer Research

2. Interest Rate on Auto Financing

Higher interest rates constrain consumer affordability, directly pressuring demand for high-value items such as automobiles. Correlation analysis reveals a strong inverse relationship (r = -0.69) between policy rates and auto financing volumes over the last 5 years, underscoring the sensitivity of vehicle demand to monetary tightening. During this period, financing volumes expanded from PKR 222bn in Aug'20 to a peak of PKR 368bn in mid-2022, driven by record-low policy rates (7.2–15.4%) and post-COVID stimulus that boosted consumer credit appetite. However, as the State Bank of Pakistan (SBP) implemented aggressive monetary tightening, lifting policy rates from single digits in 2021 to a record 23.5% by mid-2023, auto financing demand contracted sharply. By late-2023, outstanding auto loans had fallen to around PKR 227bn, reflecting both higher borrowing costs, tighter lending conditions and reduced affordability.

Since early 2024, the easing cycle (policy rate down from 23% to ~11% by Aug'25) has already triggered a turnaround, with financing volumes recovering to PKR 294bn by Aug'25. This trend underscores the sector's sensitivity to monetary policy, with lower rates expected to provide further support to auto demand over the medium term.

Figure 06: PKRV 12M Impact on Auto Financing



Source: SBP, Akseer Research

a) SBP Auto Financing Cap – Potential Demand Upside if Revoked

The auto financing cap set by the SBP restricts the total amount of car loans an individual can avail from banks and DFIs to PKR 3mn at any given time. This step was taken to reduce the demand for cars and to control inflationary pressures. If this restriction is revoked, it would unlock significant demand in the auto sector, as consumers would gain easier access to financing for higher priced vehicles, especially SUVs and sedans in the PKR 5–10 mn range. Given that a substantial portion of car sales in Pakistan is driven by financing, removal of the cap would substantially improve affordability, drive volumes for OEMs, and accelerate sector recovery.

iii) Localization Gains Ease Margin Pressure

SAZEW reported gross margins of 29% in FY25, up from 27% in FY24, supported by higher localization, efficiency gains, and a shift toward premium SUV variants. Margins are projected to ease to ~28% in FY26, primarily due to the implementation of the NEV Levy. SAZEW has opted to absorb the levy rather than passing it on to customers, keeping vehicle prices unchanged by slightly reducing ex-factory rates and adjusting costs. Following the expiry of AIDEP incentives, margins are expected to normalize around ~20%, while from FY29 onward, the phased removal of ACD under the National Tariff Policy (2025–30) is projected to support profitability. Combined with increasing CKD localization, this should enable SAZEW to sustain gross margins of ~22% over the medium term, underscoring its operational resilience and diversified portfolio.

- **SAZEW Revenue by Model (FY25 Demand)**

As per our analysis for FY25, SAZEW's demand was led by its hybrid lineup, with the HAVAL H6 HEV and HAVAL Jolion HEV contributing nearly 75% of total revenue. By comparison, all ICE variants such as the Jolion 1.5T, H6 2.0T AWD and H6 1.5T combined made up only about 25%, showing the strong consumer shift toward fuel-efficient and eco-friendly vehicles. This demand pattern highlights SAZEW's successful pivot toward hybrids and its strong positioning in the evolving automotive market.

- **Margin Comparison - with peers**

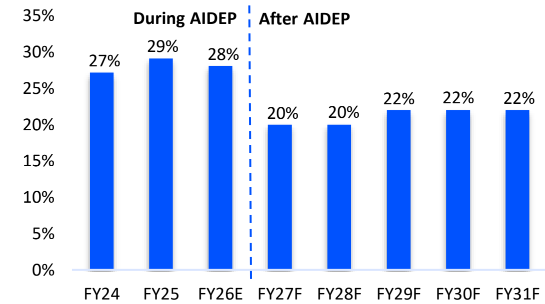
SAZEW has maintained stronger gross margins than its peers, with a sharp uplift from FY23 onwards. Margins rose to 27–29%, significantly higher than INDU's 13–15% and HCAR's 8–9%. This performance is supported by operational efficiencies, an improved product mix, and the successful addition of the HAVAL lineup, which has enhanced pricing power and profitability, placing SAZEW well above industry averages.

- **Price Increase vs. PKR Depreciation – Reflecting Market Standing and Brand Strength**

SAZEW's pricing strategy reflects its strong market positioning. From FY27 onward, vehicle prices are expected to rise by ~5% annually, broadly in line with the projected 5% PKR depreciation. This demonstrates the company's ability to pass on currency-driven cost pressures to customers, highlighting both brand strength and pricing power.

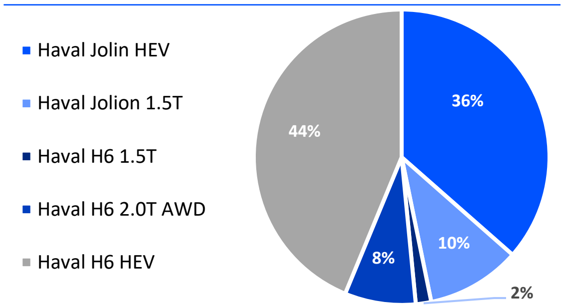
Moreover, the New Energy Vehicle (NEV) levy, introduced in Pakistan's FY2025-26 federal budget and effective July 1, 2025, applies to ICE and HEVs but exempts EVs and PHEVs. SAZEW has taken a customer-friendly stance by absorbing the levy rather than passing it on. To achieve this, the company slightly reduced ex-factory prices and adjusted costs internally, ensuring that retail prices for all HAVAL models remain unchanged. This move underscores SAZEW's commitment to affordability and its strong brand positioning.

