



First 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 during first quarter ended March 31, 2021.

The Economy

Pandemic of Coronavirus (COVID-19) has a widespread impact on the key economic indicators of Pakistan. Since third quarter of 2020, post lockdown environment in Pakistan witnessed positive signs in key economic indicators. Government introduced number of credit incentives and fiscal measures for revival of economy and limiting the economic damage on businesses. Large-scale manufacturing (LSM) sector growing by 8.2% year on year basis during the period July – December 2020. Exports have recovered to Pre-COVID crises of monthly levels of USD 2 billion. More recently, a gradual recovery was witnessed in Pak Rupee against US dollar as remittances have performed strongly on the back of orderly exchange rate conditions as well as supportive policy steps taken by the SBP under the Digital Pakistan account. Forecast for inflation has risen slightly, primarily due to recent supply side shocks to food prices. Average inflation is now expected to remain around 9% during Financial Year 2020-21.

Government's move to impose a policy of smart lockdown, which balances the need to curb the spread of the virus and maintain activity in various sectors of the economy, should minimize the risks to the economic activities. Positive news of vaccines should provide further boost to overall economy. However, high inflation, rising power utility rates, increasing fuel costs, etc. remained potential factors impacting economic growth.

Industry Outlook

Recovery in auto sales volumes was witnessed from 4th quarter of 2020. The main factors contributed 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 and improved agricultural income.

During the period (January – March 2021), sales volume of auto industry for cars and light commercial vehicles was recorded at 54,764 units compared to 30,764 units in corresponding period of last year, registering increase of 78%. Sales volume of Company during the quarter January - March 2021 improved by 105% from 13,718 units to 28,101 units. The total sales volume of the Company represented over 51% market share for cars and light commercial vehicles within PAMA member companies. Company achieved production volume of 27,167 units, representing 72% capacity utilization.

Director's Report

During the period under review, the organized market (PAMA member companies) for motorcycles and three wheelers increased from 379,583 units to 487,323 units. Increase of 107,740 units represents 28% improvement in sales volume over same period of last year, primarily due to revival of economic activities in country. The demand for Suzuki Motorcycles improved by 41%. During the period Jan-Mar 2021, Company sold 6,815 units as compared to sales volume of 4,836 units in corresponding period of last year.

Operating Results of the Company

Company earned net profit of Rs 778 million compared to net loss of Rs 941 million in same period of last year. Net sales revenues increased by 103.5% (Rs 18,356 million) from Rs 17,741 million (Jan-Mar 2020) to Rs 36,098 million (Jan- Mar 2021) due to improvement in sales volume in current period. Gross profit increased in absolute terms by Rs 1,636 million from Rs 573 million (Jan-Mar 2020) to Rs 2,209 million (Jan-Mar 2021). Gross profit margins as a percentage of net sales recorded at 6% in current period as compared to 3.2% in same period of last year. However, it is in line with Gross profit margins of fourth quarter of 2020.

Future Outlook & Conclusion

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 existing OEMs and vendors' industry. We hope that new auto policy will contribute in growth of auto industry.

Macroeconomic indicators of the country are challenging for auto industry and the third wave of COVID 19 may have unforeseen consequences. Yet the 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: 22nd April, 2021

Condensed Interim Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	6	14,704,383	13,038,601
Intangible assets		210,827	246,357
Right-of-use assets		113,366	123,864
Long-term investments	7	255,659	278,160
Long-term loans		5,413	5,152
Long-term deposits, prepayments and other receivables	8	475,338	465,068
Long-term installment sales receivables	9	465,552	486,490
Deferred taxation-net		6,567,958	6,342,840
		<u>22,798,496</u>	<u>20,986,532</u>
Current assets			
Stores, spares and loose tools		253,833	251,828
Stock-in-trade	10	18,433,778	18,054,537
Trade debts		327,963	503,759
Loans and advances		143,093	119,838
Trade deposits and short-term prepayments	11	1,320,018	1,542,541
Current portion of long-term installment sales receivables	9	1,537,198	1,245,058
Other receivables	12	639,745	616,909
Taxation - net		3,552,638	3,327,472
Sales tax and excise duty		1,304,885	2,237,284
Cash and bank balances	13	24,113,338	17,818,607
		<u>51,626,489</u>	<u>45,717,833</u>
TOTAL ASSETS		<u>74,424,985</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		<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid-up capital		822,999	822,999
Capital reserves		844,596	844,596
Revenue reserves		<u>23,454,358</u>	<u>22,681,855</u>
		<u>25,121,953</u>	<u>24,349,450</u>
Non-current liabilities			
Payable against purchase of assets		32,854	37,205
Security deposits		216,390	221,790
Lease liabilities		85,145	97,485
Gas Infrastructure Development Cess payable		8,467	14,454
Long-term loan	14	581,693	-
		<u>924,549</u>	<u>370,934</u>
Current liabilities			
Trade and other payables		16,688,802	13,753,833
Lease liabilities		46,525	38,444
Short term finance	15	12,085,988	12,621,368
Advance from customers		13,031,402	9,877,544
Security deposits		3,797,404	3,807,074
Provision for custom duties and sales tax		2,709,493	1,866,774
Unclaimed dividend		18,869	18,944
		<u>48,378,483</u>	<u>41,983,981</u>
TOTAL LIABILITIES		<u>49,303,032</u>	<u>42,354,915</u>
TOTAL EQUITY AND LIABILITIES		<u>74,424,985</u>	<u>66,704,365</u>
Contingencies and commitments	16		

