



Quarterly Report 2021



Vision

To be recognized as a leading organization that values customers' needs and provides motoring solutions with strong customer care.

Mission

- Develop products of superior value by focusing on the customer
- Establish a refreshing and innovative company through teamwork
- Strive for individual excellence through continuous improvement

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Director's Report

On behalf of the Board, I present my review on the performance of the Company for the period ended September 30, 2021.

The Economy

Federal Government trying to manage COVID phase to protect the public health from the ill effects of the pandemic and to achieve a quick economic recovery. Government had introduced number of credit incentives and fiscal measures for limiting the economic damage on businesses bearing positive outcome on economic condition of country. Large-scale manufacturing (LSM) sector witnessed growth around 15% during financial year 2020-21 over 2019-20. Exports of more than US\$ 8,000 million were achieved in quarter Jul-Sep 2021, registering a growth of 12% over the corresponding quarter of 2020. Further, remittances have performed strongly on the back of supportive policy steps taken by State Bank of Pakistan (SBP) under Digital Pakistan account. However, imports continued to surge which widened the trade deficit. Trade deficit increased 100% year on year in quarter Jul-Sep 2021. It resulted in downslide in Pak Rupee to all-time low parity with US\$, exceeding PKR 170. The impact of higher global commodity prices and recent PKR depreciation have begun to reflect in higher inflation. National CPI rose to 9% year on year in September 2021. SBP initiated steps for monetary tightening to counter these trends with first increase of 25 basis points in policy rate since the onset of Covid. Policy rate was increased to 7.25% in 'Monetary Policy' announced in September 2021. We expect more hikes in policy rate by SBP in near future.

Industry Outlook

Overall economic condition of country showed signs of recovery. Main factors contributing to recovery of automobile sector were increase in car financing volumes driven by low interest rates, increase in disposable income in the hand of customers due to increase in foreign remittances, improved agricultural income and moreover, positive policy decisions of tax reductions announced by Federal Government.

During the period (January – September 2021), sales volume of auto industry for cars and light commercial vehicles was recorded at 154,488 units compared to 81,517 units in corresponding period of last year, registering increase of 90%.

Sales volume of the Company during the period January - September 2021 improved by 128% from 38,815 units to 88,594 units, outperforming industry trend by more than 28%. The total sales volume of the Company represented 57% market of cars and light commercial vehicles within PAMA member companies. Your Company adjusted the production according to demand and achieved production volume to 88,090 units. Capacity utilization remained at 78%.

During the period under review, the organized market (PAMA member companies) for motorcycles and three wheelers increased from 1,018,921 units to

Director's Report

1,402,529 units. Increase of 383,608 units represents 38% improvement in sales volume over same period of last year. Company achieved sales volume of 22,918 units as compared to sales volume of 11,092 units in corresponding period of last year, registering handsome increase of 107%. This increase is mainly attributed to sales strategy to develop a new channel of nationwide 2-wheeler franchises.

Operating Results of the Company

Company earned net profit of Rs 2,191 million compared to net loss of Rs 2,599 million in same period of last year. Net sales revenues increased by Rs 66,291 million from Rs 50,082 million (Jan-Sep 2020) to Rs 116,374 million (Jan-Sep 2021). Sales revenue improved by 132% in current period due to healthy recovery in sales volume. Gross profit of Rs 6,617 million (Jan-Sep 2021) as compared to Rs 1,126 (Jan-Sep 2020) improved by Rs 5,491 with corresponding period of last year. Gross profit margins as a percentage of net sales improved from 2.25% to 5.7%. Further, improvement in liquidity position of the Company contributed to reduction in financial charges and increase in interest income. Financial charges reduced by Rs. 2,030 million from Rs. 2,399 million in 2020 to Rs. 369 million in 2021.

Future Outlook & Conclusion

We appreciate the incentives announced in Federal Budget 2021-22 in which major incentives were allowed to vehicles up to 1000cc. However, disruption in supply chain resulting in significant increase in ocean freight, higher global commodity prices and recent unexpected PKR depreciation contributed significant increase in vehicles costs and adversely impacting margins of OEMs.

Long term consistent policies are vital for growth of auto industry. Current auto policy was applicable for the period 2016 to 2021 and new auto policy is expected to be announced in near future. It is expected that new auto policy will be industry-friendly and it will offer incentives to OEMs and vendors.

Situation of Corona virus (COVID-19) is under control as it is evident with substantial reduction in active cases. It is expected that normal operating environment will prevail in near future. Company is endeavoring to improve sales, profitability and diversity in its operations by upgrading the existing products and offers quality products to customers at competitive prices through an efficient network of authorized dealers.



KINJI SAITO
Chairman

Karachi: October 28, 2021

Company Information

Board of Directors

Kinji Saito	Chairman
Masafumi Harano	Chief Executive Officer
Tadashi Homma	Dy. Managing Director
Takayuki Sugiyama	Director
Takahiko Hashimoto	Director
Moin M. Fudda	Director
Rukhsana Shah	Director

Chief Financial Officer

Miki Nakahara

Company Secretary

Abdul Nasir

Audit Committee

Moin M. Fudda	Chairman
Kinji Saito	Member
Takahiko Hashimoto	Member

Human Resource and Remuneration (HR & R) Committee

Rukhsana Shah	Chairman
Kinji Saito	Member
Masafumi Harano	Member

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Registrar

CDC Share Registrar Services Limited
CDC House, 99 - B, Block "B", S.M.C.H.S, Main
Shahrah-e-Faisal Karachi-74400.

Legal Advisors

M/s Shahid Anwar Bajwa & Co.
ORR Dignam & Company

Bankers

Bank Alfalah Ltd.
Bank Al Habib Ltd.
Citibank N.A.
Habib Bank Ltd.
Habib Metropolitan Bank Limited
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.

Registered Office

DSU-13, Pakistan Steel Industrial
Estate, Bin Qasim, Karachi.
Tel No. (021) 34723551 - 58
Fax No. (021) 34723521 - 22
Website: www.paksuzuki.com.pk

Regional Offices

Lahore Office:

7-A, Aziz Avenue, Canal Bank Road,
Gulberg V, Lahore.
Tel No. (042) 35775456, (042) 35775457
Fax No. (042) 35775467

Rawalpindi Office:

3rd Floor, 112-B Mallahi Plaza,
Murree Road, Rawalpindi Cantt.
Tel No. (051) 5130230 - (051) 5130229
Fax No. (051) 5130232

Multan Office:

402, 4th Floor United Mall, Abdali Road Multan.
Tel No. (061)-4586499
Fax No. (061)-4516765

