



Condensed Interim
Financial Statements
for the three months period ended March 31, 2021

Corporate Information

Board of Directors

Zafar Mahmood
Chairman & Non-Executive Director

Syed Ali Akbar
MD / CEO & Executive Director

William Pegel
Director Finance/IT

Syed Asad Ali Shah
Legal & External Affairs Director

Syed Javed Iqbal
Non-Executive Director

Mohammad Riaz
Non-Executive Director

Asif Jooma
Non-Executive Director

Lt. Gen. (R) M. Masood Aslam
Non-Executive Director

Belinda Joy Ross
Non-Executive Director

Audit Committee

Mohammad Riaz (Chairman)

Lt. Gen. (R) M. Masood Aslam

Belinda Joy Ross

Asif Jooma

Usman Javed (Secretary)

Company Secretary

Sami Zaman

Registered Office

Pakistan Tobacco Company Limited
Serena Business Complex, Khayaban-e-
Suhrwardy. P.O. Box 2549, Islamabad-44000
Telephone: +92 (051) 2083200, 2083201
Fax: +92 (051) 2604516
Web: www.ptc.com.pk

Factories

Akora Khattak Factory
P.O. Akora Khattak
Tehsil and District Nowshera,
Khyber Pakhtunkhwa
Telephone: +92 (0923) 561561-72
Fax: +92 (0923) 561502

Jhelum Factory
G.T. Road, Kala Gujran
Jhelum
Telephone: +92 (0544) 646500-7
Fax: +92 (0544) 646524

Bankers

MCB Bank Limited
MCB Islamic Bank Limited
Habib Bank Limited
National Bank of Pakistan
Citibank N.A.
Standard Chartered Bank (Pakistan) Ltd.
Deutsche Bank AG

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area, Islamabad. 44000
Telephone: +92 (051) 2823558
Fax: +92 (051) 2822671

Share Registrar

FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran, Nursery, Block 6,
P.E.C.H.S, Shahrah-e-Faisal,
Karachi
Ph: +92 (021) 34380101-2

Directors' Review

FY 2020-21 budget decision to not change excise rates on cigarettes was a positive outcome for Government revenues and consumer price stability in the legitimate tobacco industry. However, the challenge from the duty not paid (DNP) sector with a sizeable market share of 37.6%¹ continued to weigh-down on legitimate tobacco sector during the quarter. The average selling price of DNP brands at Rs 38/pack¹ is not just lower than the Government mandated minimum price of Rs 62.75/pack, but even lower than the minimum excise and sales tax payable on a pack of 20 cigarettes i.e. Rs 42.12/pack. Looking forward, legislative reforms in the form of stringent penalty provisions on minimum price law violations is the need of the hour. This will help reduce overall DNP incidence and minimize annual tax revenue loss estimate of Rs 70 Billion for the Government.

Enforcement remains a key pillar to curtail growth of the DNP sector. Increased raids and aggressive enforcement by the Government in the last three-months helped curb counterfeit incidence to a large extent and recover lost volumes from counterfeit brands. Moreover, PTC's own technology enabled initiative for on-spot detection of counterfeit products equipped Law Enforcement Agencies, Retailers, and Consumers to identify genuine products in the market. Consistent enforcement efforts by the Government with dedicated human and financial resources is key to ensure a level playing field in the legitimate tobacco sector which will positively impact revenue collection for the Government.

In the year to go, PTC's commitment to reduce the health impact of its business remains steadfast as it continues to drive national expansion of VELO which is a potentially reduced risk alternative to tobacco products. Moreover, significant investments have been made for an independent factory setup at Jhelum site which recently started manufacturing VELO.

Key financial indicators of the Company for the period ended March 31, 2021 are given below:

	Rs. (million)	
	Jan - Mar, 2021	Jan - Mar, 2020
Gross Turnover	49,029	38,607
FED & Sales Tax	30,930	24,693
Net Turnover	18,099	13,914
Cost of Sales	9,359	7,762
Gross Profit	8,740	6,151
Operating Profit	6,151	3,823
Profit Before Tax – PBT	6,262	3,880
Profit After Tax – PAT	4,495	2,821
Earnings Per Share – EPS (Rs)	17.59	11.04

Domestic sales increased in Q1'21 vs Q1'20 primarily due to carry-over impact of higher sales phasing in Q4'19 that led to a decline in Q1'20 sales. Furthermore, enhanced enforcement activities and consumer price stability led by unchanged excise rates in the last 12 months translated in a 27% growth in Gross Turnover and a 30% increase in Net Turnover led by mix improvement during the quarter. The Company exported Unmanufactured Tobacco and Finished Goods worth Rs 1.1 Billion in Q1'21 with continued focus on supporting the export agenda of the Government of Pakistan.

¹ Source: Access Retail – Retail Audit

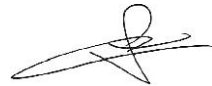
The cost of sales increase was attributable primarily to the higher volumes sold in Q1'20 versus SPLY. The cost base is expected to remain under pressure in 2021 due to an uncertain economic environment driven by COVID-19 pandemic and its impact on business and social activities across Pakistan. Hence, PTC aims to remain committed to cost saving initiatives through increasing operating efficiencies.

