

## Contents

Company Profile	02
Directors' Review	03
Condensed Interim Statement of Financial Position	04
Condensed Interim Statement of Profit or Loss and other Comprehensive Income	06
Condensed Interim Statement of Changes in Equity	07
Condensed Interim Statement of Cash Flows	08
Selected notes to and forming part of the Condensed Interim Financial Information	09
Directors' Review (in Urdu)	18

## Company Profile

### Board of Directors

Lt.Gen.(Retd) Ali Kuli Khan Khattak	Chairman
Mr. Hussain Kuli Khan	Chief Executive
Mr. Adnan Ahmed	
Mr. Ahmad Kuli Khan Khattak	
Mr. Atif Anwar	
Mr. Mansur Khan	
Mr. Manzoor Ahmed	
Mr. Muhammad Kuli Khan Khattak	
Mr. Raza Kuli Khan Khattak	
Dr. Shaheen Kuli Khan Khattak	

### Chief Financial Officer / Company Secretary

Mr. Siraj A. Lawai

### Board Audit Committee

Mr. Manzoor Ahmed	Chairman
Mr. Adnan Ahmed	
Mr. Ahmad Kuli Khan Khattak	
Mr. Muhammad Kuli Khan Khattak	

### HR & Remuneration Committee

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	
Mr. Hussain Kuli Khan	
Mr. Mansur Khan	
Mr. Manzoor Ahmed	

### Auditors

A.F.Ferguson & Co.  
Chartered Accountants

### Legal Advisor

Ahmed & Qazi  
Advocates & Legal Consultants

### Share Registrar

Share Registrar Department  
Customer Care & Service Centre  
Central Depository Company of Pakistan Limited  
CDC House 99-B, Block-B, S.M.C.H.S.,  
Main Shahra-e-Faisal Karachi-74400  
UAN No. : (92-21) 111 111 500  
Tel : Customer Support Services  
(Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053, Email: info@cdcpak.com  
Website: www.cdcpakistan.com

### Major Bankers

Al-Baraka Bank Pakistan Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China Limited  
MCB Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
The Bank of Punjab  
United Bank Limited

### Registered Office & Factory

H-23/2, Landhi Industrial Trading Estate,  
Landhi, Karachi.  
Phone : 021-35080172-81, 021-38020207-13  
UAN : 021-111 487 487  
Fax : 021-35081212, 021-35080171, 021-35084121  
Website : www.generaltire.com.pk

### Branch Offices

Lahore	Islamabad
Plot No. 20, Shahrah-e-Fatima Jinnah, Lahore. Phone : 042-36308605-6 Fax : 042-36300108	Plot No. 189-A, Korang Road, Sector I-10/3, Islamabad. Phone : 051-4449955-6 Fax : 051-4440916

### Multan

Plot No. 758-759/21,  
Khanewal Road, Multan  
Phone : 061-774407  
Fax : 061-774408

### Customer Care & Service Centre

**Lahore**  
Plot No. 20,  
Shahrah-e-Fatima Jinnah, Lahore.  
Phone : 042-36308605-6  
Fax : 042-36308607

## Directors' Review

The directors are pleased to present the unaudited condensed interim financial information of the Company for the first quarter ended September 30, 2018.

### BUSINESS REVIEW

Net sales for the quarter under review was Rs. 2.34 billion showing decline of 16% compared to same period last year. The slowdown of economic activity during election month, lower purchases of tractors tyres by OEMs due to shortage of water impacting farmer purchasing power, and impact of restriction on non-filer to purchase vehicles affected the sales of the Company. Moreover, in comparative period of last year, sales were higher partly because of SAP related issues in Q4 2016-17, resulting in spillover sales in Q1 2017-18. Sales of all major categories of tyres except for motor cycle and light trucks radial tyres decreased due to factors mentioned above.

The cost of sales for the quarter increased due to significant devaluation of Pak Rupees, increase in raw materials prices, increase in additional custom duty and other manufacturing cost. In August 2018, the Company has increased the prices of its tyres, however, due to stiff competition and availability of smuggled and under invoiced tyres the full impact of cost could not be passed on to the customers.

