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## Company's Vision & Mission Statement

### Vision

To be the leader in tyre technology by building the Company's image through quality improvement, competitive prices, customers' satisfaction and meeting social obligations.

### Mission

- To endeavor to be the market leader by enhancing market share, consistently improving efficiency and the quality of our products.
- To offer quality products at competitive prices to customers.
- To improve performance in all operating areas, so that profitability increases thereby ensuring growth for the company and increasing return to the stakeholders.
- To create a conducive working environment leading to enhanced productivity, job satisfaction and personal development of our employees.
- To discharge its obligation to society and environment by contributing to social welfare and adopting environmental friendly practices and processes.

## Company Profile

### Board of Directors

Lt.Gen.(Retd) Ali Kuli Khan Khattak  
Mr. Hussain Kuli Khan  
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

Chairman  
Chief Executive

### Major Bankers

Al-Baraka Bank Pakistan Limited  
Allied Bank 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

### Company Secretary

Mr. Farhan Ahmad

### Chief Financial Officer

Mr. Ashraf Teli

### Board Audit Committee

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

Chairman

### 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.generaltyre.com.pk](http://www.generaltyre.com.pk)

### HR & Remuneration Committee

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

Chairman

### Branch Offices

#### Lahore

Plot No. 20,  
Shahrah-e-Fatima  
Jinnah, Lahore.  
Phone : 042-36308605-6  
Fax : 042-36300108

#### Islamabad

Plot No. 189-A,  
Korang Road,  
Sector I-10/3,  
Islamabad.  
Phone : 051-4449955-6  
Fax : 051-4440916

### Auditors

A.F.Ferguson & Co.  
Chartered Accountants

### Legal Advisor

Ahmed & Qazi  
Advocates & Legal Consultants

### Share Registrar

Share Registrar Department  
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](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)

### 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

## Chairman's Review

It is my privilege and pleasure in presenting to the members of The General Tyre and Rubber Company of Pakistan Limited, review on the performance of the Company for the financial year ended June 30, 2017.

Your Company took a major decision in 2016 to implement Enterprise Resource Planning (ERP) system for Company's Business Applications and MIS. For this purpose the Company contracted with Siemens to implement the SAP. The system went live from May 2017.

However, as expected, that in switching over from the old system to new system our production and resultantly, sales were affected in the last quarter of the year under review.

The new mixing plant has been running smoothly and, together with other investments made in plant and equipment, is expected to contribute towards extra capacity requirements in coming years.

The production and sales for the review period, in terms of Kilos, increased by 6% and 2% respectively when compared with same period of last year. The Net Sales in value also increased by 2% from Rs. 9.48 billion in previous period to Rs. 9.65 billion in the current period. However, the sales were below what the Company had planned due the reason as explained above.

The Automobile sector saw enhanced activity as new models and additional units of existing models were sold in Passenger car segment. Uplift of tyres by tractor Original Equipment Manufacturers ("OEMs") was also on the higher side. This resulted in lesser availability of tyres for the Replacement Market ("RM") thereby increasing the ratio of total sales of the Company to OEMs from 57% in previous year to 63% in current year.

Pre-Tax Profit for the period under review were down by Rs. 311 million (21%) compared to the corresponding period of last year due to non-achievement of targeted sales, as explained above, and increase in depreciation/amortization of assets purchased in previous and current year.

### Future Outlook

With the commissioning of the new mixing plant together with other ancillary machinery the Company is better placed to cater to OEMs and RM's additional demands the Company expects will be generated due to boost in economic activity on account of CPEC and installation of new vehicle manufacturing plants.

The Board of Directors has already given the approval to the Company's Management to buy additional land as the existing site is nearing its saturation. The Management is in the process of conducting due diligence of the various options for land purchase and would take the final action in due course.

### Code of Corporate Governance

Our Company takes Corporate Governance seriously. The Company keeps close co-ordination with the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange and complies with the Code of Good Corporate Governance in letter and spirit.

### Board Changes

During the year Mr. Kashif Sohail, a nominee of Pak Kuwait Investment Company Ltd., resigned and in his place Mr. Atif Anwar was nominated on the Board during the year. The Board records its appreciation for the valuable contributions made by the out-going member of the Board and warmly welcomes the new appointee.

The Board offers thanks to its bankers and financial institutions for providing support, as solicited.

The Board also appreciates the dedicated services rendered by the employees and the management which is evidenced by the Company's performance and results achieved over the last many years.

The relations with CBA remained cordial and they are contributing positively towards the goals and objectives of the Company.



The Board takes this opportunity to thank our Principal Technical partner Messrs Continental for their continuous support and help.

Lastly, I would also like to thank all our OEM and Replacement market customers for their patronage and loyalty with 'General' brand.

A handwritten signature in black ink, appearing to read 'Ali Kuli Khan'.

LT.GEN. (RETD) ALI KULI KHAN KHATTAK  
Chairman, Board of Directors

Karachi  
September 21, 2017

## تبدیلی بورڈ۔

اس سال جناب کاشف سہیل جو پاک کویت انویسٹمنٹ کمپنی لمیٹڈ کے نامزد ڈائریکٹر تھے اپنے عہدے سے مستعفی ہو گئے اور ان کی جگہ جناب عاطف انور اسی عہدے پر نامزد ہو گئے۔ بورڈ مستعفی ہونے والے ممبر کی اہم خدمات کو سراہتا ہے، اور نئے آنے والے کو تہہ دل سے خوش آمدید کہتا ہے۔

کمپنی کا بورڈ اپنے بکروز اور فنانشل انسٹیٹیوشنز کی قابل ذکر خدمات پر انکے مشکور ہیں۔

بورڈ اپنے ملازمین اور منجمنٹ کی خدمات کو سراہتی ہے جن کی کاوشوں سے کمپنی کی کارکردگی اور پچھلے کئی سالوں کی حاصل کردہ کامیابی اس بات کی گواہی دیتی ہے، CBA کے ساتھ تعلقات خوش گوار رہے ہیں اور وہ کمپنی کے مقصد حاصل کرنے میں مثبت کردار ادا کر رہے ہیں۔

بورڈ اپنے اہم ٹیکنیکل حصہ دار کا ٹینیٹل کمپنی کا تہہ دل سے شکر گزار ہے، جن کی وجہ سے کمپنی آج اس مقام پر کھڑی ہے۔

اختتام پر میں اور جنرل ایکویپمنٹ مینوفیکچررز اور ریلیسمنٹ مارکیٹ کسٹمرز کا شکر گزار ہوں جو جنرل برانڈ پر اعتماد اور حمایت کرتے ہیں۔



لیفٹننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک

چیئرمین بورڈ آف ڈائریکٹرز

کراچی: 21 ستمبر 2017

## چیرمین کا تجزیہ

ختم ہونے والے سال 30 جون 2017

میں نہایت مسرت اور سعادت کے ساتھ جنرل ٹائز اینڈ ربرز کمپنی آف پاکستان لمیٹڈ کے ممبران کمپنی کی کارکردگی رپورٹ ختم ہونے والے سال 30 جون 2017 پیش کر رہا ہوں۔

آپ کی کمپنی نے 2016 میں ایک بہت بڑا فیصلہ کیا کہ مینجمنٹ انفارمیشن سسٹم اور کاروباری ریکارڈز کو بہتر بنانے کے لیے نیا ERP سسٹم متعارف کروایا جائے۔ اس مقصد کے لیے کمپنی نے سینئر (Siemens) کے ساتھ SAP متعارف کرانے کے معاہدہ کیا۔ سسٹم مئی 2017 میں Go Live ہو گیا۔

جیسا کہ امید کی جارہی تھی کہ پرانے سسٹم سے نیا سسٹم کی منتقلی کے دوران مسئلے آئیں گے جس کی وجہ سے ہماری پیداوار اور فروخت آخری سہ ماہی میں اثر انداز ہوئی۔ نیامکنگ پلانٹ اطمینان بخش کام کر رہا ہے اور دوسری سرمایہ کاری کے ساتھ جو پلانٹ اور ایکسپنڈیشن میں کی گئی ہے۔ توقع ہے زیادہ پیداوار اگلے سالوں کے لیے دستیاب ہوگی۔

پیداوار اور فروخت میں اس سال کلو (Kg) کے حساب سے بالترتیب 6 فیصد اور 2 فیصد کا اضافہ پچھلے سال اسی دورانیہ کے مقابلے میں ہوا ہے۔ خالص فروخت رقم (RS) میں 2 فیصد اضافہ کے ساتھ 9.48 بلین روپے سے بڑھ کر 9.65 بلین روپے ہو گئی۔ لیکن پھر بھی کمپنی کی فروخت توقعات سے کم ہوئی جیسا کہ اوپر وضاحت کی گئی ہے۔

آٹوموبائل شعبہ کی سرگرمی میں اضافہ دیکھا گیا ہے جس کی وجہ سے نئے ماڈل اور موجودہ ماڈل کی اضافی مینجمنٹ کارز کی فروخت ہے۔ اور بجٹل ایکسپنڈیشن مینوفیکچررز کی طرف سے ٹریکٹر ٹائز کی زیادہ کھپت دیکھی گئی۔ جس کی وجہ سے ریلیٹو مینٹ مارکیٹ کو کم ٹائز دستیاب ہوئے۔ نتیجہ کے طور پر اور بجٹل ایکسپنڈیشن مینوفیکچررز کمپنی کی کل فروخت کا حصہ 57 فیصد سے بڑھ کر 63 فیصد ہو گیا ہے۔

پچھلے سال کے مقابلے میں اس سال کمپنی کا ٹیکس سے پہلے منافع 311 ملین روپے کم ہوا جو کہ 21 فیصد بنتا ہے۔ جس کی وجہ فروخت کا ہدف مکمل نہ ہونا ہے جیسا کہ اوپر وضاحت کی گئی ہے۔ ایک اور وجہ ان اثاثوں پر فرسودگی کے خرچے میں جن کی خریداری اس سال اور پچھلے سال میں کی گئی تھی۔

## مستقبل کے نقطہ نظر

نئے مکنگ پلانٹ کی تنصیب اور اس کے متعلقہ مشینری کے ساتھ کمپنی ریلیٹو مینٹ مارکیٹ اور اور بجٹل ایکسپنڈیشن مینوفیکچررز کی اضافی طلب کو پورا کرنے کی بہتر پوزیشن میں ہے۔ جو کہ پاک چین اقتصادی راہداری منصوبے اور نئے گاڑیاں بنانے والے پلانٹ کی تنصیب سے جو اضافی معاشی سرگرمی ہوگی اُس سے متوقع ہے۔

بورڈ آف ڈائریکٹرز نے کمپنی کی انتظامیہ کو پہلے ہی اضافی زمین کی خریداری کی منظوری دے دی ہے۔ کیونکہ موجودہ جگہ تقریباً استعمال میں ہے۔ انتظامیہ زمین کی خریداری کے مختلف آپشنز کا جائزہ لے رہی ہے اور اسی اثناء میں حتمی فیصلہ کرے گی۔

## ضابطہ برائے کاروباری نظم و نسق

ہماری کمپنی کاروباری نظم و نسق کو بہت بنجیدگی سے لیتی ہے، کمپنی کی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان سٹاک ایکسچینج کے ساتھ قریبی روابط ہیں، اور اچھے ضابطہ برائے کاروباری نظم و نسق کو اسکی پوری روح کے ساتھ تعمیل کرتی ہے۔

## Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2017.

	2017	2016
	(Rupees in Thousand)	
<b>Financial Results</b>		
Profit for the year after taxation	881,397	1,032,287
Other comprehensive loss	(34,533)	(22,513)
Unappropriated profit brought forward	2,351,809	1,760,434
	<b>3,198,673</b>	<b>2,770,208</b>
<b>Appropriations</b>		
Dividend	0	(418,399)
Transfer to Reserve for Capital Expenditure	(1,000,000)	0
Unappropriated profit carried forward	<b>2,198,673</b>	<b>2,351,809</b>
<b>Basic earnings per share</b>	<b>Rs. 14.75</b>	<b>Rs. 17.27</b>

The Board of Directors has recommended 150% dividend for the year ended June 30, 2017.

### Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance, the Directors are pleased to confirm that:

- The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data for the last 6 years have been included in the Annual Report.
- Information regarding outstanding taxes and levies is given in the notes to the financial statements.

- The value of investments made by the staff retirement funds as per their respective audited accounts are given below:

	Value of Investment	Year ended
Provident Fund	Rs. 358.32 Million	June 30, 2016
Gratuity Fund	Rs. 118.83 Million	June 30, 2016

- No trading in the shares of the Company was carried out by the Directors, CFO, Company Secretary, their spouses and minor children.

### Corporate Social Responsibility

General Tyre and Rubber Company of Pakistan has the culture and history of undertaking social and philanthropic activities which reflects the commitment of its sponsors towards the social uplift of the down trodden.

The Company regularly pays to Wakf-e-Kuli Khan Trust, a trust engaged in spreading of education in the under privileged class. During the current year the Company has provided for Rs. 22.1 million as donation to Wakf-e-Kuli Khan. Additionally, the Company also paid during the year donations amounting to Rs. 1.2 million to various hospitals and charitable organizations.

During the year the Company contributed Rs. 2,816.0 million towards national exchequer under various modes.

### Board Meetings

During the year five (5) meetings of the Board of Directors were held. Attendances by each Director are as follows:

S. No.	Name of Director	No. of Meetings Attended
1.	Mr. Ahmad Kuli Khan Khattak *(Alternate)	4
2.	Lt. Gen. (Retd) Ali Kuli Khan Khattak	5
3.	Mr. Atif Anwar **	3
4.	Mr. Hussain Kuli Khan (CEO)	5
5.	Mr. Ikram Ul-Majeed Sehgal	3
6.	Mr. Kashif Sohail ***	2
7.	Mr. Mansur Khan	5
8.	Mr. Manzoor Ahmed	5
9.	Mr. Mazhar Sharif	5
10.	Mr. Muhammad Kuli Khan Khattak	1
11.	Mr. Raza Kuli Khan Khattak	5
12.	Dr. Willi Flamm	5

- \* Appointed as Alternate Director on October 4, 2016
- \*\* Appointed on February 2, 2017
- \*\*\* Resigned on December 23, 2016

Out of the above Directors, Lt. Gen. (Retd) Ali Kuli Khan Khattak, Mr. Atif Anwar, Mr. Manzoor Ahmed, Mr. Muhammad Kuli Khan Khattak and Mr. Raza Kuli Khan Khattak have been re-elected for another three year period on August 22, 2017.

### **Chairman's Review**

The Directors of the Company endorse the contents of the Chairman's Review which covers plans and decisions for business along with future outlook.

### **Pattern of Shareholding**

A statement showing the pattern of holding of shares as at June 30, 2017 is attached.

### **Auditors**

The present Auditors, Messrs Shinewing Hameed Chaudhri & Co., Chartered Accountants have retired. The Board of Directors now recommended to appoint Messrs A.F. Ferguson & Co. Chartered Accountants as Auditors of the Company for the year ending June 30, 2018.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Hussain Kuli Khan'.