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the three months period ended 31 March 2021

	Note	Three months period ended	
		31 March 2021	31 March 2020
		———— (Rupees in '000) ————	
Sales		36,097,696	17,741,496
Cost of sales		(33,889,183)	(17,168,590)
Gross profit		<u>2,208,513</u>	<u>572,906</u>
Distribution and marketing expenses		(710,211)	(320,673)
Administrative expenses		(665,958)	(577,695)
(Provision) / reversal of impairment losses		(652)	3,250
		<u>(1,376,821)</u>	<u>(895,118)</u>
		831,692	(322,212)
Other expenses		(82,463)	-
Other income	17	619,294	64,794
Finance costs	18	(250,450)	(1,066,894)
Share of loss of equity accounted investee		(22,501)	(1,200)
Profit / (loss) before taxation		<u>1,095,572</u>	<u>(1,325,512)</u>
Taxation	19	(317,716)	384,398
Profit / (loss) for the period		<u><u>777,856</u></u>	<u><u>(941,114)</u></u>
		———— (Rupees) ————	
Earnings / (loss) per share - basic and diluted		<u><u>9.45</u></u>	<u><u>(11.44)</u></u>


The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the three months period ended 31 March 2021

	Three months period ended	
	31 March 2021	31 March 2020
	———— (Rupees in '000) ————	
Profit / (loss) for the period	777,856	(941,114)
Other comprehensive loss		
<i>Items that will never be reclassified to statement of profit or loss</i>		
Re-measurement loss on defined benefit plan	(5,353)	(7,428)
Total comprehensive income / (loss) for the period	<u>772,503</u>	<u>(948,542)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the three months period ended 31 March 2021

	Share Capital	Reserves			Total reserves	Total
		Capital reserves	Revenue reserves	Total reserves		
	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Revenue reserves	Total reserves	Total
(Rupees in '000)						
Balances as at 1 January 2020	822,999	584,002	260,594	24,283,291	25,127,887	25,950,886
Total comprehensive loss for the period ended 31 March 2020						
Loss for the period	-	-	-	(941,114)	(941,114)	(941,114)
Other comprehensive loss	-	-	-	(7,428)	(7,428)	(7,428)
	-	-	-	(948,542)	(948,542)	(948,542)
Balance as at 31 March 2020	822,999	584,002	260,594	23,334,749	24,179,345	25,002,344
Balances as at 1 January 2021	822,999	584,002	260,594	22,681,855	23,526,451	24,349,450
Total comprehensive income for the period ended 31 March 2021						
Income for the period	-	-	-	777,856	777,856	777,856
Other comprehensive loss	-	-	-	(5,353)	(5,353)	(5,353)
	-	-	-	772,503	772,503	772,503
Balance as at 31 March 2021	822,999	584,002	260,594	23,454,358	24,298,954	25,121,953

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the three months period ended 31 March 2021

