



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
For the Quarter Ended September 30, 2021
(Un-audited)



Contents

02	Directors' Report
09	Condensed Interim Statement of Financial Position
10	Condensed Interim Statement of Profit or Loss
11	Condensed Interim Statement of Comprehensive Income
12	Condensed Interim Statement of Cash Flows
13	Condensed Interim Statement of Changes in Equity
14	Notes to and Forming Part of the Condensed Interim Financial Statements
24	Company Information

Directors' Report

For the quarter ended September 30, 2021

The Directors of Indus Motor Company (IMC) Limited are pleased to present the unaudited accounts of the Company for the quarter ended September 30, 2021.

Pakistan's Automobile Industry

During the quarter ended September 30, 2021, the automobile industry observed an increase in demand for automobiles due to improved economic conditions, rapid pace of economic growth and reduced financing rates during the quarter. Moreover, through Finance Act, 2021, the Government reduced Additional Customer Duty (ACD), Federal Excise Duty (FED) and Sales Tax (up to 1000cc category) on the sale of locally manufactured vehicles from July 1, 2021, resulting in a reduction of prices of locally manufactured vehicles, thereby, generating additional demand for automobiles.

However, the production of vehicles remained under pressure due to non-availability of raw material or components and semi-conductor chip shortage issue worldwide. However, the PAMA members managed well to meet the demand and were able to produce 62,159 units as compared to 32,937 units produced in the same period last year. We expect the supply chain challenges to minimize and the situation improves in upcoming quarters based on improvement in COVID-19 situation worldwide.

Consequent to increased demand during the quarter, the quarter industry wide sales for PAMA (Pakistan Automotive Manufacturers Association) members for locally manufactured Passenger Cars (PC) and Light Commercial Vehicles (LCV) vehicles increased by 84.28% to 68,889 units, as against 37,383 units sold for the same period last year.

Company Review

The Company's combined sales of Completely Knocked Down (CKD) and Completely Built-up Units (CBU) units for the first quarter ended September 30, 2021 increased by 60% to 18,855 units against 11,809 units sold in the same period last year. The market share of Indus Motor Company in the overall market stood at approximately 19.4% for the first quarter. The Company produced 16,896 units of vehicles for the three-month period, registering a 45% increase, as compared to 11,648 units produced in the same period last year.

The net sales turnover for the quarter ended September 30, 2021 increased by 91.7% to Rs. 65.55 billion as compared to Rs 34.19 billion in the same period last year, while profit after tax also increased by 194% to Rs. 5.42 billion, as against Rs. 1.85 billion achieved in the same period last year. The increase in turnover and profitability for the three-month period was mainly due to higher CKD and CBU volumes, slight decrease in cost of input materials due to lower USD / PKR exchange rate as compared to same quarter last year and increase in other income due to higher fund size, mainly on account of increase in advances from customers.

In contrast with previous quarters, the increase in volumes improved the profitability for the current quarter. The increased demand is attributable to the improved economic indicators of Pakistan and reduction in price of vehicles from July 2021 due to reduction in FED and ACD through Finance Act 2021. Moreover, the overwhelming response received from our esteemed customers for Toyota Yaris, making it the "Highest Selling Sedan in Pakistan", has also led to volume increase.

Directors' Report

For the quarter ended September 30, 2021

Keeping consistent with IMC's policy of providing customers with more options and features, the Company launched the Toyota Corolla 1.6 Special Edition in September 2021, which received an overwhelming response from customers.

Based on the above results, the Board of Directors are pleased to declare an interim cash dividend of Rs. 34.50 per share for the quarter compared to Rs 12 per share in same period last year. During the period, transactions with the related parties as disclosed in the financial statements were carried out in the ordinary course of business.

Near Term Business Outlook

The Government announced an extremely progressive Auto Policy that encourages new technologies such as Battery Electric Vehicles (BEVs) and Hybrids. The Government's consistent effort to promote the local automotive industry in the Hybrid sub-sector is noteworthy. Its intent to locally develop Hybrid Electric Vehicles (HEVs), Plug-in Hybrids (PHEVs), and Battery Electric Vehicles (BEVs) to mitigate climate change and reduce dependency on oil imports is appreciated. The Government also reduced the levy of FED, sales tax and ACD on locally manufactured vehicles which greatly boosted the demand in auto-sector. However, in case of Double Cabin pickup vehicles, the Government appears to have missed the reduction of FED in Finance Act 2021, thereby creating disparity, and we anticipate that the Government should consider reduction of Federal Excise Duty on Double Cabin vehicles to remove this disparity. The structure of duties and taxes remains a vital factor in determining prices of vehicles, and any change thereon may affect demand of vehicles in future period.

In the last week of September 2021, State Bank of Pakistan (SBP) has introduced stringent rules on auto loans in order to tighten consumer lending for imported vehicles and locally manufactured vehicles of more than 1000cc. Key changes in the regulations includes reduction in maximum tenure of auto finance from 07 to 05 years, increase in minimum down payment from 15% to 30%, limiting maximum auto financing limit available per person to 3 million and a complete ban on financing options on imported (new or used) vehicles. The said regulations will likely impact the overall market potential for the FY 2022.