Condensed Interim Statement of Financial Position

As at 30 September 2021

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	15,132,806	13,038,601
Intangible assets	6	418,542	246,357
Right-of-use assets	7	122,834	123,864
Long-term investments	8	190,168	278,160
Long-term loans		6,949	5,152
Long-term deposits and receivables from employees	9	454,938	465,068
Long-term installment sales receivables	10	631,613	486,490
Deferred taxation - net		6,907,051	6,342,840
		<u>23,864,901</u>	<u>20,986,532</u>
Current assets			
Stores, spares and loose tools		325,525	251,828
Stock-in-trade	11	18,219,009	18,054,537
Trade debts	12	252,500	503,759
Loans and advances		421,013	119,838
Trade deposits and short-term prepayments	13	1,808,747	1,542,541
Current portion of long-term installment sales receivables	10	1,856,653	1,245,058
Other receivables	14	633,233	616,909
Taxation - net		4,260,623	3,327,472
Sales tax and excise duty adjustable		4,165,367	2,237,284
Cash and bank balances	15	31,396,249	17,818,607
		<u>63,338,919</u>	<u>45,717,833</u>
TOTAL ASSETS		<u>87,203,820</u>	<u>66,704,365</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital of 500,000,000 (31 December 2020: 500,000,000) ordinary shares of Rs.10 each		5,000,000	5,000,000
Issued, subscribed and paid-up capital		822,999	822,999
Capital reserves		844,596	844,596
Revenue reserves		24,862,072	22,681,855
		<u>26,529,667</u>	<u>24,349,450</u>
Non-current liabilities			
Payable against purchase of assets		7,426	37,205
Security deposits		229,600	221,790
Lease liabilities		90,858	97,485
Gas Infrastructure Development Cess payable	18.3	6,795	14,454
Long-term Loan	16	1,887,219	-
Deferred government grant	17	418,599	-
		<u>2,640,497</u>	<u>370,934</u>
Current liabilities			
Trade and other payables	18	15,616,097	13,753,833
Lease liabilities		49,622	38,444
Short-term finance	19	-	12,621,368
Advance from customers		34,933,049	9,877,544
Security deposits		3,879,652	3,807,074
Provision for custom duties and sales tax		3,536,374	1,866,774
Unclaimed dividend		18,862	18,944
		<u>58,033,656</u>	<u>41,983,981</u>
TOTAL LIABILITIES		<u>60,674,153</u>	<u>42,354,915</u>
TOTAL EQUITY AND LIABILITIES		<u>87,203,820</u>	<u>66,704,365</u>
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

As at 30 September 2021

	Note	Nine months period ended		Three months period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Sales	21	116,373,589	50,082,132	50,263,203	22,602,918
Cost of sales	22	(109,755,663)	(48,955,839)	(47,599,962)	(21,437,051)
Gross profit / (loss)		6,617,926	1,126,293	2,663,241	1,165,867
Distribution and marketing expenses		(2,012,093)	(1,009,238)	(746,437)	(444,701)
Administrative expenses		(2,052,120)	(1,578,366)	(719,378)	(545,698)
Impairment loss on receivables		(67,257)	(13,696)	(2,024)	(2,301)
		(4,131,470)	(2,601,300)	(1,467,839)	(992,700)
		2,486,456	(1,475,007)	1,195,402	173,167
Other expenses		(234,209)	-	(105,347)	922
Other income	23	1,290,175	319,250	423,301	141,576
Finance costs	24	(369,247)	(2,399,352)	(76,664)	(885,862)
Share of loss of equity accounted investee	8.1.3	(87,992)	(33,391)	(37,177)	(30,942)
Profit / (loss) before taxation		3,085,183	(3,588,500)	1,399,515	(601,139)
Taxation	25	(894,644)	989,640	(405,800)	54,186
Profit / (loss) for the period		2,190,539	(2,598,860)	993,715	(546,953)
		----- (Rupees) -----		----- (Rupees) -----	
Earnings / (loss) per share - basic and diluted	26	26.62	(31.58)	12.07	(6.65)

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

As at 30 September 2021

	<u>Nine months period ended</u>		<u>Nine months period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>----- (Rupees in '000) -----</u>	<u>----- (Rupees in '000) -----</u>	<u>----- (Rupees in '000) -----</u>	<u>----- (Rupees in '000) -----</u>
Profit / (Loss) for the period	2,190,539	(2,598,860)	993,715	(546,953)
Other comprehensive loss				
<i>Items that will never be reclassified to statement of profit or loss</i>				
Re-measurement loss on defined benefit plan - net of tax	(10,322)	(10,754)	(2,630)	496
Total comprehensive income / (loss) for the period	<u>2,180,217</u>	<u>(2,609,614)</u>	<u>991,085</u>	<u>(546,457)</u>

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

As at 30 September 2021

	Share Capital Issued, subscribed and paid-up capital	Capital reserves			Reserves			Total	
		Share premium	Reserve on merger	Total capital reserve	General	Revenue reserves	Total revenue reserves		
					Un-appropriated profit / (accumulated loss)	Re - measurement loss on defined benefit plan			
(Rupees in '000)									
Balances as at 1 January 2020	822,999	584,002	260,594	844,596	27,478,818	(2,941,826)	(253,701)	24,283,291	25,950,886
Total comprehensive loss for the period ended 30 September 2020									
Loss for the period	-	-	-	-	-	(2,598,860)	-	(2,598,860)	(2,598,860)
Other comprehensive loss	-	-	-	-	-	-	(10,754)	(10,754)	(10,754)
	-	-	-	-	-	(2,598,860)	(10,754)	(2,609,614)	(2,609,614)
Balance as at 30 September 2020	822,999	584,002	260,594	844,596	27,478,818	(5,540,686)	(264,455)	21,673,677	23,341,272
Balances as at 1 January 2021	822,999	584,002	260,594	844,596	24,558,818	(1,611,312)	(265,651)	22,681,855	24,349,450
Transaction with owners in the capacity as owners directly recorded in equity - distribution									
Transfer from general reserve	-	-	-	-	(1,588,922)	1,588,922	-	-	-
Total comprehensive income for the period ended 30 September 2021									
Profit for the period	-	-	-	-	-	2,190,539	-	2,190,539	2,190,539
Other comprehensive loss	-	-	-	-	-	-	(10,322)	(10,322)	(10,322)
	-	-	-	-	-	2,190,539	(10,322)	2,180,217	2,180,217
Balance as at 30 September 2021	822,999	584,002	260,594	844,596	22,969,896	2,168,149	(275,973)	24,862,072	26,529,667

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

As at 30 September 2021

	Note	30 September 2021	30 September 2020
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	30,393,984	22,491,705
Income tax (payment) / refund		(2,392,006)	823,490
Long-term loans - net		(1,797)	(10,275)
Long-term deposits and receivables from employees		10,130	(1,517)
Long-term installment sales receivables		(145,123)	(330,378)
Net cash generated from operating activities		27,865,188	22,973,025
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(4,569,913)	(802,190)
Acquisition of intangible assets		(277,788)	(65,464)
Proceeds from disposal of property, plant and equipment		20,605	7,434
Profit received on bank deposits		947,567	74,955
Net cash used in investing activities		(3,879,529)	(785,265)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(41,012)	(35,256)
Loan repayment		(12,621,368)	-
Loan received		2,305,818	-
Mark-up paid on loan and borrowings		(51,373)	(2,507,420)
Dividend paid		(82)	(372)
		(10,408,017)	(2,543,048)
Net increase in cash and cash equivalents		13,577,642	19,644,712
Cash and cash equivalents at beginning of the period		17,818,607	(29,143,527)
Cash and cash equivalents at end of the period		31,396,249	(9,498,815)
Cash and cash equivalents comprise of			
Cash and bank balances		31,396,249	3,456,853
Short-term finance		-	(12,955,668)
		31,396,249	(9,498,815)

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

1. STATUS AND NATURE OF BUSINESS

1.1 Pak Suzuki Motor Company Limited ("the Company") was incorporated in Pakistan as a public limited company in August 1983 and started commercial production in January 1984. The Company was formed in accordance with the terms of a joint venture agreement concluded between Pakistan Automobile Corporation Limited ("PACO") and Suzuki Motor Corporation (SMC), Japan (the Holding Company) having registered address of 300 Takatsuka-Cho, Minami-Ku, Hamamatsu City. In 1996, the joint venture agreement was ended and PACO divested its entire shareholding to SMC. The Company is engaged in the assembling, progressive manufacturing and marketing of Suzuki cars, pickups, vans, 4x4s and motorcycles and related spare parts. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at DSU – 13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.