	<i>Note</i>	31 March 2021	31 March 2020
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	20	8,581,527	(1,499,868)
Markup paid on short term finance		-	(649,071)
Income tax (payment) / refund		(768,000)	917,359
Long-term loans - net		(261)	(839)
Long-term deposits, prepayments and other receivables		(10,270)	(39,850)
Long-term installment sales receivables		20,938	(292,472)
Net cash generated / (used in) from operating activities		7,823,934	(1,564,741)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2,496,434)	(314,256)
Acquisition of intangible assets		-	-
Proceeds from disposal of property, plant and equipment		1,707	28,978
Profit received on bank deposits		391,640	15,443
Net cash used in investing activities		(2,103,087)	(269,835)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(7,734)	(2,418)
Long term loan		581,693	-
Dividend paid		(75)	(689)
		573,884	(3,107)
Net increase / (decrease) in cash and cash equivalents		6,294,731	(1,837,683)
Cash and cash equivalents at beginning of the period		17,818,607	(29,143,527)
Cash and cash equivalents at end of the period		24,113,338	(30,981,210)
Cash and cash equivalent comprise of			
Cash and bank balances		24,113,338	240,832
Short term finance		-	(31,222,042)
		24,113,338	(30,981,210)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

1. STATUS AND NATURE OF BUSINESS

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 & 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.

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 the Company 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. The Company had entered into a **technical assistance agreement with Asahi India Glass Limited ("AIS") under which AIS has granted to the company a right and license to use technical information to manufacture its products.**

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

2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally including Pakistan. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. As the situation is gradually improving in terms of economic activities globally as well as in Pakistan, management based on its assessment considers that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

3. BASIS OF PREPARATION

3.1 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 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 provision of and directives issued under the Companies Act, 2017 have been followed.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

3.2 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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual audited financial statements of the Company as at and for the year ended 31 December 2020.

5. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

The significant judgments 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 as at and for the year ended 31 December 2020.

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

6. PROPERTY, PLANT AND EQUIPMENT

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
	(Rupees in '000)	
Operating fixed assets	11,831,783	12,503,154
Capital work in progress	6.2 <u>2,872,600</u>	<u>535,447</u>
	<u>14,704,383</u>	<u>13,038,601</u>

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

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

	Three months period ended	
	31 March 2021	31 March 2020
	(Rupees in '000)	
<i>Additions / transfer from CWIP</i>		
Buildings on leasehold land - factory building	3,750	1,776
Plant and machinery	40,019	34,228
Permanent and special tools	8,966	1,549
Waste water treatment plant	-	91,168
Jigs and fixtures	-	1,464
Electrical installations	4,633	-
Furniture and fittings	1,244	4,807
Vehicles	15,267	17,201
Air conditioners and refrigerators	1,492	2,391
Office equipments	2,291	2,423
Computers	641	5,564
Dies - Vendor premises	80,980	50,166
	<u>159,283</u>	<u>212,737</u>
<i>Disposal - at book value</i>		
Plant and machinery	924	731
Jigs and fixtures	1,287	170
Vehicles	29	-
Furniture and fittings	9	3
Air conditioners and refrigerators	57	-
Office equipments	400	38
Computers	70	6
	<u>2,776</u>	<u>948</u>
6.2 Capital Work in Progress	31 March 2021 (Unaudited)	31 December 2020 (Audited)
	(Rupees in '000)	
Plant and machinery	2,855,806	524,031
Civil works	16,794	11,416
	<u>2,872,600</u>	<u>535,447</u>

During current period, additions to capital work-in-progress amounted to Rs. 2,480.55 million (31 March 2020: Rs. 5,251 million) and transfer to fixed assets amounted to Rs. 143.40 million (31 March 2020: Rs. 189.85 million).

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

7.	LONG TERM INVESTMENTS	31 March 2021 (Unaudited)	31 December 2020 (Audited)
	Note	(Rupees in '000)	
	Investment in related party (equity accounted)		
	Investment in joint venture - unquoted		
		Tecno Auto Glass Limited (TAG)	255,659
		255,659	278,160
	Other long term investments		
		Equity securities - at FVOCI	
	7.1	-	-
		<u>255,659</u>	<u>278,160</u>
7.1	Equity securities - at fair value through OCI		
		<u>Shares</u>	<u>Fair value</u>
		2021	
		(Number)	(Rupees in '000)
	7.2	500,000	-
	7.3	1,250	-
			<u>-</u>
7.2	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 31 March 2021.		
7.3	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 31 March 2021.		
7.4	Investment in ASCCL (unquoted) and AT & TC (unquoted) were fully impaired in previous years and no change in fair value is recognised in current year Condensed Interim financial statements.		
8.	LONG-TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	31 March 2021 (Unaudited)	31 December 2020 (Audited)
		(Rupees in '000)	
	Note		
		Deposits	42,780
		42,780	43,480
	8.1	Other receivable from employees at amortised cost	580,658
		Less: Receivable within one year	(148,100)
		<u>432,558</u>	<u>(116,996)</u>
		<u>475,338</u>	<u>421,588</u>
		<u>475,338</u>	<u>465,068</u>
8.1	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.		