Figure 07: Gross Margins during or after duty changes



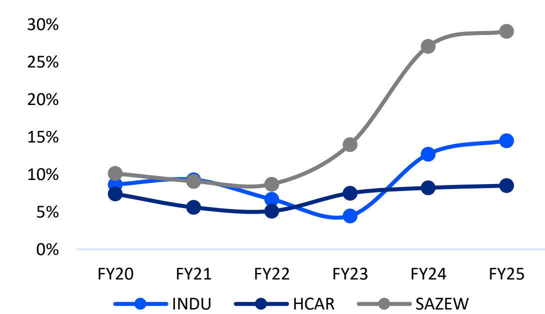
Source: Company Account, Akseer Research

Figure 08: Revenue Share per Model in FY25



Source: Akseer Research

Figure 09: Margin Comparison with Peers

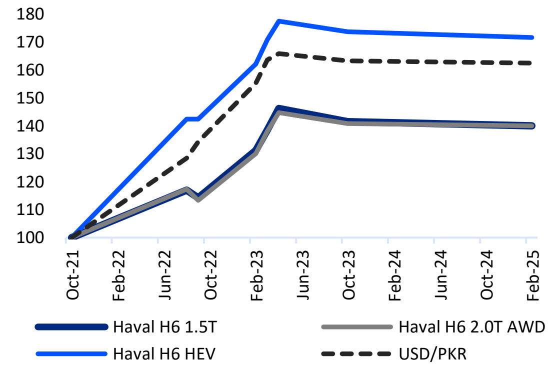


Source: Company Accounts, Akseer Research

- **HAVAL H6 Price Index Compared to USD/PKR**

The HAVAL H6 price index shows a strong correlation with PKR depreciation, underscoring the auto sector's exposure to exchange rate movements. Between FY22 and FY23, the PKR depreciated by nearly 37%, triggering a parallel surge in ex-factory prices. The H6 HEV recorded the steepest increase, peaking near an index of 180 due to higher imported content, while the 1.5T and 2.0T AWD variants stabilized around 140–145. Overall, exchange rate volatility remains a key determinant of vehicle pricing and margin trends in Pakistan's auto market.

Figure 10: Price Increase vs. PKR depreciation



Source: Company Accounts, SBP, Akseer Research

Regulatory Landscape

SAZEW's profitability remains closely linked to regulatory dynamics in the auto sector. The following section outlines the key policies shaping industry dynamics.

- **AIDEP (2021-26)**

The **Automobile Industry Development and Export Policy (AIDEP 2021–26)** has underpinned sector competitiveness by incentivizing localization, exports, and NEV adoption through custom duty and tax concessions tied to compliance requirements. Provisions also addressed consumer protection and supported new model launches. However, the AIDEP incentives expire in June 2026.

Table 13: Concessional and non-concessional rate for custom duty

Component	Description	Non-Concessional Rates	Concessional Rates
		ICE	**Hybrid**
Custom Duty (CD)	Localized Parts	45%	25%
	Non-Localized Parts	30%	10%
	HEV Specific Parts		4%
	PHEV Specific Parts		3%
	BEV Specific Parts		1%

Source: MoI&P, Akseer Research

- **FBR S.R.O 1151(I)/2025**

The issuance of **FBR S.R.O. 1151(I)/2025** has revised the tariff structure by imposing a 6% additional custom duty (ACD) on goods under 30% or higher tariff slab. For the auto sector, CKD imports of cars, jeeps, and LCVs above 1,000cc, as well as HCVs, are subject to a reduced 2% ACD.

Looking ahead, the **National Tariff Policy (2025–30)**, introduced under the IMF-supported reform program, outlines a phased elimination of ACD by FY29. This could help normalize cost structures and support long-term industry margins.

Table 14: ACD rates under FBR SRO amend in 2025

Component	Description	ICE	Hybrid
Additional Custom Duty (ACD)	Goods under tariff slab of 30% or higher	6%*	6%*

Source: FBR, Akseer Research

Goods except cars, jeeps, light commercial vehicles in CKD condition exceeding 1,000 cc and heavy commercial vehicles in CKD condition shall be charged at the rate of **2% percent.*

- **Sales Tax (ST)**

The sector is subject to standard sales tax on vehicle sales and parts, forming a significant share of government revenue. Preferential rates for NEVs have lowered entry costs, aligning with policy objectives, though their continuity remains uncertain.

Table 15: Sales tax rate for ICE & hybrid vehicles

Component	Description	ICE	Hybrid
Sales Tax	≤1400cc & ≤ PKR 4Mn	18%	
	>1400cc or > PKR 4Mn	25%	
	≤1800cc		8.5%
	1801-2500cc		12.75%

Source: FBR, Akseer Research

- **New Energy Vehicle (NEV) Levy**

The **NEV Levy**, introduced in the FY25–26 federal budget, primarily targets Internal Combustion Engine (ICE) vehicles, with Hybrid Electric Vehicles (HEVs) also brought under its scope as part of the Green Tax framework.

Exemptions apply to:

- **Electric Vehicles (EVs):** powered solely by an electric motor using a rechargeable battery.
- **Plug-in Hybrid Electric Vehicles (PHEVs):** equipped with both an electric motor and a combustion engine, provided they can travel at least 50 km on battery power alone.

Table 16: NEV Levy base on engine capacity

Component	Description	ICE	Hybrid
NEV Levy	≤1300cc	1%	1%
	1301-1800cc	2%	2%
	>1800cc	3%	3%

Source: Finance Bill 2025-26, FBR, Akseer Research

Competitive Positioning

Product Portfolio Strength – HEV Market Comparison

HAVAL's HEV portfolio, anchored by the H6 HEV and Jolion HEV, covers both premium and mid-range SUV segments. The H6 HEV competes directly with Toyota Corolla Cross HEV and Honda HR-V e:HEV, while the Jolion HEV addresses price-sensitive buyers seeking affordability without compromising on features. This positioning enables SAZEW to capture a broad customer base and sustain competitiveness against Japanese and Korean rivals.