During the quarter, the trade deficit widened over 100 percent to an alarming \$11.66 billion from \$5.81 billion in the same period of last fiscal year. The country's current account deficit has increased significantly, due to the continuously ballooning trade deficit. The surge comes amidst booming demand which is drawing in imports, however this gap could widen even further in coming months, as the economy gradually recovers from the coronavirus impact. This could increase pressure on the country's balance of payment and exchange rate in the months to come. It is to be noted that since mid-May 2021, the rupee has been shedding its worth without any respite.

The continuous depreciation of Pak Rupee against US\$ and JPY, rising inflation and international commodity prices will continue to be vital factors that have an impact on the future financial statements of the Company. With time, it is becoming unbearable for the industry to absorb the pressure of rising input cost of materials. While the industry works hard to try and sustain product prices, given the rising costs and economic conditions, costs may have to be passed on to consumers sooner or later, which may reduce growth of the industry to a certain extent.

Directors' Report

For the quarter ended September 30, 2021

Your Company remains committed to its 'Customer First' philosophy that demands a high level of contribution, dedication and efficiency from all levels in the Company to ensure maximum customer satisfaction throughout the supply chain. This is the cornerstone of the 'Toyota Way' and critical for the continued long-term success of the Company.

Acknowledgement

We are grateful to our customers for their continued patronage of our products and wish to acknowledge the efforts of the entire IMC team, including our staff, vendors, dealers and all business partners, for their untiring efforts in these challenging times and look forward to their continued support.

We bow to the Almighty, and pray for His blessings, forgiveness and guidance.

On behalf of the Board of Directors.

October 25, 2021,
Karachi.



Ali Asghar Jamali
Director & Chief Executive



Shinji Yanagi
Vice Chairman & Director

ڈائریکٹرز رپورٹ برائے سہ ماہی مسختتمہ 30 ستمبر، 2021

انڈس موٹر کمپنی (آئی ایم سی) کے ڈائریکٹرز 30 ستمبر، 2021 کو ختم ہونے والی سہ ماہی کیلئے کمپنی کے غیر پڑتال شدہ کھاتوں (اکاؤنٹس) کو پیش کرنے میں مسرت محسوس کرتے ہیں۔

پاکستان کی آٹوموبائل انڈسٹری

30 ستمبر، 2021 کو ختم ہونے والی سہ ماہی کے دوران آٹوموبائل انڈسٹری میں بہتر معاشی حالات، اقتصادی ترقی کی تیز رفتار اور فنانسنگ کی شرحوں میں کمی کے نتیجے میں گاڑیوں کی طلب میں اضافہ دیکھا گیا۔ مزید برآں، حکومت نے فنانس ایکٹ 2021 کے ذریعے یکم جولائی 2021 سے مقامی سطح پر تیار ہونے والی گاڑیوں (1000 سی سی تک) کی فروخت پر اضافی کسٹم ڈیوٹی (اے سی ڈی) اور فیڈرل ایکسائز ڈیوٹی (ایف ای ڈی) اور سیلز ٹیکس میں کمی کی جس کے باعث مقامی سطح پر تیار ہونے والی گاڑیوں کی قیمتوں میں کمی سے گاڑیوں کی طلب میں اضافہ ہوا۔

تاہم دنیا بھر میں خام مال یا پرزہ جات کی عدم دستیابی اور سی سی کنڈیکٹر چپ کی قلت کے مسئلے کے باعث گاڑیوں کی پیداوار دباؤ کا شکار رہی۔ تاہم پی اے ایم اے کے اراکین نے گاڑیوں کی طلب کو بہتر انداز میں پورا کیا اور گزشتہ سال کی اسی مدت کے 32,937 یونٹوں کے مقابلے میں 62,159 گاڑیوں کو تیار کرنے میں کامیاب رہے۔ ہم توقع کرتے ہیں کہ آنے والی سہ ماہیوں میں ملک بھر میں کورونا کی بہتر صورتحال کی بنیاد پر سپلائی چین کے چیلنجز کو کم کرنے اور مجموعی صورتحال میں بہتر آئے گی۔

سہ ماہی کے دوران طلب میں اضافہ کے نتیجے میں سہ ماہی کے دوران پی اے ایم اے (پاکستان آٹوموبیل منوفیکچررز ایسوسی ایشن) کیلئے مقامی طور پر تیار کردہ PC اور LCV گاڑیوں کی صنعتی فروخت گزشتہ سال کی 37,383 یونٹس فروخت کے مقابلے میں 68,889 یونٹس رہی جو مارکیٹ میں 84.28 فیصد اضافہ کو ظاہر کرتا ہے۔

کمپنی کا جائزہ

کمپنی کی 30 ستمبر، 2021 کو ختم ہونے والی پہلی سہ ماہی کیلئے سی کے ڈی اور سی بی یو گاڑیوں کی فروخت 60 فیصد اضافہ

کے ساتھ گزشتہ سال کی اسی مدت کی 11,809 یونٹس کی فروخت کے مقابلے میں 18,855 یونٹس رہی۔ پہلی سہ ماہی کیلئے انڈس موٹر کمپنی کا مجموعی مارکیٹ میں حصہ تقریباً 19.4 فیصد رہا۔ کمپنی نے تین ماہ میں 16,896 گاڑیاں تیار کیں جو 45 فیصد اضافہ کو ظاہر کرتا ہے جبکہ گزشتہ سال کی اسی مدت میں 11,648 گاڑیاں تیار کی گئی تھیں۔