The finance cost for the period under review was Rs. 90.67 million mainly due to increased investment in plant and machinery and to meet working capital requirements. Moreover, since December 2017, SBP has increased discount rate by 275 basis points resulting in increase in borrowing cost of the Company.

The profit before tax for the first quarter under review was Rs.87 million due to the factors mentioned above.

### CREDIT RATING

PACRA has assigned initial entity rating to the Company with a Long-Term rating of A+ and a Short Term Rating of A1. They have given stable outlook of the Company.

### FUTURE PROSPECTS

Increase in gas prices has been notified whereas it is expected that electricity prices will be increased as well. Any further devaluation, increase in discount rate and utilities charges would impact the profitability of the Company. The management is closely monitoring the situation and will make some price adjustments to partially offset its impact. The company is facing competition from undocumented sector, which is not paying its due share of duties and taxes. This restrict the company's ability to fully recover the impact of cost increase. Level playing field should be given to the documented sector, who is not only paying their due share of taxes and duties but also saving precious foreign exchange and providing employment. The undocumented sector should be brought into the tax net and enforcement should be further strengthened to curb smuggling. The company is also exploring the option of exporting tyres to increase its volumes.

For and on behalf of the Board of Directors.

  
**Hussain Kuli Khan**  
Chief Executive

  
**Adnan Ahmed**  
Director

**Karachi**  
**Dated: October 25, 2018**

## Condensed Interim Statement of Financial Position

As at September 30, 2018

Note	September 30, June 30,	
	2018	2018
	Unaudited	Audited
( Rupees in thousand )		
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorised capital		
75,000,000 (June 30, 2018: 75,000,000) ordinary shares of Rs 10 each	750,000	750,000
Issued, subscribed and paid-up share capital	597,713	597,713
Reserve for capital expenditure	1,000,000	1,000,000
Unappropriated profit	2,034,377	1,973,483
<b>Total equity</b>	<b>3,632,090</b>	<b>3,571,196</b>
<b>Liabilities</b>		
<b>Non current liabilities</b>		
Long term finances	1,049,349	1,247,285
Staff benefits	374,133	373,221
Deferred taxation	275,473	270,320
Long term deposits from dealers	9,750	9,351
	1,708,705	1,900,177
<b>Current liabilities</b>		
Current maturity of long term finances	515,805	471,298
Short term finances	950,000	946,187
Running finances under mark-up arrangements	2,740,483	1,742,566
Trade and other payables	1,776,987	1,928,381
Unclaimed dividend	13,009	14,034
Unpaid dividend	8,708	8,708
Accrued mark-up	62,324	58,848
Provisions	44,700	44,700
	6,112,016	5,214,722
<b>Total liabilities</b>	<b>7,820,721</b>	<b>7,114,899</b>
<b>Contingencies and commitments</b>		
<b>Total equity and liabilities</b>	<b>11,452,811</b>	<b>10,686,095</b>

  
Siraj A. Lawai  
Chief Financial Officer

  
Hussain Kuli Khan  
Chief Executive

  
Adnan Ahmed  
Director

## Condensed Interim Statement of Financial Position

As at September 30, 2018

		September 30, June 30,	
	Note	2018	2018
		Unaudited	Audited
( Rupees in thousand )			
ASSETS			
Non current assets			
Property, plant and equipment	7	4,448,393	4,247,309
Intangible assets		40,477	46,584
Investment in an associated company	8	15,794	15,363
Long term loans and advances		8,488	6,696
Long term deposits		18,595	19,970
		4,531,747	4,335,922
Current assets			
Stores and spares		598,406	596,494
Stocks	9	3,542,798	3,324,857
Trade debts	10	1,127,126	1,027,027
Loans and advances		372,220	254,497
Deposits and prepayments		127,377	102,605
Other receivables		268,446	279,671
Taxation - net		808,091	673,902
Cash and bank balances		76,600	91,120
		6,921,064	6,350,173
Total assets		11,452,811	10,686,095

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
Siraj A. Lawai  
Chief Financial Officer