Importantly, HAVAL's early entry into the hybrid SUV category accelerated market adoption, reinforcing SAZEW's first-mover advantage in Pakistan's NEV landscape.

Table 17: Comparison of HAVAL H6 & Jolion by other HEV players

Description	HAVAL H6	Toyota Corolla Cross	Honda HR-V e: HEV	HAVAL Jolion	Hyundai Tucson Signature	Hyundai Santa Fe Smart	KIA Sportage L
Price (PKR mn)	11.75	8.94	9.00	9.30	12.24	12.85	11.60
Body Type	Compact SUV	Compact SUV	Compact SUV	Compact SUV	Compact SUV	Mid-size SUV	Compact SUV
LxWxH (mm)	4703 x 1886 x 1730	4460 x 1825 x 1620	4346 x 1790 x 1590	4475 x 1841 x 1619	4640 x 1865 x 1665	4785 x 1900 x 1710	4660 x 1865 x 1665
Displacement(cc)	1497	1798	1498	1497	1590	1598	1598
Horsepower (HP@RPM)	240 @ 5500	96 @ 5200	105 @ 6000	190 @ 6000	232 @ 5500	177 @ 5500	227 @ 5500
Torque (Nm@RPM)	530 @ 4400	142 @ 3600	127 @ 4500	375 @ 4400	367 @ 4500	265 @ 3500	350 @ 4500
Max Speed (Km/H)	180	180	220	180	220	220	180
Mileage City/Highway (Km/L)	18/15	19/15	25/17	20/16	16/14	15/13	20/16
Minimum Turning Radius (m)	6	5.2	5.5	5.3	5.3	5.7	5.8
Fuel Tank Capacity (L)	55	36	40	55	52	67	52
Gearbox	1	7	1	1	6	6	6
No. of Cylinders	4	4	4	4	4	4	4
No. of Airbags	6	7	6	6	6	6	6

Source: Company Accounts, Pak-Wheels, Akseer Research

Product Portfolio Strength – PHEV Market Comparison

Pakistan's PHEV segment remains in the early stage of development, with the CKD-assembled MG HS PHEV currently leading the market. The recent launch of the BYD Shark 6 PHEV in CBU format by Mega Motor Company (MMC), a subsidiary of Hub Power Holding Limited (HPHL), has further broadened consumer choice. Capitalizing on this gap, SAZEW has entered the space with the HAVAL H6 PHEV and plans to expand its lineup with the TANK-500 PHEV and Cannon Alpha PHEV by end-3QFY26. This strategy enhances its ability to capture rising demand for electrified SUVs and pickups, while strengthening its foothold in the evolving NEV landscape.

Haval H6 PHEV

MG HS PHEV

Table 18: Comparison of HAVAL H6 PHEV by another PHEV player

Description	HAVAL H6 PHEV	MG HS PHEV
Price (PKR mn)	12.9	9.9
Body Type	Mid-size SUV	Compact SUV
LxWxH (mm)	4703 x 1886 x 1730	4610 x 1875 x 1685
Displacement(cc)	1497	1498
Horsepower (HP@RPM)	360 @ 5500	267 @ 5500
Torque (Nm@RPM)	760 @ 4400	480 @ 4300
Max Speed (Km/H)	180	190
Mileage City/Highway (Km/L)	56/14	52/15
Minimum Turning Radius (m)	6	5.95
Fuel Tank Capacity (L)	55	37
Gearbox	1	10
No. of Cylinders	4	4
No. of Airbags	6	6

Source: Company Accounts, Pak-Wheels, Akseer Research

Valuation

We issue a 'BUY' recommendation on SAZEW with a June '26 target price of PKR 2,690/share, implying 40% upside (Oct 22, 2025). Our valuation is based on Discounted Cash Flow (DCF) framework, incorporating key strengths such as SAZEW's plug-in portfolio, its expansion plan for upcoming CKD models, and accelerating HAVAL sales. We also factor in the company's ability to endure margin pressures through higher production efficiency, scaling localization, and adjustments to regulatory duty structures. In addition, we have conducted scenario analysis on our estimates to evaluate valuation sensitivity to changes in key input assumptions.

Discounted Cash Flow

Cost of Equity: The valuation is determined using a cost of equity of 18.2%, derived using a risk-free rate of 11%, an equity risk premium of 6% with a 5-year adjusted beta (1.3) for SAZEW. These assumptions reflect Pakistan's elevated macro risk profile while remaining aligned with sector benchmarks.

Table 19: Rates used in DCF valuation

Component	Rate	Methodology
Risk-Free Rate	11%	10-year Pakistan govt bond yield
Risk Premium	6%	Equity risk premium
Beta	1.3	5-year adjusted from Bloomberg
Market Return	18%	Risk-free rate + Equity Risk Premium(B)
Terminal Growth Rate	3%	Long-term sustainable growth rate

Source: Bloomberg, SBP, Akseer Research

Scenario Analysis:

Below we have conducted a scenario analysis to assess the potential impact of volume growth, currency fluctuation and pricing dynamics on SAZEW's financial outlook. Given the industry's sensitivity to policy shifts and macroeconomic trends, alongside new product rollouts and evolving tariff structures, outcomes may vary significantly across scenarios. Accordingly, we apply a best- and worst-case scenario analysis by adjusting key assumptions in our investment thesis.