The Company has always maintained a focus on risk management and is committed to undertake all necessary steps to maintain business continuity without compromising health and safety of our staff and our business partners. The Company aims to emerge from the COVID19 crisis stronger and will continue to drive shareholder value by strengthening its business operations and delivering the best products to its consumers.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

31 مارچ 2021ء کو ختم ہونے والی مدت کے دوران کمپنی کے کلیدی مالی اشاریے ذیل میں دیئے گئے ہیں:

روپے (ملین)		
جنوری سے مارچ، 2020	2021، جنوری سے مارچ	
38,607	49,029	مجموعی آمدنی (Gross Turnover)
24,693	30,930	فیڈرل ایکسائز ڈیوٹی اور ریلز ٹیکس (FED & Sales Tax)
13,914	18,099	خالص آمدنی (Net Turnover)
7,762	9,359	لاگت فروخت (Cost of Sales)
6,151	8,740	مجموعی منافع (Gross Profit)
3,823	6,151	خالص منافع (Operating Profit)
3,880	6,262	قبل از ٹیکس منافع (PBT) (Profit Before Tax – PBT)
2,821	4,495	بعد از ٹیکس منافع (PAT) (Profit After Tax – PAT)
11.04	17.59	فی حصص منافع (EPS) (روپے) (Earnings Per Share – EPS (Rs))

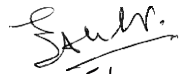
2019ء کی چوتھی سہ ماہی میں بنیادی طور پر بندرتیج فروخت پر جاری اثرات کی وجہ سے جن کے نتیجے میں 2020ء کی پہلی سہ ماہی میں فروخت میں کمی آگئی تھی، 2020ء کی پہلی سہ ماہی کے مقابلے میں 2021ء کی پہلی سہ ماہی میں مقامی فروخت میں اضافہ ہوا۔ مزید برآں گزشتہ 12 ماہ کے دوران قانون کے بڑھتے ہوئے نفاذ اور صارفین کے لئے قیمتوں میں استحکام نیز ایکسائز ڈیوٹی کی شرح کی برقراری کے نتیجے میں مجموعی آمدنی میں 27 فیصد اضافہ اور خالص آمدنی میں 30 فیصد اضافہ ہوا جس کی وجہ سے زیر نظر سہ ماہی میں تقریباً بہتری رہی۔ 2021ء کی پہلی سہ ماہی میں کمپنی نے حکومت پاکستان کے برآمدات سے متعلق ایجنڈے پر توجہ مرکوز رکھتے ہوئے 1.1 ارب روپے کا خام تمباکو اور تیار مال برآمد کیا۔

فروخت کی لاگت میں اضافہ کو بنیادی طور پر 2020ء کی پہلی سہ ماہی کے دوران SPLY کے مقابلے میں فروخت کے بڑھتے ہوئے حجم سے منسوب کیا جاسکتا ہے۔ کرونا وبا (COVID19) کے نتیجے میں پیدا ہونے والے غیر یقینی اقتصادی ماحول اور پاکستان بھر میں اس کے کاروباری اور سماجی سرگرمیوں پر اثرات کی وجہ سے سال 2021ء میں امکانی طور پر بنیادی لاگت دباؤ میں رہے گی۔ اس لئے پی ٹی سی اپنی کارکردگی میں اضافے کے ذریعے کم لاگت کے اقدامات اٹھانے کیلئے پرعزم ہے۔

کمپنی نے ہمیشہ خطرات کو کم کرنے پر اپنی توجہ رکھی ہے اور یہ اپنے سٹاف اور کاروباری شراکت داروں کی صحت اور حفاظت پر کوئی سمجھوتہ کیے بغیر اپنا کاروبار جاری رکھنے کے لئے تمام ضروری اقدامات اٹھانے کے لئے پرعزم ہے۔ کمپنی COVID-19 بحران سے مضبوط ہو کر نکلنے کیلئے پرعزم ہے اور یہ اپنے کاروبار کو مستحکم کرتے ہوئے اور اپنے صارفین کو بہترین مصنوعات فراہم کرتے ہوئے اپنے حصص یافتگان کی قدر کو آگے بڑھانے کا عمل جاری رکھے گی۔


ولیم پیگل

سی ایف او اور ڈائریکٹر فنانس


علی اکبر

ٹیچنگ ڈائریکٹر / سی ای او

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 2021ء کی پہلی سہ ماہی میں کمپنی کی کارکردگی پیش کرتے ہیں

مالی سال 2020-21ء کے بجٹ میں سگریٹ پر ایکسائز ڈیوٹی کی شرح میں تبدیلی نہ لانے کا فیصلہ حکومت کے محصولات اور تمباکو کی قانونی صنعت میں صارفین کے مفاد میں قیمنوں کے استحکام کے سلسلے میں ایک مثبت اقدام تھا۔ تاہم اس سہ ماہی میں ڈیوٹی ٹاٹ پیڈ (duty not paid - DNP) کے شعبے کا چیلنج جو مارکیٹ کا بڑا شیئر یعنی 37.6 فیصد ہے، تمباکو کے قانونی شعبے پر حاوی رہا۔ DNP برانڈز کی اوسط قیمت فروخت 38 روپے فی ڈبیا صرف حکومت کی طرف سے مقرر کی جانے والی کم سے کم قیمت 62.75 روپے سے ہی کم نہیں بلکہ یہ 20 سگریٹوں کی ایک ڈبیا پر واجب الادا کم سے کم ایکسائز ڈیوٹی اور سیلز ٹیکس کے کم سے کم شرح یعنی 42.12 روپے فی ڈبیا سے بھی کم ہے۔ کم سے کم قیمت سے متعلق قانون کی خلاف ورزیوں پر سخت سزاؤں کی صورت میں قانونی اصلاحات جن کا عرصے سے انتظار ہے، وقت کی ضرورت ہیں۔ اس سے مجموعی طور پر DNP واقعات میں کمی لانے اور حکومت کے 70 ارب روپے تخمینہ کے سالانہ ٹیکس محصولات کے نقصان کو کم سے کم کرنے میں مدد ملے گی۔

قانون کا نفاذ DNP سیکٹر کے نمو کو روکنے میں ایک کلیدی کردار ادا کرتا ہے۔ گزشتہ تین ماہ کے دوران حکومت کی طرف سے چھاپے مارنے میں اضافے اور قانون کے جارحانہ نفاذ سے جعل سازی کے واقعات کی روک تھام اور جعلی برانڈز سے ہونے والے نقصان کے حجم کے ازالے میں بڑی حد تک مدد ملی ہے۔ مزید برآں پی ٹی سی نے اپنی ٹیکنالوجی کی قانون نافذ کرنے والے اداروں، پرچون فروشوں اور صارفین کو جعلی مصنوعات کی موقع پر ہی نشاندہی سے متعلق شروعات کے ذریعے مارکیٹ میں اصلی مصنوعات کی پہچان کے قابل بنایا ہے۔ حکومت کی طرف سے انسانی و مالی وسائل کے ساتھ قانون کے نفاذ کی مسلسل کوششیں تمباکو کے قانونی شعبے میں مساوی مواقع کے لئے کلیدی حیثیت رکھتی ہیں جن سے حکومت کی محصولات کی وصولیوں کو کوششوں پر مثبت اثرات مرتب ہوں گے۔

