



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
Quarter ended September 30, 2022
(Un-audited)



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Directors' Report

For the quarter ended September 30, 2022

The Directors of the Indus Motor Company (IMC) Limited are pleased to present the un-audited accounts of the Company for the quarter ended September 30, 2022.

Pakistan's Automobile Industry

The economy of Pakistan is confronted with serious economic crisis on account of inflationary and external sector pressures. Amid devastating floods, policy tightening, and critical efforts to tackle sizable fiscal and external imbalances, as per State Bank of Pakistan, the country's GDP growth is now forecasted at 2%, against the previous forecast of 3% - 4% before the floods. The auto industry is already bearing the brunt of escalating production costs on account of current rupee depreciation, while demand has also declined due to the prevailing economic downturn with higher interest rates and higher duties and taxes on vehicles.

Continuing restrictions on import of CKD (Completely Knocked Down) kits and components of Passenger cars for the auto sector, in terms of prior approval required from State Bank of Pakistan, has forced the auto-sector to operate up to 50% of its capacity approximately, and accordingly, auto sector observed frequent plant shutdowns in the first quarter of the fiscal year 2022-23.

All segments of the auto sector faced demand contraction during the first quarter of the current fiscal year. Total sales of PAMA members for locally manufactured Passenger Car (PC) and Light Commercial Vehicle (LCV) was 34,472 units during the first quarter of the financial year 2022-23, which is down by 50% from 68,897 units sold for the same period last year.

Company Review

The combined sales of CKD and Completely Built-up Units (CBU) vehicles of the Company for the quarter ended September 30, 2022, decreased by 52% to 8,994 units as against 18,855 units sold in the same quarter last year. The Company's overall market share for the quarter stood at approximately 19.1%. The Company produced 9,218 vehicles for the first quarter of the fiscal year, registering a 45% decrease, as compared to 16,896 units produced in the same quarter last year. The decline in production was mainly due to limited imports of CKD kits as allowed by State Bank of Pakistan, forcing the company to observe regular plant shutdowns during the quarter.

The Company's net sales turnover for the first quarter ended September 30, 2022 decreased by 43% to Rs. 37.25 billion, as compared to 65.55 billion for the same period last year, while profit after tax also decreased by 76% to Rs. 1.30 billion, as against Rs. 5.42 billion achieved in the corresponding quarter last year. The net profit has been impacted in this quarter, mainly due to lower CKD and CBU sales volume and increase in input costs, mainly on account of severe PKR devaluation against USD. This has been partially off-set by an increase in other income due to higher fund size and higher interest rates, as compared to previous quarter last year.

Directors' Report

For the quarter ended September 30, 2022

During the quarter ended September 30, 2022, the Company received various accolades, such as the "Environment Excellence Award 2022" by the National Forum for Environment & Health (NFEH); four awards by The Professionals Network (TPN) in the categories, "Best Environment Practices", "Hazards & Controls Associated with Work Equipment", "Water Treatment" and, "Support for Healthcare Organizations" and the "Best Sustainability Report 2021" award by the Institute of Cost and Management Accountants (ICMA) and Institute of Chartered Accountants of Pakistan (ICAP).

Earnings Per Share of the company for the first quarter ended September 30, 2022 is Rs.16.50 in comparison to Rs. 69.02 reported in the same period last year. Despite the challenging quarter faced by the Company in terms of volumes and profitability, the Board of Directors are pleased to declare an interim cash dividend of Rs. 8.20 per share for the quarter compared to Rs. 34.50 per share in the 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

Continuing restrictions on CKD imports by State Bank of Pakistan and decline in demand due to lower purchasing power of customers and impact of the floods, may continue to impact the volumes and sales of auto sector going forward. In addition, during the second quarter of the fiscal year, we are likely to observe a reduction in sales as customers seek to defer purchase of cars and opt for a new-year registration. The volatility of Pak Rupee against US Dollar, rising inflation, international commodity prices and resultant Government fiscal and monetary measures will continue to be vital factors that have an impact on the future financial statements of the Company.