Scenarios Defined:

- **Best Case:** Fast NEV adoption, stable foreign exchange trends, and incremental efficiencies from CKD production.
- **Base Case:** Aligned with management guidance and our forecasts, with steady HAVAL led volumes. Margins soften post-FY26 as incentives taper, partially offset by CKD-driven efficiencies.
- **Worst Case:** Assumes a slowdown in demand, unfavorable currency movements, and rising cost pressures, resulting in weaker volumes and margin compression.

Collectively, these scenarios emphasize the company's sensitivity on regulatory policy and market conditions.

Table 20: Target price based on different key assumptions

Key Assumptions	Best Case	Base Case	Worst Case
Price Growth	5.5%	5%	4.5%
Volume Growth	20%	10%	-5%
Payable Days	83	63	43
Depreciation Rate	4%	5%	6%
KIBOR	10%	11%	12%
Target Price (TP)	**4,105**	**2,690**	**1,487**

Source: SBP, Akseer Research

Key Risks:

Pakistan's auto industry faces key risks, including currency depreciation that raises the cost of imported kits and raw materials, intensifying competition in the hybrid and electric SUV space, and the policy continuity for the import of used vehicles. On the demand side, persistent inflation, elevated interest rates, and weak purchasing power may constrain affordability, pressuring sales volumes and margins.

Policy & Regulatory Risk

The profitability of Pakistan's auto industry is closely tied to government policies and tariff structures. Key risks include:

- **Policy Continuity:** The ECC's approval of commercial used car imports under IMF commitments poses a structural risk to the domestic auto sector. While imports are capped at vehicles under five years until June 2026, the subsequent removal of the age limit and phased elimination of the 40% duty by FY30 opens the door to a sustained wave of used vehicle influx. This could pressure local assemblers through heightened competition, margin erosion, and loss of market share.
- **Tariff Revisions: under SRO:** The Federal Board of Revenue (FBR) has revised the S.R.O. 1151(I)/2025 tariff regime, imposing a 6% ACD on goods imported under 30% or higher tariff slabs, with a reduced 2% duty on CKD imports of cars, jeeps, LCVs above 1,000cc, and HCVs. Post-FY26, further tariff hikes or changes could weigh on profitability.
- **Uncertainty around the National Tariff Policy (2025–30):** Although the framework targets rationalization and the phased removal of ACD by FY29, any delays or policy reversals may limit expected cost relief and keep structural costs elevated.

Currency Depreciation

As SAZEW imports CKD parts of 4-wheelers from China, a weaker Pakistani rupee directly inflates the cost of imported kits and raw materials. Given the highly price-sensitive nature of the market, manufacturers have limited room to fully pass on higher costs to consumers, thereby exerting pressure on gross margins and overall profitability.

Competitive Risks

Pakistan's auto industry is becoming increasingly competitive, exposing players to several risks:

- **Competition from Japanese & Korean Brands:** Established brands such as Toyota, Honda, Hyundai, and Kia benefit from strong consumer trust and legacy presence. Their expansion into hybrids and PHEVs heightens competitive pressure, though SAZEW retains a first-mover edge in HEVs.
- **Rising Competition from Chinese NEV Players:** Entrants like BYD and Changan are leveraging government support, scaling efficiencies, and resorting to aggressive pricing to capture share in the NEV segment. As SAZEW continues building brand equity in this category, it must match rivals on technology, quality, and affordability to defend market share.
- **More New Entrants Joining the SUV Segment:** The competitive landscape in the domestic SUV segment is poised to tighten further, driven by the entry of several new models. Upcoming launches including Jaecoo J7 PHEV, Jaecoo J5, Omoda C7, Deepal Hunter K50, Deepal 07, BYD Sealion 6, and Chery Tiggo 8 Pro reflect an accelerating shift toward hybrid and plug-in hybrid (PHEV) platforms. This wave of technologically advanced entrants is likely to intensify both price and feature competition, exerting pressure on existing manufacturers/assemblers market positioning and profitability.

- **SUV Market in Different Categories**

Table 21: SUVs in ICE, HEV, PHEV & BEV

ICE	HEV	PHEV	BEV
Sazgar • Haval H6 • Haval Jolion	**Sazgar** • Haval H6 • Haval Jolion	**Sazgar** Haval H6	**Audi** Audi Q8 E-Tron
MG MG HS Trophy	**Hyundai** • Santa Fe • Tucson	**MG** MG HS	**BYD** BYD Atto 3
Toyota • Prado • Fortuner • Land Cruiser	**Toyota** Corolla Cross	**BMW** BMW X5	**KIA** • KIA EV 9 • KIA EV 5
Honda • BR-V • HR-V	**Tank** Tank 500		**BMW** • BMW IX3 • BMW IX
KIA • Sportage • Sorento	**Honda** HR-V E:HEV		**MG** MG ZS EV
Changan Oshan X7	**KIA** • Sportage L • Sorenta		**Deepal** Deepal S07
Audi Audi Q2			**Forthing** Forthing Friday
Mercedes Benz • GLC • GLS Class			**Jaecoo** Jaecoo J6
DFSK Glory 500			**Omoda** Omoda E5
Baic BJ40L Plus			**Seres** Seres 3
Peugeot Peugeot 2008			
Chery • Tiggo 4 Pro • Tiggo 8 Pro			
Jetour • Dashing • X70 Plus			

Source: Company Accounts, Akseer Research

Operational & Supply Chain Risks

- **Dependence on CKD Import:** While SAZEW has been gradually increasing localization, it continues to rely on CKD kits for vehicle assembly. This reliance exposes the company to tariff changes and currency fluctuations, keeping margins sensitive until higher localization is achieved.
- **Supply Chain Disruptions:** SAZEW faces significant operational risks from potential supply chain disruptions, particularly delays or shortages in critical NEV components. Batteries are especially susceptible due to global supply constraints. Extended disruptions could hinder production and negatively affect sales.