رواں سال کے دوران پی ٹی سی کا اپنے بزنس کے صحت پر اثرات کو کم کرنے کا عزم مستحکم رہا کیونکہ اس نے VELO کی قومی سطح پر توسیع کا عمل جاری رکھا جو تمباکو کی مصنوعات کیلئے ممکنہ طور پر کم خطرے کا حامل ہے۔ مزید برآں جہلم میں قائم ایک آزاد فیکٹری میں جس نے حال ہی میں VELO بنانے کا آغاز کیا ہے، قابل ذکر سرمایہ کاری ہوئی ہے۔

Condensed Interim Statement of Profit or Loss (Unaudited)

for the three months period ended March 31, 2021

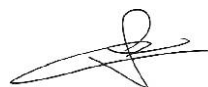
	Note	Jan - March 2021	Rs '000 Jan - March 2020
Domestic turnover		47,954,614	37,418,847
Export turnover		1,074,142	1,187,891
Gross turnover		49,028,756	38,606,738
Excise duties		(23,659,507)	(19,038,632)
Sales tax		(7,270,275)	(5,654,549)
Net turnover		18,098,974	13,913,557
Cost of sales	6	(9,358,880)	(7,762,318)
Gross profit		8,740,094	6,151,239
Selling and distribution costs		(1,098,979)	(1,012,073)
Administrative expenses		(1,090,779)	(903,565)
Other operating expenses	7	(525,323)	(413,069)
Other income	8	125,983	428
		(2,589,098)	(2,328,279)
Operating profit		6,150,996	3,822,960
Finance income	9	177,747	115,938
Finance cost		(67,096)	(59,369)
Net finance income		110,651	56,569
Profit before income tax		6,261,647	3,879,529
Income tax expense - current	10	(1,731,313)	(1,093,037)
- deferred		(35,111)	34,186
		(1,766,424)	(1,058,851)
Profit for the period		4,495,223	2,820,678
Earnings per share - basic and diluted (Rupees)		17.59	11.04

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



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

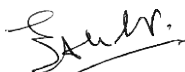
Chief Financial Officer & Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the three months period ended March 31, 2021


	Jan - March 2021	Rs '000 Jan - March 2020
Profit for the three months	4,495,223	2,820,678
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	4,495,223	2,820,678

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



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

Condensed Interim Statement of Financial Position (Unaudited)

as at March 31, 2021

	Note	March 31, 2021 (Unaudited)	Rs '000 December 31, 2020 (Audited)
Non current assets			
Property, plant and equipment	11	15,296,846	15,101,755
Advance for capital expenditure		311,860	716,864
Long term investment in subsidiary company	12	5,000	5,000
Long term deposits and prepayments		28,720	27,720
		15,642,426	15,851,339
Current assets			
Stock-in-trade		19,043,789	19,482,676
Stores and spares		656,840	678,900
Trade debts		1,437	1,392
Loans and advances	13	672,593	335,205
Short term prepayments		102,100	76,415
Other receivables	14	1,449,311	1,336,336
Short term investments		14,302,739	6,401,215
Cash and bank balances	15	741,299	842,296
		36,970,108	29,154,435
Current liabilities			
Trade and other payables	16	20,631,912	19,202,867
Other liabilities		1,749,146	2,073,866
Lease liability	17	606,154	678,730
Short term running finance / export refinance	18	1,793,243	-
Unpaid dividend		82,768	84,856
Unclaimed dividend		77,381	77,381
Accrued interest / mark-up		10,966	583
Current income tax liability		1,184,231	912,236
		26,135,801	23,030,519
Net current assets		10,834,307	6,123,916
Non current liabilities			
Lease liability	17	(1,545,036)	(1,573,892)
Deferred income tax liability		(923,617)	(888,506)
		(2,468,653)	(2,462,398)
Net assets		24,008,080	19,512,857
Share capital and reserves			
Share capital	19	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		21,453,142	16,957,919
Shareholders' equity		24,008,080	19,512,857
Contingencies and commitments	20		

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Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

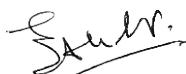
Chief Financial Officer & Director

Condensed Interim Statement of Changes in Equity (Unaudited)

as at March 31, 2021

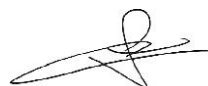
	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2020	2,554,938	15,735,917	18,290,855
Total comprehensive income for the three months period	-	2,820,678	2,820,678
Balance at March 31, 2020	2,554,938	18,556,595	21,111,533
Balance at April 1, 2020	2,554,938	18,556,595	21,111,533
Total comprehensive income for the nine months period	-	13,219,964	13,219,964
Final dividend of Rs 23.00 per share relating to the year ended December 31, 2019	-	(5,876,357)	(5,876,357)
Interim dividend of Rs 15.00 per share relating to the year ended December 31, 2020	-	(3,832,407)	(3,832,407)
Interim dividend of Rs 20.00 per share relating to the year ended December 31, 2020	-	(5,109,876)	(5,109,876)
Balance at December 31, 2020	2,554,938	16,957,919	19,512,857
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the three months period	-	4,495,223	4,495,223
Balance at March 31, 2021	2,554,938	21,453,142	24,008,080