30 ستمبر، 2021 کو اختتام پذیر سہ ماہی کیلئے کمپنی کی خالص فروخت 65.55 بلین روپے رہی جو گزشتہ سال کی اسی مدت کے 34.19 بلین روپے کے مقابلے میں 91.7 فیصد زیادہ رہی جبکہ بعد از ٹیکس منافع 194 فیصد اضافہ کے ساتھ گزشتہ سال کے 1.85 بلین روپے کے مقابلے میں 5.42 بلین روپے رہا۔ تین ماہ کے لئے آمدن اور منافع میں اضافہ کی بڑی وجوہات میں سی کے ڈی اور سی بی یو کا زیادہ حجم، گزشتہ سال کی اسی سہ ماہی کے مقابلے میں ڈالر / روپے کے ایکس چینج ریٹ کے باعث ان پٹ میٹریل کی لاگت میں معمولی سے کمی، صارفین کی طرف سے گاڑیوں کی خریداری کیلئے دی جانے والی ایڈوائس رقوم میں اضافہ سے زیادہ فنڈ ہونے پیدا ہونے سے ہونے والی دیگر آمدن میں اضافہ شامل ہیں

گزشتہ سہ ماہیوں کے مقابلے میں حجم میں اضافہ سے موجودہ سہ ماہی کیلئے منافع بہتر ہوا۔ گاڑیوں کی طلب میں اضافہ پاکستان میں معاشی اشاریوں میں بہتری اور فنانس ایکٹ 2021 کے ذریعے ایف ای ڈی اور اے سی ڈی میں کمی کی وجہ سے جولائی 2021 سے گاڑیوں کی قیمتوں میں کمی بڑی وجہ ہے۔ مزید برآں ٹویوٹا یارس کیلئے ہمارے معزز صارفین کی طرف سے شاندار حوصلہ افزائی نے اسے پاکستان میں سب سے زیادہ فروخت ہونے والی سیڈان بنایا جس سے حجم میں اضافہ ہوا

صارفین کو مزید آپشنز اور خصوصیات کی فراہمی کیلئے آئی ایم سی کی پالیسی کے تسلسل میں کمپنی نے ستمبر 2021 کو ٹویوٹا کرولا 1.6 سپیشل ایڈیشن لانچ کیا۔ صارفین کی طرف سے اسے بے حد سراہا گیا۔ مذکورہ بالا نتائج کی بنیاد پر بورڈ آف ڈائریکٹرز سہ ماہی کیلئے 34.50 روپے فی حصص کے عبوری نقد منافع کا اعلان کرنے میں مسرت محسوس کرتے ہیں جبکہ گزشتہ سال کی اسی مدت میں یہ منافع 12 روپے فی حصص تھا۔ اس مدت کے دوران متعلقہ فریقین کے ساتھ تمام قسم کا لین دین کاروبار کے معمول کے طریق کار میں کیا گیا ہے جس کا مالیاتی گوشوارے میں ذکر کیا گیا ہے

مستقبل کا کاروباری جائزہ

حکومت نے کافی حد تک ترقی پسندانہ آٹو پالیسی کا اعلان کیا جو بیٹری الیکٹرک و ہیملز (بی ای ویز) اور ہائبرڈ جیسی نئی ٹیکنالوجیز کے استعمال کی حوصلہ افزائی کرتی ہے۔ حکومت کی طرف سے ہائبرڈ کے ذیلی شعبے میں گاڑیوں کی مقامی صنعت کو فروغ دینے کی

تسلسل کے ساتھ کوشش قابل ذکر ہیں۔ حکومت کی طرف سے ہائبرڈ برقی گاڑیوں (ایچ ای ویز)، پلگ ان ہائبرڈز (پی ایچ ای ویز) اور بیٹری سے چلنے والی برقی گاڑیوں (بی ای ویز) کی مقامی سطح پر تیاری کا مقصد موسمیاتی تغیر کے اثرات اور تیل کی درآمد کے انحصار کو کم کرنا ہے۔ حکومت نے مقامی سطح پر تیار کردہ گاڑیوں پر ایف ای ڈی، سلیزن ٹیکس اور اے سی ڈی میں بھی کمی کی جس سے طلب میں بہت زیادہ اضافہ ہوا۔ لیکن ایسا لگتا ہے حکومت فنانس ایکٹ 2021 میں ڈبل کیبن پک اپ گاڑیوں پر فیڈرل ایکسائز ڈیوٹی کم کرنا بھول گئی جس سے تفاوت پیدا ہوئی۔ ہم امید کرتے ہیں حکومت اس فرق کو ختم کرنے کیلئے ڈبل کیبن گاڑیوں پر فیڈرل ایکسائز ڈیوٹی میں کمی پر غور کرے گی۔ ڈیوٹیز اور ٹیکسوں کا ڈھانچہ گاڑیوں کی قیمتوں کے تعین میں اہم عنصر ہے اس لئے اس میں کسی قسم کی تبدیلی مستقبل میں گاڑیوں کی طلب کو متاثر کر سکتی ہے۔