Financial Highlights – SAZEW

P&L (PKR Mn)	FY24	FY25	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F
Net sales	57,642	108,694	131,301	150,349	172,924	198,908	228,841	263,329
Cost of sales	41,996	77,052	94,467	120,094	137,821	155,409	178,472	205,033
Gross profit	**15,646**	**31,642**	**36,834**	**30,255**	**35,103**	**43,499**	**50,369**	**58,295**
Operating profit	**13,452**	**27,607**	**32,250**	**25,085**	**29,246**	**36,856**	**42,823**	**49,716**
Other income	832	1,355	1,602	2,966	3,958	5,068	6,204	7,339
Profit before tax	**13,116**	**26,739**	**31,182**	**25,910**	**30,761**	**38,927**	**45,597**	**53,123**
Taxation/levies	5,180	10,403	12,167	10,110	12,003	15,189	17,792	20,729
Profit after tax	**7,936**	**16,336**	**19,015**	**15,800**	**18,758**	**23,738**	**27,805**	**32,395**
EPS (PKR)	131	270	315	261	310	393	460	536
DPS (PKR)	20	52	87	131	171	236	299	375

Source: Company Accounts, Akseer Research

Balance Sheet (PKR Mn)	FY24	FY25	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F
PPE	4,560	7,940	18,288	17,690	17,079	16,456	15,822	15,175
Other LT assets	49	83	88	88	88	88	88	88
Non-current assets	4,609	8,023	18,376	17,778	17,167	16,544	15,910	15,263
Current assets	24,617	33,714	38,279	51,294	63,401	76,550	90,891	105,834
Total assets	**29,226**	**41,737**	**56,656**	**69,072**	**80,568**	**93,094**	**106,801**	**121,097**
Non-current liabilities	875	943	943	943	943	943	943	943
Current liabilities	18,247	17,086	18,233	22,749	25,804	28,835	32,810	37,388
Total liabilities	**19,122**	**18,029**	**19,176**	**23,692**	**26,747**	**29,778**	**33,753**	**38,331**
Equity	10,104	23,708	37,480	45,380	53,821	63,316	73,048	82,766
Total equity & liabilities	**29,226**	**41,737**	**56,656**	**69,072**	**80,568**	**93,094**	**106,801**	**121,097**

Source: Company Accounts, Akseer Research

Cash flow (PKR Mn)	FY24	FY25	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F
Net income	7,936	16,336	19,015	15,800	18,758	23,738	27,805	32,395
Non-cash charges	771	92	3,737	2,120	30	30	39	45
Operating cash flows	**7,448**	**16,769**	**15,651**	**18,918**	**19,746**	**24,746**	**28,825**	**33,430**
FCFF	5,466	13,048	4,929	18,519	19,339	24,331	28,400	32,997
Net borrowings	175	196	45	-	-	-	-	-
FCFE	5,291	12,852	4,884	18,519	19,339	24,331	28,400	32,997
Closing cash	**7,278**	**16,255**	**16,343**	**26,964**	**35,986**	**46,075**	**56,402**	**66,722**

Source: Company Accounts, Akseer Research

Margins	FY24	FY25	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F
Gross Margin	27%	29%	28%	20%	20%	22%	22%	22%
Operating Margin	23%	25%	25%	17%	17%	19%	19%	19%
Net Margins	14%	15%	14%	11%	11%	12%	12%	12%

Source: Company Accounts, Akseer Research

Ratios	FY24	FY25	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F
Payout Ratio	15%	19%	28%	50%	55%	60%	65%	70%
Dividend Yield	1%	3%	5%	7%	9%	12%	16%	20%
Price to Earning (x)	14.6	7.1	6.1	7.4	6.2	4.9	4.2	3.6
ROE	121.9%	96.6%	62.2%	38.1%	37.8%	40.5%	40.8%	41.6%

Source: Company Accounts, Akseer Research

Sensitivity Analysis

Volume Growth

Table 22: Sensitivity run on volume growth & PKR Depreciation

PKR Depreciation

2,690	-5.0%	0.0%	5.0%	10.0%	15.0%	20.0%	25.0%
2.0%	2,456	2,620	2,790	2,968	3,154	3,348	3,551
3.0%	2,376	2,536	2,702	2,875	3,057	3,246	3,445
4.0%	2,297	2,452	2,614	2,783	2,959	3,144	3,339
5.0%	2,218	2,369	2,526	**2,690**	2,862	3,043	3,232
6.0%	2,138	2,285	2,438	2,598	2,765	2,941	3,126
7.0%	2,059	2,201	2,350	2,505	2,668	2,840	3,020

Source: Akseer Research

Perpetual Growth Rate

Table 23: Sensitivity based on Perpetual Growth rate & Cost of Equity

Cost of Equity

2,690	2.0%	2.5%	3.0%	3.5%	4.0%
17.8%	2,770	2,829	2,891	2,958	3,029
18.3%	2,676	2,730	2,787	2,849	2,914
18.8%	2,587	2,637	**2,690**	2,747	2,807
19.3%	2,504	2,550	2,599	2,652	2,707
19.8%	2,426	2,469	2,514	2,562	2,614

Source: Akseer Research

Football Field Valuation Summary

Table 24: FFV - Base Case

	Minimum	Difference	Maximum	Market Price	TP
DCF	2,426	604	3,029	1,898	2,690
P/E	2,178	2,134	4,312	1,898	2,690
EV/Sales	883	3,012	3,895	1,898	2,690
EV/EBITDA	1,464	3,436	4,900	1,898	2,690