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



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

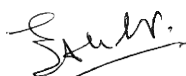
Chief Financial Officer & Director

Condensed Interim Statement of Cash Flows (Unaudited)

for the three months period ended March 31, 2021

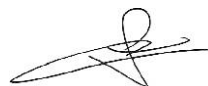
	Note	March 31, 2021	Rs '000 March 31, 2020
Cash flows from operating activities			
Cash generated from operations		7,649,373	7,145,405
Income tax paid		(1,459,318)	(1,211,868)
Finance cost paid		(56,713)	(66,389)
Contribution to retirement benefit funds		(91,580)	(100,328)
Net cash generated from operating activities		6,041,762	5,766,820
Cash flows from investing activities			
Purchases of property, plant and equipment		(371,281)	(22,643)
Advances for capital expenditure		405,004	-
Proceeds from sale of property, plant and equipment		87,986	39,469
Interest received		177,747	115,938
Net cash generated from investing activities		299,456	132,764
Cash flows from financing activities			
Dividends paid		(2,088)	(1,933)
Finance lease payments		(331,846)	(140,651)
Net cash used in financing activities		(333,934)	(142,584)
Net increase in cash and cash equivalents		6,007,284	5,757,000
Cash and cash equivalents at January 1		7,243,511	3,536,963
Cash and cash equivalents at March 31		13,250,795	9,293,963
Cash and cash equivalents comprise:			
Cash and bank balances	15	741,299	591,954
Short term investments		14,302,739	8,704,389
Short term running finance / export refinance	18	(1,793,243)	(2,380)
		13,250,795	9,293,963

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



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

Notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

1. The Company and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of the British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The Company is engaged in the manufacture and sale of cigarettes /tobacco.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad.

2. Statement of compliance

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

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

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

3. Basis of preparation

These condensed interim financial statements should be read in conjunction with the Company's latest annual financial statements as at and for the year ended December 31, 2020 ('last annual financial statements'). These condensed interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Comparative figures of condensed interim statement of financial position are extracted from the annual financial statements as of December 31, 2020 whereas comparative figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the three months period ended March 31, 2020.

These condensed interim financial statements are un-audited and are being submitted to the members of the Company as required under Section 237 of the Companies Act, 2017, and the listing regulations of the Pakistan Stock Exchange.

4. Use of judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including measurement of fair values were the same as those described in the last annual financial statements.

Notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

Measurement of fair values

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

5. Significant accounting policies

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 the financial statements as at and for the year ended December 31, 2020.

	Jan - March 2021	Rs 000 Jan -March 2020
6. Cost of sales		
Raw materials consumed		
Opening stock of raw materials and work in process	16,977,657	19,573,174
Raw material purchases and expenses	6,610,867	4,873,087
Closing stock of raw materials and work in process	(16,227,075)	(17,710,010)
	7,361,449	6,736,251
Excise duty, Customs duty and tobacco development cess	998,615	424,000
Royalty	170,501	120,108
Production overheads	1,012,162	902,959
Cost of goods manufactured	9,542,727	8,183,318
Cost of finished goods:		
Opening stock	2,632,867	1,859,725
Closing stock	(2,816,714)	(2,280,725)
	(183,847)	(421,000)
	9,358,880	7,762,318
7. Other operating expenses		
Workers' Profit Participation Fund	336,286	208,353
Workers' Welfare Fund	127,789	79,174
Bank charges and fees	11,893	8,342
Loss on disposal of property, plant and equipment	-	515
Interest paid to Workers' Profit Participation Fund	49,355	1,263
Foreign exchange loss	-	115,422
	525,323	413,069

Notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

	Jan - March 2021	Rs 000 Jan -March 2020
8. Other income		
Gain on disposal of property, plant and equipment	56,640	-
Foreign exchange gain	68,438	-
Others	905	428
	125,983	428

9. Finance income

This includes profit from placement with banks in saving account and treasury bills earned under interest arrangement. The interest rates range between 7.06% and 7.34% (three months ended March 31, 2020 : 11.25% and 13.24%) per annum and is received on maturity.

10. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The applicable income tax rate for the period is 29%.

	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
11. Property, plant and equipment		
Operating fixed assets - note 11.1	12,506,076	12,678,139
Capital work in progress - note 11.2	2,790,770	2,423,616
	15,296,846	15,101,755
11.1 Operating fixed assets		
Carrying amount at January 01	12,678,139	11,590,196
Additions during the three months period / year		
Owned Assets		
Buildings on free hold land	-	69,738
Plant and machinery	-	1,474,838
Office and household equipment	4,127	342,436
Furniture and fittings	-	81,764
Vehicles	-	178
Right of use assets	116,569	610,360
Leased Assets		
Vehicles	113,845	433,597
	234,541	3,012,911
Disposals during the three months period / year (net book value):		
Buildings on free hold land	-	(187)
Plant and machinery	-	(294,469)
Office and household equipment	-	(613)
Furniture and fittings	-	(535)
Vehicles	-	(4,795)
	-	(300,599)
Right of use assets		(31,285)
Leased Assets		
Vehicles	(31,346)	(93,025)
Depreciation charge for the three months period / year	(375,258)	(1,500,059)
Net book amount	12,506,076	12,678,139

Notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

- 11.1.1** During the three months period ended March 31, 2021, the Company acquired assets, including transfers from capital work in progress, with a cost of Rs 234,541 thousand (three months period ended March 31, 2020: Rs 319,023 thousand). Operating fixed assets having net book value of Rs 31,346 thousand were disposed off during three months period ended March 31, 2021 (three months ended March 31, 2020: Rs. 39,984 thousand). Depreciation charge for three months period ended March 31, 2021 was Rs. 375,258 thousand (three months period ended March 31, 2020: Rs. 378,790 thousand).

	Rs 000	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
11.2 Capital work in progress		
Carrying amount as at the beginning of the period / year	2,423,616	732,634
Additions during the three months period / year	367,154	2,343,498
	2,790,770	3,076,132
Transferred to operating fixed assets	-	(652,516)
Carrying amount as at end of the period / year	2,790,770	2,423,616

12. Long term investment in subsidiary company

This represents 500,001 (2020: 500,001) fully paid ordinary shares of Rs 10 each in Phoenix (Private) Limited. The break up value of shares calculated by reference to net assets worked out to be Rs 10 per share based on audited financial statements for the year ended December 31, 2020. This is a wholly owned subsidiary of the Company which has not yet commenced commercial production.