1.2 Tecno Auto Glass Limited

Tecno Auto Glass Limited ("TAG") is a company incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 16 March 2017. The registered office of TAG is situated at 255 A, Block 6, P.E.C.H.S, Shahrah-e-Faisal, Karachi. The manufacturing plant of TAG is set up at Bin Qasim National Industrial Parks - Special Economic Zone for manufacturing of auto glass. TAG had entered into a technical assistance agreement with Asahi India Glass Limited ("AIS") under which AIS has granted to TAG a right and license to use technical information to manufacture its products.

TAG is a joint venture of Tecno Pack Telecom (Private) Limited, which owns 60% of the shares of TAG, while remaining 40% of the shares were acquired by the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34 "Interim Financial Reporting " issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

2.2 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 audited financial statements for the year ended 31 December 2020. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of the changes in Company's financial position and performance since the last annual financial statements.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as otherwise disclosed.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional and presentational currency. Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless stated otherwise.

2.5 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately
- any reduction in lease payments affects only payments originally due on or before 30 June
- there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 01 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring entities to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above improvements are not likely to have significant impact on these condensed interim financial statements.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. During the preparation of these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements for the year ended 31 December 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements for the year ended 31 December 2020.

During the period Company availed State Bank of Pakistan's (SBP) Refinance Scheme for Temporary Economic Refinance Facility ('TERF') at markup of SBP rate plus 1%. As this rate was below the Company's borrowing rate, the difference has been classified as a government grant. For the government grant following accounting policy has been adopted.

4.1 Government grants

Government grants related to assets are initially recognized as deferred income at fair value if there is a reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Details are included in note 17.

5. PROPERTY, PLANT AND EQUIPMENT

		30 September 2021 (Unaudited)	31 December 2020 (Audited)
	Note	(Rupees in '000)	
Operating property, plant and equipment		10,414,517	12,503,154
Capital work-in-progress	5.2	4,718,289	535,447
		<u>15,132,806</u>	<u>13,038,601</u>

Notes to the Condensed Interim Financial Statements (Unaudited)

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5.1 The following are the additions and disposals of property, plant and equipment during the period:

	Nine months period ended	
	30 September 2021	30 September 2020
	(Rupees in '000)	
Additions / transfers from capital work-in-progress		
Dies	163,605	396,381
Plant and machinery	78,837	98,578
Vehicles	45,885	82,554
Permanent and special tools	19,941	2,543
Buildings on leasehold land - factory building	10,620	33,916
Electrical installations	4,650	9,668
Office equipment	2,793	16,122
Computers	5,183	9,967
Air conditioners and refrigerators	1,624	3,392
Furniture and fittings	1,244	6,666
Waste water treatment plant	-	91,168
Jigs and fixtures	6,992	1,944
	<u>341,374</u>	<u>752,899</u>
Disposals - at book value		
Vehicles	2,922	5,436
Air conditioners and refrigerators	1,571	56
Jigs and fixtures	1,287	170
Plant and machinery	924	731
Permanent special tools	65	67
Dies	-	-
Office equipment	400	333
Computers	107	6
Furniture and fittings	9	30
	<u>7,285</u>	<u>6,829</u>

5.1.1 Dies include assets having book value of Rs. 163.6 million (31 December 2020: Rs. 3,179 million) which are in the possession of vendors for contract manufacturing of components.

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
	(Rupees in '000)	
Plant and machinery	4,704,993	524,031
Civil works	13,296	11,416
	<u>4,718,289</u>	<u>535,447</u>

5.2.1 During current period, additions to capital work-in-progress amounted to Rs. 4,620 million (30 September 2020: Rs. 692 million) and transfer to property, plant and equipment and repair and maintenance amounted to Rs. 437 million (30 September 2020: Rs. 752 million).

	30 September 2021	30 December 2020
	(Unaudited)	(Audited)
	(Rupees in '000)	
Intangible assets	84,397	190,000
Capital work-in-progress	334,145	56,357
	<u>418,542</u>	<u>246,357</u>

7 RIGHT-OF-USE ASSETS

During the period, additions in right-of-use-assets made amounting to Rs. 35 million (30 September 2020: Nil).

		30 September 2021	31 December 2020
		(Unaudited)	(Audited)
		(Rupees in '000)	
Investment in related party (equity accounted)			
Investment in joint venture - unquoted			
Tecno Auto Glass Limited (TAG)	8.1	190,168	278,160
Other long-term investments			
Equity securities - at FVOCI	8.2	-	-
		<u>190,168</u>	<u>278,160</u>

8.1 Investment in joint venture - unquoted

TAG was incorporated on 16 March 2017 and commenced its commercial operations in the third quarter of year ended 31 December 2020. The incorporation and principal place of business of TAG is The Islamic Republic of Pakistan. TAG is a joint venture company between Tecno Pack Telecom (Private) Limited (TPT) and the Company where the Company holds 40% shareholding and balance 60% is held by TPT. The joint venture's share of loss has been included in these condensed interim financial statements based on the unaudited financial information of the joint venture company as at 30 September 2021.

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8.1.1 The summarized financial information in respect of Tecno Auto Glass Limited is set out below. The summarized financial information represents the amounts shown in the joint venture's financial statements for the respective period.

	30 September 2021	31 December 2020
	(Rupees in '000)	
Current assets	358,745	259,457
Non-current assets	2,849,901	2,795,309
Current liabilities	(1,023,267)	(1,205,363)
Non-current liabilities	(1,709,958)	(1,154,002)
Net Assets	<u>475,421</u>	<u>695,401</u>

8.1.2 Reconciliation of the above summarized financial information to the carrying amount of the interest in the Tecno Auto Glass Limited recognized in the financial statements:

	30 September 2021	31 December 2020
	(Rupees in '000)	
Net assets of the joint venture	<u>475,421</u>	<u>695,401</u>
Proportion of the Company's ownership	<u>40%</u>	<u>40%</u>
Carrying amount of interest	<u>190,168</u>	<u>278,160</u>

8.1.3 Movement

	30 September 2021	31 December 2020
Balance at beginning of the period	278,160	325,925
Share of loss during the period / year	<u>(87,992)</u>	<u>(47,765)</u>
	<u>190,168</u>	<u>278,160</u>

8.2 Equity securities - at FVOCI

	Note	30 September 2021		31 December 2020	
		Shares (Number)	Fair value (Rupees in '000) (Unaudited)	Shares (Number)	Fair value (Rupees in '000) (Audited)
- Arabian Sea Country Club Limited (ASCCL)	8.2.1	500,000	5,000	500,000	5,000
- Automotive Testing & Training Centre (Private) Limited (AT & TC)	8.2.2	125,000	<u>1,250</u>	125,000	<u>1,250</u>
			<u>6,250</u>		<u>6,250</u>
Less: Impairment	8.2.3		<u>(6,250)</u>		<u>(6,250)</u>
			<u>-</u>		<u>-</u>

8.2.1 Investment in ASCCL (unquoted) represents 0.5 million (2020: 0.5 million) fully paid ordinary shares of Rs. 10 each, representing 6.45% (2020: 6.45%) of ASCCL's paid up share capital as at 30 September 2021.