Source: Company Account, Akseer Research

Table 25: FFV - Best Case

	Minimum	Difference	Maximum	Market Price	TP
DCF	3,672	990	4,662	1,898	4,105
P/E	2,178	2,134	4,312	1,898	4,105
EV/Sales	883	3,012	3,895	1,898	4,105
EV/EBITDA	1,464	3,436	4,900	1,898	4,105

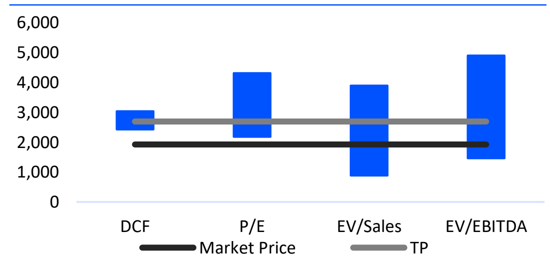
Source: Company Account, Akseer Research

Table 26: FFV - Worst Case

	Minimum	Difference	Maximum	Market Price	TP
DCF	1,361	287	1,648	1,898	1,487
P/E	2,178	2,134	4,312	1,898	1,487
EV/Sales	883	3,012	3,895	1,898	1,487
EV/EBITDA	1,464	3,436	4,900	1,898	1,487

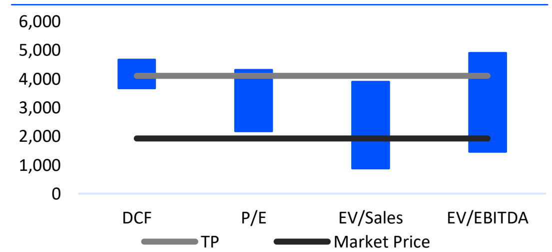
Source: Company Account, Akseer Research

Figure 11: Intrinsic & Market Price in Base Case



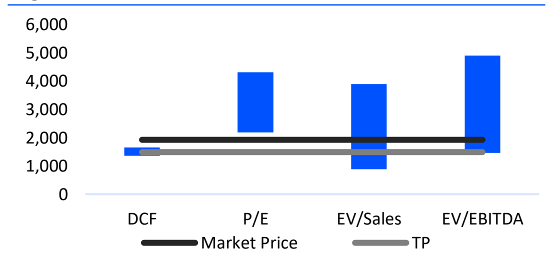
Source: Akseer Research

Figure 12: Intrinsic & Market Price in Best Case



Source: Akseer Research

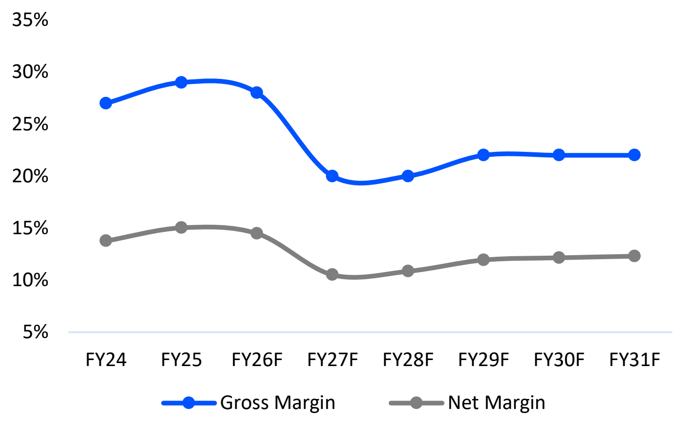
Figure 13: Intrinsic & Market Price in Worst Case



Source: Akseer Research

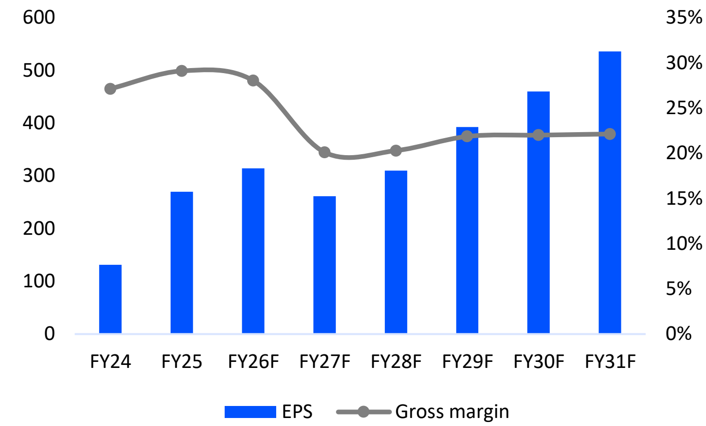
Charts Highlights

Figure 14: Gross Margins vs. Net Margins



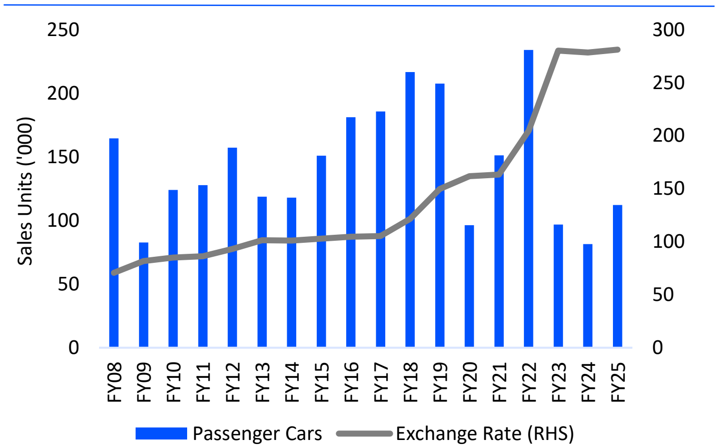
Source: Company Account, Akseer Research