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

9. LONG TERM INSTALLMENT SALES RECEIVABLES		31 March 2021 (Unaudited)	31 December 2020 (Audited)
		(Rupees in '000)	
Gross amount of Installment sales receivables	9.1	2,193,191	1,905,578
Less: Impact of discounting		<u>(134,322)</u>	<u>(118,563)</u>
Installment sales receivables		2,058,869	1,787,015
Less: Unearned finance income		<u>(3,091)</u>	<u>(3,091)</u>
		2,055,778	1,783,924
Less: Provision of impairment allowance on receivables		<u>(53,028)</u>	<u>(52,376)</u>
		2,002,750	1,731,548
Less: Current maturity		<u>(1,537,198)</u>	<u>(1,245,058)</u>
		<u>465,552</u>	<u>486,490</u>

9.1 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 Company retains the title and registers the documents of the motorcycles in its name as a security. For installment sales to vendors, no mark-up is charged on 12 months installment sales and mark-up is charged at 12% per annum on installment sales exceeding 12 month period (2020: 12% per annum). Further, vehicles are lien marked 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.

10. STOCK IN TRADE		31 March 2021 (Unaudited)	31 December 2020 (Audited)
		(Rupees in '000)	
Raw material and components [including items in transit Rs. 5,835.07 million (2020: Rs. 4,825.97 million)]	Note	14,316,930	12,433,839
Less: Provision for slow moving and obsolescence			
- at beginning of the period		<u>281,345</u>	<u>226,462</u>
- provision during the period		<u>45,800</u>	<u>54,883</u>
		<u>327,145</u>	<u>281,345</u>
		13,989,785	12,152,494
Work-in-process		56,043	387,484
Finished goods		3,390,014	4,574,565
Trading stocks [including items in transit Rs. 100.47 million (2020: Rs. 112.30 million)]		<u>1,109,969</u>	<u>1,127,256</u>
Less: Provision for slow moving and obsolescence			
- at beginning of the period		<u>187,262</u>	<u>74,397</u>
- provision during the period		<u>(75,229)</u>	<u>112,865</u>
		<u>112,033</u>	<u>187,262</u>
		997,936	939,994
		<u>18,433,778</u>	<u>18,054,537</u>

10.1 Of the aggregate amount, stocks worth Rs. 3,054 million (2020: Rs. 4,100 million) were in the custody of dealers and vendors dispersed all over Pakistan.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

10.2 Raw material and components, work-in-process, finished goods and trading stocks have been written down by Rs. 51.00 million, Rs. 0.16 million, Rs. 30.15 million and Rs. 1.98 million (2020: Rs. 46.43 million, Rs. 0.57, Rs. 12.35 million and Rs. 0.28 million) respectively to arrive at net realizable value.

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Note	(Rupees in '000)	
Trade deposits	16,676	2,115
Margin held with banks against letter of credits and imports	<u>759,659</u>	<u>1,409,049</u>
	776,335	1,411,164
Prepayments		
- Collector of custom	<u>497,079</u>	<u>97,058</u>
- Rent	8,059	12,312
- Insurance	13,987	5,265
- Others	<u>24,558</u>	<u>16,742</u>
	543,683	131,377
	<u>1,320,018</u>	<u>1,542,541</u>
12 OTHER RECEIVABLES		
Due from related parties	245,015	234,569
Due from vendors for material and components returned	95,907	132,473
Duty draw back	486	486
Expenses recoverable from dealers	-	1,094
Current portion of long term other receivables	148,100	116,996
Accrued profit on bank deposits	108,368	69,376
Others	<u>41,869</u>	<u>61,915</u>
	<u>639,745</u>	<u>616,909</u>
13. CASH AND BANK BALANCES		
Cash in hand	8,414	7,623
Cash at banks:		
- in deposit accounts - conventional	13.1 <u>1,402,968</u>	<u>10,514,462</u>
- in a special deposit account - conventional	13.2 <u>120,955</u>	<u>120,955</u>
- in term deposit account - conventional	13.3 <u>22,500,000</u>	<u>6,900,000</u>
- in current accounts	<u>81,001</u>	<u>275,567</u>
	24,104,924	17,810,984
	<u>24,113,338</u>	<u>17,818,607</u>