8.2.2 Investment in AT & TC (unquoted) represents 0.125 million (2020: 0.125 million) fully paid ordinary shares of Rs. 10 each, representing 6.94% (2020: 6.94%) of AT & TC's paid up share capital as at 30 September 2021.

8.2.3 Investment in ASCCL (unquoted) and AT & TC (unquoted) were fully impaired in previous years and no change in fair value is recognised in current period condensed interim financial statements.

9. LONG-TERM DEPOSITS AND RECEIVABLES FROM EMPLOYEES

	30 September 2021	31 December 2020
	(Rupees in '000)	
	(Unaudited) (Audited)	
Deposits	55,698	43,480
Receivable from employees at amortised cost	545,731	538,584
Less: Receivable within one year	<u>(146,491)</u>	<u>(116,996)</u>
	<u>399,240</u>	<u>421,588</u>
	<u>454,938</u>	<u>465,068</u>

9.1 This represents receivable against vehicles given to employees under the Vehicle Ownership Employee Scheme. These receivables are interest free and secured against the personnel guarantees and provident / gratuity fund balances of the respective employees. These are receivable in maximum eighty four equal monthly installments.

10. LONG-TERM INSTALLMENT SALES RECEIVABLES

	30 September 2021	31 December 2020
	(Rupees in '000)	
	(Unaudited) (Audited)	
Gross amount of installment sales receivables	2,716,000	1,905,578
Less: Impact of discounting	<u>(161,086)</u>	<u>(118,563)</u>
Installment sales receivables at amortised cost	2,554,914	1,787,015
Less: Unearned finance income	<u>(3,599)</u>	<u>(3,091)</u>
	<u>2,551,315</u>	<u>1,783,924</u>
Less: Provision for impairment allowance on receivables	<u>(63,049)</u>	<u>(52,376)</u>
	<u>2,488,266</u>	<u>1,731,548</u>
Less: Current maturity	<u>(1,856,653)</u>	<u>(1,245,058)</u>
	<u>631,613</u>	<u>486,490</u>

10.1 This represent balances receivable under various installment sale agreements in equal monthly installments. It includes installment sales to customers (motorcycles) and registered vendors of the Company. In case of installment sales to customers, no mark-up is charged on installment sales and the Company retains the title and registers the documents of the motorcycles in its name as a

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security. For installment sales to vendors, no mark-up is charged on 12 months installment sales. Further, vehicles are lien marked in the names of vendor and the Company. Such documents are retained in Company's custody and transferred in the name of customer / vendor after the entire dues are cleared. Overdue rentals are subject to additional surcharge.

11. STOCK-IN-TRADE	30 September 2021 (Unaudited) (Rupees in '000)	31 December 2020 (Audited)
Raw material and components [including items in transit Rs. 5,007 million (2020: Rs. 4,826 million)]	12,856,583	12,433,839
Less: Provision for slow moving and obsolescence		
- at beginning of the period	281,345	226,462
- provision during the period	78,174	54,883
	<u>359,519</u>	<u>281,345</u>
	12,497,064	12,152,494
Work-in-process	730,069	387,484
Finished goods	4,000,964	4,574,565
Trading stock [including items in transit Rs. 50 million (2020: Rs. 112 million)]	1,083,333	1,127,256
Less: Provision for slow moving and obsolescence		
- at beginning of the period	187,262	74,397
- (reversal) / provision during the period	(94,841)	112,865
	<u>92,421</u>	<u>187,262</u>
	<u>990,912</u>	<u>939,994</u>
	<u>18,219,009</u>	<u>18,054,537</u>
11.1 Stock-in-trade includes Rs. 3,000 million (2020: Rs. 4,100 million) which were in the custody of dealers and vendors dispersed all over Pakistan.		
11.2 Raw material and components, work-in-process, finished goods and trading stock have been written down by Rs. 144.45 million, Rs. 0.8 million, Rs. 37.43 million and Rs. 1.18 million (2020: Rs. 46.43 million, Rs. 0.57 million, Rs. 12.35 million and Rs. 0.28 million) respectively to arrive at net realizable value.		
12. TRADE DEBTS	30 September 2021 (Unaudited) (Rupees in '000)	31 December 2020 (Audited)
	Note	
Considered good		
- Due from government agencies	26,896	109,970
- Interest free receivables	4,537	17,203
- Others	221,067	376,586
	252,500	503,759
Considered doubtful	65,415	9,567
Less: Provision for doubtful debts	(65,415)	(9,567)
	<u>-</u>	<u>-</u>
	<u>252,500</u>	<u>503,759</u>
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	59,282	2,115
Margin held with banks against letter of credits and imports	945,986	1,409,049
	<u>1,005,268</u>	<u>1,411,164</u>
Prepayments		
- Collector of custom	707,094	97,058
- Rent	22,878	12,312
- Insurance	26,794	5,265
- Others	46,713	16,742
	<u>803,479</u>	<u>131,377</u>
	<u>1,808,747</u>	<u>1,542,541</u>
14. OTHER RECEIVABLES		
Due from related parties	308,476	234,569
Current portion of long-term receivables from employees	146,491	116,996
Due from vendors for material and components returned	43,737	132,473
Accrued profit on bank deposits	89,889	69,376
Duty draw back	486	486
Expenses recoverable from dealers	(242)	1,094
Others	44,396	61,915
	<u>633,233</u>	<u>616,909</u>

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15. CASH AND BANK BALANCES	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Note	(Rupees in '000)	
Cash in hand	35,163	7,623
Cash at banks:		
- in deposit accounts - conventional	2,313,158	10,514,462
- in a special deposit account - conventional	125,955	120,955
- in term deposit account - conventional	28,900,000	6,900,000
- in current accounts	21,973	275,567
	31,361,086	17,810,984
	31,396,249	17,818,607

15.1 These carry profits rates ranging from 5.50% to 6.4% (2020: 5.50% to 8.0%) per annum.

15.2 A special account is maintained in respect of security deposits in accordance with the requirements of Section 217 of the Companies Act, 2017.

15.3 A term deposit is maintained with a commercial bank at markup rate range from 8.2% to 9.50% having maturing not later than 31 October 2021.