The Company understands the initiatives and measures taken by the Government to confront the economic challenges being faced by the Country. However, the Company urges the Government to reconsider its restrictions placed on CKD imports. Imports by the auto sector contributes merely 3% of the total import bill of the Country, however the restrictions posed are having a significant adverse impact on the auto sector market. Moreover, these import restrictions are not only impacting the automobile players, but also local vendor industry of Pakistan and the associated 3 million direct and indirect labour employed with the auto sector.

Your Company remains committed to the '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 long-term success of the Company. Despite the broader macro-economic challenges and higher inflationary environment, your company is managing the cost pressures by improving efficiency, and implementing tighter controls on overheads.

Directors' Report

For the quarter ended September 30, 2022

Acknowledgement

We are grateful to our customers for their continued patronage of our products and wish to acknowledge the efforts of entire IMC team and staff, vendors, dealers and all business partners, for their untiring efforts, even in the most challenging times and unprecedented circumstances. Our gratitude extends to all our stakeholders and shareholders who have always supported the Company.

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

On behalf of the Board of Directors.

October 26, 2022

Karachi.



Ali Asghar Jamali

Chief Executive & Director



Shinji Yanagi

Vice Chairman & Director

ڈائریکٹرز رپورٹ

برائے سہ ماہی مختتمہ 30 ستمبر، 2022

انڈس موٹر کمپنی (آئی ایم سی) لمیٹڈ کے ڈائریکٹرز 30 ستمبر، 2022 کو ختم ہونے والی سہ ماہی کیلئے کمپنی کے غیر پڑتال شدہ حسابات پیش کرنے میں مسرت محسوس کرتے ہیں۔

پاکستان کی آٹوموبائل انڈسٹری

پاکستان کی معیشت کو افراط زر اور خارجی سیلکٹر کے دباؤ کی وجہ سے سنگین معاشی بحران کا سامنا ہے۔ تباہ کن سیلاب، پالیسی کی سخت شرائط اور مالی اور بیرونی عدم توازن سے نمٹنے کیلئے کی جانے والی اہم کوششوں کے تناظر میں سٹیٹ بینک آف پاکستان کے مطابق ملک کی جی ڈی پی کی ترقی کی شرح 2 فیصد رہنے کی توقع ہے جبکہ سیلاب سے قبل 3 سے 4 فیصد کی شرح کی پیشنگوئی کی گئی تھی۔ آٹو انڈسٹری روپے کی موجودہ بے قدری کے باعث بڑھتے ہوئے پیداواری لاگوں کا پہلے ہی بوجھ اٹھا رہی ہے جبکہ بلند شرح سود اور گاڑیوں پر بلند ڈیوٹیز اور ٹیکسوں کے ساتھ موجودہ معاشی کساد بازاری کے نتیجے میں طلب میں بھی کمی واقع ہوئی ہے۔

آٹو سیکٹر کیلئے سی کے ڈی کیٹس اور مسافر گاڑیوں کے پرزہ جات کی درآمد پر مسلسل پابندیوں نے سٹیٹ بینک آف پاکستان کی پیشگی اجازت کے تناظر میں آٹو سیکٹر کو اپنی پیداواری صلاحیت کا 50 فیصد تک آپریٹ کرنے پر مجبور کر دیا ہے جس کے باعث آٹو سیکٹر نے مالی سال 2022-23 کی پہلی سہ ماہی میں پلانٹ کو متواتر کے ساتھ بند کرنے کا مشاہدہ کیا گیا۔

موجودہ مالی سال کی پہلی سہ ماہی کے دوران آٹوسیکٹر کے تمام سیگمنٹس کو طلب میں کمی کا سامنا رہا۔ مالی سال 2022-23 کی پہلی سہ ماہی کے دوران مقامی سطح پر تیار کردہ مسافر گاڑی (PC) اور لائٹ کمرشل وھیکل (LCV) کیلئے پی اے ایم اے اراکین کی مجموعی فروخت 34,472 یونٹس رہی جو گزشتہ سال کی اسی مدت کے 68,897 یونٹس کے مقابلے میں 50 فیصد کم ہے۔