Hussain Kuli Khan  
Chief Executive

Karachi  
September 21, 2017

## کمپنی کی سماجی ذمہ داری

جنرل ٹائر اینڈ ربر کمپنی آف پاکستان کی سماجی اور انسان دوست سرگرمیوں کی ایک تاریخ اور ثقافت ہے، جو ہمیں رسیدہ لوگوں کی سماجی ترقی کی جانب عزم کی عکاسی کرتی ہے۔ کمپنی وقف قلی خان ٹرسٹ کو جو کہ مستحق طبقہ کی تعلیم کو فروغ دینے میں مصروف عمل ہے باقاعدگی سے عطیہ دیتی ہے اس سال کمپنی نے 22.10 ملین روپے وقف قلی خان ٹرسٹ کو بطور عطیہ مختص کیا ہے، اس کے علاوہ کمپنی نے 1.20 ملین روپے مختلف ہسپتالوں اور فلاحی اداروں کو بطور عطیہ دیا ہے۔ اس سال کمپنی نے مختلف مدوں میں 2,816.00 ملین روپے قومی خزانے میں جمع کرائے ہیں۔

## بورڈ مینٹنگ

اس سال کے دوران بورڈ آف ڈائریکٹرز کی پانچ (5) مینٹنگز منعقد کی گئی، جسکی حاضری درج ذیل ہیں۔

نمبر شمار	ڈائریکٹرز	مینٹنگز میں حاضری کی تعداد
1	جناب احمد قلی خان خٹک (متبادل) *	4
2	لیفٹنٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	5
3	جناب عاطف انور **	3
4	جناب حسین قلی خان (چیف ایگزیکٹو آفیسر)	5
5	جناب اکرام المجید سہگل	3
6	جناب کاشف سہیل ***	2
7	جناب منصور خان	5
8	جناب منظور احمد	5
9	جناب مظہر شریف	5
10	جناب محمد قلی خان خٹک	1
11	جناب رضا قلی خان خٹک	5
12	ڈاکٹر ولی فلیم	5

\* 4 اکتوبر 2016 کو بحیثیت متبادل ڈائریکٹر بورڈ میں شامل ہوئے۔

\*\* 2 فروری 2017 کو بورڈ میں شامل ہوئے۔

\*\*\* 23 دسمبر 2016 کو مستعفی ہوئے

## چیرمین کا تجزیہ

کمپنی کے ڈائریکٹرز چیرمین کے تجزیہ کی تصدیق کرتے ہیں جو کاروباری منصوبوں اور فیصلوں کو مستقبل کی عکاسی اور انڈسٹری کے تجزیے پر مشتمل ہے۔

## شیر ہولڈنگ کا پیٹرن

کمپنی کی شیر ہولڈنگ کا پیٹرن 30 جون 2017 اس رپورٹ میں درج ہے۔

## آڈیٹرز

موجودہ آڈیٹر میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے۔ بورڈ آف ڈائریکٹرز نے میسرز اے۔ ایف۔ فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو بحیثیت کمپنی کے آڈیٹر ختم ہونے والے سال 30 جون 2018 کے لیے تقرری کی سفارش کرتی ہے۔

## بورڈ آف ڈائریکٹرز کی جانب سے

H. K. N. S.

حسین قلی خان

چیف ایگزیکٹو آفیسر

کراچی: 21 ستمبر 2017

## ڈائریکٹر پورٹ برائے شیئر ہولڈرز۔

ختم ہونے والے سال 30 جون 2017

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ ختم ہونے والے سال 30 جون 2017 کے سالانہ آڈٹڈ مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی نتائج۔

سال کا اختتام	سال کا اختتام	
30 جون 2016	30 جون 2017	
-----	-----	(000 روپے میں)-----
1,032,287	881,397	منافع بعد از ٹیکس
(22,513)	(34,533)	دیگر جامع (خسارہ) برائے سال
1,760,434	2,351,809	غیر تقسیم شدہ منافع سال کے آغاز پر
2,770,208	3,198,673	تصرفات کے لیے دستیاب منافع
		تصرفات
(418,399)	(0)	نقد تقسیم شدہ منافع
(0)	(1,000,000)	ٹرانسفر ٹو ریزرو فار کیپیٹل ایکسپنڈیچر
2,351,809	2,198,673	غیر تصرف شدہ منافع سال کے اختتام پر
=====	=====	
روپے 17.27	روپے 14.75	آمدنی فی شیئر
=====	=====	

بورڈ آف ڈائریکٹرز نے 150 فیصد یکس ڈیویڈنڈ ختم ہونے والی سال 30 جون 2017 کے لیے حتمی نقد تقسیم کی سفارش کی ہے۔

## ضابطہ برائے کاروباری نظم و نسق پر عمل درآمد۔

ضابطہ برائے کاروباری نظم و نسق کے مطابق ڈائریکٹرز مسرت کے ساتھ یقین دہانی کراتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی گوشوارے شفافیت کے ساتھ کمپنی کے فرد بقایا، فرد توازن، آپریشن کے نتائج، نقدی نقل و حرکت، اور ایکویٹی میں تبدیلیوں کو پیش کرتی ہے۔
- کمپنی حسابات کی کتب کو باقاعدہ برقرار رکھتی ہے۔
- مالیاتی گوشوارے کی تیاری کے لیے مناسب اکاؤنٹنگ پالیسیاں مسلسل لاگو کی جاتی ہیں اور اکاؤنٹنگ تخمینوں، معقول اور دانشمند فیصلوں پر مبنی ہوتے ہیں۔
- پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر مالیاتی گوشواروں کی تیاری کی جاتی ہے اور اگر کوئی چیز اس سے ہٹ کر ہو تو اسے موضوع طریقے سے واضح کیا جاتا ہے۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی کی جاتی ہے۔
- جاری و ساری منصوبوں اور امور کی انجام دہی کے لیے کمپنی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔
- لسٹنگ ریگولیشنز میں دی گئی تفصیل کے مطابق کاروباری نظم و نسق کے بہترین طریقوں میں کوئی میٹرل ڈیپارچر نہیں کیا جاتا۔
- کمپنی کے اہم کارکردگی اور مالیاتی ڈیٹا کا پچھلے 6 سالوں کا خلاصہ رپورٹ میں دیا گیا ہے۔
- ٹیکس جات کے بارے میں معلومات ٹوٹس ٹوڈی اکاؤنٹس میں درج ہیں۔
- کمپنی کے ملازمین کے سرمایہ کفالت کی مالیت اس کے آڈٹڈ اکاؤنٹس کے 30 جون 2016 مطابق درج ذیل ہے۔
- پرووڈنٹ فنڈ 358.32 ملین روپے
- گریجویٹ فنڈ 118.83 ملین روپے
- کمپنی کے ڈائریکٹرز، چیف فنانشل آفیسر، اور کمپنی سکریٹری اور ان کے فیملی ممبرز نے کمپنی کے حصص میں کوئی کاروبار نہیں کیا۔



# Notice of Fifty Fourth (54<sup>th</sup>) Annual General Meeting

Notice is hereby given that the Fifty-Fourth (54<sup>th</sup>) Annual General Meeting of The General Tyre and Rubber Company of Pakistan Limited will be held at the Institute of Chartered Accountants of Pakistan, Conference Hall, Clifton, Karachi on Tuesday, 31 October 2017 at 11.00 a.m., to transact the following business:

## Ordinary Business

1. To confirm the minutes of Extra Ordinary General Meeting held on Tuesday, 22 August 2017.
2. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2017, together with Directors' and Auditors' Reports thereon.
3. To consider and approve payment of final cash dividend @ 150%, i.e., Rs.15 per share, as recommended by the Directors.
4. To appoint auditor for the year ending 30 June 2018 and to fix their remuneration.

The Board of Directors recommends Messrs A. F. Ferguson & Co., Chartered Accountants, who have offered themselves for appointment.

5. Any other business with the permission of the Chair.

By Order of the Board



Farhan Ahmad  
Company Secretary

Karachi

Dated: October 3, 2017

## NOTES:

1. The share transfer books of the Company shall remain closed from 27 October 2017 to 31 October 2017 (both days inclusive). Transfers received at the Company's share registrar, Share Registrar Department, Central Depository Company of Pakistan Limited. CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi by close of business on 26 October 2017 will be considered in time for eligibility for final dividend and to attend the AGM.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/ her vote by proxy. Proxies must be deposited at the Company's Registered Office at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi no later than 48 hours before the time for holding the meeting.
3. Members are requested to notify change in their address, if any, immediately.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

### A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/ her identity by showing his/ her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

## **B. For Appointing Proxies:**

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
  - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. The shareholders holding physical shares are also required to bring their original CNIC and/ or copy of CNIC of shareholder(s) of whom he/ she/ they hold Proxy(ies) without CNIC such shareholder(s) shall not be allowed to attend and/ or sign the Register of Shareholders/ Members at the AGM.

## **6. Revised Treatment of Withholding Tax:**

Please note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2017, effective 01 July 2017, withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 15% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar. The required information must reach to our Share Registrar by 27 October 2017, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Shareholders are also requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC / Passport number has been recorded by the Participant / Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant / Investor Account Services or in case of physical shareholding by Company's Share Registrar.

## **7. Transmission of Annual Financial Statements Through DVD:**

The Securities and Exchange Commission of Pakistan vide its S.R.O. 470(i)/2016 dated 31 May 2016 has allowed listed companies to transmit their audited annual accounts to shareholders through CD/DVD/USB instead of sending hard copy of the same to each shareholder. However, a shareholder may specifically request for a hard copy of annual audited accounts. In this regard, a standard request form has been placed on the website of the company for such shareholders to communicate their request for the hard copy of the annual audited accounts.

## **8. Transmission of Annual Financial Statements Through E-Mail:**

Pursuant to the directions given by SECP vide SRO 787 (1)/ 2014 dated 8 September 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. [www.gentipak.com](http://www.gentipak.com) and send the said form duly filled in and signed along with copy of his /her / its CNIC / Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

#### 9. Deposit of Physical Shares into CDC Account:

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares.

#### 10. Form of Proxy for E-Voting:

The instrument of e-voting shall be deposited in advance in writing at least ten days before holding of general meeting at the registered office at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi of the company or through email at farhan.ahmad@gentipak.com.

#### 11. Video Conference Facility for Attending General Meetings:

With reference to the SECP'S Circular No. 10 of 2014 dated 21 May 2014 ("the circular"), members may avail video conference facility in Lahore, Islamabad, subject to fulfillment of the requirements and procedures of the Circular, mentioned below:

The members should provide their consent as per the following format and submit to the registered address of the Company, 10 days before holding of AGM.

##### Consent Form for Video Conference Facility

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of The General Tyre and Rubber Company of Pakistan Limited, holder of \_\_\_\_\_ Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_ (geographical location).

\_\_\_\_\_  
Signature of Member

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access such facility.

#### 12. Mandatory Requirement of Bank Account Details for Electronic Credit of Dividend:

In accordance with Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the information pertaining to Bank Account on the "Dividend Mandate Form" available on the website of the Company to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar (in case your shareholding is in Physical Form). Please be advised, that SECP vide SECP Circular No.18 of 2017 dated 1 August 2017 has granted one time relaxation to all listed companies from the above requirement till 31 October 2017.

الف۔ اجلاس میں شرکت کرنے کے لئے:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، کو اجلاس میں شرکت کے وقت اصل قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھانا ہوگا۔

(ii) کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع شخصی دستخط کے (توافقیتہ پہلے فراہم کی گئی ہو) پیش کرنا گی۔

ب۔ نمائندوں (Proxies) کی تقرری کے لئے:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، مندرجہ بالا شرائط کے مطابق پراکسی فارم جمع کرائیں گے۔

(ii) جن دو افراد سے پراکسی فارم کی تصدیق کروائی جائے گی ان کے نام، پتے اور CNIC نمبر فارم میں درج کیے جائیں گے۔

(iii) اصل ماکان کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ منسلک کی جائیں گی۔

(iv) نامزد شخص کو اجلاس میں شرکت کے وقت اصل CNIC یا اصل پاسپورٹ مہیا کرنا ہوں گے۔

(v) کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی امیدوار کے شخصی دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ جمع کروانی ہوگی (توافقیتہ پہلے فراہم کی گئی ہو)۔

5۔ کمپنی کے تمام شیئر ہولڈرز/ممبرز جن کے پاس کاغذی حالت میں شیئر موجود ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنے یا جن کے وہ نمائندے ہیں، ان کے کارآمد CNIC اور NTN سرٹیفیکیٹس کی کاپی لے کر آئیں۔ CNIC نہ ہونے کی صورت میں اجلاس کے وقت شیئر ہولڈر کو اجلاس میں شرکت اور شیئر ہولڈرز کے رجسٹر میں دستخط کرنے کی اجازت نہیں دی جائے گی۔

6۔ نظر ثانی شدہ ووٹنگ ٹیکس

براہ مہربانی نوٹ فرمائیں کہ انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت اور فنانس ایکٹ 2017 موثر یکم جولائی 2017 کے مطابق انکم ٹیکس گوشوارے جمع کروانے والوں اور جمع نہ کروانے والوں کے لئے انکم ٹیکس کی کٹوتی کی شرح بالترتیب 15% اور 20% ہوگی۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے موصول ہونے والی وضاحت کے مطابق پرنسپل شیئر ہولڈرز اور جوائنٹ شیئر ہولڈرز کی انکم ٹیکس کی کٹوتی گوشوارے جمع کروانے والوں اور جمع نہ کروانے والوں کی حیثیت سے کی جائے گی۔ جوائنٹ اکاؤنٹ کی صورت میں اس کی بنیاد شیئر ہولڈنگ کے تناسب پر ہے۔

اس سلسلے میں جوائنٹ شیئر ہولڈرز کے ساتھ شیئرز رکھنے والے تمام شیئر ہولڈرز سے گزارش ہے کہ وہ اپنی ملکیت میں موجود شیئرز کی تعداد کے تناسب سے پرنسپل

10۔ ای وونگ کے لئے پراکسی فارم

ای وونگ کے لئے انسٹرومنٹ تحریری شکل میں اجلاس عام کے انعقاد کی تاریخ سے 10 روز قبل کمپنی کے رجسٹرڈ دفتر H-23/2، لاندھی انڈسٹریل ٹریڈنگ اسٹیٹ، لاندھی، کراچی کے پتے پر یا بذریعہ ای میل farhan.ahmad@gentipak.com پر موصول ہو جانا چاہئیں۔

11۔ اجلاس عام میں شرکت کے لئے ویڈیو کانفرنس کی سہولت

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 10، 2014 بتاریخ 21 مئی 2014 کے مطابق ممبران سرکلر کے ذیل میں بیان کردہ تقاضوں اور طریقہ کار کی تکمیل کی صورت میں لاہور اور اسلام آباد میں ویڈیو کانفرنس کی سہولت سے استفادہ کر سکتے ہیں:

ممبران مندرجہ ذیل طریقہ کار کے مطابق اپنی رضامندی سالانہ اجلاس عام سے 10 روز قبل کمپنی کے رجسٹرڈ پتے پر جمع کروائیں۔

ویڈیو کانفرنس کی سہولت کے لئے رضامندی کا فارم

”میں/ہم کے \_\_\_\_\_ کے \_\_\_\_\_، بطور ممبر جنرل ٹائز اینڈ ربر کمپنی آف پاکستان، اکاؤنٹ نمبر \_\_\_\_\_، بذریعہ \_\_\_\_\_ (جغرافیائی مقام) ویڈیو کانفرنس کی سہولت کے لئے درخواست دیتے ہیں۔

ممبر کے دستخط

اگر کمپنی کو کسی جغرافیائی مقام پر رہائش پذیر شیئر ہولڈرز میں سے 10 فیصد یا زائد کی جانب سے اجلاس عام کی تاریخ سے 10 روز قبل ویڈیو کانفرنس کے ذریعے شرکت کے لئے رضامندی موصول ہو جاتی ہے، ایسی صورت میں کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا انعقاد کرے گی، جس کا انحصار اس شہر میں اس سہولت کی دستیابی پر ہوگا۔

کمپنی سالانہ اجلاس عام سے کم از کم 05 دن قبل ممبران کو ویڈیو کانفرنس کی سہولت کے مقام اور اس سہولت تک رسائی کو یقینی بنانے کے لئے درکار تمام معلومات سے مکمل آگہی فراہم کرے گی۔

12۔ ڈیویڈنڈ کی الیکٹرونک ترسیل کے لئے بینک اکاؤنٹ کی تفصیلات کا لازمی تقاضہ

کمپنیز ایکٹ 2017 کی شق 242 کے مطابق نقد کی صورت میں قابل ادائیگی ڈیویڈنڈ صرف الیکٹرونک طریقے سے براہ راست اہل شیئر ہولڈرز کے مقررہ اکاؤنٹ میں ادا کیا جاسکتا ہے۔ براہ مہربانی نوٹ فرمائیں کہ ڈیویڈنڈ کی ادائیگی کے لئے بینک مینڈیٹ فراہم کرنا لازمی ہے اور اس تقاضے کی تکمیل اور اپنے بینک اکاؤنٹ میں براہ راست ڈیویڈنڈ کی ادائیگی کی سہولت کے حصول کے لئے آپ سے درخواست ہے کہ کمپنی کی ویب سائٹ پر دستیاب ”ڈیویڈنڈ مینڈیٹ فارم“ میں بینک اکاؤنٹ سے متعلق معلومات اپنے متعلقہ سی ڈی سی پارٹیشنٹ/سی ڈی سی انویسٹر اکاؤنٹ سروسز (اگر آپ کی شیئر ہولڈنگ بک انٹری کی شکل میں ہے) یا ہمارے شیئر رجسٹرار (اگر آپ کی شیئر ہولڈنگ طبعی شکل میں ہے) کو فراہم کریں۔ براہ مہربانی یاد رکھیں کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 18، 2017 بتاریخ یکم اگست 2017 کے ذریعے تمام لسٹڈ کمپنیوں کو مذکورہ بالا تقاضے سے محض ایک مرتبہ 13 اکتوبر 2017 تک چھوٹ دی ہے۔

## 54 ویں سالانہ اجلاس عام کانوٹس

شیئر ہولڈرز اور جوائنٹ شیئر ہولڈرز (ز) کی تفصیلات ہمارے شیئر رجسٹرار کو فراہم کریں۔ مطلوبہ معلومات ہمارے شیئر رجسٹرار کو 27 اکتوبر 2017 تک موصول ہوجانی چاہئیں، بصورت دیگر یہ سمجھا جائے گا کہ پرنسپل شیئر ہولڈرز اور جوائنٹ شیئر ہولڈرز (ز) شیئرز کی یکساں ملکیت کے حامل ہیں۔

شیئر ہولڈرز سے درخواست ہے کہ وہ ایف بی آر کی ویب سائٹ <http://www.fbr.gov.pk> پر موجود ایکٹیوٹیکس پیئر لسٹ (ATL) پر بطور فائل اپنی حیثیت کے اندراج کو یقینی بنائیں اور اس بات کو بھی یقینی بنائیں کہ ان کا CNIC / پاسپورٹ نمبر پارٹیشن / انویسٹر اکاؤنٹ سروسز یا شیئر رجسٹرار (فریکل شیئر ہولڈنگ کی صورت میں) کے ریکارڈز میں موجود ہے۔ کاروباری ادارے (غیر انفرادی شیئر ہولڈرز) اس بات کو یقینی بنائیں کہ ان کے نام اور نیشنل ٹیکس نمبر (NTN)، ایف بی آر کی ویب سائٹ پر دستیاب ایکٹیو پیئر لسٹ میں موجود ہوں اور متعلقہ پارٹیشن / انویسٹر اکاؤنٹ سروسز یا فریکل شیئر ہولڈنگ کی صورت میں کمپنی کے شیئر رجسٹرار کے ریکارڈز میں موجود ہیں۔

7- سالانہ مالیاتی گوشواروں کی ترسیل بذریعہ ڈی وی ڈی  
سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر 470(i) 2016 SRO بتاریخ 31 مئی 2016 کے ذریعے لسٹڈ کمپنیوں کو اپنے آڈٹ شدہ سالانہ گوشوارے ہر شیئر ہولڈر کو طبعی شکل میں ارسال کرنے کے بجائے بذریعہ CD/DVD/USB ارسال کرنے کی اجازت دی ہے تاہم شیئر ہولڈرز خصوصی طور پر آڈٹ شدہ سالانہ گوشوارے طبعی شکل میں حاصل کرنے کے لئے درخواست دے سکتے ہیں۔ اس سلسلے میں کمپنی کی ویب سائٹ پر ایک معیاری درخواست فارم آویزاں کر دیا گیا ہے جس کے ذریعے شیئر ہولڈرز آڈٹ شدہ مالیاتی گوشوارے طبعی شکل میں حاصل کرنے کی درخواست دے سکتے ہیں۔

8- سالانہ مالیاتی گوشواروں کی ترسیل بذریعہ ایمیل  
سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 787(1)/2014 SRO بتاریخ 8 ستمبر 2014 کی ہدایات کے تحت وہ شیئر ہولڈرز جو مستقبل میں اپنے مالیاتی گوشوارے ڈاک کے بجائے ایمیل کے ذریعے وصول کرنا چاہتے ہیں، ان سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ [www.gentipak.com](http://www.gentipak.com) پر دستیاب معیاری درخواست فارم میں اپنے فعال ایمیل ایڈریس فراہم کر کے اپنی باقاعدہ رضامندی دیں اور یہ فارم مکمل طور پر پُر کر کے اپنے CNIC / پاسپورٹ کی نقل کے ساتھ کمپنی کے شیئر رجسٹرار کو ارسال کریں۔

یاد رہے کہ سالانہ مالیاتی گوشوارے ڈاک کے بجائے بذریعہ ایمیل وصول کرنے کا آپشن اختیاری ہے۔ اگر آپ یہ سہولت حاصل نہیں کرنا چاہتے تو اس نوٹس کو نظر انداز کر دیں۔ سالانہ مالیاتی گوشوارے آپ کے رجسٹرڈ پتے پر معمول کے مطابق ارسال کئے جاتے رہیں گے۔

9- فریکل شیئر زکوٰۃ CDC اکاؤنٹ میں رکھنا  
طبعی شکل میں شیئر زکوٰۃ والے شیئر ہولڈرز کسی بھی بروکر یا انویسٹر اکاؤنٹ سے سی ڈی سی میں براہ راست ذیلی اکاؤنٹ کھلوا کر طبعی شکل میں اپنے شیئر زکوٰۃ اسکرپٹ لیس صورت میں رکھ سکتے ہیں۔ یہ عمل ان کے شیئر زکوٰۃ کو محفوظ رکھنے اور ان کی فروخت میں معاون ہوگا۔

بذریعہ لہذا اطلاع دی جاتی ہے کہ جنرل مائز اینڈ ربر کمپنی آف پاکستان لمیٹڈ کا 54 واں سالانہ اجلاس عام بروز منگل 31 اکتوبر 2017 صبح 11:00 بجے بمقام انٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، کانفرنس ہال، کنٹینن، کراچی منعقد ہوگا۔ جس میں درج ذیل کارروائی پر عمل درآمد ہوگا۔

### عمومی کارروائی

- 1- کمپنی کے غیر معمولی اجلاس عام منعقدہ منگل 22 اگست 2017 کی کارروائی کی تصدیق و توثیق۔
- 2- 30 جون 2017ء کو ختم ہونے والے سال کے آڈٹ شدہ اکاؤنٹس مع ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور و خوض اور منظوری۔
- 3- بورڈ آف ڈائریکٹرز کی تجویز کے مطابق 15 روپے فی حصص یعنی 150% کے حساب سے حتمی نقد ڈیویڈنڈ کی ادائیگی پر غور و خوض اور اس کی منظوری۔
- 4- 30 جون 2018ء کو ختم ہونے والے سال کے لیے کمپنی آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ بورڈ آف ڈائریکٹرز نے میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز دی ہے جنہوں نے اہلیت کی بنیاد پر تقرری کے لئے اپنی خدمات پیش کی ہیں۔
- 5- اجلاس کے سربراہ کی اجازت سے کسی دیگر کارروائی پر غور و خوض۔

بحکم بورڈ

فرحان احمد

کمپنی مینیجر

کراچی  
103 اکتوبر 2017

نوٹس:

- 1- کمپنی کے شیئر ٹرانسفر کے کھاتے 27 اکتوبر 2017 سے 31 اکتوبر 2017ء تک بند رہیں گے (دونوں ایام شامل ہیں) 26 اکتوبر 2017 کو کاروباری اوقات کار کے اختتام تک ہمارے شیئر رجسٹرار کے شیئر پارٹیشن، سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو موصول ہونے والے ٹرانسفر حتمی نقد ڈیویڈنڈ کی ادائیگی اور سالانہ اجلاس عام میں شرکت کی اجازت کے لئے بروقت تصور کئے جائیں گے۔
- 2- سالانہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق دار کوئی بھی ممبر کسی دوسرے ممبر کو اجلاس میں حاضر ہونے اور ووٹ دینے کے لیے اپنی/اپنا نمائندہ مقرر کر سکتا ہے۔ نمائندے کا تقرر نامہ اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس H-23/2 لاٹھی انڈسٹریل ٹریڈنگ اسٹیٹ، لاٹھی، کراچی میں موصول ہونا چاہئے۔
- 3- ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی سے کمپنی کو فوراً مطلع کریں۔
- 4- مزید برآں، سی ڈی سی اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مجریہ 26 جنوری 2000 میں فراہم کردہ مندرجہ ذیل ہدایات کی پیروی کرنی ہوگی:

## Key Operating and Financial Data

	2017	2016	2015	2014	2013	2012	2011
	Rupees in million						

### Operating Results

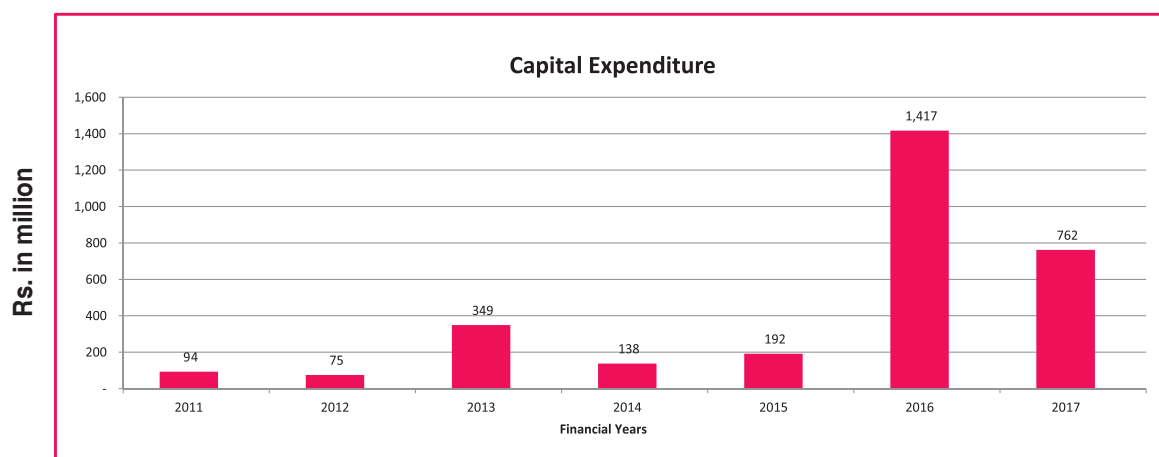
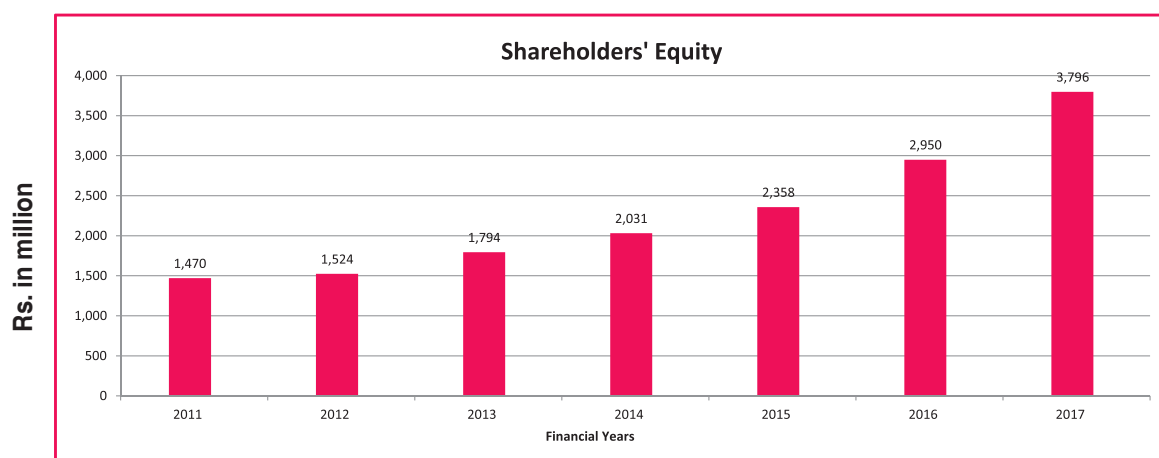
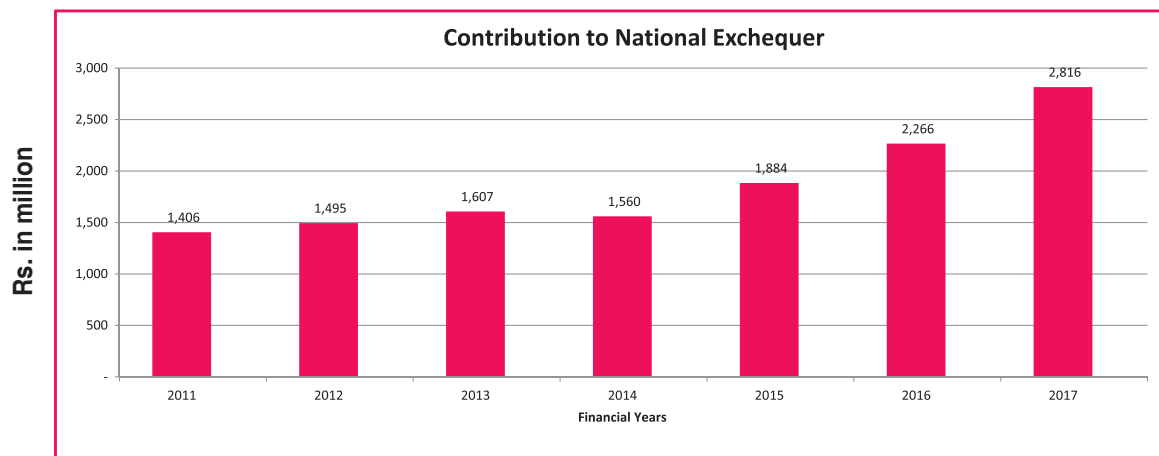
Net sales	9,645	9,479	9,492	8,607	8,167	7,806	7,478
Gross profit	2,056	2,322	1,938	1,595	1,329	998	998
Profit before taxation	1,184	1,495	1,097	748	580	247	395
Profit after taxation	881	1,032	733	514	396	203	259
Cash dividend *	-	70%	65%	45%	20%	25%	20%