ستمبر 2021 کے آخری ہفتے میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے آٹو قرضوں پر سخت قوانین متعارف کرائے تاکہ درآمد شدہ گاڑیوں اور 1000 سی سی سے زائد مقامی سطح پر تیار کردہ گاڑیوں کیلئے صارفین کو قرضوں کی فراہمی کے حوالے سے شرائط کو سخت کیا جاسکے۔ قواعد و ضوابط میں اہم تبدیلیوں میں آٹو فنانس کی زیادہ سے زیادہ مدت کو 7 سال سے 5 سال تک کم کرنا، کم سے کم ڈاؤن پیمنٹ میں 15 فیصد سے 30 فیصد اضافہ، آٹو فنانسنگ کو محدود کرتے ہوئے فی شخص 30 لاکھ روپے تک قرضے کی فراہمی اور درآمد (نئی اور استعمال شدہ) گاڑیوں پر فنانسنگ آپشنز پر مکمل پابندی شامل ہیں۔

سہ ماہی کے دوران تجارتی خسارہ 100 فیصد سے بڑھ کر 11.66 بلین ڈالر ہو گیا جبکہ گزشتہ مالی سال کی اسی مدت میں یہ خسارہ 5.81 بلین ڈالر تھا۔ تسلسل کے ساتھ بڑھتے ہوئے تجارتی خسارے کے باعث پاکستان کے کرنٹ اکاؤنٹ خسارے میں بھی خاطر خواہ اضافہ ہوا۔ یہ اضافہ بڑھتی ہوئی طلب کے درمیان وقوع پذیر ہوا جو درآمدات میں اضافہ کا باعث بن رہی ہے تاہم آنے والے مہینوں میں یہ فرق مزید بڑھ سکتا ہے کیونکہ ملکی معیشت کو رونا وائرس کے اثرات سے آہستہ آہستہ باہر آ رہی ہے۔ اس سے آنے والے مہینوں میں پاکستان کی ادائیگی کے توازن اور ایکس چینج ریٹ پر دباؤ میں اضافہ ہو سکتا ہے۔ یہ بات قابل ذکر ہے کہ مئی 2021 کے وسط سے روپے کی قدر میں کمی آرہی ہے۔

امریکی ڈالر اور جاپانی ین کے مقابلے میں پاکستان کی روپے کی قدر میں مسلسل کمی، افراط زر میں اضافہ اور عالمی اشیاء ضروریہ کی قیمتیں وہ اہم عوامل ہیں کمپنی کے مستقبل کے مالیاتی گوشوارے پر اثر انداز ہوں گے۔ وقت گزرنے کے ساتھ ساتھ انڈسٹری کیلئے میٹریل کی بڑھتی ہوئی ان پٹ لاگت کے دباؤ کو برداشت کرنا مشکل ہوتا ہو جا رہا ہے۔ اگرچہ انڈسٹری مصنوعات کی

قیمتوں کو برقرار رکھنے کی پوری کوشش کرتی ہے تاہم بڑھی ہوئی لاگتوں اور معاشی صورتحال کے باعث ان لاگتوں کا بوجھ جلد یا بدیر صارفین پر ڈالنا ہوگا جس سے انڈسٹری کی پیداوار خصوص حد تک کم ہو سکتی ہے۔

آپ کی کمپنی ”پہلے صارف“ کے فلسفے پر سختی سے کاربند ہے جو کمپنی میں تمام افراد سے محنت، لگن اور موثر کارکردگی کا متقاضی ہے تاکہ پوری سپلائی چین میں صارفین کے زیادہ سے زیادہ اطمینان کو یقینی بنایا جاسکے۔ یہ ”ٹوئو نا طریقہ کار“ کی بنیاد اور کمپنی کی مسلسل طویل کامیابی کیلئے نہایت ضروری ہے۔

اظہار تشکر

ہمیشہ کی طرح ہم اپنے صارفین کے شکر گزار ہیں کہ انہوں نے ہماری مصنوعات پر مسلسل اعتماد کیا۔ ہم آئی ایم سی کی پوری ٹیم بشمول اسٹاف، وینڈرز، ڈیلرز اور تمام بزنس پارٹنر کی مشکل وقتوں میں انتھک محنت کو سراہنا چاہتے ہیں اور امید کرتے ہیں کہ ان کا مسلسل ساتھ حاصل رہے گا۔