کمپنی کا جائزہ

30 ستمبر، 2022 کو ختم ہونے والی سہ ماہی کیلئے کمپنی کی CKD اور CBU گاڑیوں کی مشترکہ فروخت 52 فیصد کمی کے ساتھ 8,994 یونٹس رہی جبکہ گزشتہ سال کی اسی مدت کیلئے یونٹوں کی تعداد 18,855 تھی۔ سہ ماہی کیلئے کمپنی کا مجموعی مارکیٹ شیئر تقریباً 19.1 فیصد رہا۔ کمپنی نے مالی سال کی پہلی سہ ماہی کیلئے 9,218 گاڑی تیار کیں جس میں گزشتہ سال کی اسی مدت کے 16,896 یونٹوں کے مقابلے میں 45 فیصد کمی ہوئی۔ پیداوار میں کمی کی وجہ سٹیٹ بینک آف پاکستان کی طرف سے سی کے ڈی کیٹس کی محدود درآمد ہے جس سے کمپنی سہ ماہی کے دوران پلانٹ کو بند کرنا پڑا۔

30 ستمبر، 2022 کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کی فروخت سے حاصل ہونے والی خالص آمدنی میں 43 فیصد کمی ہوئی جو گزشتہ سال کی اسی مدت کے مقابلے میں 65.55 بلین روپے کے مقابلے میں 37.25 بلین روپے رہی۔ کمپنی کے بعد از ٹیکس منافع 76 فیصد کمی کے ساتھ گزشتہ سال کے 5.42 بلین روپے کے مقابلے میں 1.30 بلین روپے رہا۔ خالص منافع میں کمی کی وجہ US ڈالر کے مقابلے میں پاکستانی روپے کی زبردست بے قدری کے باعث CKD اور CBU کی فروخت کے حجم میں کمی اور ان پٹ لاگتوں میں اضافہ ہے جس کی بنیادی وجہ فنڈز کے حجم میں نمایاں اضافہ اور بلند شرح سود کے باعث دیگر آمدنی میں اضافہ ہے۔

30 ستمبر، 2022 کو ختم ہونے والی سہ ماہی کیلئے کمپنی نے متعدد اعزازات اور ایوارڈ حاصل کئے جن میں نیشنل فارم برائے انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے ”انوائرنمنٹ ایکٹو ایوارڈ 2022“، دی پرفیشنل نیٹ ورک (TPN) کی طرف سے ”بیسٹ انوائرنمنٹ پریکٹسز“، ہیزرڈز اینڈ کنٹرول ایسوسی ایٹڈ وورک ایکسپو پینٹ“، واٹر ٹریٹمنٹ“، اور ”سپیورٹ فار آرگنائزیشن“ اور انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس (ICMA) اور انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی طرف سے ”بیسٹ سسٹین ایبیلیٹی رپورٹ 2021“ شامل ہے۔

30 ستمبر، 2022 کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کی فی حصص آمدنی گزشتہ سال کی اسی مدت کی 69.02 روپے کے مقابلے میں 16.50 روپے ہے۔ سہ ماہی میں حجم اور منافع کے تناظر میں کمپنی کو درپیش چیلنجز کے باوجود بورڈ آف

ڈائریکٹر 8.20 روپے فی حصص کے عبوری نقد منافع منقسمہ کا اعلان کرتے ہوئے مسرت محسوس کرتے ہیں جبکہ گزشتہ سال کی اسی مدت میں یہ منافع 34.50 روپے فی حصص تھا۔ مدت کے دوران متعلقہ پارٹیوں کے ساتھ لین دین معمول کے کاروبار امور میں انجام دی گئیں جنہیں مالی گوشواروں میں بیان کیا گیا۔