### Financial Position

Operating fixed assets - at cost	6,285	4,759	4,197	4,003	3,894	3,585	3,578
Share capital	598	598	598	598	598	598	598
Capital reserves for capital expenditure	1,000	-	-	-	-	-	-
Unappropriated profit	2,198	2,352	1,760	1,433	1,196	926	872
Shareholders' equity	3,796	2,950	2,358	2,031	1,794	1,524	1,470
Long -term loans	1,019	920	383	100	167	-	87

\* The Board of directors has recommended 150% dividend for the year ended June 30, 2017

As per accounting policy, dividend is recognised as a liability in the period in which it is approved by the shareholders.





## Certifications

Standard	Description	Certified by	Certified since	License No.
ISO 9001	Quality Management System	TUV-Austria International	2006	010131148
ISO 14001	Environmental Management System	NQA Pakistan	2016	E 5843
OHSAS 18001	Occupational Health and Safety Management System	NQA Pakistan	2016	H 3062





# Statement of Value Addition

For the year ended June 30, 2017

	2017	2016
	----- Rupees in 000-----	
<b><u>Value addition</u></b>		
Net sales including sales tax	11,379,614	11,188,948
Other income	61,930	65,177
Cost of material and services	(6,242,501)	(5,995,435)
	<b>5,199,043</b>	<b>5,258,690</b>
<b><u>Value distribution</u></b>		
<b>To Employees</b>		
Salaries, wages, benefits and staff welfare	1,792,151	1,601,264
Workers' profit participation fund	63,599	80,276
<b>To Government</b>		
Income tax	302,825	462,456
Sales tax	1,734,247	1,709,903
Workers' welfare fund	23,949	30,505
<b>To providers of Capital</b>		
Dividend to shareholders	-	418,399
Mark up/ interest on barrowed money	124,064	136,159
<b>To Society</b>		
Donations	23,230	27,005
<b>Retained for reinvestment &amp; future growth</b>		
Depreciation & retained profit	1,134,978	792,723
	<b>5,199,043</b>	<b>5,258,690</b>
<b>Distribution</b>		
Employees	35.69%	31.98%
Government	39.64%	41.89%
Providers of capital	2.39%	10.55%
Society	0.45%	0.51%
Retained for reinvestment & future growth	21.83%	15.07%
	<b>100.00%</b>	<b>100.00%</b>

## Statement of Compliance with Code of Corporate Governance

For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the “Code”) contained in Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent, non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Director (1)	Mr. Hussain Kuli Khan
Non Executive Directors (8)	Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Raza Kuli Khan Khattak Mr. Ikram Ul-Majeed Sehgal Dr. Willi Flamm Mr. Muhammad Kuli Khan Khattak Mr. Mansur Khan Mr. Mazhar Sharif Mr. Atif Anwar
Independent Director (1)	Mr. Manzoor Ahmed

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code.

2. The Directors have confirmed that none of them is serving as a Director on the Board of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board on 23 December 2016 which was filled up by the directors on 2 February 2017 within the prescribed period of 90 days.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and is in the process of developing significant policies of the Company as required in the Code. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the Board/ Shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings to all the directors. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged no training programs for its directors during the year because it is already compliant with the training requirements prescribed in the Code for the training of its Directors.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three (3) members and all of them are non-executive directors, including one independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of four (4) members, of whom one (1) is executive director, three (3) members are non-executive directors, including one (1) independent director. The Chairman of the Committee is a non-executive director.
18. The Board has set -up an effective Internal Audit Function which is equipped with suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) Guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have also been complied with.

For and on behalf of the Board of Directors



Hussain Kuli Khan

Chief Executive Officer

Karachi  
September 21, 2017

## REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **The General Tyre and Rubber Company of Pakistan Limited** (the Company) for the year ended June 30, 2017 to comply with requirements of Listing Regulation No.5.19 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

KARACHI; 21 SEP 2017

Engagement Partner: Osman Hameed Chaudhri

  
SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS



## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **The General Tyre and Rubber Company of Pakistan Limited** as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KARACHI; 21 SEP 2017  
Engagement Partner: Osman Hameed Chaudhri

*ShineWing Hameed Chaudhri & Co.*  
**SHINEWING HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS

# Balance Sheet

As at June 30, 2017

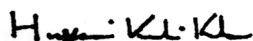
		2017	2016
Note		----- Rupees in '000 -----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
		750,000	750,000
	75,000,000 (2016: 75,000,000) ordinary shares of Rs.10 each		
	Issued, subscribed and paid-up capital	4 597,713	597,713
	Reserve for capital expenditure	1,000,000	-
	Unappropriated profit	2,198,673	2,351,809
	<b>Total equity</b>	<b>3,796,386</b>	<b>2,949,522</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
	Long term finances	5 1,018,583	920,276
	Staff benefits	6 308,417	277,287
	Deferred taxation	7 330,982	232,281
	Long term deposits from dealers	8 9,471	8,930
		<b>1,667,453</b>	<b>1,438,774</b>
<b>Current liabilities</b>			
	Current maturity of long term finances	5 438,717	224,057
	Short term finances	9 157,736	143,889
	Running finances under mark-up arrangements	10 1,082,880	621,020
	Trade and other payables	11 1,281,726	1,293,036
	Accrued mark-up	12 57,460	32,929
	Provisions	13 120,528	109,282
		<b>3,139,047</b>	<b>2,424,213</b>
	<b>Total liabilities</b>	<b>4,806,500</b>	<b>3,862,987</b>
	<b>Contingencies and commitments</b>	14	
	<b>Total equity and liabilities</b>	<b>8,602,886</b>	<b>6,812,509</b>

# Balance Sheet

As at June 30, 2017

		2017	2016
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	15	3,669,151	3,168,699
Intangible assets	16	62,480	36,215
Investment in an Associated Company	17	10,114	6,019
Long term loans and advances	18	7,325	10,888
Long term deposits	19	28,849	32,667
		<b>3,777,919</b>	<b>3,254,488</b>
<b>Current assets</b>			
Stores and spares	20	489,293	496,552
Stocks	21	2,074,728	1,570,594
Trade debts	22	879,333	1,024,670
Loans and advances	23	310,247	101,474
Deposits and prepayments	24	66,317	66,130
Other receivables	25	264,397	68,901
Taxation - net		641,080	112,849
Cash and bank balances	26	99,572	116,851
		<b>4,824,967</b>	<b>3,558,021</b>
<b>Total assets</b>		<b>8,602,886</b>	<b>6,812,509</b>

The annexed notes 1 to 46 form an integral part of these financial statements.



Hussain Kuli Khan  
Chief Executive Officer




Atif Anwar  
Director

# Profit and Loss Account

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees in '000 -----	
Sales	27	9,645,367	9,479,045
Cost of sales	28	(7,589,305)	(7,157,029)
<b>Gross profit</b>		<b>2,056,062</b>	<b>2,322,016</b>
Administrative expenses	29	(247,790)	(210,598)
Distribution cost	30	(452,016)	(399,335)
Other income	31	61,930	65,177
Other expenses	32	(115,002)	(149,509)
<b>Profit from operations</b>		<b>1,303,184</b>	<b>1,627,751</b>
Finance cost	33	(124,064)	(136,159)
		<b>1,179,120</b>	<b>1,491,592</b>
Share of profit of an Associated Company		5,102	3,151
<b>Profit before taxation</b>		<b>1,184,222</b>	<b>1,494,743</b>
Taxation	34	(302,825)	(462,456)
<b>Profit for the year</b>		<b>881,397</b>	<b>1,032,287</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		(49,333)	(32,628)
Impact of deferred tax		14,800	10,115
Other comprehensive loss for the year - net of tax		(34,533)	(22,513)
<b>Total comprehensive income for the year</b>		<b>846,864</b>	<b>1,009,774</b>
		----- Rupees -----	
<b>Earnings per share - basic and diluted</b>	35	<b>14.75</b>	<b>17.27</b>

The annexed notes 1 to 46 form an integral part of these financial statements.



Hussain Kuli Khan  
Chief Executive Officer



Atif Anwar  
Director

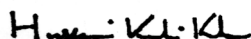


# Cash Flow Statement

For the year ended June 30, 2017

		2017	2016
		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	911,131	1,706,084
Staff retirement gratuity paid		(42,108)	(39,782)
Compensated absences paid		(4,589)	(6,796)
Long term deposits from dealers - net		541	(60)
Finance cost paid		(99,533)	(120,561)
Taxes paid		(808,765)	(469,440)
Long term loans and advances - net		3,563	(395)
Long term deposits - net		3,818	900
<b>Net cash (used in) / generated from operating activities</b>		<b>(35,942)</b>	<b>1,069,950</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(762,464)	(1,417,025)
Purchase of intangible assets		(28,884)	(35,951)
Proceeds from sale of operating fixed assets		16,203	14,933
Dividend received		1,007	453
Profit on bank deposits received		4,410	302
<b>Net cash used in investing activities</b>		<b>(769,728)</b>	<b>(1,437,288)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance - repaid		(149,483)	(116,667)
Long term finance - obtained		462,450	761,000
Short term finances - net		13,847	57,859
Dividend paid		(283)	(414,403)
<b>Net cash generated from financing activities</b>		<b>326,531</b>	<b>287,789</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(479,139)</b>	<b>(79,549)</b>
<b>Cash and cash equivalents - at beginning of the year</b>		<b>(504,169)</b>	<b>(424,620)</b>
<b>Cash and cash equivalents - at end of the year</b>	37	<b>(983,308)</b>	<b>(504,169)</b>

The annexed notes 1 to 46 form an integral part of these financial statements.



Hussain Kuli Khan  
Chief Executive Officer



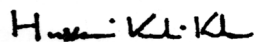
Atif Anwar  
Director

# Statement of Changes in Equity

For the year ended June 30, 2017

	Issued, subscribed and paid-up capital	Capital reserves for capital expenditure	Unappro- priated profit	Total
	----- Rupees in '000 -----			
Balance as at July 1, 2015	597,713	-	1,760,434	2,358,147
<b>Transaction with owners, recognised directly in equity</b>				
Final dividend for the year ended June 30, 2015 at the rate of Rs.7.00 per share	-	-	(418,399)	(418,399)
<b>Total comprehensive income for the year ended June 30, 2016</b>				
Profit for the year	-	-	1,032,287	1,032,287
Other comprehensive loss	-	-	(22,513)	(22,513)
	-	-	1,009,774	1,009,774
<b>Balance as at June 30, 2016</b>	597,713	-	2,351,809	2,949,522
Transfer to reserve for capital expenditure	-	1,000,000	(1,000,000)	-
<b>Total comprehensive income for the year ended June 30, 2017</b>				
Profit for the year	-	-	881,397	881,397
Other comprehensive loss	-	-	(34,533)	(34,533)
	-	-	846,864	846,864
<b>Balance as at June 30, 2017</b>	<b>597,713</b>	<b>1,000,000</b>	<b>2,198,673</b>	<b>3,796,386</b>

The annexed notes 1 to 46 form an integral part of these financial statements.

  
Hussain Kuli Khan  
Chief Executive Officer

  
Atif Anwar  
Director

# Notes to the Financial Statements

For the year ended June 30, 2017

## 1. LEGAL STATUS AND OPERATIONS

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 quoted on Pakistan Stock Exchange Limited. The registered office 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

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however the Securities and Exchange Commission of Pakistan (SECP) through its Circular # 17 of 2017 dated July 20, 2017, has directed the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention as modified by the recognition of certain staff retirement benefit present value of defined benefit obligation net of fair value of plan assets.

### 2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

### 2.4 New and Amended Standards and Interpretations

#### 2.4.1 Standards and amendments to approved accounting standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2016:

##### (a) IAS 1 Presentation of financial statements

Amendments to IAS 1, 'Presentation of financial statements' are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes – confirmation that the notes do not need to be presented in a particular order.

# Notes to the Financial Statements

For the year ended June 30, 2017

- Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss.

These amendments only affects the disclosures in the Company's financial statements.

**(b) IAS 16 & IAS 38 Property, Plant and Equipment and Intangible assets**

The amendments introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-base methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The Company's policy is already in line with these amendments.

**(c) IAS 19 Employee Benefits**

This amendment as a part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The Company's policy is already in line with this amendment.

**(d) IAS 34 Interim Financial Reporting**

Amendments to IAS 34 'Interim Financial Reporting' clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only effects disclosures in the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

## 2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Company:

**(a) IFRS 9 Financial Instruments**

**Effective date: January 1, 2018**

IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The standard not likely to have material impact on the Company's financial statements.

**(b) IFRS 15 Revenue from contracts with customers**

**Effective date: January 1, 2018**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

# Notes to the Financial Statements

For the year ended June 30, 2017

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. July 1, 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the full impact of this standard on its financial statements.

## (c) IFRS 16 Leases

**Effective date: January 1, 2019**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard not likely to have material impact on the Company's financial statements.

## (d) IAS 12 Income tax

**Effective date: January 1, 2017**

This amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.

## (e) IAS 7 Statement of cash flows

**Effective date: January 1, 2017**

The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only effects disclosures in the Company's financial statements.

## (f) IFRIC 22 Foreign Currency Transactions

**Effective date: January 1, 2018**

The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments does not expect to have a material impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

## 2.5 Use of estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the Company's accounting policies.

# Notes to the Financial Statements

For the year ended June 30, 2017

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements.

The assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

- (i) Provision for staff retirement benefits [note 3.1]
- (ii) Provision for taxation [note 3.2]
- (iii) Estimate of useful lives and residual values of property, plant & equipment and intangible assets [notes 3.5 and 3.6]
- (iv) Provision for doubtful debts [note 3.10]
- (v) Provision for tyre replacement allowance [note 3.17]

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 3.1 Staff retirement benefits

#### 3.1.1 Defined benefit plans

The Company operates an approved funded gratuity scheme for its senior executive staff and an unfunded gratuity scheme for employees not covered by the funded gratuity scheme. The schemes define the amounts of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the schemes. The amount of retirement benefits are usually dependent on one or more factors such as age, years of service and salary.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually on the basis of actuarial valuation.

The actuarial valuations of both schemes are carried-out by an independent expert, using the 'Projected Unit Credit Method' with the latest valuation being carried-out as on June 30, 2017.

The amounts arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

#### 3.1.2 Defined contribution plan

The Company also operates a recognised provident fund (the Fund) for its employees. Equal monthly contributions at the rate of 10% of basic salary are made to the Fund both by the Company and employees.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 3.1.3 Employee compensated absences

The liability in respect of compensated absences of employees is accounted for in period in which these are earned in terms of basic salary upto the reporting date. The provision is recognised on the basis of an actuarial valuation, which was conducted as on June 30, 2017.

## 3.2 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

### Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under final tax regime.

### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

## 3.3 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which is approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

## 3.4 Mark-up bearing loans and borrowings

Mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

## 3.5 Property, plant and equipment

### 3.5.1 Operating fixed assets and depreciation thereon

Operating fixed assets other than leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land is stated at cost. Cost of certain assets consists of historical cost and the related borrowing cost on loans utilised for the acquisition of those assets.

Depreciation is charged to income applying the straight line method whereby the cost of an asset less residual value is charged-off over its estimated useful life depending upon the class of assets. Depreciation is charged at rates stated in note 15.1.

Depreciation on additions is charged from the month following in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.



# Notes to the Financial Statements

For the year ended June 30, 2017

Items of property, plant and equipment individually costing Rs.10,000 or less are charged to profit and loss account as and when purchased.

Maintenance and normal repairs are charged to expenses as and when incurred. Major renewals and improvements are capitalised and are depreciated over the remaining useful life of the related asset.

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is charged to the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## 3.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

## 3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight line method over their estimated useful lives. Amortisation is charged at the rate stated in note 16.

Amortisation on additions is charged from the month following in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

Useful lives of intangible assets are reviewed at each reporting date and adjusted if the impact of amortisation is significant.

## 3.7 Investment in an Associated Company

Investment in an Associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the Investee after the date of acquisition.

The Company's share of post acquisition profit or loss is recognised in the profit and loss account, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an Associate equals or exceeds its interest in the Associate the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognises the amount adjacent to share of profit / loss of an Associate in the profit and loss account.



# Notes to the Financial Statements

For the year ended June 30, 2017

## 3.8 Stores and spares

Stores and spares are stated at lower of cost. The cost of inventory is based on weighted average cost less provision for obsolescence, if any. Items-in-transit are valued at cost accumulated upto the reporting date.

Provision for obsolete items, if any, is based on their condition as at the reporting date depending upon the management's judgement.

## 3.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost in relation to raw materials in hand is calculated on weighted average basis.

The cost of work-in-process and finished goods comprises of direct materials, labour and appropriate portion of production overheads.

Raw materials held in custom bonded warehouses and stock-in-transit are valued at cost accumulated upto the reporting date.

Claim tyres are valued at their estimated net realisable value.

Net realisable value is determined on the basis of the estimated selling price of the product in ordinary course of business less costs necessary to be incurred for its sale.

## 3.10 Trade debts and other receivables

Trade debts and other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Provision is charged to profit and loss account. Trade and other receivables considered irrecoverable are written-off.

## 3.11 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes loans & advances, deposits, trade debts, other receivables, cash & bank balances, long term finances, long term deposits from dealers, short term finances, running finances, trade & other payables, accrued mark-up and provisions. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## 3.12 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, deposits held with banks and running finances under mark-up arrangements.

## 3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, sales returns, trade discounts and incentives. Revenue from different sources is recognised on the following basis:

- revenue from sale of goods is recorded on despatch of goods to customers; and
- interest income is accrued on the time proportion basis by reference to the principal outstanding and applicable rate of return.

## 3.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

## 3.16 Foreign currency transactions and translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non-monitory items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account.

## 3.17 Warranty - tyre replacement allowance

Warranty expense is recognised in the year of sale on the basis of estimates of warranty claims to be received against those sales.

## 3.18 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

## 3.19 Operating leases / Ijarah

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir (lessor) are classified as operating leases / Ijarah. Payments made during the year are charged to the profit and loss account on a straight-line basis over the period of the lease / Ijarah.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 3.20 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

## 3.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

## 3.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

## 4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016	
--- Number of shares ---			----- Rupees in '000 -----		
7,133,320	7,133,320	Ordinary shares of Rs.10 each fully paid in cash	71,333	71,333	
186,680	186,680	Ordinary shares of Rs.10 each issued for consideration other than cash	1,867	1,867	
52,451,250	52,451,250	Ordinary shares of Rs.10 each issued as fully paid bonus shares	524,513	524,513	
<u>59,771,250</u>	<u>59,771,250</u>		<u>597,713</u>	<u>597,713</u>	

### 4.1 Ordinary shares of the Company held by the related parties as at June 30,

	2017	2016
	--- Number of shares ---	
Bibojee Services (Private) Limited	16,608,712	16,608,712
Pakistan Kuwait Investment Company (Private) Limited	17,931,292	17,931,292
Continental Global Holding Netherlands B.V.	-	5,844,300
	<u>34,540,004</u>	<u>40,384,304</u>

## 5. LONG TERM FINANCES - Secured

**Term finance** - from banking companies

Conventional

- Habib Bank Limited	5.1	-	33,333
- Samba Bank Limited	5.2	250,000	350,000
- Askari Bank Limited (an Associated Company)	5.3	700,000	350,000
Shariah compliant - Faysal Bank Limited	5.4	507,300	411,000
		1,457,300	1,144,333
Less: current maturity grouped under current liabilities		438,717	224,057
		1,018,583	920,276

Note

# Notes to the Financial Statements

For the year ended June 30, 2017

- 5.1** The Company had arranged a term finance facility of Rs.200 million to finance the import, installation and capex of motorcycle tyre plant and related machinery, equipment & accessories. The principal amount draw down was repayable in twelve equal quarterly instalments commenced after fifteen months from date of disbursement (i.e. October 23, 2012). This finance facility carried mark-up at the rate of three months KIBOR plus 3.25% per annum, however, rebate of 1.00% per annum on the spread was available to the Company subject to specified leverage for each year of finance. This term finance was secured by way of first pari passu charge over all the present and future plant & machinery of the Company to the extent of Rs.267 million. The Company, during the year, has fully paid the outstanding instalments against this loan.
- 5.2** This represents a term finance facility of Rs.400 million to finance capital expenditure and balancing, modernization & replacement. The principal amount draw down is repayable in sixteen equal quarterly instalments commenced after a grace period of one year from the date of disbursement (i.e January 14, 2015). This finance facility carries mark-up at the rate of three months KIBOR plus 0.75% (2016 : three months KIBOR plus 1.25%) per annum and is secured by way of first pari passu charge over stock, receivables and plant & machinery of the Company to the extent of Rs.533.333 million.
- 5.3** This represents a term finance facility of Rs.700 million to finance the Company's on-going budgeted capital expenditure requirement . The principal amount draw down in four tranches and is repayable in eight equal semi-annually instalments commencing from September 16, 2017. This finance facility carries mark-up at the rate of three months KIBOR plus 0.5% per annum and is secured by way of first pari passu charge over all the present and future fixed assets (excluding land and building) and current assets of the Company to the extent of Rs.933.34 million.
- 5.4** This represents a musharaka facility of Rs.650 million for acquisition of boiler and mixing line with down steam equipment. The bank against the said facility had made payments to vendors / suppliers aggregating Rs.507.3 million in eight tranches of different amounts and each tranche is repayable in sixteen equal quarterly instalments on different dates commenced from February 20, 2017. This finance facility carries mark-up at the rate of three months KIBOR plus 1.25% per annum and is secured by way of first joint pari passu hypothecation charge of Rs.650 million on overall assets of the Company.

## 6. STAFF BENEFITS

		2017	2016
	Note	----- Rupees in '000 -----	----- Rupees in '000 -----
Staff retirement gratuity	6.1	268,931	241,986
Employees compensated absences	6.2	39,486	35,301
		<u>308,417</u>	<u>277,287</u>

### 6.1 Staff retirement gratuity

- 6.1.1** As stated in note 3.1.1, the Company operates an approved funded gratuity scheme for its senior executive staff and an unfunded gratuity scheme for employees not covered by the funded gratuity scheme.
- 6.1.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

# Notes to the Financial Statements

For the year ended June 30, 2017

**6.1.3** The latest actuarial valuations of the Schemes as at June 30, 2017 were carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the Schemes as per the actuarial valuations are as follows:

	Funded		Unfunded		Total	
	2017	2016	2017	2016	2017	2016
	Rupees in '000					
<b>6.1.4 Balance sheet reconciliation</b>						
Present value of defined benefit obligation - note 6.1.5	176,373	158,416	285,624	246,481	461,997	404,897
Fair value of plan assets - note 6.1.6	(133,425)	(124,711)	-	-	(133,425)	(124,711)
Liability at end of the year	42,948	33,705	285,624	246,481	328,572	280,186
Payable within next twelve months	(23,491)	(13,034)	(36,150)	(25,166)	(59,641)	(38,200)
	19,457	20,671	249,474	221,315	268,931	241,986
<b>6.1.5 Movement in the present value of defined benefit obligation</b>						
Balance as at July 1,	158,416	141,896	246,481	219,854	404,897	361,750
Current service cost	6,916	7,526	14,162	13,074	21,078	20,600
Interest cost	10,970	12,562	18,400	20,535	29,370	33,097
Benefits paid	(41,258)	(29,760)	(10,599)	(14,827)	(51,857)	(44,587)
Re-measurement on obligation	33,821	17,398	24,688	16,639	58,509	34,037
Transferred to managerial cadre	7,508	8,794	(7,508)	(8,794)	-	-
Balance as at June 30,	176,373	158,416	285,624	246,481	461,997	404,897
<b>6.1.6 Movement in the fair value of plan assets</b>						
Balance as at July 1,	124,711	116,940	-	-	124,711	116,940
Interest income	9,287	11,167	-	-	9,287	11,167
Contributions	31,509	24,955	-	-	31,509	24,955
Benefits paid	(41,258)	(29,760)	-	-	(41,258)	(29,760)
Re-measurement	9,176	1,409	-	-	9,176	1,409
Balance as at June 30,	133,425	124,711	-	-	133,425	124,711

# Notes to the Financial Statements

For the year ended June 30, 2017

	Funded		Unfunded		Total	
	2017	2016	2017	2016	2017	2016
	Rupees in '000					
<b>6.1.7 Expense recognised in profit and loss account</b>						
Current service cost	6,916	7,526	14,162	13,074	21,078	20,600
Net interest cost	1,683	1,395	18,400	20,535	20,083	21,930
	<u>8,599</u>	<u>8,921</u>	<u>32,562</u>	<u>33,609</u>	<u>41,161</u>	<u>42,530</u>
<b>6.1.8 Re-measurement recognised in other comprehensive income</b>						
Actuarial loss on obligation	33,821	17,398	24,688	16,639	58,509	34,037
Re-measurement of fair value of plan assets	(9,176)	(1,409)	-	-	(9,176)	(1,409)
	<u>24,645</u>	<u>15,989</u>	<u>24,688</u>	<u>16,639</u>	<u>49,333</u>	<u>32,628</u>
<b>6.1.9 Net recognised liability</b>						
Net liability at beginning of the year	33,705	24,956	246,481	219,854	280,186	244,810
Charge for the year	8,599	8,921	32,562	33,609	41,161	42,530
Benefits paid during the year	-	-	(10,599)	(14,825)	(10,599)	(14,825)
Contributions made during the year	(31,509)	(24,957)	-	-	(31,509)	(24,957)
Transferred to managerial cadre	7,508	8,796	(7,508)	(8,796)	-	-
Re-measurement recognised in other comprehensive income	24,645	15,989	24,688	16,639	49,333	32,628
Net liability as at June 30,	<u>42,948</u>	<u>33,705</u>	<u>285,624</u>	<u>246,481</u>	<u>328,572</u>	<u>280,186</u>
Payable within next twelve months	(23,491)	(13,034)	(36,150)	(25,166)	(59,641)	(38,200)
	<u>19,457</u>	<u>20,671</u>	<u>249,474</u>	<u>221,315</u>	<u>268,931</u>	<u>241,986</u>
<b>6.1.10 Plant assets comprise of:</b>						
Mutual funds - units	52,578	76,720	-	-	52,578	76,720
Equity instruments	37,897	40,975	-	-	37,897	40,975
Cash at bank	42,950	7,016	-	-	42,950	7,016
	<u>133,425</u>	<u>124,711</u>	<u>-</u>	<u>-</u>	<u>133,425</u>	<u>124,711</u>

## 6.1.11 Actuarial assumptions used

	Funded		Unfunded	
	2017	2016	2017	2016
	% per annum			
Discount rate	8.00	7.25	8.00	7.25
Expected rate of increase in future salaries	8.00	7.25	8.00	7.25
Demographic assumptions				
- Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

# Notes to the Financial Statements

For the year ended June 30, 2017

## 6.1.12 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is :

	Impact on define benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
	--- Rupees in '000 ---		
Discount rate	1.00%	<u>435,836</u>	<u>491,491</u>
Increase in future salaries	1.00%	<u>493,201</u>	<u>433,857</u>
Withdrawal rates	10.00%	<u>461,697</u>	<u>462,304</u>

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the project unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

**6.1.13** Based on actuary's advice, the expected charge for the year ending June 30, 2018 amounts to Rs.10.666 million and Rs.37.480 million for funded and unfunded gratuity plans respectively.

**6.1.14** The weighted average duration of funded gratuity and un-funded gratuity is 4.31 years and 7.08 years respectively.