13.1 These carry profits rates ranging from 5.50% to 6.40% (2020: 5.50% to 8.0%) per annum.

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

13.3 Term deposits are maintained with a commercial bank at markup rate range from 7.75% to 7.00% having maturing not later than April 30,2021.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

14. LONG-TERM LOAN

This represent long term financing obtained under State Bank of Pakistan scheme of Temporary Economic Relief Facility (TERF) for import of new plant and machinery at the rate of 2%.

15. SHORT TERM FINANCE

		31 March 2021 (Unaudited)	31 December 2020 (Audited)
	Note	(Rupees in '000)	
Loan from Holding Company	15.2	11,980,800	12,542,400
Accrued markup - loan from Holding Company		105,188	78,968
		<u>12,085,988</u>	<u>12,621,368</u>

15.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The total limit of short term running financing facilities available from banks aggregate to Rs. 33,500 million (2020: Rs. 33,500 million) out of which Rs. 33,500 million (2020: 33,500 million) remained unutilised as of reporting date. Financing facilities from local commercial banks, amounting Rs. 18,000 million (2020: 18,000 million) are secured against support from holding company, Suzuki Motor Corporation.

15.2 The Company has obtained a loan amounting to USD 78 million on May 11, 2020 bearing interest at a rate of 0.98% (LIBOR plus 0.2%) from holding company, a related party. The loan is repayable on May 10, 2021.

16. CONTINGENCIES AND COMMITMENTS

16.1 Capital expenditure contracted for but not incurred amounted to Rs. 579.435 million (2020: Rs. 2,518.923 million) at period ended.

16.2 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. 11,300 million (2020: Rs. 11,180 million).

16.3 The facilities for opening letters of guarantee as at reporting date, amounted to Rs. 3,500 million (2020: Rs. 3,500 million) of which the amount remaining unutilised at the period end was Rs. 1,533 million (2020: Rs. 1,688 million).

16.4 The Company has issued a corporate guarantee on behalf of Tecno Auto Glass Limited, an associated company, amounting to Rs. 600 million (2020: Rs. 600 million) from Meezan Bank Limited in relation to borrowing facilities granted to the associated company.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

17. OTHER INCOME

	Note	Three months period ended	
		31 March 2021	31 March 2020
		(Rupees in '000)	
Income from Financial Assets			
Profit on bank balances		391,640	15,443
Commission income	17.1	750	750
Exchange loss - net		116,501	10,737
Income from unwinding of loan to employees		15,085	-
Income from unwinding of installment sales receivable		36,817	-
Finance income on installment sales		828	1,437
		<u>561,621</u>	<u>28,367</u>
Income from non financial Assets			
Loss on disposal of fixed assets		10,124	12,025
Scrap sales		47,549	24,402
Miscellaneous income		57,673	36,427
		<u>619,294</u>	<u>64,794</u>

17.1 This represents commission income on corporate guarantee provided to Meezan Bank Limited on behalf of Tecno Auto Glass Limited, associated company, amounting to Rs. 600 million in relation to borrowing facilities granted to the associated company.

18. FINANCE COSTS

	Note	31 March	31 December
		2021 (Unaudited)	2020 (Audited)
		(Rupees in '000)	
Markup on lease liability		3,472	2,074
Mark-up on Short term running Finance		3,232	1,056,685
Mark to Mark loss on parental loan		230,499	-
Loss on disposal of fixed assets		1,069	665
Bank charges		12,178	7,470
		<u>250,450</u>	<u>1,066,894</u>

19. TAXATION

- Current	542,834	-
- Deferred	(225,118)	384,398
	<u>317,716</u>	<u>384,398</u>

19.1 Minimum tax charge under section 113 of the Income Tax Ordinance, 2001 amounting to Rs. 225 million for the current period has not been accounted for in these condensed interim financial statements as management is confident that sufficient future taxable profits would be available against which this minimum tax can be utilized.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