مستقبل کا کاروباری جائزہ

سٹیٹ بینک آف پاکستان کی طرف سے CKD کی درآمد پر پابندیوں اور صارفین کی قوت خرید میں کمی کے باعث طلب میں کمی اور سیلاب کے تباہ کن اثرات آگے بڑھتے ہوئے آٹو سیکٹر کے حجم اور سیلز کو متاثر کر سکتے ہیں۔ اس کے علاوہ مالی سال کی دوسری سہ ماہی کے دوران فروخت میں کمی کی توقع ہے کیونکہ صارفین موخر ادائیگی پر گاڑیاں خریدنا اور نئے سال کی رجسٹریشن کروانا چاہتے ہیں۔ US ڈالر کے مقابلے میں پاکستانی روپے کی زبردست بے قدری، بڑھتی ہوئی افراط زر، عالمی اجناس کی قیمتوں میں اضافہ اور حکومتی مالی اور زری پالیسی کے اقدامات سے کمپنی کے مستقبل کے مالی نتائج کو متاثر کر سکتے ہیں۔

کمپنی حکومت کی طرف سے ملک کو درپیش معاشی چیلنجوں سے نمٹنے کیلئے اٹھائے گئے اقدامات کو سمجھتی ہے تاہم کمپنی حکومت پر زور دیتی ہے کہ CKD درآمدات پر پابندیوں پر نظر ثانی کی جائے۔ آٹو سیکٹر کی طرف سے درآمدات درآمدی بل میں مشکل سے 3 فیصد حصہ ہے تاہم پابندیاں لگانے سے آٹو سیکٹر مارکیٹ پر سنگین منفی اثرات مرتب ہو رہے ہیں۔ مزید برآں درآمد پر پابندیاں سے نہ صرف آٹو مو بائل بلکہ پاکستان کے مقامی وینڈر انڈسٹری اور آٹو سیکٹر سے بلواسطہ اور بلاواسطہ وابستہ 3 ملین افرادی قوت متاثر ہو رہی ہیں۔

آپ کی کمپنی ”پہلے صارف“ کے فلسفہ پر کاربند ہے جو کمپنی کے تمام ملازمین سے اسی سطح کے کردار، عزم اور کارکردگی کا تقاضا کرتا ہے تاکہ پوری سپلائی چین میں صارفین کے زیادہ سے زیادہ اطمینان کو یقینی بنایا جاسکے، یہ ”ٹو یو نا طریقہ کار“ کی بنیاد اور کمپنی کی طویل المدت ترقی کیلئے اہم ہے۔ وسیع تر معاشی چیلنجوں اور افراط زر کی بلند ترین سطح کے باوجود آپ کی کمپنی کارکردگی کو بہتر بناتے ہوئے اوور ہیڈز پر سخت کنٹرولز نافذ کر کے لاگتوں کے دباؤ سے نمٹ رہی ہے۔

اظہار تشکر

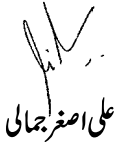
ہمیشہ کی طرح ہم اپنے صارفین کے شکرگزار ہیں کہ انہوں نے ہماری مصنوعات پر مسلسل اعتماد کیا۔ ہم آئی ایم سی کی پوری ٹیم بشمول اسٹاف، وینڈرز، ڈیلرز اور تمام بزنس پارٹنر کی مشکل وقتوں میں انتھک محنت کو سراہنا چاہتے ہیں۔ ہم اپنے تمام سٹیک ہولڈرز اور حصص یافتگان سے بھی کمپنی کی ہمیشہ حمایت پر اظہار تشکر کرتے ہیں۔