## 6.1.15 Historical information

	2017	2016	2015	2014	2013
	Rupees in '000				
<b>Funded</b>					
Present value of defined benefit obligation	176,373	158,416	141,896	117,914	92,849
Fair value of plan assets	133,425	124,711	116,940	99,821	75,232
	42,948	33,705	24,956	18,093	17,617
Loss on obligation	33,821	17,398	7,004	5,910	4,962
Gain / (loss) on plan assets	9,176	1,409	902	8,675	(1,067)
<b>Unfunded</b>					
Present value of defined benefit obligation	285,624	246,481	219,854	191,417	167,191
Loss on obligation	24,688	16,639	19,170	13,645	4,684



# Notes to the Financial Statements

For the year ended June 30, 2017

## 6.1.16 Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
<b>At June 30, 2017</b>					
Funded	61,831	10,905	57,303	145,101	275,140
Unfunded	35,226	27,142	69,887	454,630	586,885

## 6.2 Employees compensated absences

Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
6.2.1	49,206	44,674
	(9,720)	(9,373)
	<b>39,486</b>	<b>35,301</b>

### 6.2.1 Movement in the account during the year is as follows:

Balance as at July 1,	44,674	40,350
Provision for the year	9,121	11,120
	<b>53,795</b>	<b>51,470</b>
Encashed during the year	(4,589)	(6,796)
Balance as at June 30,	<b>49,206</b>	<b>44,674</b>

## 7. DEFERRED TAXATION - Net

The deferred tax liability comprises of temporary differences arising due to:

Accelerated tax depreciation	511,057	394,959
Provision for doubtful debts	(8,113)	(6,112)
Provision for doubtful custom duty rebates recoverable	(26,912)	(26,912)
Provision for staff retirement gratuity	(98,571)	(85,457)
Interest payable on custom duties	(8,980)	(8,980)
Provisions for tyre replacement allowance and incentive to dealers	(36,159)	(33,877)
Others	(1,340)	(1,340)
	<b>330,982</b>	<b>232,281</b>

# Notes to the Financial Statements

For the year ended June 30, 2017

## 8. LONG TERM DEPOSITS FROM DEALERS

These deposits are interest free and are not refundable during the subsistence of dealership.

## 9. SHORT TERM FINANCES - Secured

	Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
Conventional			
- Term finance loans		65,020	70,024
- FE-25 loans	9.2	92,716	-
		157,736	70,024
Shariah compliant		-	73,865
		157,736	143,889

**9.1** Short term finance facilities available from commercial banks aggregate to Rs.1,000 million (2016: Rs.667 million) and are secured against pari passu charge over fixed assets, stocks and trade debts of the Company. The rates of mark-up of these facilities, during the year, ranged from 6.18% to 7.50% (2016: 6.62% to 9.26%) per annum These facilities are expiring on various dates upto December 31, 2017.

**9.2** FE-25 loan against facilities aggregating Rs.2,270 million (2016: Rs.2,587 million), available from various banks as sub-limits of funded and unfunded facilities. The rate of mark-up of these finance facilities during the year ranged from 2.00% to 2.50% per annum.

## 10. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured

	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
Conventional	1,082,880	621,020

**10.1** The Company has arranged running finance facilities from various banks on mark-up basis to the extent of Rs.4,225 million (2016: Rs.3,875 million). The rates of mark-up on these arrangements, during the year, ranged from 6.37% to 8.01% (2016: 6.85% to 8.75%) per annum. These finance facilities are secured against pari passu charge over fixed assets, stocks and trade debts of the Company and are expiring on various dates by February 28, 2018.

The maximum available aggregate limit for utilisation of facilities for short term finances and running finances is Rs.5,225 million (2016: Rs.4,542 million).

**10.2** The facilities for opening letters of credit and guarantees as at June 30, 2017 aggregated to Rs.3,500 million (2016: Rs.3,667 million) of which the amount remained unutilised at the year-end was Rs.1,964 million (2016: Rs.2,275 million).

**10.3** The year-end balance includes Rs.80.355 million (2016: Rs.3.803 million) payable to Askari Bank Limited - an Associated Company.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 11. TRADE AND OTHER PAYABLES

	Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
Trade creditors	11.1	109,859	24,614
Bills payable	11.2	203,700	375,857
Accrued expenses	11.3	512,620	405,455
Advances from customers	11.4	146,066	205,576
Staff provident fund payable		766	1,881
Staff retirement gratuity	6.1.4	59,641	38,200
Short term deposits		968	2,908
Workers' (profit) participation fund	11.5	63,599	80,276
Workers' welfare fund		24,168	53,224
Sales tax payable		-	3,084
Payable to Waqf-e-Kuli Khan		56,196	34,125
Retention money		550	368
Dividend payable		17,080	17,363
Interest payable on custom duties	11.6 & 11.7	29,933	29,933
Stamp duty payable		22,140	-
Others	11.8	34,440	20,172
		<b>1,281,726</b>	<b>1,293,036</b>

**11.1** Includes creditors of Rs.8.513 million (2016: Rs.1.322 million) pertaining to Associated Companies.

**11.2** Includes bills payable of Rs.2.235 million (2016: Rs.11.262 million) pertaining to related parties.

### 11.3 Accrued expenses include the following amounts due to related parties:

	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
Continental Tire The Americas, LLC	42,946	51,910
Key management personnel	22,753	23,518
	<b>65,699</b>	<b>75,428</b>

**11.4** These represent advances from customers against sale of tyres and tubes and carry no mark-up. These include following advances due to related parties:

	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
Gandhara Nissan Limited	221	204
Gandhara Industries Limited	15	-
Sui Northern Gas Pipelines Limited	336	-
Gandhara DF (Private) Limited	-	9
	<b>572</b>	<b>213</b>

# Notes to the Financial Statements

For the year ended June 30, 2017

11.5 Workers' (profit) participation fund	Note	2017	2016
		--- Rupees in '000 ---	
Balance as at July 1,		80,276	58,934
Interest on funds utilised in the Company's business	33	60	617
		80,336	59,551
Payments made during the year		(80,336)	(59,551)
		-	-
Allocation for the year	32	63,599	80,276
Balance as at June 30,		63,599	80,276

**11.6** The Company had deferred the recognition of import levies relating to the plant and machinery imported under a finance lease arrangement with Islamic Development Bank (IDB), Jeddah as these were not payable by the Company until the ownership of the subject plant and machinery was transferred in the Company's name. The Federal Board of Revenue (FBR) had imposed a condition that interest at the prevailing bank rate shall be payable on the import levies deferred till the date such levies are paid.

During the year ended June 30, 2001 the Appraisement Collectorate, Custom House, Karachi (ACCH) issued a final notice to the Company to deposit all outstanding dues amounting to Rs.208.323 million being interest on custom duties including surcharge and delayed surcharge calculated upto March 31, 2001. In reply the Company had filed an application with the High Court of Sindh to vacate the said charge of interest.

The High Court of Sindh, during year ended June 30, 2005, dismissed the petition filed by the Company. ACCH issued another final notice to the Company to deposit all outstanding dues amounting to Rs.294.907 million being interest on custom duties including surcharge and delayed surcharge calculated upto May 15, 2005. The Company filed an appeal with the Supreme Court of Pakistan against the decision of the High Court of Sindh.

However, during the year ended June 30, 2006, the Company also filed an application for alternate dispute resolution with the Supreme Court of Pakistan.

The Alternate Dispute Resolution Committee (ADRC), during year ended June 30, 2007, recommended that the Company shall be liable to interest on late payment of principal amounting to Rs.111.547 million and surcharge on late payment of principal amounting to Rs.2.983 million, however, the Company shall not be liable to surcharge on late payment of interest. The FBR accepted the recommendations of the ADRC except for the waiver of surcharge on the late payment of interest.

Further, during the year ended June 30, 2008, the FBR accepted all the recommendations made by the ADRC and instructed the Company to pay Rs.114.531 million on account of interest on custom duties including surcharge thereon. The Company's pending refund claims amounting to Rs.20.195 million had also been processed and adjusted by the ACCH. During that year, the Company also made a partial payment amounting to Rs.40 million in respect of FBR's demand based on ADRC recommendations. During the year ended June 30, 2009, the Company made a further partial payment amounting to Rs.20 million in respect of FBR's demand.

The FBR, during the year ended June 30, 2011, adjusted an amount of Rs.4.403 million against outstanding interest and customs duties which resulted in the reduction of liability towards FBR from Rs.34.336 million to Rs.29.933 million.

# Notes to the Financial Statements

For the year ended June 30, 2017

**11.7** During the year ended June 30, 2001 an amount of Rs.5.00 million was paid by the Company under protest on account of interest on import levies. Further, refunds of custom duty rebates amounting Rs.4.923 million and Rs.4.070 million were adjusted by the customs authorities during the year ended June 30, 2000 and 2001 respectively against their demand of interest on import levies referred to in note 11.6 above. The management is of the view that the above adjustments aggregating Rs.13.993 million will be made against the amount of interest payable on custom duties, as more fully explained in note 11.6 above, and is accordingly shown receivable as 'Current account balances with statutory authorities ' (note 24).

**11.8** Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.10.632 million (2016: Rs.5.143 million).

## 12. ACCRUED MARK-UP

Mark-up accrued on:

- long term finances
- short term finances
- running finances

Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
	43,952	18,854
	1,403	1,448
12.1	12,105	12,627
	<u>57,460</u>	<u>32,929</u>

**12.1** Includes mark-up amounting Rs.13.295 million (2016: Rs.1.029 million) due to Askari Bank Limited - an Associated Company.

## 13. PROVISIONS

Incentive to dealers  
Tyre replacement allowance

Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
13.1	83,428	78,682
13.2	37,100	30,600
	<u>120,528</u>	<u>109,282</u>

### 13.1 Provision for incentive to dealers

Balance as at July 1,  
Charge for the year

27	78,682	46,194
	<u>132,056</u>	<u>105,771</u>
	210,738	151,965
	<u>(127,310)</u>	<u>(73,283)</u>
	<u>83,428</u>	<u>78,682</u>

Incentives paid during the year  
Balance as at June 30,

**13.1.1** This represents provision for incentive to dealers, related to the year's turnover, which is expected to be borne by the Company in the coming years.

### 13.2 Provision for tyre replacement allowance

Balance as at July 1,  
Charge for the year

Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
28.1	30,600	29,600
	<u>49,356</u>	<u>39,993</u>
	<u>79,956</u>	<u>69,593</u>
	(42,856)	(38,993)
	<u>37,100</u>	<u>30,600</u>

Claims paid / adjusted  
Balance as at June 30,

**13.2.1** This represents provision on account of tyre replacement claims expected to be received by the Company in the coming years.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

**14.1.1** The Central Excise and Taxation Department had issued a demand notice for payment of sales tax of Rs.16.775 million. This represents sales tax levied on agricultural tyres supplied to approved assembly plants which were otherwise exempt under SRO.553(I)/94 dated June 9, 1994 as amended vide SRO.555(I)/94 dated June 9, 1994 during the period from July 1994 to September 1995. The Company filed an appeal with the Collector, Central Excise and Land Customs (Appeals) on November 25, 1997 which was rejected. The Company filed an appeal against that order before the Customs, Central Excise and Sales Tax Appellate Tribunal which had stayed the recovery of sales tax from the Company, subject to the condition that the Company furnishes an indemnity bond to the satisfaction of the Collector of Sales Tax. Accordingly, the Company furnished the indemnity bond dated March 18, 1998 of Rs.16.775 million.

The Company also filed an application No. B&CA/2.020/01/97 dated November 25, 1997 with the Collector of Sales Tax (East), Karachi for grant of exemption from sales tax in terms of section 65 of the Sales Tax Act, 1990. However, the Federal Board of Revenue (FBR) on finalisation of the report by the Collector of Sales Tax and Central Excise (East), rejected the Company's application through letter No. C No. 1/52-STT/97 dated July 19, 2000. The Company filed a constitutional petition No.1939/2000 against the decision of the FBR in the High Court of Sindh under article 199 of the Constitution of Pakistan, 1973 which was dismissed.

The Collector of Sales Tax and Central Excise (East), Karachi had adjusted refund claims filed by the Company aggregating Rs.12.823 million against the aforementioned demand notice upto the year ended June 30, 2002. The Company, during the year ended June 30, 2004, deposited the remaining balance of Rs.3.952 million as 'payment under protest'.

However, during the year ended June 30, 2006, the Customs, Excise and Sales Tax Appellate Tribunal allowed the Company's appeal and set aside the order of the Collector of Customs, Sales Tax and Central Excise (Appeals). The Collector of Customs, Sales Tax and Central Excise (Appeals), during year ended June 30, 2007, filed a request for rectification of error before the Custom, Excise and Sales Tax Appellate Tribunal.

During the year ended June 30, 2016, all verification proceedings were completed; however, CIR rejected the Company's application for refund being time barred as application was filed after one year from the date of ATIR order. The Company is in process of applying to FBR for condonation of time limit under section 74 and are hopeful that refund of Rs.16.775 million would be realised which is included in sales tax refundable (note 25).

**14.1.2** During the year ended June 30, 2010, the Company's records were inspected by an officer of the Board of Revenue, Government of Sindh and as a result thereof, the Inspector of Stamps has (i) claimed an amount of Rs.6.549 million on account of non payment of stamp duty on various documents; (ii) asked to handover the aforementioned documents; and (iii) asked to depute an authorised officer or advocate to appear before the Chief Inspector of Stamps for a hearing on the aforementioned matters, through a notice dated October 21, 2009.

The Company filed an appeal before the Chief Inspector of Stamps, Board of Revenue on April 7, 2010, that since a true and correct interpretation of various provisions of the Stamp Act, 1899 is involved in the matter, the Chief Revenue Authority may make a reference to the Honourable High Court of Sindh, Karachi, for adjudication thereon, and further, as similar cases are pending before the Supreme Court of Pakistan, therefore this matter be considered according to their final decision, when made. Several hearings were fixed in court but adjourned and judgement from Supreme Court in similar applications on similar issues awaits.



# Notes to the Financial Statements

For the year ended June 30, 2017

During the year, the Deputy Chief Inspector of Stamps - I, Board of Revenue, Sindh, Karachi, on the basis of reinspection issued demand for stamp duty aggregating Rs. 22.14 million for the years 2009 to 2017. Subsequent to year end, the Company based on legal advice have fully paid the above demand.

**14.1.3** Certain other claims have been filed against the Company in respect of employees' matters for an aggregate amount which approximate to Rs.6.180 million (2016: Rs.6.510 million). These cases are pending in various labour courts, appellate tribunals and Sindh High Court. The management is confident that the outcome of those cases will be in the Company's favour.

**14.1.4** Additional Commissioner Inland Revenue (ACIR) through its order dated June 29, 2013 has made various additions and adjustment to the Company's taxable income for the tax year 2012. These adjustments / additions are (i) restriction of adjustment of minimum tax against normal income, (ii) allocation of worker's (profit) participation fund between presumptive tax regime and normal tax regime, (iii) expenses added back on account of cash payments, (iv) added back exchange loss on commercial imports and royalty and (v) reversal of some portion of royalty payment and bad debts written-off. The Company filed appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the abovementioned order. CIR(A) in his order confirmed the above mentioned additions made by ACIR except for reversal of some portion of royalty as mentioned in point (v) above. The Company has filed appeal before the Appellate Tribunal Inland Revenue against the order of CIR(A); which is pending for hearing.