Figure 15: Gross Margin vs. EPS



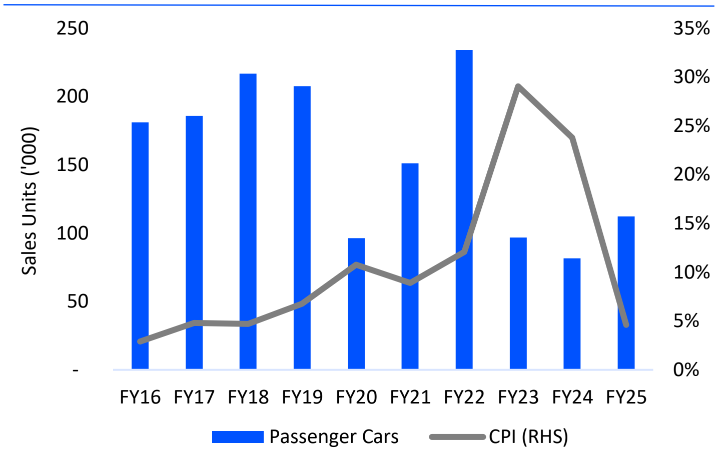
Source: Company Account, Akseer Research

Figure 16: Passenger Car Sales vs. PKR/USD



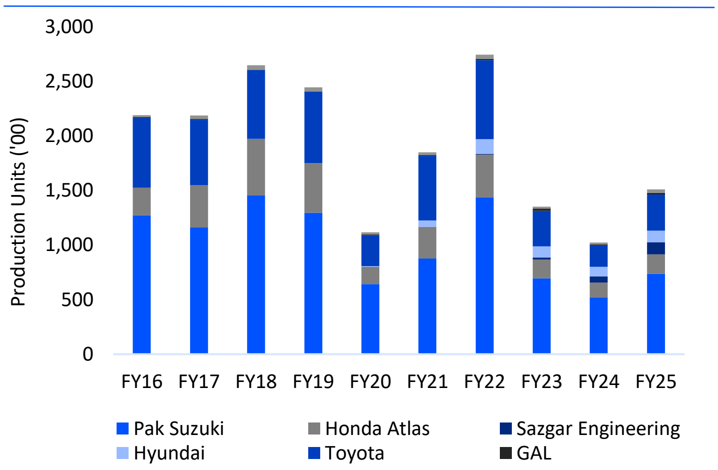
Source: SBP, Akseer Research

Figure 17: Passenger Car Sales vs. CPI Inflation



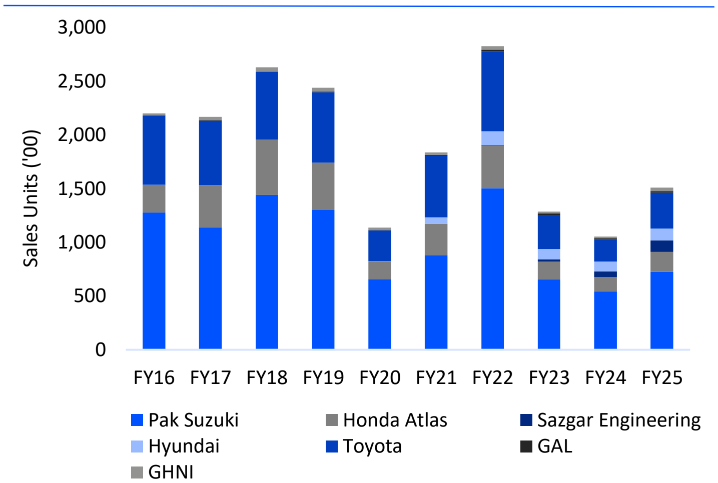
Source: SBP, Akseer Research

Figure 18: Automobile Production Units



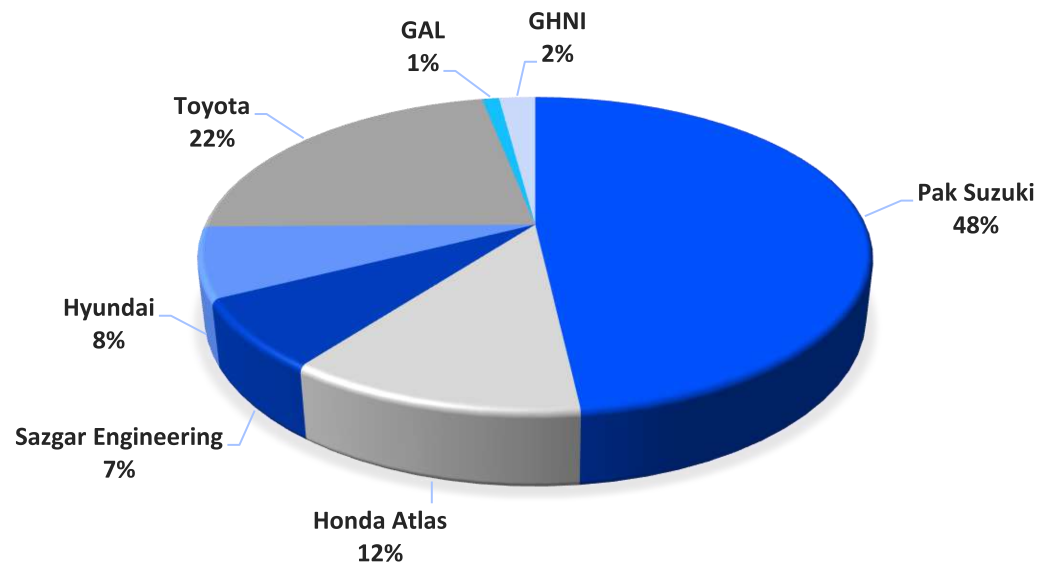
Source: PAMA, Akseer Research

Figure 19: Automobile Sales Units



Source: PAMA, Akseer Research

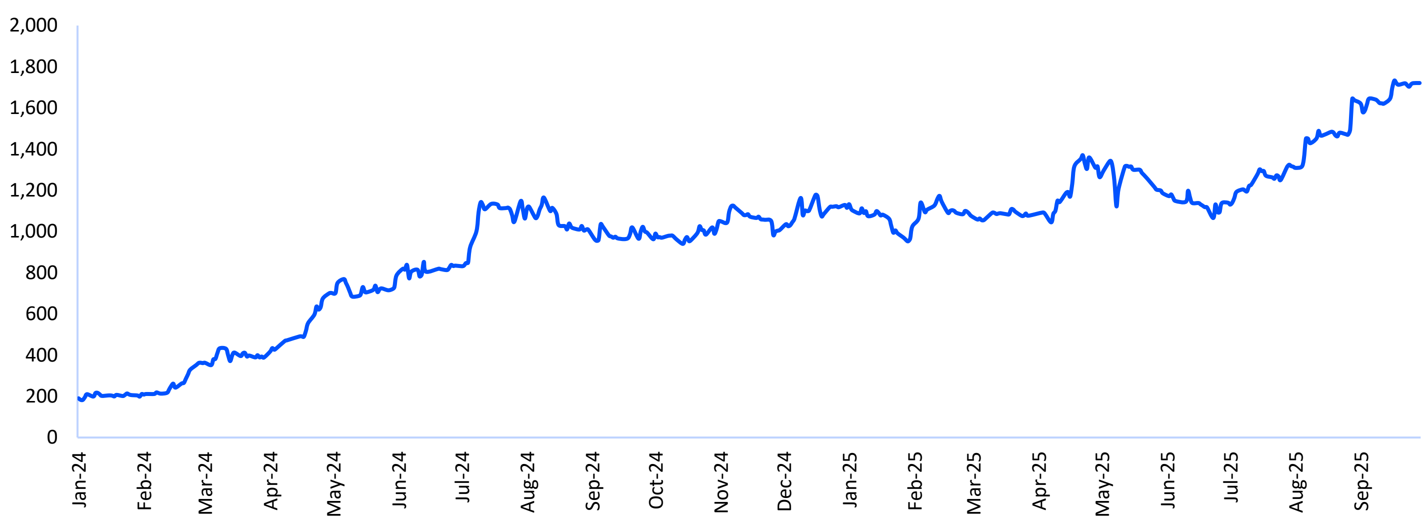
Figure 20: Automotive Market Share by Company – FY25



Source: Company Accounts, Akseer Research

SAZEW's Historical Stock Performance

Figure 21: SAZEW Stock Trend



Source: Investing.com, Akseer Research

Glossary

ACD	Additional Customs Duty
AIDEP	Auto Industry Development & Export Policy
BAIC	Beijing Automotive Group Company Ltd.
Bn	Billion
CAPEX	Capital Expenditure
CBU	Completely Built Unit
CD	Customs Duty
CEO	Chief Executive Officer
CKD	Completely Knocked Down
COO	Chief Operating Officer
CYTD	Calendar Year to Date
DCF	Discounted Cash Flow (valuation method)
DFI	Development Financial Institutions
EV	Electric Vehicle
FY	Fiscal Year
GDP	Gross Domestic Product
GWM	Great Wall Motors
HCAR	Honda Atlas Car
HCV	Heavy Commercial Vehicle
HEV	Hybrid Electric Vehicle
HPHL	Hub Power Holding Limited
ICE	Internal Combustion Engine
IMF	International Monetary Fund
INDU	Indus Motor Company
LCV	Light Commercial Vehicle
Mn	Million
MMC	Mega Motor Company
MoI&P	Ministry of Industries & Production
NEV	New Energy Vehicle
NTP	National Tariff Policy
PAMA	Pakistan Automative Manufacturing Association
PHEV	Plug-in Hybrid Electric Vehicle
SAZEW	Sazgar Engineering Works Limited
SBP	State Bank of Pakistan
SPLY	Same Period Last Year
ST	Sales Tax
SUV	Sport Utility Vehicle
TP	Target Price
YoY	Year on Year

Disclaimer