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

بورڈ آف ڈائریکٹرز کی طرف سے

26 اکتوبر، 2022

کراچی



چیف ایگزیکٹو اور ڈائریکٹر



شن جی یاناگی


نائب چیئرمین اور ڈائریکٹر

Condensed Interim Statement of Financial Position

As at September 30, 2022

	Note	September 30 2022 (Unaudited)	June 30 2022 (Audited)
------(Rupees in '000)-----			
ASSETS			
Non-current Assets			
Property, plant and equipment	5	15,358,677	15,040,490
Intangible assets		117,678	145,092
Long-term loans and advances		16,756	15,983
Long-term deposits		10,020	10,020
Long-term investments	6	7,915,258	7,794,310
Deferred taxation - net		936,541	827,869
		24,354,930	23,833,764
Current Assets			
Stores and spares		641,817	513,440
Stock-in-trade		26,319,572	26,454,435
Trade debts - unsecured		893,872	3,090,713
Loans and advances		23,533,416	9,218,637
Short-term prepayments		82,304	49,611
Accrued return		168,414	341,268
Other receivables		3,097,152	2,737,584
Short-term investments	7	99,585,373	140,932,118
Cash and bank balances		2,425,892	6,793,784
		156,747,812	190,131,590
TOTAL ASSETS		181,102,742	213,965,354
EQUITY			
Share Capital			
Authorised capital			
500,000,000 (June 30, 2022: 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, 2022: 78,600,000) ordinary shares of Rs 10 each		786,000	786,000
Reserves		54,266,603	53,225,076
		55,052,603	54,011,076
LIABILITIES			
Non-Current Liabilities			
Long term loan	8	269,882	279,878
Deferred Revenue		957	959
		270,839	280,837
Current Liabilities			
Current portion of long term loan		231,967	319,955
Current portion of deferred revenue		78	103
Current portion of deferred government grant		2,011	6,023
Current portion of Gas Infrastructure Development Cess payable		1,376	27,127
Dividend payable		1,678,790	1,426,545
Trade payables, other payables and provisions		41,341,057	40,480,546
Advances from customers and dealers		77,771,088	111,989,837
Taxation - net		4,752,933	5,423,305
		125,779,300	159,673,441
TOTAL EQUITY AND LIABILITIES		181,102,742	213,965,354
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 & Director


Shinji Yanagi
 Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2022 (unaudited)

		Quarter ended	
	Note	September 30 2022	September 30 2021
		------(Rupees in '000)-----	
Revenue from contracts with customers	10	37,248,747	65,552,015
Cost of sales	11	(39,606,294)	(58,479,712)
Gross profit / (loss)		(2,357,547)	7,072,303
Distribution expenses		(372,284)	(455,529)
Administrative expenses		(450,241)	(466,572)
Other operating expenses		(87,330)	(19,275)
		(909,855)	(941,376)
		(3,267,402)	6,130,927
Workers' Profit Participation Fund and Workers' Welfare Fund		(37,526)	(466,768)
Profit / (Loss) from operations		(3,304,928)	5,664,159
Other income	13	5,163,025	2,047,214
		1,858,097	7,711,373
Finance cost		(19,306)	(28,546)
Profit before taxation		1,838,791	7,682,827
Taxation		(541,814)	(2,258,088)
Profit after taxation		1,296,977	5,424,739
Earnings per share - basic and diluted (Rupees)		16.50	69.02

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 & Director



Shinji Yanagi
Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the quarter ended September 30, 2022 (unaudited)

	Quarter ended	
	September 30 2022	September 30 2021
	------(Rupees in '000)-----	
Profit after taxation for the period	1,296,977	5,424,739
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	1,296,977	5,424,739

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 & Director




Shinji Yanagi
Vice Chairman & Director

Condensed Interim Statement of Cash Flows

For the quarter ended September 30, 2022 (unaudited)

Note	Quarter ended September 30	
	2022	2021
------(Rupees in '000)-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (utilized in) operations	14 (48,350,914)	27,072,710
Net increase / (decrease) in long-term loans and advances	(773)	4,202
Workers' profit participation fund	-	4,318
Compensation paid on advances received from customers	(134,929)	(232,224)
Income tax paid	(1,320,860)	(1,561,507)
Net cash (outflow) / inflow from operating activities	(49,807,476)	25,287,499
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(1,216,428)	(436,509)
Proceeds from disposal of property, plant and equipment	43,825	53,531
Interest received on bank deposits and Term Deposit Receipts	760,836	250,661
Interest received on Pakistan Investment Bonds	458,576	93,115
Investment in listed mutual fund units	(14,327,082)	(1,666,900)
Proceeds from redemption of listed mutual fund units	4,323,560	2,510,567
Investment in Pakistan Investment Bonds	(7,502,502)	(3,288,217)
Gain on trade of Pakistan Investment Bonds	318,399	80,626
Dividend Income from listed mutual fund units	657,642	182,864
Proceeds from sale of Market Treasury Bills	27,886,617	-
Gain on trade of investment in Market Treasury Bills	2,600,146	1,193,052
Net cash inflow from / (outflow on) investing activities	14,003,589	(1,027,209)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividend paid	(3,202)	(4,880)
Long-term loan installments paid	(101,996)	(101,996)
Net cash outflow on financing activities	(105,198)	(106,876)
Net (decrease) / increase in cash and cash equivalents during the period	(35,909,085)	24,153,414
Cash and cash equivalents at the beginning of the period	92,396,887	71,477,141
Cash and cash equivalents at the end of the period	56,487,802	95,630,555