ہم رب عظیم کے شکر گزار ہیں اور اس کی برکتوں سمیت رہنمائی کیلئے دعا گو ہیں۔

منجانب بورڈ آف ڈائریکٹرز

25 اکتوبر، 2021

کراچی



علی اصغر جمالی

چیف ایگزیکٹو



شن جی یاناگی

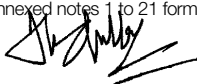
وائس چیئرمین وڈائریکٹر

Condensed Interim Statement of Financial Position

As at September 30, 2021

	Note	September 30 2021 (Unaudited)	June 30 2021 (Audited)
------(Rupees in '000)-----			
ASSETS			
Non-current Assets			
Property, plant and equipment	5	15,351,904	15,769,862
Intangible assets		34,818	39,784
Long-term loans and advances		14,667	16,857
Long-term deposits		10,020	10,020
Long-term investments	6	6,415,391	3,127,175
Deferred taxation - net		344,239	230,553
		22,171,039	19,194,251
Current Assets			
Stores and spares		418,433	420,105
Stock-in-trade		21,302,920	22,288,961
Trade debts - unsecured		2,044,730	517,138
Loans and advances		6,167,142	6,263,003
Short-term prepayments		30,713	36,999
Accrued return		178,202	109,996
Other receivables		798,762	983,119
Short-term investments	7	105,828,988	82,052,447
Cash and bank balances		1,654,553	2,039,797
		138,424,443	114,711,565
TOTAL ASSETS		160,595,482	133,905,816
EQUITY			
Share Capital			
Authorised capital			
500,000,000 (June 30, 2021: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up capital			
78,600,000 (June 30, 2021: 78,600,000) ordinary shares of Rs 10 each		786,000	786,000
Reserves		49,971,304	47,415,465
		50,757,304	48,201,465
LIABILITIES			
Non-Current Liabilities			
Long term loan	8	491,853	589,837
Deferred government grant		2,011	6,023
Gas Infrastructure Development Cess payable		92,394	149,573
		586,258	745,433
Current Liabilities			
Current portion of long term loan		380,757	373,303
Current portion of deferred revenue		1,650	3,799
Current portion of deferred government grant		27,226	34,680
Current portion of Gas Infrastructure Development Cess payable		42,525	41,522
Dividend payable		3,194,391	330,370
Trade payables, other payables and provisions		30,298,714	30,288,196
Advances from customers and dealers		71,876,123	51,266,776
Taxation - net		3,430,534	2,620,272
		109,251,920	84,958,918
TOTAL EQUITY AND LIABILITIES		160,595,482	133,905,816
CONTINGENCIES AND COMMITMENTS			

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Mohammad Ibadullah
Chief Financial Officer


Ali Asghar Jamali
Chief Executive



Shinji Yanagi
Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2021(unaudited)

		Quarter ended	
		September 30	September 30
	Note	2021	2020
		----- (Rupees in '000) -----	
Revenue from contracts with customers	10	65,552,015	34,194,928
Cost of sales	11	(58,479,712)	(31,906,778)
Gross profit		7,072,303	2,288,150
Distribution expenses		(455,529)	(226,027)
Administrative expenses		(466,572)	(316,072)
Other operating expenses		(19,275)	(8,655)
		(941,376)	(550,754)
		6,130,927	1,737,396
Workers' Profit Participation Fund and Workers' Welfare Fund		(466,768)	(146,112)
Profit from operations		5,664,159	1,591,284
Other income	13	2,047,214	1,088,536
		7,711,373	2,679,820
Finance cost		(28,546)	(34,092)
Profit before taxation		7,682,827	2,645,728
Taxation		(2,258,088)	(800,358)
Profit after taxation		5,424,739	1,845,370
Earnings per share - basic and diluted (Rupees)		69.02	23.48

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Mohammad Ibadullah
 Chief Financial Officer


Ali Asghar Jamali
 Chief Executive


Shinji Yanagi
 Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the quarter ended September 30, 2021 (unaudited)

	Quarter ended	
	September 30 2021	September 30 2020
	----- (Rupees in '000) -----	
Profit after taxation for the period	5,424,739	1,845,370
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be subsequently reclassified to profit or loss	-	-
Total comprehensive income for the period	<u>5,424,739</u>	<u>1,845,370</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Mohammad Ibadullah
Chief Financial Officer



Ali Asghar Jamali
Chief Executive




Shinji Yanagi
Vice Chairman & Director

Condensed Interim Statement of Cash Flows

For the quarter ended September 30, 2021 (unaudited)

		Quarter ended	
		September 30	
Note		2021	2020
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	27,072,710	23,374,197
Net increase / (decrease) in long-term loans and advances		4,202	(1,368)
Workers' profit participation fund		4,318	-
Compensation paid on advances received from customers		(232,224)	(2,236)
Income tax paid		(1,561,507)	(432,681)
Net cash inflow from operating activities		25,287,499	22,937,912
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		(436,509)	(428,463)
Proceeds from disposal of property, plant and equipment		53,531	55,427
Interest received on bank deposits and Term Deposit Receipts		250,661	212,520
Interest received on Pakistan Investment Bonds		93,115	-
Investment in listed mutual fund units		(1,666,900)	(10,300,000)
Proceeds from redemption of listed mutual fund units		2,510,567	2,303,941
Investment in Pakistan Investment Bonds		(3,288,217)	-
Gain on trade of Pakistan Investment Bonds		80,626	571,177
Dividend Income from listed mutual fund units		182,864	117,368
Gain on trade of investment in Market Treasury Bills		1,193,052	561,704
Net cash outflow on investing activities		(1,027,209)	(6,906,326)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(4,880)	(57,728)
Long-term loan installments paid		(101,996)	(6,718)
Long-term loan received		-	411,984
Net cash inflow from / (outflow on) financing activities		(106,876)	347,538
Net increase in cash and cash equivalents during the period		24,153,414	16,379,124
Cash and cash equivalents at the beginning of the period		71,477,141	41,865,896
Cash and cash equivalents at the end of the period	15	95,630,555	58,245,020

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Mohammad Ibadullah
 Chief Financial Officer


Ali Asghar Jamali
 Chief Executive


Shinji Yanagi
 Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2021(unaudited)