16. LONG-TERM LOAN

This represents long-term loan obtained from MCB Bank Limited and Bank Al Habib Limited under State Bank of Pakistan's (SBP) Refinance Scheme for Temporary Economic Refinance Facility ('TERF'), recognised initially at fair value. The total facility available amounts to Rs. 5,000 million. The balance is repayable in 10 years including two years moratorium period, from the date of disbursement, in 32 equal quarterly installments or on demand, whereas markup to be serviced on each quarterly basis. The facility is secured against hypothecation charge over plant and machinery of the Company. Markup is to be charged at the SBP rate plus 1% i.e 2%. The effective interest rate during the period was 7.5% per annum. The reconciliation of the carrying amount is as follows:

reconciliation of the carrying amount is as follows:	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	(Rupees in '000)	
Balance as at beginning of the period / year	-	-
Disbursements during the period / year	2,305,818	-
Repayments during the period / year	-	-
	2,305,818	-
Discounting for recognition at fair value - deferred government grant	(442,739)	-
Unwinding of discount on liability	24,140	-
Balance as at end of the period / year	1,887,219	-

17. DEFERRED GOVERNMENT GRANT

This represents deferred government grant recognised in respect of the benefit of below-market interest rate on long-term finances as referred to in note 16. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rate used is 7.5% per annum.

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18. TRADE AND OTHER PAYABLES

Creditors		4,129,904	2,805,688
Bills payable	18.1	659,569	3,254,013
Provision for Sindh Infrastructure Development Cess	18.2	2,148,438	1,767,201
Provision for bonus	18.4	2,090,940	860,908
Accrued liabilities		1,777,935	1,595,917
Royalties and technical fee payable to the Holding Company		2,296,676	1,430,089
Payable to dealers		665,350	11,060
Payable to gratuity fund		472,288	384,924
Workers' Welfare Fund		81,350	15,000
Payable against purchase of assets		81,260	223,243
Workers' profit participation fund		165,875	-
Un-earned income - extended warranty		85,831	89,028
Provision for unexpired free service and warranty period		110,870	78,867
Gas Infrastructure Development Cess payable	18.3	31,083	29,743
Markup on loan		15,245	-
Payable to provident fund		9,758	10,782
Payable to directors		5,400	3,000
Mark-up on waiting for delivery of vehicles		3,676	3,676
Retention money		1,278	3,551
Deposits from employees against purchase of vehicles		182	182
Forward foreign exchange contract		-	472,057
Others		783,189	714,904
		15,616,097	13,753,833

18.1 This includes Rs. 22 million (2020: Rs. 2,519 million) due to the Holding Company and Rs. 637 million (2020: Rs. 591 million) due to other related parties.

18.2 Sindh Infrastructure Development Cess was levied in the province of Sindh in 1994 vide section 9 of the Sindh Finance Act on the goods entering or leaving the province from or for outside the country, ostensibly for services rendered in respect of development and maintenance of infrastructure. Levy is applicable on imported goods and it is charged at the time of custom clearance. Group of importers challenged the levy on the grounds that imposing levy on 'import and export' does not fall within legislative competence of the provincial legislature. In 2011, Sindh High Court (SHC) through its order granted an interim relief to all the petitioners directing that the future imports of the petitioners will be

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cleared on payment of 50% of the disputed Cess while for remaining 50% bank guarantee is to be submitted till the final decision by Court.

In May 2014, the Company filed a petition in SHC against Government of Sindh and Court granted same interim relief as was available to other petitioners, i.e., the Company continue to make payment for 50% Cess and provide bank guarantee for 50% balance payable.

On 4 June 2021 SHC announced its decision in favour of Sindh Government and against 482 petitioners from the industry. The decision validated the SIDC levy and "The Sindh Development and Maintenance of Infrastructure Cess Act, 2017", retrospectively. Company filed petition in Supreme Court of Pakistan (SCP), challenging the order of SHC. SCP suspended the operation of the SHC's judgment on 1 September 2021 and instructed the petitioners to provide the Bank Guarantee equivalent to the amount of levy claimed by the respondents against release of all future imported consignments. As a matter of prudence, Company fully charged the Sindh Government Infrastructure Cess to cost by providing provision for balance payable, which has been worked out in compliance with directives of Courts.

18.3 Gas Infrastructure Development Cess payable	30 September 2021 (Unaudited) (Rupees in '000)	31 December 2020 (Audited)
Gas Infrastructure Development Cess payable	37,878	44,197
Less: payable within one year	<u>(31,083)</u>	<u>(29,743)</u>
	<u>6,795</u>	<u>14,454</u>

On 4 June 2021 SHC announced its decision in favour of Sindh Government and against 482 petitioners from the industry. The decision validated the SIDC levy and "The Sindh Development and Maintenance of Infrastructure Cess Act, 2017", retrospectively. Company filed petition in Supreme Court of Pakistan (SCP), challenging the order of SHC. SCP suspended the operation of the SHC's judgment on 1 September 2021 and instructed the petitioners to provide the Bank Guarantee equivalent to the amount of levy claimed by the respondents against release of all future imported consignments. As a matter of prudence, Company fully charged the Sindh Government Infrastructure Cess to cost by providing provision for balance payable, which has been worked out in compliance with directives of Courts.

18.4 This represent bonus payable to employees. During the period provision of Rs. 1,197 million was booked and payments made were of Rs. 314 million.

19. SHORT-TERM FINANCE

On May 18, 2021, loan amounting to USD 78 million bearing interest at a rate of 0.98% (LIBOR plus 0.2%) from holding company has been repaid.

20. CONTINGENCIES AND COMMITMENTS

20.1 Capital expenditure contracted for but not incurred amounted to Rs. 1,121 million (2020: Rs. 2,519 million) at period end.

20.2 The facilities for opening letters of credit as at reporting date amounted to Rs. 12,800 million (2020: Rs. 12,800 million) of which the amount remaining unutilised at the period end was Rs. 10,412 million (2020: Rs. 11,180 million).

20.3 The facilities for opening letters of guarantee as at reporting date amounted to Rs. 4,000 million (2020: Rs. 3,500 million) of which the amount remaining unutilised at the period end was Rs. 1,025 million (2020: Rs. 1,688 million).

20.4 The Company has issued a corporate guarantee on behalf of Tecno Auto Glass Limited, joint venture company, amounting to Rs. 600 million (2020: Rs. 600 million) to Meezan Bank Limited in relation to borrowing facilities granted to the joint venture company. The same guarantee has been disclosed in the financial statements of Tecno Auto Glass Limited. Further, share holders of the company in the EOGM dated Aug 31, 2021 approved enhancement of corporate guarantee from Rs. 600 million to Rs. 1,000 million.

20.5 Tax contingencies are included in note 25.

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21. SALES	Note	Nine months period ended	
		30 September 2021	30 September 2020
		(Rupees in '000)	
Manufactured goods	21.1	113,963,288	48,048,448
Trading stock	21.2	2,750,533	2,178,931
Extended warranty income		18,914	27,395
Less: Free service		(195,253)	(70,891)
Less: Markup on discounting of financial assets		(163,893)	(101,751)
		<u>116,373,589</u>	<u>50,082,132</u>
21.1 Manufactured goods			
Vehicles		118,866,026	50,112,907
Spare parts		411,875	317,659
		<u>119,277,901</u>	<u>50,430,566</u>
Less: Discounts		280,448	61,427
Sales commission to dealers		5,034,165	2,320,691
		<u>5,314,613</u>	<u>2,382,118</u>
		<u>113,963,288</u>	<u>48,048,448</u>
21.2 Trading stock			
Vehicles		389,375	634,235
Spare parts		2,367,990	1,561,576
		<u>2,757,365</u>	<u>2,195,811</u>
Less: Discounts		1,635	1,018
Sales commission to dealers		5,197	15,862
		<u>6,832</u>	<u>16,880</u>
		<u>2,750,533</u>	<u>2,178,931</u>
22. COST OF SALES			
		Nine months period ended	
		30 September 2021	30 September 2020
		(Rupees in '000)	
Manufactured goods:			
Finished goods at beginning of the period		4,574,565	14,903,629
Cost of goods manufactured		107,408,954	37,083,405
Export expenses		40,563	1,250
		<u>112,024,082</u>	<u>51,988,284</u>
Less: Finished goods at end of the period		(4,000,964)	(4,937,513)
		<u>108,023,118</u>	<u>47,050,771</u>
Trading stock:			
Stock at beginning of the period		939,994	1,314,942
Purchases during the period		1,783,463	1,354,306
		<u>2,723,457</u>	<u>2,669,248</u>
Less: Stock at end of the period		(990,912)	(764,180)
		<u>1,732,545</u>	<u>1,905,068</u>
		<u>109,755,663</u>	<u>48,955,839</u>