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 & Director



Shinji Yanagi
 Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2022 (unaudited)

	Share Capital	Reserves				
	Issued, subscribed and paid-up	Capital	Revenue		Sub-Total	Total
		Premium on issue of ordinary shares	General reserve	Unappropriated profit		
	----- (Rupees in '000) -----					
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	786,000	196,500	43,951,050	5,823,754	49,971,304	50,757,304
Balance as at July 1, 2022	786,000	196,500	43,951,050	9,077,526	53,225,076	54,011,076
Total comprehensive income for the quarter ended September 30, 2022	-	-	-	1,296,977	1,296,977	1,296,977
Transfer to general reserve for the year ended June 30, 2022 appropriated subsequent to year end	-	-	8,000,000	(8,000,000)	-	-
Transactions with owners						
Final dividend @ 32.5% for the year ended June 30, 2022 declared subsequent to year end	-	-	-	(255,450)	(255,450)	(255,450)
Balance as at September 30, 2022	786,000	196,500	51,951,050	2,119,053	54,266,603	55,052,603

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 & Director


Shinji Yanagi
Vice Chairman & Director

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (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, 2022.

2.2 These condensed interim financial statements comprise of condensed interim statement of financial position as at September 30, 2022, 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 2022, which have neither been reviewed nor audited.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2022 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022. 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, 2021 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, 2022 (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, 2022, 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, 2022 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, 2022 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, 2022.

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, 2022.

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

	September 30 2022 (Unaudited)	June 30, 2022 (Audited)
	----- (Rupees in '000) -----	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	11,867,438	12,586,135
Capital work-in-progress	3,491,239	2,454,355
	15,358,677	15,040,490

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	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Tangible - Owned				
Buildings on leasehold land:				
- Factory	-	741	-	222
- Others	-	22,239	-	-
Plant and machinery	32,951	46,306	-	8,210
Motor vehicles	130,439	75,310	51,825	50,529
Furniture and fixtures	59	228	-	83
Office equipment	3,839	12,288	-	260
Computers and related accessories	11,325	9,879	1,072	1,726
Tools and equipment	524	3,369	-	-
Jigs, moulds and related equipment	-	391	-	-
	179,137	170,750	52,897	61,030
Intangible assets				
Computer software	406	2,029	-	-

- 5.1.1 Additions to owned assets include transfers from capital work-in-progress amounting to Rs 28.572 million (September 30, 2021: Rs 83.466 million).

	September 30 2022 (Unaudited)	June 30 2022 (Audited)
	----- (Rupees in '000) -----	

6. LONG TERM INVESTMENT

At amortised cost

Government securities		
- Pakistan Investment Bonds (PIBs)	7,915,258	7,794,310
	7,915,258	7,794,310