13. Loans and advances

These include non interest bearing advances to employees of Rs 40,879 thousand (December 31, 2020 : Rs 26,946 thousand).

14. Other receivables

These include following balances due from related parties:

	Rs 000	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Holding company / associated companies	623,748	899,794
Subsidiary company	20,021	20,021
Employees' retirement benefit plans	518,312	333,113
15. Cash and bank balances		
Cash at banks		
-Deposit accounts	30,854	29,705
-Current accounts - note 15.1	709,485	810,645
	740,339	840,350
Cash in hand	960	1,946
	741,299	842,296

- 15.1** These include balances of Rs 425,358 thousand (December 31, 2020 : Rs 317,885 thousand) held in foreign currency accounts.

Notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
16. Trade and other payables		
These include following balances due to related parties:		
Holding company / associated companies	1,951,528	1,301,159
Employees' retirement benefit plans	386,223	388,104

17. Finance lease obligation

This represents lease agreements entered into with a leasing company for vehicles and with others for IFRS 16 leases of various rental facilities. Total lease rentals due under vehicles lease agreements aggregate to Rs 957,660 - short term Rs 286,962 thousand and long term Rs 670,698 thousand (December 31, 2020: Rs 928,348 thousand - short term Rs 371,046 thousand and long term Rs 557,302 thousand) and are payable in equal monthly instalments latest by March 2026. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 7.75% to 14.61% (December 31, 2020: 7.75% to 14.61%) per annum have been used as discounting factor.

As per IFRS 16 all rental facilities of the Company with lease terms greater than one year have been capitalised as leased assets. When measuring the lease liabilities for leases that were capitalised during the period, the Company discounted lease payments using an estimated incremental borrowing rate and recorded lease obligation of Rs 261,633 thousand during the period. Financing rates of 8.58% to 9.13% (December 31, 2020: 9% to 14%) per annum have been used as discounting factor.

18. Short term running finance / export refinance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (December 31, 2020: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,500 million (December 31, 2020: Rs 6,500 million). These facilities are secured by hypothecation of stock-in-trade and plant and machinery amounting to Rs 7,222 million (December 31, 2020: Rs 7,222 million). The mark-up ranges between 7.49% and 7.69% (December 31, 2020: 7.37% and 13.88%) per annum and is payable quarterly. The facilities are renewable on annual basis.

Effective January 2021, the Company has obtained Rs 1,793 million (December 31, 2020 : Nil) from different banks under export refinancing scheme. The mark-up ranges between 2.20% and 2.75% per annum.

19. Share capital

Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2020 : Rs 3,000,000 thousand) divided into 300,000,000 ordinary shares of Rs 10 each. Issued, subscribed and paid up capital of the Company is Rs 2,554,938 thousand (December 31, 2020 : Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.

	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
20. Contingencies and commitments		
20.1 Contingencies		
Claims and guarantees		
(i) Claims against the Company not acknowledged as debt	75,706	75,706
(ii) Guarantees issued by banks on behalf of the Company	467,376	447,376
20.2 Commitments		
(i) Capital expenditure commitments outstanding	513,100	-
(ii) Letters of credit outstanding	85,494	1,018,701

Notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

	Three months ended	
	March 31, 2021 Rs '000	March 31, 2020 Rs '000
21 Cash generated from operations		
Profit before income tax	6,261,647	3,879,529
Adjustment for non-cash items:		
- Depreciation	375,258	378,790
- (Gain)/loss on disposal of property, plant and equipment	(56,640)	515
- Finance cost	67,096	59,369
- Finance income	(177,747)	(115,938)
- Forex (gain)/loss	(68,438)	115,422
- Provision for slow moving stores and spares	1,193	212
	140,722	438,370
Changes in working capital:		
- Stock-in-trade	438,887	1,431,808
- Stores and spares	20,867	8,950
- Trade debts	(45)	2,486
- Loans and advances	(337,388)	(466,695)
- Short term prepayments	(25,685)	(70,641)
- Other receivables	89,311	378,506
- Trade and other payables	1,386,777	1,491,254
- Other liabilities	(324,720)	52,702
	1,248,004	2,828,370
Changes in long term deposits and prepayments	(1,000)	(864)
	7,649,373	7,145,405

Notes to the Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2021

22. Financial instruments

22.1 Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
		Loans and receivables	Other financial liabilities	Loans and receivables	Other financial liabilities
			Rs '000		Rs '000
Financial assets measured at fair value					
Short term investments		14,302,739	-	14,302,739	6,401,215
Financial assets not measured at fair value					
Deposits		28,720	-	28,720	27,720
Trade debts		1,437	-	1,437	1,392
Other receivables	14	1,449,311	-	1,449,311	1,336,336
Cash and bank balances	15	741,299	-	741,299	842,296
		16,523,506	-	16,523,506	8,608,959
Financial liabilities measured at fair value					
Financial liabilities not measured at fair value					
Trade and other payables	16	-	-	-	-
Finance lease obligation	17	-	(8,104,730)	(8,104,730)	(8,375,451)
Short term running finance/export refinance	18	-	(2,151,190)	(2,151,190)	(2,252,622)
Accrued interest / mark-up		-	(1,793,243)	(1,793,243)	-
		-	(10,966)	(10,966)	(583)
		-	(12,060,129)	(12,060,129)	(10,628,656)

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their values.

22.2 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2020.

Notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

23. Transactions with related parties

	March 31, 2021	Rs 000 March 31, 2020
Purchase of goods and services		
Holding company	432,894	366,231
Associated companies	857,703	445,572
Sale of goods and services		
Holding company	3,225	19,679
Associated companies	1,080,365	1,327,863
Royalty charge		
Holding company / associated companies	170,501	120,108
Contribution to retirement benefit plans by the Company		
Staff defined contribution pension fund	31,845	26,410
Staff pension fund	1,689	-
Employee gratuity fund	26,847	31,234
Management provident fund	20,901	19,333
Employee provident fund	4,481	4,386
Remuneration of key management personnel	177,195	127,866

24. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 22, 2021.



Syed Ali Akbar
MD & Chief Executive Officer



William Pegel
Chief Financial Officer & Director

Consolidated Condensed Interim Statement of Profit or Loss (Unaudited)

for the three months period ended March 31, 2021


	Note	Jan - March 2021	Rs '000 Jan - March 2020
Domestic turnover		47,954,614	37,418,847
Export turnover		1,074,142	1,187,891
Gross turnover		49,028,756	38,606,738
Excise duties		(23,659,507)	(19,038,632)
Sales tax		(7,270,275)	(5,654,549)
Net turnover		18,098,974	13,913,557
Cost of sales	6	(9,358,880)	(7,762,318)
Gross profit		8,740,094	6,151,239
Selling and distribution costs		(1,098,979)	(1,012,073)
Administrative expenses		(1,090,779)	(903,565)
Other operating expenses	7	(525,323)	(413,069)
Other income	8	125,983	428
		(2,589,098)	(2,328,279)
Operating profit		6,150,996	3,822,960
Finance income	9	177,747	115,938
Finance cost		(67,096)	(59,369)
Net finance income		110,651	56,569
Profit before income tax		6,261,647	3,879,529
Income tax expense - current	10	(1,731,313)	(1,093,037)
- deferred		(35,111)	34,186
		(1,766,424)	(1,058,851)
Profit for the period		4,495,223	2,820,678
Earnings per share - basic and diluted (Rupees)		17.59	11.04

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

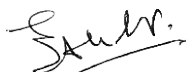
Chief Financial Officer & Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the three months period ended March 31, 2021


	Jan - March 2021	Rs '000 Jan - March 2020
Profit for the three months	4,495,223	2,820,678
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	4,495,223	2,820,678

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

Consolidated Condensed Interim Statement of Financial Position (Unaudited)

as at March 31, 2021

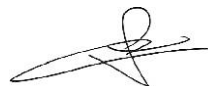
	Note	March 31, 2021 (Unaudited)	Rs '000 December 31, 2020 (Audited)
Non current assets			
Property, plant and equipment	11	15,321,894	15,126,803
Advance for capital expenditure		311,860	716,864
Long term deposits and prepayments		28,720	27,720
		15,662,474	15,871,387
Current assets			
Stock-in-trade		19,043,789	19,482,676
Stores and spares		656,840	678,900
Trade debts		1,437	1,392
Loans and advances	12	672,593	335,205
Short term prepayments		102,100	76,415
Other receivables	13	1,429,290	1,316,315
Short term investments		14,302,739	6,401,215
Cash and bank balances	14	741,299	842,296
		36,950,087	29,134,414
Current liabilities			
Trade and other payables	15	20,631,939	19,202,894
Other liabilities		1,749,146	2,073,866
Lease liability	16	606,154	678,730
Short term running finance / export refinance	17	1,793,243	-
Unpaid dividend		82,768	84,856
Unclaimed dividend		77,381	77,381
Accrued interest / mark-up		10,966	583
Current income tax liability		1,184,231	912,236
		26,135,828	23,030,546
Net current assets		10,814,259	6,103,868
Non current liabilities			
Lease liability	16	(1,545,036)	(1,573,892)
Deferred income tax liability		(923,617)	(888,506)
		(2,468,653)	(2,462,398)
Net assets		24,008,080	19,512,857
Share capital and reserves			
Share capital	18	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		21,453,142	16,957,919
Shareholders' equity		24,008,080	19,512,857
Contingencies and commitments	19		

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

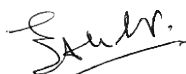
Chief Financial Officer & Director

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

as at March 31, 2021

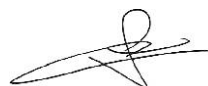
	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2020	2,554,938	15,735,917	18,290,855
Total comprehensive income for the three months period	-	2,820,678	2,820,678
Balance at March 31, 2020	2,554,938	18,556,595	21,111,533
Balance at April 1, 2020	2,554,938	18,556,595	21,111,533
Total comprehensive income for the nine months period	-	13,219,964	13,219,964
Final dividend of Rs 23.00 per share relating to the year ended December 31, 2019	-	(5,876,357)	(5,876,357)
Interim dividend of Rs 15.00 per share relating to the year ended December 31, 2020	-	(3,832,407)	(3,832,407)
Interim dividend of Rs 20.00 per share relating to the year ended December 31, 2020	-	(5,109,876)	(5,109,876)
Balance at December 31, 2020	2,554,938	16,957,919	19,512,857
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the three months period	-	4,495,223	4,495,223
Balance at March 31, 2021	2,554,938	21,453,142	24,008,080

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

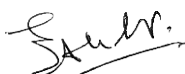
Chief Financial Officer & Director

Consolidated Condensed Interim Statement of Cash Flows (Unaudited)

for the three months period ended March 31, 2021

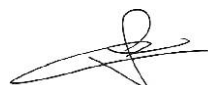
	Note	March 31, 2021	Rs '000 March 31, 2020
Cash flows from operating activities			
Cash generated from operations		7,649,373	7,145,405
Income tax paid		(1,459,318)	(1,211,868)
Finance cost paid		(56,713)	(66,389)
Contribution to retirement benefit funds		(91,580)	(100,328)
Net cash generated from operating activities		6,041,762	5,766,820
Cash flows from investing activities			
Purchases of property, plant and equipment		(371,281)	(22,643)
Advances for capital expenditure		405,004	-
Proceeds from sale of property, plant and equipment		87,986	39,469
Interest received		177,747	115,938
Net cash generated from investing activities		299,456	132,764
Cash flows from financing activities			
Dividends paid		(2,088)	(1,933)
Finance lease payments		(331,846)	(140,651)
Net cash used in financing activities		(333,934)	(142,584)
Net increase in cash and cash equivalents		6,007,284	5,757,000
Cash and cash equivalents at January 1		7,243,511	3,536,963
Cash and cash equivalents at March 31		13,250,795	9,293,963
Cash and cash equivalents comprise:			
Cash and bank balances	14	741,299	591,954
Short term investments		14,302,739	8,704,389
Short term running finance / export refinance	17	(1,793,243)	(2,380)
		13,250,795	9,293,963

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

1. The Company and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of the British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The Company is engaged in the manufacture and sale of cigarettes/tobacco.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad.