  
Hussain Kuli Khan  
Chief Executive

  
Adnan Ahmed  
Director

## Condensed Interim Statement of Profit or Loss and other Comprehensive Income (Unaudited)

For the first quarter ended September 30, 2018

		For the first quarter ended September 30,	
Note		2018	2017
		(Rupees in thousand)	
Sales - net		2,339,852	2,795,491
Cost of sales	11	(1,981,898)	(2,180,143)
<b>Gross profit</b>		<b>357,954</b>	<b>615,348</b>
Administrative expenses		(77,830)	(78,800)
Distribution cost		(94,460)	(96,160)
Other income		17,324	5,719
Other expenses		(25,798)	(35,015)
<b>Profit from operations</b>		<b>177,190</b>	<b>411,092</b>
Finance cost		(90,670)	(57,391)
		86,520	353,701
Share of profit of an associated company		431	790
Profit before taxation		86,951	354,491
Taxation	12	(26,057)	(101,682)
<b>Profit for the period</b>		<b>60,894</b>	<b>252,809</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>60,894</b>	<b>252,809</b>
		-----Rupees-----	
Earnings per share basic and diluted		1.02	4.23

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
**Siraj A. Lawai**  
Chief Financial Officer

  
**Hussain Kuli Khan**  
Chief Executive

  
**Adnan Ahmed**  
Director

## Condensed Interim Statement of Changes in Equity

For the first quarter ended September 30, 2018

	Issued, Subscribed and paid-up share capital	Capital reserve for capital expenditure	Unappro- priated profit	Total
	(Rupees in thousand)			
Balance as at July 1, 2017 (audited)	597,713	1,000,000	2,198,673	3,796,386
Total comprehensive income for the period ended September 30, 2017				
Profit for the period	-	-	252,809	252,809
Other comprehensive income	-	-	-	-
	-	-	252,809	252,809
Balance as at September 30, 2017 (un-audited)	597,713	1,000,000	2,451,482	4,049,195
Balance as at July 1, 2018 (audited)	597,713	1,000,000	1,973,483	3,571,196
Total comprehensive income for the period ended September 30, 2018				
Profit for the period	-	-	60,894	60,894
Other comprehensive income	-	-	-	-
	-	-	60,894	60,894
Balance as at September 30, 2018 (un-audited)	597,713	1,000,000	2,034,377	3,632,090

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
**Siraj A. Lawai**  
Chief Financial Officer

  
**Hussain Kuli Khan**  
Chief Executive

  
**Adnan Ahmed**  
Director

## Condensed Interim Statement of Cash Flows (Unaudited)

For the first quarter ended September 30, 2018

		For the first quarter ended	
		September 30,	
	Note	2018	2017
( Rupees in thousand )			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	13	(312,651)	(75,120)
Staff retirement gratuity paid		(10,567)	(6,052)
Compensated absences paid		(4,283)	(247)
Long term deposits from dealers - net		399	(121)
Finance cost paid		(87,194)	(83,868)
Taxes paid		(155,093)	(84,339)
Long term loans and advances - net		(1,792)	730
Long term deposits - net		1,375	7,232
Profit on bank deposits received		124	56
Net cash used in operating activities		(569,682)	(241,729)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(295,389)	(112,424)
Proceeds from sale of operating fixed assets		3,275	-
Net cash used in investing activities		(292,114)	(112,424)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - repaid		(153,429)	(153,429)
Long term finances - obtained		-	456,135
Short term finances - net		3,813	192,264
Dividend paid		(1,025)	(690)
Net cash (utilised in) / generated from financing activities		(150,641)	494,280
Net (decrease) / increase in cash and cash equivalents		(1,012,437)	140,127
Cash and cash equivalents at beginning of the period		(1,651,446)	(983,308)
Cash and cash equivalents at end of the period	14	(2,663,883)	(843,181)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
Siraj A. Lawai  
Chief Financial Officer

  
Hussain Kuli Khan  
Chief Executive

  
Adnan Ahmed  
Director

## Selected Notes to and forming part of the Condensed Interim Financial Information (Unaudited)

For the first quarter ended September 30, 2018

### 1. LEGAL STATUS AND OPERATIONS

1.1 The General Tyre and Rubber Company of Pakistan Limited (the Company) was incorporated in Pakistan on March 7, 1963 as a private limited company and was subsequently converted into a public limited company. Its shares are listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at H - 23/2, Landhi Industrial Trading Estate, Landhi, Karachi with regional offices at Lahore, Multan and Islamabad. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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

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

Where 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.