20. CASH/(USED IN) GENERATED FROM OPERATIONS	Note	Three months period ended	
		31 March 2021	31 March 2020
		(Rupees in '000)	
Profit / (loss) before taxation		1,095,572	(1,325,512)
<i>Adjustments for non cash charges and other items:</i>			
Depreciation		827,876	860,929
Amortisation of intangible assets		35,530	51,519
Depreciation - right-of-use assets		10,499	10,267
Loss on disposal of fixed assets		1,069	665
Share of loss of equity accounted investee		22,501	1,200
Profit on bank balances		(391,640)	(15,443)
Markup on lease liability		3,472	2,074
Markup on long term loans		3,232	1,056,685
		512,539	1,967,896
Working capital changes	20.1	6,973,416	(2,142,252)
		8,581,527	(1,499,868)
20.1 Working capital changes			
Decrease / (increase) in current assets:			
Stores, spares and loose tools		(2,005)	(24,635)
Stock in trade		(379,241)	(1,363,097)
Trade debts		175,796	336,972
Current portion of long-term installment sales receivables		(292,140)	84,673
Loans and advances		(23,255)	(56,655)
Trade deposits and short term prepayments		222,523	(168,315)
Other receivables		(22,836)	(44,048)
Sales tax and excise duty adjustable		932,399	(1,222,152)
		611,241	(2,457,257)
(Decrease) / increase in current liabilities			
Trade and other payables		2,916,048	(316,258)
Provision for custom duties and sales tax		842,719	364,202
Short term finance		(535,380)	-
Security deposits		(15,070)	(893,896)
Advances from customers		3,153,858	1,160,957
		6,362,175	315,005
		6,973,416	(2,142,252)

21. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

For the three months period ended 31 March 2021	Holding company	Other related parties	Total
	(Rupees in '000')		
<i>Transactions</i>			
Purchases of components	7,927,849	5,663,557	13,591,406
Sales including exports sales	-	9,330	9,330
Royalty and technical fee	692,866	-	692,866
Commission income from Corporate Guarantee	-	750	750
Purchase of operating fixed assets	5,272	-	5,272
Staff retirement benefits	-	47,075	47,075
Markup on Parental loan	29,353	-	29,353

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

	Holding company	Other related parties	Total
	(Rupees in '000')		
For three months period ended 31 March 2020			
<i>Transactions</i>			
Purchases of components	3,648,998	2,001,222	5,650,220
Sales including exports sales	2,810	7,230	10,040
Royalty and technical fee	325,057	-	325,057
Sales promotional and development expenses	6,142	-	6,142
Commission income from Corporate Guarantee	-	750	750
Staff retirement benefits	-	41,271	41,271

22. SEGMENT ANALYSIS

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

	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rupees in '000')					
Segment results						
Sales	<u>34,892,401</u>	<u>1,205,295</u>	<u>36,097,696</u>	<u>16,949,423</u>	<u>792,073</u>	<u>17,741,496</u>
Gross profit	2,091,475	117,038	2,208,513	521,454	51,452	572,906
Distribution and marketing expenses	(689,870)	(20,341)	(710,211)	(308,020)	(12,653)	(320,673)
Administrative expenses	(589,906)	(76,052)	(665,958)	(514,463)	(63,232)	(577,695)
(Provision) / reversal of impairment losses	-	(652)	(652)	(250)	3,500	3,250
Operating income / (loss)	811,699	19,993	831,692	(301,279)	(20,933)	(322,212)
Other income	424,228	195,066	619,294	33,707	19,685	53,392
Finance cost	(132,194)	(118,256)	(250,450)	(1,054,495)	(997)	(1,055,492)
	<u>1,103,733</u>	<u>96,803</u>	<u>1,200,536</u>	<u>(1,322,067)</u>	<u>(2,245)</u>	<u>(1,324,312)</u>
Unallocated corporate expenses						
Share of loss of equity accounted investee			(22,501)			(1,200)
Other Expense			(82,463)			
Taxation			(317,716)			384,398
Profit / (loss) after taxation			<u>777,856</u>			<u>(941,114)</u>
Capital expenditure	<u>2,487,625</u>	<u>8,810</u>	<u>2,496,434</u>	<u>205,754</u>	<u>7,731</u>	<u>213,485</u>
Depreciation	<u>801,237</u>	<u>26,639</u>	<u>827,876</u>	<u>830,523</u>	<u>30,406</u>	<u>860,929</u>
	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rupees in '000')					
Assets						
Segment assets	58,570,790	2,548,386	61,119,176	49,482,908	3,200,822	52,683,730
Unallocated corporate assets	-	-	13,305,809	-	-	14,020,635
	<u>58,570,790</u>	<u>2,548,386</u>	<u>74,424,985</u>	<u>49,482,908</u>	<u>3,200,822</u>	<u>66,704,365</u>
Liabilities						
Segment liabilities	35,972,117	137,552	36,109,669	29,468,656	128,962	29,597,618
Unallocated corporate liabilities	-	-	13,193,363	-	-	12,757,297
	<u>35,972,117</u>	<u>137,552</u>	<u>49,303,032</u>	<u>29,468,656</u>	<u>128,962</u>	<u>42,354,915</u>