Phoenix (Private) Limited (PPL) is a private limited company incorporated on March 9, 1992 in Azad Jammu and Kashmir under the Companies Ordinance, 1984. The registered office of PPL is situated at Bun Khurma, Chichian Road, Mirpur, Azad Jamu and Kashmir. The object for which the PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in Tobacco products. PPL is dormant and has not commenced its commercial operations.

For the purpose of these consolidated financial statements, the Company and its wholly owned subsidiary PPL is referred to as the Group.

2. Statement of compliance

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

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

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

3. Basis of preparation

These consolidated condensed interim financial statements should be read in conjunction with the Group's latest annual financial statements as at and for the year ended December 31, 2020 ('last annual financial statements'). These consolidated condensed interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Comparative figures of condensed interim statement of financial position are extracted from the annual financial statements as of December 31, 2020 whereas comparative figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the three months period ended March 31, 2020.

These consolidated condensed interim financial statements are un-audited and are being submitted to the members of the Group as required under Section 237 of the Companies Act, 2017, and the listing regulations of the Pakistan Stock Exchange.

4. Use of judgements and estimates

In preparing these consolidated condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty including measurement of fair values were the same as those described in the last annual financial statements.

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

5. Significant accounting policies

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 the financial statements as at and for the year ended December 31, 2020.

	Jan - March 2021	Rs 000 Jan -March 2020
6. Cost of sales		
Raw materials consumed		
Opening stock of raw materials and work in process	16,977,657	19,573,174
Raw material purchases and expenses	6,610,867	4,873,087
Closing stock of raw materials and work in process	(16,227,075)	(17,710,010)
	7,361,449	6,736,251
Excise duty, Customs duty and tobacco development cess	998,615	424,000
Royalty	170,501	120,108
Production overheads	1,012,162	902,959
Cost of goods manufactured	9,542,727	8,183,318
Cost of finished goods:		
Opening stock	2,632,867	1,859,725
Closing stock	(2,816,714)	(2,280,725)
	(183,847)	(421,000)
	9,358,880	7,762,318
7. Other operating expenses		
Workers' Profit Participation Fund	336,286	208,353
Workers' Welfare Fund	127,789	79,174
Bank charges and fees	11,893	8,342
Loss on disposal of property, plant and equipment	-	515
Interest paid to Workers' Profit Participation Fund	49,355	1,263
Foreign exchange loss	-	115,422
	525,323	413,069

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

	Jan - March 2021	Rs 000 Jan -March 2020
8. Other income		
Gain on disposal of property, plant and equipment	56,640	-
Foreign exchange gain	68,438	-
Others	905	428
	125,983	428

9. Finance income

This includes profit from placement with banks in saving account and treasury bills earned under interest arrangement. The interest rates range between 7.06% and 7.34% (three months ended March 31, 2020 : 11.25% and 13.24%) per annum and is received on maturity.

10. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The applicable income tax rate for the period is 29%.

	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
11. Property, plant and equipment		
Operating fixed assets - note 11.1	12,509,440	12,681,503
Capital work in progress - note 11.2	2,812,454	2,445,300
	15,321,894	15,126,803
11.1 Operating fixed assets		
Carrying amount at January 01	12,681,503	11,593,560
Additions during the three months period / year		
Owned Assets		
Buildings on free hold land	-	69,738
Plant and machinery	-	1,474,838
Office and household equipment	4,127	342,436
Furniture and fittings	-	81,764
Vehicles	-	178
Right of use assets	116,569	610,360
Leased Assets		
Vehicles	113,845	433,597
	234,541	3,012,911
Disposals during the three months period / year (net book value):		
Buildings on free hold land	-	(187)
Plant and machinery	-	(294,469)
Office and household equipment	-	(613)
Furniture and fittings	-	(535)
Vehicles	-	(4,795)
	-	(300,599)
Right of use assets		(31,285)
Leased Assets		
Vehicles	(31,346)	(93,025)
Depreciation charge for the three months period / year	(375,258)	(1,500,059)
Net book amount	12,509,440	12,681,503

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

11.1.1 During the three months period ended March 31, 2021, the Company acquired assets, including transfers from capital work in progress, with a cost of Rs 234,541 thousand (three months period ended March 31, 2020: Rs 319,023 thousand). Operating fixed assets having net book value of Rs 31,346 thousand were disposed off during three months period ended March 31, 2021 (three months ended March 31, 2020: Rs. 39,984 thousand). Depreciation charge for three months period ended March 31, 2021 was Rs. 375,258 thousand (three months period ended March 31, 2020: Rs. 378,790 thousand).

	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
11.2 Capital work in progress		
Carrying amount as at the beginning of the period / year	2,445,300	754,318
Additions during the three months period / year	367,154	2,343,498
	2,812,454	3,097,816
Transferred to operating fixed assets	-	(652,516)
Carrying amount as at end of the period / year	2,812,454	2,445,300

12. Loans and advances

These include non interest bearing advances to employees of Rs 40,879 thousand (December 31, 2020 : Rs 26,946 thousand).