	Share Capital	Reserves				Total
	Issued, subscribed and paid-up	Capital	Revenue		Sub-Total	
		Premium on issue of ordinary shares	General reserve	Unappropriated profit		
------(Rupees in '000)-----						
Balance as at July 1, 2020	786,000	196,500	36,451,050	3,735,841	40,383,391	41,169,391
Total comprehensive income for the quarter ended September 30, 2020	-	-	-	1,845,370	1,845,370	1,845,370
Transfer to general reserve for the year ended June 30, 2020 appropriated subsequent to year end	-	-	3,000,000	(3,000,000)	-	-
Transactions with owners						
Final dividend @ 7% for the year ended June 30, 2020 declared subsequent to year end	-	-	-	(550,200)	(550,200)	(550,200)
Balance as at September 30, 2020	<u>786,000</u>	<u>196,500</u>	<u>39,451,050</u>	<u>2,031,011</u>	<u>41,678,561</u>	<u>42,464,561</u>
Balance as at July 1, 2021	786,000	196,500	39,451,050	7,767,915	47,415,465	48,201,465
Total comprehensive income for the quarter ended September 30, 2021	-	-	-	5,424,739	5,424,739	5,424,739
Transfer to general reserve for the year ended June 30, 2021 appropriated subsequent to year end	-	-	4,500,000	(4,500,000)	-	-
Transactions with owners						
Final dividend @ 365% for the year ended June 30, 2021 declared subsequent to year end	-	-	-	(2,868,900)	(2,868,900)	(2,868,900)
Balance as at September 30, 2021	<u>786,000</u>	<u>196,500</u>	<u>43,951,050</u>	<u>5,823,754</u>	<u>49,971,304</u>	<u>50,757,304</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Mohammad Ibadullah
Chief Financial Officer



Ali Asghar Jamali
Chief Executive



Shinji Yanagi
Vice Chairman & Director

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

1 THE COMPANY AND ITS OPERATIONS

Indus Motor Company Limited (the Company) was incorporated in Pakistan as a public limited company in December 1989 and started commercial production in May 1993. The shares of the Company are quoted on the Pakistan Stock Exchange.

The Company was formed in accordance with the terms of a Joint Venture agreement concluded amongst certain House of Habib companies, Toyota Motor Corporation and Toyota Tsusho Corporation for the purposes of assembling, progressive manufacturing and marketing of Toyota vehicles. The Company also acts as the sole distributor of Toyota and Daihatsu vehicles in Pakistan and has a license for assembling, progressive manufacturing and marketing of Toyota vehicles in Pakistan.

The registered office and factory of the Company is situated at Plot No. NWZ/1/P-1, Port Qasim Industrial Estate, Bin Qasim, Karachi.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 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 Standard (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.

These condensed interim financial information do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended June 30, 2021.

2.2 These condensed interim financial statements comprise of condensed interim statement of financial position as at September 30, 2021, condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes thereto for the quarter ended September 2021 have neither been reviewed nor audited.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2021 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2021. The comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes thereto for the quarter ended September 30, 2020 have been extracted from the condensed interim financial statements of the Company for the quarter then ended, which were neither subjected to review nor audited.

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation of balances adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2021 except for those disclosed in note 3.2.

3.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

3.2.1 Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain other new standards, interpretations and amendments to accounting and reporting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting and therefore, have not been disclosed in these condensed interim financial statements.

3.2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

There are certain new standards, interpretations and amendments to accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting and therefore, have not been disclosed in these condensed interim financial statements.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan for interim reporting which requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the financial statements as at and for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

	September 30 2021 (Unaudited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	13,971,969	14,653,657
Capital work-in-progress	1,379,935	1,116,205
	15,351,904	15,769,862

5.1 Details of additions and disposals during the period are as follows:

	Additions (at cost)		Disposals (at cost)	
	Quarter ended September 30		Quarter ended September 30	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Tangible - Owned				
Buildings on leasehold land:				
Factory	741	53,092	222	-
Others	22,239	-	-	-
Plant and machinery	46,306	254,424	8,210	-
Motor vehicles	75,310	28,425	50,529	61,437
Furniture and fixtures	228	2,844	83	37
Office equipment	12,288	2,457	260	323
Computers and related accessories	9,879	2,769	1,726	1,373
Tools and equipment	3,369	61,146	-	-
Jigs, moulds and related equipment	391	39,028	-	-
	170,750	444,185	61,030	63,171
Intangible assets				
Computer software	2,029	-	-	-

- 5.1.1** Additions to owned assets include transfers from capital work-in-progress amounting to Rs 83.466 million (September 30, 2020: Rs 411.667 million).

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

	September 30 2021 (Unaudited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
6 LONG TERM INVESTMENT		
Amortized Cost		
Government securities		
- Pakistan Investment Bonds (PIBs)	6,415,391	3,127,175
	<u>6,415,391</u>	<u>3,127,175</u>
7 SHORT TERM INVESTMENTS		
Amortized Cost		
- Term Deposit Receipts (TDRs)	25,000,000	32,000,000
At fair value through profit or loss		
- Government securities - Market Treasury Bills	68,976,002	37,437,344
- Listed Mutual Fund Units	11,852,986	12,615,103
	<u>105,828,988</u>	<u>82,052,447</u>
8 LONG TERM LOAN		
Loan Under financing scheme		
- Refinance scheme for renewable energy	349,847	359,843
- Refinance scheme for payment of wages and salaries to employees	522,763	603,297
	<u>872,610</u>	<u>963,140</u>
Less: Current Portion		
- Refinance scheme for renewable energy	(39,983)	(39,983)
- Refinance scheme for payment of wages and salaries to employees	(340,774)	(333,320)
	<u>(380,757)</u>	<u>(373,303)</u>
	<u>491,853</u>	<u>589,837</u>

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 The status of contingencies as disclosed in annual financial statements of the Company for the year ended June 30, 2021 has remained unchanged.