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23. OTHER INCOME	Nine months period ended	
	30 September 2021	30 September 2020
	(Rupees in '000)	
Profit on bank balances	947,567	74,955
Income from unwinding of installment sales receivable	121,858	
Income from unwinding of loan to employees	33,656	-
Finance income on installment sales	2,423	3,571
Commission income	2,250	2,250
Gain on termination of lease contract	-	14,865
Scrap sales	30,909	23,506
Gain / (Loss) on sale of Fixed Assets	-	6,228
Government grant	-	-
Miscellaneous income	151,512	193,875
	<u>1,290,175</u>	<u>319,250</u>
23.1	This represents commission income on corporate guarantee provided to Meezan Bank Limited on behalf of Tecno Auto Glass Limited, joint venture company, amounting to Rs. 600 million in relation to borrowing facilities granted to the joint venture company.	
24. FINANCE COSTS	Nine months period ended	
	30 September 2021	30 September 2020
	(Rupees in '000)	
	Note	
Markup on Late delivery of Vehicles	200	-
Exchange loss - net	251,340	365,061
Mark-up on loan and borrowings	66,618	2,004,476
Bank charges	40,179	22,165
Markup on lease liability	10,910	7,650
	<u>369,247</u>	<u>2,399,352</u>
25. TAXATION		
- Current	1,458,855	(40,278)
- Deferred	(564,211)	1,029,918
	<u>894,644</u>	<u>989,640</u>
25.1	Income tax is recognised based on the best estimate of weighted average annual income tax rate expected for the full financial year. The returns of income tax have been filed upto and including tax year 2020. Except tax year 2010, 2015 and 2017 all other assessment year are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. Details of assessment are summarised below:	
25.2	Tax year 2017 was selected for audit by tax authorities and an amended order was passed creating a demand of Rs. 260 million. The Company challenged the demand and filed an appeal, which has already been adjudicated by appeal order dated 12 November 2020 allowing a partial relief to the Company. The Company has filed appeal before Appellate Tribunal Inland Revenue, which is pending for hearing.	
25.3	Tax year 2015, monitoring proceedings of withholding tax were conducted by officer and created a demand through order dated 03 January 2019 amounting to Rs. 305 million. The said order was challenged by the Company through appeal and Commissioner Inland revenue allowed partial relief to the company through order dated 05 April 2019. The Company has filed second appeal before Appellate Tribunal challenging appeal order and the Commissioner has also filed an appeal for relief allowed to the Company. Both cross appeal are presently pending for hearing.	
26. EARNINGS / (LOSS) PER SHARE - basic and diluted	Nine months period ended	
	30 September 2021	30 September 2020
Profit / (loss) for the period	<u>2,190,539</u>	<u>(2,598,860)</u>
Weighted average ordinary number of shares	<u>82,300</u>	<u>82,300</u>
Earnings / (loss) per share - basic and diluted	<u>26.62</u>	<u>(31.58)</u>

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

27. CASH GENERATED FROM / (USED IN) OPERATIONS	Nine months period ended	
	30 September 2021	30 September 2020
	(Rupees in '000)	
Profit / (loss) before taxation	3,085,183	(3,588,500)
<i>Adjustments for non cash charges and other items:</i>		
Depreciation	2,453,119	2,532,608
Amortisation of intangible assets	105,603	122,536
Mark-up on loan and borrowings	66,618	(74,955)
Share of loss of equity accounted investee	87,992	33,391
Depreciation on right-of-use assets	35,681	32,741
Mark-up on lease liability	10,910	7,650
Loss on disposal of property, plant and equipment	1,984	(6,228)
Impairment provision on property, plant and equipment	-	26,428
Profit on bank balances	(947,567)	2,004,476
	1,814,340	4,678,647
Working capital changes	27.1 25,494,461	21,401,558
	30,393,984	22,491,705
27.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(73,697)	(16,338)
Stock-in-trade	(164,472)	15,846,142
Trade debts	251,259	283,649
Current portion of long-term installment sales receivables	(611,595)	(63,040)
Loans and advances	(301,175)	(45,109)
Trade deposits and short-term prepayments	(266,206)	(37,807)
Other receivables	(16,324)	(326,924)
Sales tax and excise duty adjustable	(1,928,083)	3,118,206
	(3,110,293)	18,758,779
Increase / (decrease) in current liabilities		
Trade and other payables	1,799,261	(1,137,724)
Provision for custom duties and sales tax	1,669,600	847,111
Security deposits	80,388	(1,272,664)
Advances from customers	25,055,505	4,206,056
	28,604,754	2,642,779
	25,494,461	21,401,558
28. TRANSACTIONS WITH RELATED PARTIES		
28.1 Balances with related parties as at 30 September 2021 are as follows:		
	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	(Rupees in '000)	
Due from holding company at the end of period / year	308,476	234,569
Payable to holding company at the end of period / year	2,318,881	(3,949,052)
Payable to other related parties (Group companies of parent) at the end of period / year		
Thai Suzuki Motor Co. Ltd	-	(295,325)
PT. Suzuki Indomobil Motor	(416,834)	(223,794)
Jinan Qingqi Motorcycle Co. Ltd	(257,513)	-
Jiangmen Dachangjiang Group Co. Ltd	(4)	(71,465)
Magyar Suzuki Corporation Limited	(181)	(50)
	(674,532)	(590,634)

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

28.2 Transactions with related parties during the period are as follows:

	Holding company	Other related parties	Total
	----- (Rupees in '000) -----		
For the Nine months period ended 30 September 2021			
<i>Transactions</i>			
Purchases of components	25,936,606	24,436,221	50,372,827
Royalty and technical fee	2,149,022	-	2,149,022
Staff retirement benefits	-	143,623	143,623
Sales including export sales	54,031	26,407	80,438
Mark-up to parent company	45,747	-	45,747
Purchase of property, plant and equipment	43,141	2,637	45,778
Travelling expenses of supervisors	19,438	-	19,438
Sales promotional and development expenses	14,644	6,112	20,756
Commission income from corporate guarantee	-	2,250	2,250

For the six months period ended 30 September 2020

Transactions

Purchases of components	6,898,861	4,059,662	10,958,523
Royalty and technical fee	921,606	-	921,606
Staff retirement benefits		118,627	118,627
Sales including export sales	3,413	20,928	24,341
Mark-up to parent company	49,833		49,833
Purchases of property, plant and equipment	7,027		7,027
Travelling expenses of supervisors	1,085		1,085
Sales promotional and development expenses	14,578		14,578
Commission income from corporate guarantee		2,250	2,250