**14.1.5** ACIR, during the year ended June 30, 2014, passed various orders under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2008, 2009, 2010 and 2011. The additions have been made to taxable income on account of royalty & technical services and respective federal excise duties on royalty & technical services claimed by the Company in each tax year. The Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)] and these appeals have been decided in favour of the Company. However, the department has filed appeals before the Appellate Tribunal Inland Revenue against the above orders of CIR(A); which are pending for hearing.

**14.1.6** Tax authorities passed orders under sections 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) in respect of monitoring of withholding of taxes for Tax Years 2010, 2012 & 2014 and created demands of Rs.11.889 million, Rs.3.212 million and Rs.20.060 million respectively on the premise that requisite tax was not withheld by the Company at the time of making payments against various expenses. These demands include Rs.1.551 million, Rs.0.984 million and Rs.3.401 million default surcharge under section 205 of the Ordinance.

The Company filed appeals with the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned orders. CIR(A) confirmed the orders passed by the department, however, reduced the demand of tax year 2012 by Rs.0.203 million. The Company has filed appeals before the Appellate Tribunal Inland Revenue against the orders of CIR(A) which has confirmed the order passed by CIR(A). The Company is in process of filing references to the High Court against the order of Appellate Tribunal.

Further, the Company has also deposited Rs.29.224 million against abovementioned demands excluding default surcharge and classify this in other receivables as 'Income tax paid under protest'. Management expects a favourable outcome of the abovementioned legal proceedings.

**14.1.7** Tax authorities passed order under sections 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) in respect of monitoring of withholding of taxes for Tax Year 2015 and created demand of Rs.29.675 million (including default surcharge and penalty) on the premise that requisite tax was not withheld by the Company at the time of making payments against incentive to dealers and advertising and publicity.



# Notes to the Financial Statements

For the year ended June 30, 2017

The Company filed appeals with the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned order. Hearing of the appeal has been conducted however decision of appeal is pending. Further, the Company has also deposited Rs.20.663 million against abovementioned demand excluding default surcharge & penalty and classify this in other receivables as 'Income tax paid under protest'.

**14.1.8** Section 5A of the Income Tax Ordinance 2001, imposes a tax @ 10% on reserves of a company that exceeds amount of its share capital in case company derives profit but doesn't distribute cash dividend. The Company have filed suit for declaration and permanent injunction before the Honourable Sindh High Court (SHC) challenging the vires of the above said section. The SHC passed an interim order restraining the defendant from taking any coercive action against the Company. The case is pending adjudication.

Based on legal advisor's opinion, management expects a favourable outcome of the abovementioned case; therefore no provision for tax on undistributed reserves has been made in these financial statements.

**14.1.9** Deputy Commissioner Inland Revenue (DCIR) through its order dated June 14, 2017 has made various additions and adjustment to the Company's taxable income for the tax year 2016 and created a demand of Rs.41.323 million. These adjustments / additions are (i) disallowance of royalty expense by restricting the claim upto 1% on net sales, (ii) disallowance of WWF paid to Sindh Revenue Board under the Sindh WWF Act, 2014, (iii) addition on account of difference in fair market value of certain vehicle disposed off and (iv) added back certain expenses on account of non deduction of withholding tax. The Company has filed appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the abovementioned order which is pending for hearing.

Further, the Company has also deposited Rs.41.323 million against abovementioned demand and classified this in other receivables as 'Income tax paid under protest'. Management expects a favourable outcome of the abovementioned legal proceedings.

Note	2017	2016
	--- Rupees in '000 ---	
<b>14.1.10</b> Guarantees issued by commercial banks on behalf of the Company	<b>343,470</b>	314,575
<b>14.1.11</b> Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	<b>91,843</b>	97,351
<b>14.2 Commitments</b>		
<b>14.2.1</b> Commitments in respect of :		
- letters of credit for capital expenditure	<b>312,550</b>	745,745
- letters of credit for purchase of raw materials and stores & spares	<b>880,158</b>	331,929
- purchase orders issued to local suppliers for capital expenditure	<b>141,600</b>	101,048
- service contracts against implementation of SAP	<b>-</b>	34,693
- sales contracts entered into by the Company	<b>76,043</b>	108,084
- tentative schedules for supply of tyres	<b>2,620,164</b>	1,722,167
- indemnity bond	<b>14.1.1 16,775</b>	16,775

# Notes to the Financial Statements

For the year ended June 30, 2017

**14.2.2** The Company has entered into Ijarah arrangements for plant & machinery and vehicles with a commercial bank. Aggregate commitments for these Ijarah arrangements as at June 30, are as follows:

Note	2017 --- Rupees in '000 ---	2016
Not later than 1 year	43,401	65,469
Over 1 year and no later than 5 years	15,024	53,437
	<b>58,425</b>	<b>118,906</b>

## 15. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	<b>3,590,980</b>	2,292,064
Capital work-in-progress	15.5	<b>78,171</b>	876,635
		<b>3,669,151</b>	<b>3,168,699</b>

### 15.1 Operating fixed assets

	Leasehold land	Buildings on leasehold land	Electrical installations	Plant & machinery	Boilers & accessories	Laboratory equipment	Moulds	Vehicles	Furniture & fixtures	Factory & office equipment	Computer equipment	Total
Rupees in '000												
<b>At July 1, 2015</b>												
Cost	555	381,718	119,334	3,022,727	60,379	31,960	261,967	112,140	32,346	145,120	28,529	4,196,775
Accumulated depreciation	-	201,396	82,249	1,597,823	48,570	30,934	153,955	75,779	14,718	79,150	24,253	2,308,827
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	<b>555</b>	<b>180,322</b>	<b>37,085</b>	<b>1,424,213</b>	<b>11,809</b>	<b>1,026</b>	<b>107,649</b>	<b>36,361</b>	<b>17,628</b>	<b>65,970</b>	<b>4,276</b>	<b>1,886,894</b>
<b>Year ended June 30, 2016</b>												
Opening net book value	555	180,322	37,085	1,424,213	11,809	1,026	107,649	36,361	17,628	65,970	4,276	1,886,894
Additions	-	11,937	4,232	298,236	140,698	8,631	45,961	60,941	3,900	11,399	3,419	589,354
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	2,874	22,459	-	1,123	233	26,689
- accumulated depreciation	-	-	-	-	-	-	(258)	(19,753)	-	(1,123)	(206)	(21,340)
Depreciation charge	-	16,311	7,167	97,601	2,574	783	19,299	16,555	2,717	13,763	2,065	178,835
Closing net book value	<b>555</b>	<b>175,948</b>	<b>34,150</b>	<b>1,624,848</b>	<b>149,933</b>	<b>8,874</b>	<b>131,695</b>	<b>78,041</b>	<b>18,811</b>	<b>63,606</b>	<b>5,603</b>	<b>2,292,064</b>
<b>At June 30, 2016</b>												
Cost	555	393,655	123,566	3,320,963	201,077	40,591	305,054	150,622	36,246	155,396	31,715	4,759,440
Accumulated depreciation	-	217,707	89,416	1,695,424	51,144	31,717	172,996	72,581	17,435	91,790	26,112	2,466,322
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	<b>555</b>	<b>175,948</b>	<b>34,150</b>	<b>1,624,848</b>	<b>149,933</b>	<b>8,874</b>	<b>131,695</b>	<b>78,041</b>	<b>18,811</b>	<b>63,606</b>	<b>5,603</b>	<b>2,292,064</b>
<b>Year ended June 30, 2017</b>												
Opening net book value	555	175,948	34,150	1,624,848	149,933	8,874	131,695	78,041	18,811	63,606	5,603	2,292,064
Additions	38,897	402,174	48,497	831,576	68,872	55,315	41,645	18,366	5,563	13,740	36,283	1,560,928
Written-off	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	87	-	4,479	2	27	21	-	4,169	2,224	104	11,113
- accumulated depreciation	-	(60)	-	(4,170)	(2)	(27)	(21)	-	(4,132)	(2,223)	(93)	(10,728)
Disposals	-	27	-	309	-	-	-	-	37	1	11	385
- cost	-	-	-	13,311	-	-	5,549	5,261	-	-	65	24,186
- accumulated depreciation	-	-	-	(13,284)	-	-	(180)	(2,612)	-	-	(64)	(16,140)
Depreciation charge	-	16,629	7,136	138,708	18,538	1,801	21,817	23,831	2,628	16,006	6,487	253,581
Closing net book value	<b>39,452</b>	<b>561,466</b>	<b>75,511</b>	<b>2,317,380</b>	<b>200,267</b>	<b>62,388</b>	<b>146,154</b>	<b>69,927</b>	<b>21,709</b>	<b>61,339</b>	<b>35,387</b>	<b>3,590,980</b>
<b>At June 30, 2017</b>												
Cost	39,452	795,742	172,063	4,134,749	269,947	95,879	341,129	163,727	37,640	166,912	67,829	6,285,069
Accumulated depreciation	-	234,276	96,552	1,816,678	69,680	33,491	194,612	93,800	15,931	105,573	32,442	2,693,035
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	<b>39,452</b>	<b>561,466</b>	<b>75,511</b>	<b>2,317,380</b>	<b>200,267</b>	<b>62,388</b>	<b>146,154</b>	<b>69,927</b>	<b>21,709</b>	<b>61,339</b>	<b>35,387</b>	<b>3,590,980</b>
<b>Depreciation rate (% per annum)</b>		5	10	5	10	15	10	20	10	15	25	

# Notes to the Financial Statements

For the year ended June 30, 2017

## 15.2 Depreciation charge has been allocated as follows:

	Note	2017 --- Rupees in '000 ---	2016
Cost of goods manufactured	28.1	236,062	166,957
Administrative expenses	29	9,816	6,521
Distribution cost	30	7,703	5,357
		<b>253,581</b>	<b>178,835</b>

**15.3** Borrowing cost at the rates ranged from 7.27% to 8.25% (2016: 7.60% to 8.01%) per annum amounting Rs.22.895 million (2016: Rs.6.829 million) has been included in the cost of plant and machinery.

## 15.4 The details of operating fixed assets disposed-off during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Sold to
----- Rupees in '000 -----						

**Assets having net book value exceeding Rs.50,000 each**

Moulds

1,440	144	1,296	2,153	Negotiation	Pak Suzuki Motor Company Limited
1,027	9	1,018	2,151	Negotiation	Pak Suzuki Motor Company Limited
1,027	9	1,018	2,151	Negotiation	Pak Suzuki Motor Company Limited
1,027	9	1,018	2,151	Negotiation	Pak Suzuki Motor Company Limited
1,027	9	1,018	2,151	Negotiation	Pak Suzuki Motor Company Limited
5,548	180	5,368	10,757		

Vehicles

Honda City	1,714	1,399	315	1,000	Company policy	Mr. Nasser Kamal (Ex-key management person)
Honda City	1,774	621	1,153	1,345	Company policy	Syed Najam Ahmed (Employee)
Honda City	1,774	592	1,182	1,316	Company policy	Mr. Shahid Ahmed (Employee)
	5,262	2,612	2,650	3,661		
	10,810	2,792	8,018	14,418		

**Various assets having net book value upto Rs.50,000 each**

	13,376	13,348	28	1,785
<b>June 30, 2017</b>	<b>24,186</b>	<b>16,140</b>	<b>8,046</b>	<b>16,203</b>
June 30, 2016	26,689	21,340	5,349	14,933

# Notes to the Financial Statements

For the year ended June 30, 2017

## 15.5 Capital work-in-progress

		2017	2016
	Note	--- Rupees in '000 ---	
Buildings		14,400	359,714
Electrical installations		716	19,818
Plant and machinery		39,319	467,675
Boiler and accessories		11,170	-
Moulds	15.5.1	11,138	-
Vehicles		-	6,653
Factory and office equipment		2,969	1,534
Furniture and fixtures		549	-
Computers and equipment		185	23,516
		<b>80,446</b>	<b>878,910</b>
Provision for a doubtful advance		<b>(2,275)</b>	<b>(2,275)</b>
		<b>78,171</b>	<b>876,635</b>

**15.5.1** Include advance of Rs.7.004 million made to Continental Reifen Deutschland GmbH - a related party, for purchase of moulds.

**15.5.2** Capital work in progress includes Rs.50.760 million (2016: Rs.67.948 million) representing advance payments made to suppliers for procurement of operating fixed assets.

## 16. INTANGIBLE ASSETS

	Note	2017	2016
		--- Rupees in '000 ---	
Net book value as at June 30,	16.1	62,480	5,439
Software licences (SAP) and implement cost		-	30,776
		<b>62,480</b>	<b>36,215</b>

### Software licenses & implementation cost

## 16.1 Reconciliation of carrying amount at beginning and end of the year

		2017	2016
		--- Rupees in '000 ---	
<b>Cost</b>			
At July 1,		13,190	8,015
Additions during the year		59,660	5,175
Written off		(3,565)	-
At June 30,		<b>69,285</b>	<b>13,190</b>
<b>Accumulated amortisation</b>			
At July 1,		7,751	5,967
Amortisation charge	16.2	2,619	1,784
Written off		(3,565)	-
At June 30,		<b>6,805</b>	<b>7,751</b>
<b>Net book value</b>		<b>62,480</b>	<b>5,439</b>
<b>Amortisation rate</b> (% per annum)		<b>33.33</b>	<b>33.33</b>

## 16.2 Amortisation charge has been allocated as follows:

Cost of goods manufactured	28.1	1,098	892
Administrative expenses	29	1,081	535
Distribution cost	30	440	357
		<b>2,619</b>	<b>1,784</b>

# Notes to the Financial Statements

For the year ended June 30, 2017

	2017	2016
	--- Rupees in '000 ---	
<b>17. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted</b>		
<b>Ghandhara Industries Limited</b>		
- Equity accounted investment		
Balance at beginning of the year	6,019	3,321
Share of comprehensive income for the year	5,102	3,151
Dividend received	(1,007)	(453)
Balance at end of the year	10,114	6,019

**17.1** Investment in Ghandhara Industries Limited (GIL) represents 100,700 (2016: 100,700) fully paid ordinary shares of Rs.10 each representing 0.473% (2016: 0.473%) of its issued, subscribed and paid-up capital as at June 30, 2017. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.

**17.2** The summary of financial information / reconciliation of GIL as of March 31, 2017 is as follows:

	As at March 31, 2017	As at March 31, 2016
	--- Rupees in '000 ---	
<b>Summarised Balance Sheet</b>		
Non current assets	2,054,638	1,818,835
Current assets	6,224,700	2,337,319
	8,279,338	4,156,154
Non current liabilities	128,875	92,021
Current liabilities	4,627,242	1,406,609
	4,756,117	1,498,630
<b>Net asset</b>	3,523,221	2,657,524
<b>Reconciliation to carrying amount</b>		
Opening net assets	2,657,524	2,087,144
Revaluation during the year - net	209,529	-
Profit for the year	869,566	660,865
Other comprehensive loss	(354)	(318)
Other adjustment	-	5,703
Dividend paid	(213,044)	(95,870)
Closing net assets	3,523,221	2,657,524
Company's share (Percentage)	0.473%	0.473%
Company's share	16,665	12,570
Pre-acquisition profits	(6,551)	(6,551)
Carrying amount of investment	10,114	6,019

	Nine months period ended March 31, 2017	March 31, 2016
<b>Summarised Profit and Loss Account</b>		
Revenue	6,235,963	3,503,692
Profit before tax	902,247	735,478
Profit after tax	627,713	504,007

# Notes to the Financial Statements

For the year ended June 30, 2017

**17.3** The above figures are based on unaudited condensed interim financial information of GIL as at March 31, 2017. The latest financial statements of GIL as at June 30, 2017 are not presently available. Accordingly, results of operations of first three quarters of financial year 2017 and last quarter of financial year 2016 have been considered.