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

	September 30 2022 (Unaudited)	June 30, 2022 (Audited)
	------(Rupees in '000)-----	
7 SHORT TERM INVESTMENTS		
At amortized cost		
- Pakistan Investment Bonds (PIBs)	11,713,391	4,210,889
- Term Deposit Receipts (TDRs)	16,000,000	50,800,000
At fair value through profit or loss		
- Government securities - Market Treasury Bills	42,715,016	66,873,169
- Listed Mutual Fund Units	29,156,966	19,048,060
	99,585,373	140,932,118
8 LONG TERM LOAN		
Loan Under financing scheme		
- Refinance scheme for renewable energy	319,860	329,856
- Refinance scheme for payment of wages and salaries to employees	181,989	269,977
	501,849	599,833
Less: Current Portion		
- Refinance scheme for renewable energy	(49,978)	(49,978)
- Refinance scheme for payment of wages and salaries to employees	(181,989)	(269,977)
	(231,967)	(319,955)
	269,882	279,878
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, 2022 has remained unchanged.	
9.1.2	As at September 30, 2022, the claims not acknowledged as debt by the company amounts to Rs 2,755.943 million (June 30, 2022: Rs 2,755.943 million).	
9.2.3	Outstanding bank guarantees as at September 30, 2022 amounted to Rs 22,158.349 million (June 30, 2022: Rs 24,051.602 million). This includes an amount of Rs 6,071.021 million (June 30, 2022: Rs 6,056.974 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, 2022 aggregate to Rs 6,330.417 million (June 30, 2022: Rs 4,439.435 million).	
9.2.2	Commitments in respect of letters of credit, other than for capital expenditure, as at September 30, 2022 amounted to Rs 27,537.660 million (June 30, 2022: Rs 10,782.735 million). The above letters of credit include an amount of Rs 9,736.952 million (June 30, 2022: Rs 309.386 million) availed from a related party.	

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

Quarter ended	
September 30 2022	September 30 2021
----- (Rupees in '000) -----	

10 REVENUE FROM CONTRACTS WITH CUSTOMERS

Manufacturing

Gross sales	46,045,916	78,265,673
CVT	(455,261)	-
Sales tax	(6,626,038)	(11,360,549)
FED	(2,618,173)	(2,453,428)
	<u>36,346,444</u>	<u>64,451,696</u>
Commission	(859,097)	(1,337,448)
Discounts	(5,827)	(3,327)
Compensation on advances from customers	(931,172)	(384,333)
Manufacturing net sales	<u>34,550,348</u>	<u>62,726,588</u>

Trading

Gross sales	3,489,247	3,558,054
Sales tax	(536,548)	(499,368)
	<u>2,952,699</u>	<u>3,058,686</u>
Commission	(32,708)	(73,724)
Discounts	(221,592)	(159,535)
Trading net sales	<u>2,698,399</u>	<u>2,825,427</u>

Net sales

<u>37,248,747</u>	<u>65,552,015</u>
-------------------	-------------------

11 COST OF SALES

Manufacturing	37,724,676	56,399,897
Trading	1,881,618	2,079,815
	<u>39,606,294</u>	<u>58,479,712</u>

12. SEGMENT REPORTING

	Quarter ended September 30, 2022			Quarter ended September 30, 2021		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
----- (Rupees in '000) -----						
Net sales	34,550,348	2,698,399	37,248,747	62,726,588	2,825,427	65,552,015
Gross Profit / (Loss)	(3,174,328)	816,781	(2,357,547)	6,326,691	745,612	7,072,303
Profit / (Loss) from Operations	(4,067,640)	762,712	(3,304,928)	4,980,627	683,532	5,664,159

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

Note	Quarter ended September 30	
	2022	2021
------(Rupees in '000)-----		
13 OTHER INCOME		
Income from Financial Assets		
Return on bank deposits	708,930	318,951
Net gain on investment in listed mutual funds units	105,384	43,120
Dividend income from listed mutual fund units	657,642	221,297
Gain on trade of investment in Pakistan Investment Bonds	318,399	80,626
Interest income on Pakistan Investment Bonds	458,576	93,031
Interest income on Market Treasury Bills	-	24,718
Gain on trade of investment in Market Treasury Bills	1,048,398	656,086
Unrealized gain on investment in Market Treasury Bills	1,551,748	512,250
Income from Non Financial Assets		
Agency Commission income - net of expenses	10,960	4,829
Others	302,988	92,306
	5,163,025	2,047,214
14 CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	1,838,791	7,682,827
Adjustment for non-cash charges and other items:		
Depreciation	860,705	827,119
Amortization	27,805	7,792
Provision for doubtful debts	2,700	-
Gain on disposal of operating fixed assets	(6,686)	(29,008)
Net gain on investments in listed mutual fund units	(105,384)	(43,120)
Dividend income from listed mutual fund units	(657,642)	(221,297)
Return on bank deposits	(708,930)	(318,951)
Gain on trade of investment in Pakistan Investment Bonds	(318,399)	(80,626)
Interest income on Pakistan Investment Bonds	(458,576)	(93,031)
Gain on trade of investment in Market Treasury Bills	(1,048,398)	(656,086)
Unrealized gain on investment in Market Treasury Bills	(1,551,748)	(512,250)
Charge in respect of Workers' Profit Participation Fund	-	309,976
Charge in respect of Workers' Welfare Fund	37,526	156,792
Interest expense on long term loan	3,727	5,053
Compensation on advances received from customers	931,171	384,333
Movement in Deferred Revenue	(27)	(2,149)
Working capital changes	14.1 (47,197,549)	19,680,054
	(48,350,914)	27,072,710