9.1.2 As at September 30, 2021, the claims not acknowledged as debt by the company amounts to Rs 2,058.862 million (June 30, 2021: Rs 2,058.862 million).

9.1.3 Outstanding bank guarantees as at September 30, 2021 amounted to Rs 20,701.528 million (June 30, 2021: Rs 19,166.608 million). This includes an amount of Rs 5,286.835 million (June 30, 2021: Rs 4,939.347 million) in respect of bank guarantees from a related party.

9.2 Commitments

9.2.1 Commitments in respect of capital expenditure as at September 30, 2021 aggregate to Rs 1,377.405 million (June 30, 2021: Rs 1,225.474 million).

9.2.2 Commitments in respect of letters of credit, other than for capital expenditure, as at September 30, 2021 amounted to Rs 8,882.931 million (June 30, 2021: Rs 7,493.812 million). The above letters of credit include an amount of Rs 588.532 million (June 30, 2020: Rs 1,402.745 million) availed from a related party.

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

	Quarter ended	
	September 30 2021	September 30 2020
	----- (Rupees in '000) -----	
10 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Manufacturing		
Gross sales	78,265,673	40,738,582
Sales tax	(11,360,549)	(5,922,050)
FED	(2,453,428)	(1,385,723)
	64,451,696	33,430,809
Commission	(1,337,448)	(683,854)
Discounts	(3,327)	(1,799)
Compensation on advances from customers	(384,333)	(96,679)
Manufacturing net sales	62,726,588	32,648,477
Trading		
Gross sales	3,558,054	1,994,590
Sales tax	(499,368)	(308,479)
	3,058,686	1,686,111
Commission	(73,724)	(41,995)
Discounts	(159,535)	(97,665)
Trading net sales	2,825,427	1,546,451
Net sales	65,552,015	34,194,928
11 COST OF SALES		
Manufacturing	56,399,897	30,774,059
Trading	2,079,815	1,132,719
	58,479,712	31,906,778

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

12 SEGMENT REPORTING

	(Un-audited)			(Un-audited)		
	Quarter ended September 30, 2021			Quarter ended September 30, 2020		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
(Rupees in '000)						
Net sales	62,726,588	2,825,427	65,552,015	32,648,477	1,546,451	34,194,928
Gross Profit	6,326,691	745,612	7,072,303	1,874,418	413,732	2,288,150
Profit from operations	4,980,627	683,532	5,664,159	1,219,054	372,230	1,591,284

13 OTHER INCOME

	Quarter ended	
	September 30	
	2021	2020
(Rupees in '000)		
Income from Financial Assets		
Return on bank deposits	318,951	177,031
Net gain on investment in listed mutual funds units	43,120	22,253
Dividend income from listed mutual fund units	221,297	117,368
Gain on trade of investment in Pakistan Investment Bonds	80,626	71,039
Interest income on Pakistan Investment Bonds	93,031	-
Interest income on Market Treasury Bills	24,718	-
Gain on trade of investment in Market Treasury Bills	656,086	257,325
Unrealized gain on investment in Market Treasury Bills	512,250	304,379
Income from Non Financial Assets		
Agency Commission income - net of expenses	4,829	2,474
Others	92,306	136,667
	2,047,214	1,088,536

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

		Quarter ended September 30	
	Note	2021	2020
		(Rupees in '000)	
14 CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		7,682,827	2,645,728
Adjustment for non-cash charges and other items:			
Depreciation		827,119	753,116
Amortization		7,792	10,318
Provision for doubtful debts		-	6,218
Gain on disposal of operating fixed assets		(29,008)	(27,069)
Net gain on investments in listed mutual fund units		(43,120)	(22,253)
Dividend income from listed mutual fund units		(221,297)	(117,368)
Net unrealised gain on foreign exchange contracts - fair value hedge		(4,646)	3,842
Return on bank deposits		(318,951)	(177,031)
Gain on trade of investment in Pakistan Investment Bonds		(80,626)	(71,123)
Interest income on Pakistan Investment Bonds		(93,031)	-
Gain on trade of investment in Market Treasury Bills		(656,086)	(257,325)
Unrealized gain on investment in Market Treasury Bills		(512,250)	(304,379)
Charge in respect of Workers' Profit Participation Fund		309,976	92,118
Charge in respect of Workers' Welfare Fund		156,792	53,994
Interest expense on long term loan		5,053	3,884
Compensation on advances received from customers		384,333	96,678
Movement in Deferred Revenue		(2,149)	-
Working capital changes	14.1	19,684,700	20,684,849
		<u>27,072,710</u>	<u>23,374,197</u>
14.1 Working capital changes			
Increase / (decrease) in current assets			
Stores and spares		1,672	89,784
Stock-in-trade		986,041	2,560,217
Trade debts		(1,527,592)	612,365
Loans and advances		93,848	(695,928)
Short-term prepayments		6,286	(14,677)
Other receivables		(125,291)	(231,079)
		<u>(565,036)</u>	<u>2,320,682</u>
Increase / (decrease) in current liabilities			
Trade payables, other payables and provisions		(357,462)	7,150,183
Current portion of deferred revenue		(2,149)	(10,006)
Advances from customers and dealers		20,609,347	11,223,990
		<u>20,249,736</u>	<u>18,364,167</u>
		<u>19,684,700</u>	<u>20,684,849</u>
15 CASH AND CASH EQUIVALENTS			
Term Deposit Receipts	7	25,000,000	18,000,000
Government Securities - Market Treasury Bills	7	68,976,002	40,176,346
Cash and bank balances		1,654,553	68,674
		<u>95,630,555</u>	<u>58,245,020</u>