2.2 This condensed interim financial information does not include all the information and disclosures required in an annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2018.

### 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2018.

#### 3.2 New standards, amendments to approved accounting standards and new interpretations

3.2.1 Amendments to published approved accounting standards which were effective during the period ended September 30, 2018

There were certain amendments to approved accounting standards which were mandatory for the Company's annual accounting period which began on July 01, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this condensed interim financial information.

### 3.2.2 Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in this condensed interim financial information. Further during the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers'. The impact of changes laid down by these standards does not have significant impact on the Company's financial statements. Further, certain new standards are yet to be adopted by the SECP.

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in the Company's financial statements for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's financial statements for the year ended June 30, 2018.

		September 30, June 30,	
	Note	2018 Unaudited	2018 Audited
( Rupees in thousand )			
<b>5. TRADE AND OTHER PAYABLES</b>			
Trade creditors		216,793	187,693
Bills payable		442,094	678,359
Accrued expenses	5.1	736,169	672,037
Royalty technical service fee payable		176,128	182,913
Advances from customers	5.2	50,268	54,181
Staff provident fund payable		4,248	4,592
Staff retirement benefits		51,929	51,929
Short term deposits		1,486	1,114
Workers' profit participation fund		4,739	414
Workers' welfare fund		21,025	18,832
Payable to Waqf-e-Kuli Khan		19,415	17,889
Interest payable on custom duties		29,933	29,933
Stamp duty payable		-	500
Others		22,760	27,995
		1,776,987	1,928,381

5.1 Include Rs.31.491 million (2018: Rs.23.567 million) pertaining to key management personal.

5.2 Include Rs.Nil (2018: Rs.0.266 million) and Rs.Nil (2018: Rs.0.392 million) pertaining to associated Companies Ghandhara Nissan Limited and Ghandhara DF (Private) Limited respectively.

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

6.1.1 There is no significant change in the status of the contingencies as disclosed in note 14.1 to the audited financial statements of the Company for the year ended June 30, 2018.

	September 30, June 30,	
	2018 Unaudited	2018 Audited
( Rupees in thousand )		
6.1.2 Guarantees issued by commercial banks on behalf of the Company	345,969	233,138
6.1.3 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	70,938	124,773
6.2 Commitments		
6.2.1 Commitments in respect of:		
- letters of credit for capital expenditure	438,081	661,483
- letters of credit for purchase of raw material and stores & spares	1,158,362	721,368
- purchase orders issued to local suppliers for capital expenditure	144,741	139,600
- sales contracts entered into by the Company	-	2,508
- tentative schedules for supply of tyres	2,371,393	2,439,188
- indemnity bond	16,775	16,775

6.2.2 The Company has entered into Ijarah arrangements for plant & machinery and vehicles with a commercial bank. Aggregate commitments for these Ijarah arrangements are as follows:

	September 30, June 30,	
	2018 Unaudited	2018 Audited
( Rupees in thousand )		
Not later than 1 year	5,023	11,181
Over 1 year and not later than 5 years	1,612	3,003
	<u>6,635</u>	<u>14,184</u>

		September 30, June 30,	
	Note	2018	2018
		Unaudited	Audited
		( Rupees in thousand )	
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	3,783,884	3,728,209
Capital work-in-progress		664,509	519,100
		<u>4,448,393</u>	<u>4,247,309</u>

#### 7.1 Operating fixed assets

Book value at beginning of the period / year	3,728,209	3,590,980
Additions during the period / year	149,980	485,152
Disposals costing Rs 6.759 million (June 30, 2018: Rs 35.210 million) - book value	(3,348)	(5,134)
Depreciation for the period / year	(90,957)	(342,789)
Book value at end of the period / year	<u>3,783,884</u>	<u>3,728,209</u>