13. Other receivables

These include following balances due from related parties:

	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
Holding company / associated companies	623,748	899,794
Employees' retirement benefit plans	518,312	333,113
14. Cash and bank balances		
Cash at banks		
-Deposit accounts	30,854	29,705
-Current accounts - note 14.1	709,485	810,645
	740,339	840,350
Cash in hand	960	1,946
	741,299	842,296

14.1 These include balances of Rs 425,358 thousand (December 31, 2020 : Rs 317,885 thousand) held in foreign currency accounts.

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
15. Trade and other payables		
These include following balances due to related parties:		
Holding company / associated companies	1,951,528	1,301,159
Employees' retirement benefit plans	386,223	388,104
16. Finance lease obligation		
This represents lease agreements entered into with a leasing company for vehicles and with others for IFRS 16 leases of various rental facilities. Total lease rentals due under vehicles lease agreements aggregate to Rs 957,660 - short term Rs 286,962 thousand and long term Rs 670,698 thousand (December 31, 2020: Rs 928,348 thousand - short term Rs 371,046 thousand and long term Rs 557,302 thousand) and are payable in equal monthly instalments latest by March 2026. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 7.75% to 14.61% (December 31, 2020: 7.75% to 14.61%) per annum have been used as discounting factor.		
As per IFRS 16 all rental facilities of the Company with lease terms greater than one year have been capitalised as leased assets. When measuring the lease liabilities for leases that were capitalised during the period, the Company discounted lease payments using an estimated incremental borrowing rate and recorded lease obligation of Rs 261,633 thousand during the period. Financing rates of 8.58% to 9.13% (December 31, 2020: 9% to 14%) per annum have been used as discounting factor.		
17. Short term running finance / export refinance		
Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (December 31, 2020: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,500 million (December 31, 2020: Rs 6,500 million). These facilities are secured by hypothecation of stock-in-trade and plant and machinery amounting to Rs 7,222 million (December 31, 2020: Rs 7,222 million). The mark-up ranges between 7.49% and 7.69% (December 31, 2020: 7.37% and 13.88%) per annum and is payable quarterly. The facilities are renewable on annual basis.		
Effective January 2021, the Company has obtained Rs 1,793 million (December 31, 2020 : Nil) from different banks under export refinancing scheme. The mark-up ranges between 2.20% and 2.75% per annum.		
18. Share capital		
Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2020 : Rs 3,000,000 thousand) divided into 300,000,000 ordinary shares of Rs 10 each. Issued, subscribed and paid up capital of the Company is Rs 2,554,938 thousand (December 31, 2020 : Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.		
	March 31, 2021 (Unaudited)	Rs 000 December 31, 2020 (Audited)
19. Contingencies and commitments		
19.1 Contingencies		
Claims and guarantees		
(i) Claims against the Group not acknowledged as debt	75,706	75,706
(ii) Guarantees issued by banks on behalf of the Group	467,376	447,376
19.2 Commitments		
(i) Capital expenditure commitments outstanding	513,100	-
(ii) Letters of credit outstanding	85,494	1,018,701

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2021

	Three months ended	
	March 31, 2021 Rs '000	March 31, 2020 Rs '000
20. Cash generated from operations		
Profit before income tax	6,261,647	3,879,529
Adjustment for non-cash items:		
- Depreciation	375,258	378,790
- (Gain)/loss on disposal of property, plant and equipment	(56,640)	515
- Finance cost	67,096	59,369
- Finance income	(177,747)	(115,938)
- Forex (gain)/loss	(68,438)	115,422
- Provision for slow moving stores and spares	1,193	212
	140,722	438,370
Changes in working capital:		
- Stock-in-trade	438,887	1,431,808
- Stores and spares	20,867	8,950
- Trade debts	(45)	2,486
- Loans and advances	(337,388)	(466,695)
- Short term prepayments	(25,685)	(70,641)
- Other receivables	89,311	378,506
- Trade and other payables	1,386,777	1,491,254
- Other liabilities	(324,720)	52,702
	1,248,004	2,828,370
Changes in long term deposits and prepayments	(1,000)	(864)
	7,649,373	7,145,405

Notes to the Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2021

21. Financial instruments

21.1 Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
		Loans and receivables	Other financial liabilities	Loans and receivables	Other financial liabilities
			Rs '000		Rs '000
Financial assets measured at fair value					
Short term investments		14,302,739	-	14,302,739	6,401,215
Financial assets not measured at fair value					
Deposits		28,720	-	28,720	27,720
Trade debts		1,437	-	1,437	1,392
Other receivables	13	1,429,290	-	1,429,290	1,316,315
Cash and bank balances	14	741,299	-	741,299	842,296
		16,503,485	-	16,503,485	8,588,938
Financial liabilities measured at fair value					
Financial liabilities not measured at fair value					
Trade and other payables	15	-	-	-	(8,375,478)
Finance lease obligation	16	-	(8,104,757)	(8,104,757)	(8,375,478)
Short term running finance/export/refinance	17	-	(2,151,190)	(2,151,190)	(2,252,622)
Accrued interest / mark-up		-	(1,793,243)	(1,793,243)	-
		-	(10,966)	(10,966)	(583)
		-	(12,060,156)	(12,060,156)	(10,628,683)

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their values.

21.2 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2020.

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

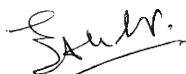
for the three months period ended March 31, 2021

22. Transactions with related parties

	March 31, 2021	Rs 000 March 31, 2020
Purchase of goods and services		
Holding company	432,894	366,231
Associated companies	857,703	445,572
Sale of goods and services		
Holding company	3,225	19,679
Associated companies	1,080,365	1,327,863
Royalty charge		
Holding company / associated companies	170,501	120,108
Contribution to retirement benefit plans by the Company		
Staff defined contribution pension fund	31,845	26,410
Staff pension fund	1,689	-
Employee gratuity fund	26,847	31,234
Management provident fund	20,901	19,333
Employee provident fund	4,481	4,386
Remuneration of key management personnel	177,195	127,866

23. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on April 22, 2021.




Syed Ali Akbar
MD & Chief Executive Officer




William Pegel
Chief Financial Officer & Director



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