This report has been prepared and marketed jointly by Akseer Research (Pvt) Limited and Alpha Capital (Pvt) Limited, hereinafter referred jointly as "JV" and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, the JV and/or any of their officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professionals who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and the JV accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of the JV's Research Department and do not necessarily reflect those of the JV or its directors. Akseer Research and Alpha Capital as firms may have business relationships, including investment--banking relationships, with the companies referred to in this report. The JV or any of their officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the companies mentioned in this report, may have a financial interest in the securities of these companies to an amount exceeding 1% of the value of the securities of these companies, may serve or may have served in the past as a director or officer of these companies, may have received compensation from these companies for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from these companies for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the companies mentioned in this report.

Valuation Methodology

To arrive at our 12-months Price Target, the JV uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology.

Ratings Criteria

JV employs a three-tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
Sell	Less than or equal to -5%

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

Research Dissemination Policy

The JV endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc.

Analyst Certification

The research analyst, denoted by 'AC' on the cover of this report, has also been involved in the preparation of this report, and is a member of JV's Equity Research Team. The analyst certifies that (1) the views expressed in this report accurately reflect his/her personal views and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Contact Details

Akseer Research (Pvt) Limited
1st Floor, Shaheen Chambers, KCHS block 7 & 8, off. Shahrah-e-Faisal
T: +92-21-34320359 -60
E: info@akseerresearch.com

Alpha Capital (Pvt) Limited
3rd Floor, Shaheen Chambers, A-4 Central Commercial Area, KCH Society, Block 7 & 8, Near Virtual University, Karachi
T: +92-21-38694242
E: info@alphacapital.com.pk

www.jamapunji.pk