#### 7.2 Details of additions to operating fixed assets during the period are as follows:

#### For the first quarter ended September 30, 2018 2017 ( Rupees in thousand )

Buildings on lease hold land	20,546	-
Electrical installations	1,200	-
Plant and machinery	73,210	11,195
Boilers and accessories	22,370	2,864
Vehicles	10,303	-
Laboratory equipment	-	469
Moulds	14,928	-
Furniture and fixtures	1,011	527
Factory and office equipment	4,425	12,513
Computer equipment	1,987	-
	<u>149,980</u>	<u>27,568</u>

#### 8. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted Ghandhara Industries Limited - Equity accounted investment

September 30, June 30,	
2018 Unaudited	2018 Audited
( Rupees in thousand )	
Balance at beginning of the period / year	15,363 10,114
Share of comprehensive income for the period / year	431 6,760
Dividend received	- (1,511)
Balance at end of the period / year	<u>15,794</u> <u>15,363</u>

- 8.1** Investment in Ghandhara Industries Limited (GIL) represents 100,700 (2018: 100,700) fully paid ordinary shares of Rs 10 each representing 0.473% (2018: 0.473%) of its issued, subscribed and paid-up share capital as at September 30, 2018. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.
- 8.2** The Company considers GIL as its associate and follows equity accounting as it has significant influence over GIL based on common directorship.
- 8.3** The market value of the investment as at September 30, 2018 was Rs 68.276 million (June 30, 2018 : Rs 71.164 million)

#### September 30, June 30, 2018 2018 Unaudited Audited ( Rupees in thousand )

#### 9. STOCKS

Raw material	1,689,258	1,929,457
- in hand	301,428	473,151
- in transit	1,990,686	2,402,608
Work-in-process	276,948	179,905
Finished goods	1,275,164	714,448
- in hand	-	27,896
- in transit	1,275,164	742,344
	<u>3,542,798</u>	<u>3,324,857</u>

#### 10. TRADE DEBTS - Unsecured

##### Considered good

Associated Companies	45,014	6,920
Ghandhara Industries Limited	10	-
Sui Northern Gas Pipelines Limited	32	-
Gammon Pakistan Limited	1,082,070	1,020,107
Others	38,955	30,071
Considered doubtful - others	1,166,081	1,057,098
Provision for doubtful debts	(38,955)	(30,071)
	<u>1,127,126</u>	<u>1,027,027</u>

#### For the first quarter ended September 30,

	Note	2018	2017
11. COST OF SALES		( Rupees in thousand )	
Opening stock of finished goods		742,344	464,099
Cost of goods manufactured	11.1	2,381,256	2,179,130
Finished goods purchased		105,981	20,900
Royalty technical service fee		27,481	59,466
		2,514,718	2,259,496
		3,257,062	2,723,595
Closing stock of finished goods		1,275,164	543,452
		1,981,898	2,180,143

For the first quarter ended  
September 30,

Note	2018	2017
	(Rupees in thousand)	
<b>11.1 Cost of goods manufactured</b>		
Opening work-in-process	179,905	117,897
Raw materials consumed	1,615,235	1,411,451
Factory overheads	863,064	915,546
	2,478,299	2,326,997
	2,658,204	2,444,894
Closing work-in-process	276,948	265,764
	2,381,256	2,179,130
<b>12. TAXATION</b>		
Current	20,904	112,675
Deferred	5,153	(10,993)
	26,057	101,682
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	86,951	354,491
Adjustments for non-cash charges and other items		
Depreciation	90,957	83,738
Amortisation	6,108	5,483
Provision for staff retirement gratuity	13,991	14,225
Charge of employees compensated absences	1,771	946
Provision for doubtful trade debts	8,884	9,815
Profit on bank deposits	(124)	(56)
Loss on sale of operating fixed assets	73	-
Finance cost	90,670	57,391
Share of profit of an associated company	(431)	(790)
Working capital changes	(611,501)	(600,363)
	(312,651)	(75,120)
<b>13.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
- Stores and spares	(1,912)	(27,857)
- Stocks	(217,941)	(106,977)
- Trade debts	(108,983)	(497,311)
- Loans and advances	(117,723)	(78,983)
- Deposits and prepayments	(24,772)	(18,748)
- Other receivables	11,225	158,131
	(460,106)	(571,745)
<b>(Decrease) / increase in current liabilities:</b>		
- Trade and other payables	(151,395)	(32,291)
- Provisions	-	3,673
	(151,395)	(28,618)
	(611,501)	(600,363)