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The Company classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

29.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

		30 September 2021 (Unaudited)							
		Carrying Amount				Fair Value			
		Financial asset at amortized cost	Fair value liabilities	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
Financial assets not measured at fair value									
	29.2	190,168	-	-	190,168				
	29.2	6,949	-	-	6,949				
	29.2	454,938	-	-	454,938				
	29.2	252,500	-	-	252,500				
	29.2	2,488,266	-	-	2,488,266				
	29.2	6,949	-	-	6,949				
	29.2	1,005,268	-	-	1,005,268				
	29.2	633,233	-	-	633,233				
	29.2	31,396,249	-	-	31,396,249				
		36,434,520	-	-	36,434,520				
Other Financial liabilities not measured at fair value									
	29.2	-	-	7,426	7,426				
	29.2	-	-	4,109,252	4,109,252				
	29.2	-	-	140,480	140,480				
	29.2	-	-	1,887,219	1,887,219				
	29.2	-	-	12,477,611	12,477,611				
	29.2	-	-	18,862	18,862				
		-	-	18,640,850	18,640,850				
		31 December 2020 (Audited)							
		Carrying Amount				Fair Value			
		Financial asset at amortized cost	Fair value liabilities	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
Financial assets not measured at fair value									
	29.2	278,160	-	-	278,160				
	29.2	503,759	-	-	503,759				
	29.2	1,731,548	-	-	1,731,548				
	29.2	10,295	-	-	10,295				
	29.2	1,454,644	-	-	1,454,644				
	29.2	1,155,493	-	-	1,155,493				
	29.2	17,818,607	-	-	17,818,607				
		22,952,506	-	-	22,952,506				
Other Financial liabilities not measured at fair value									
	29.2	-	-	11,226,919	11,226,919				
	29.2	-	-	12,621,368	12,621,368				
	29.2	-	-	4,028,864	4,028,864				
	29.2	-	-	18,944	18,944				
	29.2	-	-	135,929	135,929				
	29.2	-	-	260,448	260,448				
Derivative Financial liability measured at fair value									
	29.3	-	472,057	-	472,057	-	472,057	-	472,057
		-	472,057	28,292,472	28,764,529				

29.2 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

29.3 For valuation of derivative (forward foreign exchange contract) at 31 December 2020, the relevant rate has been taken from financial institution and has been classified into level 2 fair value management hierarchy as defined in IFRS 13.

Notes to the Condensed Interim Financial Statements (Unaudited)

As at 30 September 2021

30. OPERATING SEGMENTS

The activities of the Company have been grouped into two operating segments, i.e. automobile and motorcycle as follows:

	30 September 2021 (Unaudited)			30 September 2020 (Unaudited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rupees in '000')					
Segment information						
Sales	112,340,364	4,033,225	116,373,589	48,216,760	1,865,372	50,082,132
Gross profit / (loss)	6,307,273	310,653	6,617,926	1,045,607	80,686	1,126,293
Distribution and marketing expenses	(1,944,718)	(67,375)	(2,012,093)	(981,057)	(28,181)	(1,009,238)
Administrative expenses (Provision) / reversal of impairment losses	(1,866,954)	(185,166)	(2,052,120)	(1,400,881)	(177,485)	(1,578,366)
	(60,878)	(6,379)	(67,257)	500	(14,196)	(13,696)
Operating income / (loss)	2,434,723	51,733	2,486,456	(1,335,831)	(139,176)	(1,475,007)
Other income	1,026,672	263,503	1,290,175	171,476	147,774	319,250
Finance costs	(363,187)	(6,060)	(369,247)	(2,393,094)	(6,258)	(2,399,352)
	3,098,208	309,176	3,407,384	(3,557,449)	2,340	(3,555,109)

Unallocated corporate expenses

Share of loss of equity accounted investee		(87,992)				(33,391)
Other Expense		(234,209)				-
Taxation		(894,644)				989,640
Profit / (loss) for the period			2,190,539			(2,598,860)
Capital expenditure	4,870,961	33,097	4,904,058	495,499	17,677	513,176
Depreciation	2,373,546	79,573	2,453,119	1,630,863	86,856	1,717,719

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rupees in '000')					
Assets						
Segment assets	65,127,111	4,138,259	69,265,370	49,482,908	3,200,822	52,683,730
Unallocated corporate assets	-	-	17,938,450	-	-	14,020,635
	65,127,111	4,138,259	87,203,820	49,482,908	3,200,822	66,704,365
Liabilities						
Segment liabilities	58,047,056	180,799	58,227,855	29,468,656	128,962	29,597,618
Unallocated corporate liabilities	-	-	2,446,298	-	-	12,757,297
	58,047,056	180,799	60,674,153	29,468,656	128,962	42,354,915

31. RECLASSIFICATION OF COMPARATIVES

Certain corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation to reflect the substance of the transactions.

32. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company in its meeting held on October 28, 2021.



Chairman



Chief Executive Officer



Chief Financial Officer

ڈائریکٹرز رپورٹ

383,608 یونٹس کا اضافہ گزشتہ سال کی اسی مدت کے مقابلے میں فروخت کے حجم میں 38 فیصد بہتری کی نمائندگی کرتا ہے۔ کمپنی نے گزشتہ 1,402,529 سال کی اسی مدت میں 11,092 یونٹس کی فروخت کے حجم کے مقابلے میں 22,918 یونٹس کی فروخت کا حجم حاصل کیا، جس میں 107 فیصد کا شاندار اضافہ درج کیا گیا۔ یہ اضافہ بنیادی طور پر ملک گیر 2-ویہیلر فرنچائز کا ایک نیا چینل تیار کرنے کے لیے فروخت کی حکمت عملی سے منسوب ہے۔

کمپنی کے آپریٹنگ نتائج

کمپنی نے گزشتہ سال کی اسی مدت میں 2,599 ملین روپے کے خالص نقصان کے مقابلے میں 2,191 ملین روپے کا خالص منافع کمایا۔ خالص فروخت کی آمدنی 50,082 ملین روپے (جنوری-ستمبر 2020) سے 66,291 ملین روپے بڑھ کر 116,374 ملین روپے (جنوری-ستمبر 2021) ہو گئی۔ سیلز کے حجم میں صحت مند بحالی کی وجہ سے موجودہ مدت میں سیلز ریونیو میں 132 فیصد بہتری آئی ہے۔ 1,126 روپے (جنوری-ستمبر 2020) کے مقابلے میں 6,617 ملین روپے (جنوری-ستمبر 2021) کا مجموعی منافع گزشتہ سال کی اسی مدت کے ساتھ 5,491 روپے بہتر ہوا۔ خالص فروخت کے فیصد کے طور پر مجموعی منافع کا مارجن 2.25% سے 5.7% تک بہتر ہوا۔ مزید برآں، کمپنی کی لیکویڈیٹی پوزیشن میں بہتری نے مالیاتی چارجز میں کمی اور سود کی آمدنی میں اضافے میں اہم کردار ادا کیا۔ مالیاتی چارجز میں روپے کی کمی 2,030 ملین روپے سے 2020 میں 2,399 ملین سے روپے 2021 میں 369 ملین۔