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

23. GENERAL

23.1 Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

24. 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 April 22, 2021.



Chairman



Chief Financial Officer



Chief Executive Officer

ڈائریکٹرز رپورٹ

نمائندگی کرتا ہے، اس کی بنیادی وجہ ملک میں معاشی سرگرمیوں کی بحالی ہے۔ سوزو کی موٹر سائیکلوں کی مانگ میں 41 فیصد بہتری آئی ہے۔ گذشتہ سال کے اسی عرصہ میں جنوری تا مارچ 2021 کے دوران، کمپنی نے 6,815 یونٹ فروخت کیے جبکہ اس کے مقابلے میں اس کی فروخت کا حجم 4,836 یونٹ تھا۔

کمپنی کے آپریٹنگ نتائج

پچھلے سال کی اسی مدت میں کمپنی کو 948 ملین روپے کا خالص خسارہ ہوا تھا۔ موجودہ مدت میں فروخت کے حجم میں بہتری کی وجہ سے خالص فروخت کی آمدنی 741,17 ملین (جنوری سے مارچ 2020) سے 103.5 فیصد (18,356 ملین روپے) بڑھ کر 36,098 ملین روپے ہو گئی ہے۔ مجموعی منافع مطلق شرائط میں 1,636 ملین روپے کا اضافہ ہوا جو کہ 573 ملین روپے (جنوری سے مارچ 2020) سے بڑھ کر 2,209 ملین روپے (جنوری سے مارچ 2021) ہو گیا۔ خالص فروخت کی فیصد کے طور پر مجموعی منافع کا حجم گزشتہ سال کی اسی مدت میں 3.2 فیصد کے مقابلے میں 6 فیصد ریکارڈ کیا گیا۔ تاہم، یہ 2020 کی چوتھی سہ ماہی کے مجموعی منافع کے مارجن کے مطابق ہے۔

مستقبل کا نظریہ اور نتیجہ

آٹو صنعت کی ترقی کے طویل مدتی مستقل پالیسیاں اہم ہیں۔ موجودہ آٹو پالیسی کا اطلاق 2016 سے 2021 کے عرصہ تک تھا اور مستقبل قریب میں نئی آٹو پالیسی کا اعلان متوقع ہے۔ توقع کی جا رہی ہے کہ نئی آٹو پالیسی انڈسٹری کے موافق ہوگی اور یہ موجودہ OEMs اور فروشوں کی صنعت کو مراعات پیش کرے گی۔ ہم امید کرتے ہیں کہ نئی آٹو پالیسی آٹو صنعت میں اضافے میں معاون ثابت ہوگی۔

ملک کے میکرو اکنامک اشارے آٹو صنعت کے لیے چیلنج ہیں اور COVID 19 کی تیسری لہر کے غیر متوقع نتائج برآمد ہو سکتے ہیں۔ پھر بھی 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 ذریعہ مسابقتی قیمتوں پر صارفین کو معیاری مصنوعات پیش کرتی ہے۔



کنجی سائیتو

چیئرمین

کراچی: 22 اپریل 2021

ڈائریکٹرز رپورٹ

بورڈ کی جانب سے، میں 31 مارچ 2021 کو ختم ہونے والی پہلی سہ ماہی کے دوران کمپنی کی کارکردگی پر اپنا جائزہ پیش کرتا ہوں۔