For the first quarter ended  
September 30,

2018

2017

(Rupees in thousand)

14. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements

(2,740,483)

(903,354)

Cash and bank balances

76,600

60,173

(2,663,883)

(843,181)

15. OPERATING SEGMENT

This condensed interim financial information has been prepared on the basis of a single reportable segment. All non-current assets of the Company as at September 30, 2018 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material. The Company has earned revenues from two (September 30, 2017: three) customers aggregating Rs.866.461 million (September 30, 2017: Rs.1,362.351 million) during the period which constituted 30.73% (September 30, 2017: 40.73%) of gross sales.

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

Name

Nature of transaction

For the first quarter ended September 30,

2018

2017

(Rupees in thousand)

Associated companies/undertakings:

Gandhara Industries Limited

Sales

68,746

83,969

Service charges

70

-

Gandhara Nissan Limited

Sales

19

22

Gandhara DF (Private) Limited

Sales

-

8,211

Bibojee Services (Private) Limited

Rent

450

324

Gammon Pakistan Limited

Construction services

-

30,262

Sales

32

-

Waqf-e-Kuli Khan

Donation

1,529

6,320

Sui Northern Gas Pipelines Limited

Sales

3,708

1,170

Wackenhut Pakistan (Pvt) Limited

Service charges

-

496

Askari Bank Limited

Mark-up on long term and running finances

14,317

13,778

Profit earned

124

56

Siemens Pakistan Engineering Company Limited

Purchase of fixed assets, stores and spares

4,852

7,076

Other related parties:

Key management personnel

Remuneration and other short term benefits

61,148

65,582

Sale of fixed assets

3,276

-

Meeting fees

2,100

2,800

Staff provident fund

Contributions made

7,032

5,046

Staff gratuity fund

Contributions made

2,689

2,423

September 30, June 30,

2018	2018
Unaudited	Audited
(Rupees in thousand)	

## 16.2 Period / year end balances are as follows:

## Payables to associated companies / related parties

Staff retirement gratuity	46,503	49,314
Long term and running finances	844,372	584,908
Accrued mark-up	6,587	12,581

## Receivables from associated companies / related parties

Long term loans and advances	1,019	905
Loans and advances	939	1,386
Bank balances	9,952	8,171

## 17. GENERAL

## 17.1 Non- adjusting event after period ended September 30, 2018

Members of the Company have approved the following in annual general meeting held on October 18, 2018.

- To increase authorised share capital from Rs.750,000,000/- to Rs.1,250,000,000/-.
- Issuance of bonus shares in the proportion of seven (7) shares for every ten (10) ordinary shares held i.e. 70%.
- Cash dividend @ 60% i.e.Rs.6 per share.

## 17.2 Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 25, 2018 by the Board of Directors of the Company.

17.3 Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary.

17.4 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

  
Siraj A. Lawai  
Chief Financial Officer

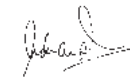
  
Hussain Kuli Khan  
Chief Executive

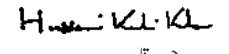
  
Adnan Ahmed  
Director

## مستقبل کے امکانات

گیس کی قیمتوں میں اضافہ منظر عام پر آ گیا ہے جبکہ توقع کی جارہی ہے کہ بجلی کی قیمتوں میں بھی اضافہ ہو جائے گا۔ مزید روپے کی قدر میں کمی ڈسکاؤنٹ ریٹ اور یوٹیلیٹی کے نرخوں میں اضافہ کمپنی کے منافع پر اثر انداز ہو سکتے۔ انتظامیہ غور سے حالات کا جائزہ لے رہی ہے اور کچھ قیمتوں میں اضافہ کر کے اس کے اثر کو جزوی طور پر کم کیا جائے گا۔ کمپنی کو غیر دستاویزی شعبے سے مقابلے کا سامنا ہے جو اپنے محصول اور ڈیوٹیز کا واجب الادا حصہ ادا نہیں کر رہا ہے یہ کمپنی کو لاگت میں اضافہ کے اثر کی مکمل حصولی میں رکاوٹ کا باعث ہے۔ دستاویزی شعبے کے ساتھ انصاف سے کام لینا چاہیے جو نہ صرف اپنے واجب الادا محصول اور ڈیوٹیز ادا کر رہے ہیں بلکہ قیمتی زر مبادلہ بھی بچا رہے ہیں اور روزگار فراہم کر رہے ہیں۔ غیر دستاویزی شعبے کو ٹیکس ٹیٹ میں شامل کرنا چاہیے اور اسے گلنگ کو روکنے کے لیے مزید سخت قوانین نافذ کرنے چاہیے۔ کمپنی فروخت میں اضافہ کے لیے ٹائزوں کی برآمد کے آپشن پر بھی غور کر رہی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
عدنان احمد  
ڈائریکٹر