مستقبل کا آؤٹ لک اور نتیجہ

تک کی گاڑیوں کو بڑی مراعات کی اجازت دی گئی تھی۔ تاہم، سپلائی چین میں CC ہم وفاقی بجٹ 2021-22 میں اعلان کردہ مراعات کو سراہتے ہیں جس میں 1000 کی قدر میں کمی نے گاڑیوں کی قیمتوں میں PKR خلل جس کے نتیجے میں سمندری مال برداری میں نمایاں اضافہ، اعلیٰ عالمی اجناس کی قیمتیں اور حالیہ غیر متوقع طور پر کے مارجن پر منفی اثر ڈالنے میں اہم کردار ادا کیا۔ OEMs نمایاں اضافہ اور

آٹو انڈسٹری کی ترقی کے لیے طویل مدتی مستقل پالیسیاں ناگزیر ہیں۔ موجودہ آٹو پالیسی 2016 سے 2021 کی مدت کے لیے لاگو تھی اور مستقبل قریب میں نئی آٹو اور وکاندروں کو مراعات پیش کرے گی۔ OEMs پالیسی کا اعلان متوقع ہے۔ امید کی جاتی ہے کہ نئی آٹو پالیسی صنعت کے موافق ہوگی اور یہ

کی صورت حال قابو میں ہے کیونکہ یہ فعال کیسوں میں خاطر خواہ کمی کے ساتھ واضح ہے۔ توقع ہے کہ مستقبل قریب میں عام آپریٹنگ ماحول (COVID-19) کورونا وائرس غالب رہے گا۔ کمپنی موجودہ مصنوعات کو اپ گریڈ کر کے اپنے کاموں میں فروخت، منافع اور تنوع کو بہتر بنانے کی کوشش کر رہی ہے اور مجاز ڈیلرز کے ایک موثر نیٹ ورک کے ذریعے صارفین کو مسابقتی قیمتوں پر معیاری مصنوعات پیش کرتی ہے۔

کنجی سائٹو

چیمبرمین

کراچی: 28 اکتوبر 2021

ڈائریکٹرز رپورٹ

بورڈ کی جانب سے، میں 30 ستمبر 2021 کو ختم ہونے والی مدت کے لیے کمپنی کی کارکردگی پر اپنا جائزہ پیش کرتا ہوں۔

دی اکانومی

کے مرحلے کا انتظام کرنے کی کوشش کر رہی ہے۔ COVID وفاقی حکومت صحت عامہ کو وبائی امراض کے مضر اثرات سے بچانے اور فوری معاشی بحالی کے حصول کے لیے حکومت نے ملک کی معاشی حالت پر مثبت نتائج دینے والے کاروباروں پر ہونے والے معاشی نقصان کو محدود کرنے کے لیے متعدد کریڈٹ مراعات اور مالیاتی اقدامات متعارف کئے۔ شعبے میں مالی سال 2020-21 کے دوران 2019-20 کے مقابلے میں تقریباً 15 فیصد اضافہ دیکھنے میں آیا۔ (LSM) کروائے تھے۔ بڑے پیمانے پر مینوفیکچرنگ جولائی-ستمبر 2021 کی سہ ماہی میں 8,000 ملین امریکی ڈالر سے زیادہ کی برآمدات حاصل کی گئیں، جس میں 2020 کی اسی سہ ماہی کے مقابلے میں 12 فیصد اضافہ ریکارڈ کیا گیا۔ مزید برآں، اسٹیٹ بینک آف پاکستان کے معاون پالیسی اقدامات کی وجہ سے ترسیلات زر نے زبردست کارکردگی کا مظاہرہ کیا ہے۔ ایس بی پی) ڈیجیٹل پاکستان اکاؤنٹ کے تحت۔ تاہم درآمدات میں مسلسل اضافہ ہوا جس سے تجارتی خسارہ بڑھ گیا۔ جولائی-ستمبر 2021 کی سہ ماہی میں تجارتی خسارے میں سال بہ سال سے تجاوز کر گیا۔ اجناس کی عالمی قیمتوں اور 170 PKR 100% اضافہ ہوا۔ اس کے نتیجے میں پاکستانی روپیہ امریکی ڈالر کے ساتھ اب تک کی کم برابری کی طرف گرا، SBP کی قدر میں کمی کے اثرات شروع ہو گئے ہیں۔ اعلیٰ افراط زر میں ظاہر ہوتا ہے۔ قومی سٹی پی آئی ستمبر 2021 میں سال بہ سال 9% تک بڑھ گئی۔ PKR حالیہ نے کووڈ کے آغاز کے بعد سے پالیسی ریٹ میں 25 بیسس پوائنٹس کے پہلے اضافے کے ساتھ ان رجحانات کا مقابلہ کرنے کے لیے مالیاتی سختی کے لیے اقدامات شروع کیے ہیں۔ ستمبر 2021 میں اعلان کردہ 'مانیٹری پالیسی' میں پالیسی ریٹ کو بڑھا کر 7.25% کر دیا گیا تھا۔ ہمیں مستقبل قریب میں اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں مزید اضافے کی توقع ہے۔

انڈسٹری آؤٹ لک

ملک کی مجموعی اقتصادی حالت میں بہتری کے آثار دکھائی دے رہے ہیں۔ آٹو موٹو سیکٹر کی بحالی میں اہم عوامل کار فنانسنگ کے حجم میں اضافہ تھے جو کم شرح سود کے باعث کارفرما تھے، غیر ملکی ترسیلات زر میں اضافے کی وجہ سے صارفین کے ہاتھ میں ڈسپوزیبل آمدنی میں اضافہ، زرعی آمدنی میں بہتری اور اس کے علاوہ ٹیکسوں میں کمی کے مثبت پالیسی فیصلوں کا اعلان کیا گیا۔ وفاقی حکومت

اس عرصے کے دوران (جنوری تا ستمبر 2021)، کاروں اور ہلکی کمرشل گاڑیوں کے لیے آٹو انڈسٹری کی فروخت کا حجم 154,488 یونٹس ریکارڈ کیا گیا جو کہ گزشتہ سال کی اسی مدت میں 81,517 یونٹس کے مقابلے میں 90 فیصد زیادہ ہے۔

جنوری تا ستمبر 2021 کے دوران کمپنی کی فروخت کا حجم 38,815 یونٹس سے 128 فیصد بہتر ہو کر 88,594 یونٹس ہو گیا، جس سے صنعتی رجحان میں 28 فیصد سے ممبر کمپنیوں میں کاروں اور ہلکی کمرشل گاڑیوں کی 57% مارکیٹ کی نمائندگی کرتا ہے۔ آپ کی کمپنی نے مانگ PAMA زیادہ اضافہ ہوا۔ کمپنی کی کل فروخت کا حجم کے مطابق پیداوار کو ایڈجسٹ کیا اور پیداوار کا حجم 88,090 یونٹس تک پہنچا دیا۔ صلاحیت کا استعمال 78 فیصد رہا۔

رکن کمپنیاں) 1,018,921 یونٹس سے بڑھ کر PAMA) زیر جائزہ مدت کے دوران، موٹر سائیکلوں اور تین پہیوں کی منظم مارکیٹ یونٹس۔

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