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

16 TRANSACTIONS AND BALANCES WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

16.1 The associated undertakings / related parties comprise of associated companies, staff retirement funds and key management personnel. Transactions carried out with associated undertakings / related parties during the year are as follows:

	Quarter ended September 30	
	2021	2020
	----- (Rupees in '000) -----	
With associated undertakings / related parties:		
Sales	258,752	60,193
Purchases	33,167,331	15,787,210
Insurance premium	32,984	24,969
Agency commission	5,155	1,519
Running royalty	942,593	545,657
Return on bank deposits	86,325	67,101
Proceeds from disposal of fixed assets / insurance claim	84	70
Donations	15,000	-
Supervisor Fees	5,922	-
Bank and LC charges	15,068	16,920
Interest on long term loan facility	1,392	1,260
With other related parties:		
Contribution to retirement benefit funds	36,696	29,707
With key management personnel:		
- Salaries and benefits	31,360	25,789
- Post employment benefits	2,020	1,672
- Sale of fixed assets	35	-

The related party balances outstanding as at period / year end are as follows:

	September 30 2021 (Unaudited)	June 30 2021 (Audited)
	----- (Rupees in '000) -----	
Nature of balances		
Short-term prepayments	11,591	2,987
Accrued Return on deposits and savings accounts	9,070	14,779
Bank balances and Term Deposit Receipts	10,913,176	11,821,129
Margin held by bank against LC's	592,291	2,104,031
Warranty claims, agency commission and other receivables	331,751	136,113
Trade and other payables	4,655,371	3,633,143

16.2 During the period, Rs 0.875 million (September 30, 2020: Rs 0.875 million) was paid as directors' fee to independent directors.

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2021 (unaudited)

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investment of the Company carried at fair value are categorised as follows:

	----- As at September 30, 2021 -----			----- As at June 30, 2021 -----		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees in '000-----					
Financial assets 'at fair value through profit or loss'						
Government Securities						
- Market Treasury Bills	-	68,976,002	-	-	37,437,344	-
- Listed Mutual Fund Units	-	11,852,986	-	-	12,615,103	-
- Derivative financial instruments	-	33,726	-	-	29,079	-

18 NON-ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in its meeting held on October 25, 2021 have proposed an interim cash dividend of Rs 34.5 per share (September 30, 2020: Rs 12 per share) in respect of the year ending June 30, 2022. The condensed interim financial information for the quarter ended September 30, 2021, does not include the effect of this dividend which will be accounted for in the condensed interim financial information for the period ended December 31, 2021.

19 CORRESPONDING FIGURES


Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of better presentation and comparison.

20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 25, 2021 by the Board of Directors of the Company.

21 GENERAL

Figures in this condensed interim financial information has been rounded off to the nearest thousand rupees.


Mohammad Ibadullah
 Chief Financial Officer


Ali Asghar Jamali
 Chief Executive


Shinji Yanagi
 Vice Chairman & Director

Company Information

Board of Directors

Mr. Mohamedali R. Habib	Chairman
Mr. Shinji Yanagi	Vice Chairman
Mr. Ali Asghar Jamali	Chief Executive
Mr. Muhammad H. Habib	Director
Mr. Noriaki Kurokawa	Director
Mr. Tetsuya Ezumi	Director
Mr. Imran A. Habib	Director
Mr. Azam Faruque	Independent Director
Mr. Riyaz T. Chinoy	Independent Director
Syeda Tatheer Zehra Hamdani	Independent Director

Chief Financial Officer

Mr. Mohammad Ibadullah

Company Secretary

Mr. Muhammad Arif Anzer

Audit Committee Members

Mr. Azam Faruque	Committee Chairman
Mr. Muhammad H. Habib	Member
Mr. Imran A. Habib	Member
Mr. Noriaki Kurokawa	Member
Mr. Riyaz T. Chinoy	Member
Mr. Tetsuya Ezumi	Member
Mr. Shiraz Sanawar	Secretary & Head of Internal Audit

Human Resource and Remuneration

Committee Members

Mr. Azam Faruque	Committee Chairman
Mr. Mohamedali R. Habib	Member
Mr. Shinji Yanagi	Member
Syeda Tatheer Zehra Hamdani	Member
Mr. Ali Asghar Jamali	Member
Mr. Khurram Mahmood	Secretary

Auditors

A.F. Ferguson & Co.
Chartered Accountants,
State Life Building No. 1-C,
I.I. Chundrigar Road, Karachi.

Legal Advisors

A.K. Brohi & Company
Mansoor Ahmed Khan & Co.
Mahmud & Co.

Bankers

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

Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
UAN: 111-111-500
Tel: 0800 - 23275
Fax (92-21) 34326053
Email: info@cdcsrsl.com

Factory / Registered Office

Plot No. N.W.Z/1/P-1, Port Qasim Authority,
Bin Qasim, Karachi.

Phone: (PABX) (92-21) 34720041-48
(UAN) (92-21) 111-TOYOTA (869-682)
Fax: (92-21) 34720040
Website: www.toyota-indus.com

Credit Rating

Credit Rating Company:
VIS Credit Rating Company Limited
Long term rating: AA+
Short term rating: A-1+

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