اکانومی

کورونا وائرس کا وبائی مرض (COVID-19) کا پاکستان کے اہم معاشی اشارے پر وسیع پیمانے پر اثر پڑتا ہے۔ 2020 کی تیسری سہ ماہی کے بعد سے، پاکستان میں پوسٹ لاک ڈاؤن ماحول نے اہم معاشی اشارے میں مثبت علامات دیکھے ہیں۔ حکومت نے معیشت کی بحالی اور کاروبار کو ہونے والے معاشی نقصان کو محدود کرنے کے لئے بہت سارے کریڈٹ مراعات اور مالی اقدامات متعارف کروائے۔ جولائی تا دسمبر 2020 کے دوران بڑے پیمانے پر مینوفیکچرنگ (ایل ایس ایم) کے شعبے میں سالانہ بنیادوں پر 8.2 فیصد کا اضافہ ہوا۔ برآمدات کو یڈ بحران سے پہلے کی سطح ماہانہ 2 ارب ڈالر پر پہنچ گئی ہے۔ ابھی حال ہی میں، پاک روپیہ میں امریکی ڈالر کے مقابلے میں بتدریج بحالی دیکھنے میں آئی ہے کیونکہ ترسیلات زر نے منظم شرح تبادلہ کی شرائط کے ساتھ ساتھ اسٹیٹ بینک کے ذریعہ ڈیجیٹل پاکستان اکاؤنٹ کے تحت کیے جانے والے معاون پالیسی اقدامات پر سخت کارکردگی کا مظاہرہ کیا ہے۔ مہنگائی کی پیش گوئی قدرے بڑھ گئی ہے، بنیادی طور پر کھانے کی قیمتوں کو فراہمی کے حالیہ جھٹکوں کی وجہ سے۔ مالی سال 2020-21 کے دوران اوسط مہنگائی 9٪ کے لگ بھگ رہنے کی توقع ہے۔

سمارٹ لاک ڈاؤن کی پالیسی نافذ کرنے کے لئے حکومت کے اقدام، جو وائرس کے پھیلاؤ کو روکنے اور معیشت کے مختلف شعبوں میں سرگرمی برقرار رکھنے کی ضرورت کو متوازن کرتا ہے، معاشی سرگرمیوں کے خطرات کو کم سے کم کرنا چاہئے۔ ویکسین کی مثبت خبروں سے مجموعی معیشت کو مزید فروغ ملنا چاہئے۔ تاہم، افراط زر، بجلی کی افادیت کی بڑھتی ہوئی شرح، ایندھن کے اخراجات میں اضافہ، وغیرہ اقتصادی ترقی کو متاثر کرنے کے امکانی عوامل رہے۔

صنعت آؤٹ لک

2020 کی چوتھی سہ ماہی سے اٹھو سہ ماہی کی مقدار میں بازیابی کا مشاہدہ ہوا۔ آٹو موبائل سیکٹر کی بازیابی میں اہم عوامل کم سود کی شرح سے کاروں کی مالی اعانت میں اضافہ، غیر ملکی ترسیلات زر میں اضافے کی وجہ سے صارفین کے ہاتھ میں ڈسپوزیبل آمدنی میں اضافہ اور زرعی آمدنی میں بہتری ہیں۔

اس عرصے (جنوری تا مارچ 2021) کے دوران کاروں اور ہلکی تجارتی گاڑیوں کے لئے آٹو انڈسٹری کی فروخت کا حجم گزشتہ سال کے اسی عرصے میں 30,764 یونٹوں کے مقابلے میں 54,764 یونٹ ریکارڈ کیا گیا، جس میں 78 فیصد اضافہ ریکارڈ کیا گیا۔ جنوری تا مارچ 2021 کے سہ ماہی کے دوران کمپنی کی فروخت کا حجم 105 فیصد اضافے کے ساتھ 13,718 یونٹوں سے 28,101 یونٹ رہا۔ کمپنی کی کل فروخت کا حجم PAMA کی ممبر کمپنیوں میں کاروں اور ہلکی تجارتی گاڑیوں کے حصص میں 51 فیصد سے زیادہ مارکیٹ شیئر ہے۔ کمپنی نے 27,167 یونٹوں کی پیداوار کا حجم حاصل کیا، جس میں 72 صلاحیت کے استعمال کی نمائندگی کی گئی ہے۔

زیر جائزہ مدت کے دوران، موٹر سائیکلوں اور تھری وہیلر کے لئے منظم مارکیٹ (پاما ممبر کمپنیاں) 379,583 یونٹ سے بڑھ کر 487,323 یونٹ ہو گئی۔ 107,740 یونٹوں کا اضافہ گزشتہ سال کی اسی مدت کے دوران فروخت کے حجم میں 28 فیصد بہتری کی

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