  
جناب حسین قلی خان  
چیف ایگزیکٹو آفیسر

کراچی: 25 اکتوبر 2018

## ڈائریکٹر کا تجزیہ

کمپنی کے ڈائریکٹرز 30 ستمبر 2018 کو ختم ہونے والے پہلے سہ ماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے نہایت خوش محسوس کرتے ہیں۔

## کاروباری تجزیہ

خالص قیمت فروخت زیر جائزہ سہ ماہی کے دوران 2.34 ملین روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 16 فیصد کم ہے۔ انکیشن کی وجہ سے معاشی سرگرمیاں کم رہی اور پانی کی کمی کی وجہ سے کسان کی قوت خرید متاثر ہوئی جسکی وجہ سے OEM کی جانب سے ٹریکٹر کے ٹائروں کی خریداری میں کمی اور نان فاکٹر کوگاڑیوں کی خریداری کی پابندی نے کمپنی کی فروخت کو متاثر کیا ہے۔ اسکے علاوہ پچھلے سال اسی دورانیہ میں فروخت میں جزوی طور پر اضافہ 2016-17 Q4 میں SAP سے متعلق مسائل کی وجہ سے 2017-18 Q1 میں فروخت میں پھیلاؤ آیا تھا۔ تمام بڑی اقسام کے ٹائروں کی فروخت میں اوپر دیئے گئے عوامل کی وجہ سے کمی آئی ہے سوائے موٹر سائیکل اور لائٹ ٹرک ریڈیئل ٹائروں کے۔

اس سہ ماہی میں فروخت کی لاگت میں اضافہ کی وجہ پاکستانی روپے کی قدر میں بڑی کمی، خام مال کی قیمتوں میں اضافہ، اضافی کسٹم ڈیوٹی میں اضافہ اور دوسرے پیداواری لاگت میں اضافہ ہے۔ اگست 2018 میں کمپنی نے اپنے ٹائروں کی قیمتوں میں اضافہ کیا تاہم سخت مقابلہ اور اسمگلڈ اور انڈر انوائسڈ ٹائروں کی دستیابی کی وجہ سے پوری اضافی لاگت کا اثر خریدار پر منتقل نہیں کیا جاسکا۔

مالیاتی اخراجات اس دورانیہ میں 90.67 ملین روپے تھے جسکی بڑی وجہ پلانٹ اور مشینریز میں سرمایہ کاری اور کاروبار کو چلانے کیلئے سرمایہ کی ضرورت کو پورا کرنا۔ اسکے علاوہ دسمبر 2017 سے اسٹیٹ بینک آف پاکستان نے ڈسکاؤنٹ ریٹ میں 275 بیس پوائنٹ کا اضافہ کیا ہے جس کے نتیجے میں قرضوں کے حصول کی لاگت میں اضافہ ہوا ہے۔

پہلے تری ماہی سہ ماہی میں منافع قبل از محصول اوپر دیئے گئے عوامل کی وجہ سے 87 ملین روپے رہا۔

## کریڈٹ ریٹنگ

PACRA نے کمپنی کو ابتدائی ریٹنگ A+ جو کہ طویل مدتی درجہ بندی اور A1 جو کہ مختصر مدت کی درجہ بندی تفویض کی ہے۔ انہوں نے کمپنی کو مستحکم آؤٹ لک سے نوازا ہے۔