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

Quarter ended	
September 30	
2022	2021
------(Rupees in '000)-----	

14.1 Working capital changes

Increase / (decrease) in current assets

Stores and spares	(128,376)	1,672
Stock-in-trade	134,864	986,041
Trade debts	2,194,141	(1,527,592)
Loans and advances	(14,314,778)	93,848
Short-term prepayments	(32,693)	6,286
Other receivables	(224,487)	(129,937)
	(12,371,329)	(569,682)

Increase / (decrease) in current liabilities

Trade payables, other payables and provisions	(607,445)	(357,462)
Current portion of deferred revenue	(26)	(2,149)
Advances from customers and dealers	(34,218,749)	20,609,347
	(34,826,220)	20,249,736
	(47,197,549)	19,680,054

15 CASH AND CASH EQUIVALENTS

Term Deposit Receipts	16,000,000	25,000,000
Government Securities - Market Treasury Bills	38,061,910	68,976,002
Cash and bank balances	2,425,892	1,654,553
	56,487,802	95,630,555

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (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	
	2022	2021
	------(Rupees in '000)-----	
With associated undertakings / related parties:		
Sales	65,706	258,752
Purchases	24,102,443	33,167,331
Insurance premium	27,868	32,984
Agency commission	10,810	5,155
Running royalty	663,805	942,593
Return on bank deposits	334,988	86,325
Proceeds from disposal of fixed assets / insurance claim	2,786	84
Donations	20,000	15,000
Supervisor Fees	-	5,922
Bank and LC charges	18,180	15,068
Annual Subscription	625	500
Interest on long term loan facility	463	1,392
With other related parties:		
Contribution to retirement benefit funds	38,367	36,696
With key management personnel:		
- Salaries and benefits	41,220	31,360
- Post employment benefits	2,546	2,020
- Sale of fixed assets	19	35

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

	September 30 2022 (Unaudited)	June 30, 2022 (Audited)
	------(Rupees in '000)-----	
Nature of balances		
Short-term prepayments	28,774	3,043
Accrued Return on deposits and savings accounts	32,227	14,688
Bank balances and Term Deposit Receipts	11,624,835	11,576,009
Margin held by bank against LC's	7,878,538	294,307
Warranty claims, agency commission and other receivables	268,456	308,724
Trade and other payables	11,033,005	12,997,319

16.2 During the period, Rs 0.500 million (September 30, 2021: 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, 2022 (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, 2022 -----			----- As at June 30, 2022 -----		
	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	-	42,715,016	-	-	66,873,169	-
- Listed mutual fund units	-	29,156,966	-	-	19,048,060	-
- Derivative financial instruments	-	700,652	-	-	467,140	-

18 NON-ADJUSTING EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on October 26, 2022 have proposed an interim cash dividend of Rs 8.20 per share (September 30, 2021: Rs 34.5 per share) in respect of the year ending June 30, 2023. The condensed interim financial information for the quarter ended September 30, 2022, 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, 2022.

19 CORRESPONDING FIGURES

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

Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 26, 2022 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 & Director



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. Akihiro Murakami	Director
M. Shigeki Furuya	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. Akihiro Murakami	Member
Mr. Riyaz T. Chinoy	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
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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