**17.4** The market value of investment as at June 30, 2017 was Rs.65.466 million (2016: Rs.40.873 million).

## 18. LONG TERM LOANS AND ADVANCES

**Considered good - secured**

Loans and advances due from:

- executives
- other employees

18.1 & 18.2  
18.1

	2017	2016
	--- Rupees in '000 ---	
	3,455	4,213
	9,208	12,398
	12,663	16,611
Less: amounts recoverable within one year and grouped under current assets		
- executives	1,801	1,853
- other employees	3,537	3,870
	5,338	5,723
	7,325	10,888

**18.1** These represent interest free loans and advances provided to executives and other employees as per the terms of employment. Loans are provided for purchase of motor vehicles and advances for furnishing of house. Loans are repayable and advances are amortizable over a period of two to five years by way of monthly instalments. These are secured against respective motor vehicles and employees' vested retirement benefits.

## 18.2 Reconciliation of carrying amount of loans and advances to executives

Balance as at July 1,  
Disbursements / transfers

Repayments  
Balance as at June 30,

	2017	2016
	--- Rupees in '000 ---	
	4,213	3,552
	2,240	4,175
	6,453	7,727
	(2,998)	(3,514)
	3,455	4,213

**18.3** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2017 from executives against loans and advances aggregated to Rs.5.549 million (2016: Rs.5.572 million).

**18.4** Advances to executives include an amount of Rs.0.278 million (2016: Rs.0.444 million) provided to the Chief Executive of the Company as furniture advance in accordance with his terms of employment.

**18.5** The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 19. LONG TERM DEPOSITS

**Considered good** - unsecured and interest-free

Security deposits for:

- utilities
- ijarah
- others

2017	2016
--- Rupees in '000 ---	
6,673	6,231
21,665	25,895
511	541
<b>28,849</b>	<b>32,667</b>

## 20. STORES AND SPARES

- In hand
- In transit

Note	2017	2016
	--- Rupees in '000 ---	
	489,293	494,070
	-	2,482
	<b>489,293</b>	<b>496,552</b>

## 21. STOCKS

Raw materials

- in hand
- in transit

Work-in-process

Finished goods including in-transit valuing  
Rs.Nil (2016: Rs.0.126 million)

	1,492,732	837,013
	-	367,811
	1,492,732	1,204,824
	117,897	162,244
21.1	464,099	203,526
	2,074,728	1,570,594

**21.1** Finished goods include items costing Rs.34.352 million (2016: Rs.2.873 million) which are stated at their net realisable values aggregating Rs.24.575 million (2016: Rs.2.328 million). The aggregate amount charged to profit and loss account in respect of stocks written down to their net realisable value is Rs.9.777 million (2016: Rs.0.545 million).

**21.2** All fixed assets (excluding land and building) and current assets of the Company upto a maximum amount of Rs.10,640 million (2016: Rs.6,723 million) are under hypothecation / pledge charge as security for long term, short term and running finance facilities (notes 5, 9 and 10).

## 22. TRADE DEBTS - Unsecured

**Consider good**

Associated Companies

- Gandhara Industries Limited
- Gandhara DF (Private) Limited
- Gammon Pakistan Limited

Others

**Considered doubtful** - others

Note	2017	2016
	--- Rupees in '000 ---	
	29,968	-
	1,340	-
	52	-
	847,973	1,024,670
	27,044	19,716
	<b>906,377</b>	<b>1,044,386</b>
22.1	<b>(27,044)</b>	<b>(19,716)</b>
	<b>879,333</b>	<b>1,024,670</b>

Provision for doubtful debts



# Notes to the Financial Statements

For the year ended June 30, 2017

## 22.1 Provision for doubtful debts

	2017	2016
	--- Rupees in '000 ---	
Balance as at July 1,	19,716	31,551
Write-off during the year	-	(6,293)
Provision made during the year	9,073	-
Amount reversed during the year	(1,745)	(5,542)
Balance as at June 30,	27,044	19,716

## 22.2 The ageing analysis of trade debts at June 30, is as follows:

	Associated Companies		Others	
	2017	2016	2017	2016
	--- Rupees in '000 ---		--- Rupees in '000 ---	
0 to 30 days	16,218	-	612,840	671,934
31 to 180 days	15,142	-	226,797	350,273
181 to 360 days	-	-	16,671	4,926
Over one year	-	-	18,709	17,253
	31,360	-	875,017	1,044,386
Provision for doubtful debts	-	-	(27,044)	(19,716)
	31,360	-	847,973	1,024,670

## 23. LOANS AND ADVANCES - Considered good and interest free

	Note	2017	2016
		--- Rupees in '000 ---	
<b>Secured</b>			
Current portion of long term loans and advances	18	5,338	5,723
<b>Unsecured</b>			
Loans and advances due from:			
- executives		3,016	1,950
- other employees		40,169	31,035
	23.1	43,185	32,985
Advances due from:			
- executives		1,044	209
- other employees		202	17
- suppliers, contractors and others		260,478	62,540
		261,724	62,766
		310,247	101,474

**23.1** These represent interest free festival loans, general loans, special loans, salary advance and Eid advance provided to executives and other employees in accordance with Company's policy and have maturities upto twelve months.

**23.2** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2017 from executives against short term loans and advances aggregated to Rs.3.203 million (2016: Rs.2.303 million).

# Notes to the Financial Statements

For the year ended June 30, 2017

## 24. DEPOSITS AND PREPAYMENTS

Considered good and unsecured

Note	2017	2016
	--- Rupees in '000 ---	
	21,465	8,559
24.1	19,586	31,805
	11,273	11,773
11.7	13,993	13,993
	66,317	66,130

**24.1** These represent interest free call deposit receipts issued from a commercial bank in favour of respective Commandants of various Spares Depots of Pakistan Army against supply of tyres.

## 25. OTHER RECEIVABLES - Unsecured

Export benefit receivable (duty drawback)  
Provision for doubtful export benefit receivable

Note	2017	2016
	--- Rupees in '000 ---	
	658	658
	(658)	(658)
	-	-
14.1.1	16,775	16,775
	89,705	89,705
	(89,705)	(89,705)
	-	-
	134,795	-
	13,027	4,420
	91,210	29,224
25.1	10,127	20,019
	(1,537)	(1,537)
	8,590	18,482
	264,397	68,901

**25.1** Includes Rs.Nil (2016: Rs.9.174 million) receivable from Continental Reifen Deutschland GmbH - a related party on account of product liability insurance premium.

## 26. CASH AND BANK BALANCES

At banks on:

- current accounts  
- deposit account

Note	2017	2016
	--- Rupees in '000 ---	
26.1	41,835	101,922
26.2	5,019	7,469
	46,854	109,391
	52,718	7,460
	99,572	116,851

Cash and cheques in-hand

**26.1** Includes Rs.0.779 million (2016: Rs.1.111 million) placed under arrangements permissible under shariah.

**26.2** Deposit account is held with Askari Bank Limited - an Associated Company and it carries mark-up at the rate of 3.75% (2016: 3.75%) per annum.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 27. SALES - Net

### Own manufactured goods

Local  
Export

### Trading goods - Local

Less:

- sales tax  
- discounts  
- incentives to dealers

Note	2017	2016
	--- Rupees in '000 ---	
	11,452,094	11,347,099
	-	34,291
	255,241	160,052
	11,707,335	11,541,442
	1,734,247	1,709,903
	195,665	246,723
13.1	132,056	105,771
	2,061,968	2,062,397
	9,645,367	9,479,045

## 28. COST OF SALES

Opening stock of finished goods

Cost of goods manufactured  
Finished goods purchased  
Royalty technical service fee

Closing stock of finished goods

	203,526	411,187
28.1	7,464,761	6,660,152
	182,999	88,217
28.2	202,118	200,999
	7,849,878	6,949,368
21	(464,099)	(203,526)
	7,589,305	7,157,029

### 28.1 Cost of goods manufactured

Opening work-in-process  
Raw materials consumed  
Stores and spares consumed  
Salaries, wages and benefits  
Travelling, conveyance and entertainment  
Vehicles running expenses  
Legal and professional charges  
Power and fuel  
Rent, rates and taxes  
Ijarah rentals  
Insurance  
Repairs and maintenance  
Tyre replacement allowance  
Depreciation  
Amortisation  
Printing and stationery  
Postage and telephone  
Freight and insurance  
Stores and spares written off  
Other manufacturing expenses

	162,244	195,481
28.3	4,343,879	3,876,899
	340,708	287,395
28.4	1,465,051	1,297,176
	9,197	3,911
	22,907	23,787
	7,966	3,373
	714,754	693,455
	17,934	18,920
	57,791	59,387
	18,658	17,407
	39,755	39,444
13.2	49,356	39,993
15.2	236,062	166,957
16.2	1,098	892
	1,853	1,299
	2,780	3,039
	80,411	71,726
	-	12,948
	10,254	8,907
	7,582,658	6,822,396
	(117,897)	(162,244)
	7,464,761	6,660,152

Closing work-in-process

**28.2** The royalty technical service fee include provincial taxes amounting Rs.18.374 million (2016: Rs.18.273 million).

# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
		--- Rupees in '000 ---	
<b>28.3 Raw materials consumed</b>	<b>Note</b>		
Opening stock		1,204,824	849,925
Purchases during the year		4,646,809	4,249,841
		5,851,633	5,099,766
Indirect materials consumed		(15,022)	(18,043)
Closing stock	21	(1,492,732)	(1,204,824)
		(1,507,754)	(1,222,867)
		4,343,879	3,876,899

**28.4** Salaries, wages and benefits include Rs.30.107 million (2016: Rs.31.612 million) and Rs.13.187 million (2016: Rs.11.675 million) in respect of staff retirement benefits gratuity and provident fund respectively.

## 29. ADMINISTRATIVE EXPENSES

		2017	2016
		--- Rupees in '000 ---	
	<b>Note</b>		
Salaries and benefits	29.1	179,425	157,421
Travelling and conveyance		6,268	5,935
Vehicles running expenses		4,142	3,477
Legal and professional charges		7,898	6,771
Auditors' remuneration	29.2	1,960	1,960
Rent, rates and taxes		102	102
Insurance		2,689	2,636
Repairs and maintenance		357	894
Depreciation	15.2	9,816	6,521
Amortisation	16.2	1,081	535
Printing and stationery		903	798
Postage and telephone		899	596
Ijarah rentals		3,330	3,425
Entertainment		770	797
Provision for doubtful debts - net		7,328	-
Computer expenses		9,321	5,529
Directors' fee		9,400	10,700
Other expenses		2,101	2,501
		247,790	210,598

**29.1** Salaries and benefits include Rs.5.189 million (2016: Rs.4.971 million) and Rs.4.540 million (2016: Rs.3.675 million) in respect of staff retirement benefits gratuity and provident fund respectively.

## 29.2 Auditors' remuneration

		2017	2016
		--- Rupees in '000 ---	
Audit fee		1,500	1,500
Audit of provident fund		100	100
Special certifications		110	110
Out-of-pocket expenses		250	250
		1,960	1,960

# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	--- Rupees in '000 ---	
<b>30. DISTRIBUTION COST</b>			
Salaries and benefits	30.1	147,675	146,667
Travelling, conveyance and entertainment		22,754	24,527
Vehicle running expenses		5,362	5,580
Legal and professional charges		35	-
Advertisement and sales promotion		95,988	67,712
Rent, rates and taxes		21,055	18,942
Ijarah rentals		5,992	7,425
Insurance		786	582
Repairs and maintenance		3,631	2,090
Depreciation	15.2	7,703	5,357
Amortisation	16.2	440	357
Printing and stationery		690	807
Postage and telephone		2,919	3,138
Freight and insurance		119,652	102,269
Gas and electricity		1,675	2,433
Others		15,659	11,449
		<b>452,016</b>	<b>399,335</b>

**30.1** Salaries and benefits include Rs.5.864 million (2016: Rs.5.947 million) and Rs.2.574 million (2016: Rs.2.863 million) in respect of staff retirement benefits gratuity and provident fund respectively.

		2017	2016
	Note	--- Rupees in '000 ---	
<b>31. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits - conventional bank		4,410	302
<b>Income from other than financial assets</b>			
Sale of scrap net of sales tax		47,767	49,166
Gain on sale of operating fixed assets	15.4	7,774	9,584
Reversal of provision for doubtful debts	22.1	-	5,542
Others	31.1	1,979	583
		<b>61,930</b>	<b>65,177</b>

**31.1** This represents interest free income from various sources.

<b>32. OTHER EXPENSES</b>			
Workers' (profit) participation fund	11.5	63,599	80,276
Workers' welfare fund			
- current year		24,168	30,505
- prior year		(219)	-
		<b>23,949</b>	<b>30,505</b>
Exchange loss - net	32.1	4,224	11,723
Donations	32.2	23,230	27,005
		<b>115,002</b>	<b>149,509</b>

**32.1** This represents exchange loss / gain - net arising on revaluation of actual currency financial assets and financial liabilities.

# Notes to the Financial Statements

For the year ended June 30, 2017

**32.2** Donation of Rs.22.071 million (2016: Rs.25.807 million) charged in these financial statements is payable to Waqf-e-Kuli Khan, 2nd Floor, Gammon House, 400-2, Chour Chowk, Peshawar Road, Rawalpindi (the Trust). Lt. Gen. (Retd.) Ali Kuli Khan Khattak, Chairman of the Company and Mr. Raza Kuli Khan Khattak, Director of the Company are trustees of the Trust.

## 33. FINANCE COST

Mark-up on:

- long term finances
- short term finances
- running finances

Interest on workers' (profit) participation fund  
Bank charges and guarantee commission

Note	2017	2016
	--- Rupees in '000 ---	
	73,427	43,607
	4,504	25,330
	40,040	61,603
11.5	60	617
	6,033	5,002
	124,064	136,159

## 34. TAXATION

### Current tax

Current tax on profit for the year  
Adjustments in respect of prior years

### Deferred tax

Origination and reversal of temporary differences  
Impact of change in tax rate

179,738	434,964
9,586	(4,033)
189,324	430,931
110,810	29,228
2,691	2,297
113,501	31,525
302,825	462,456

**34.1** The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2017	2016
	--- Rupees in '000 ---	
Profit before taxation	1,184,222	1,494,743
Tax at the applicable rate of 31% (2016: 32%)	367,109	478,318
Tax effect of:		
- expenses not deductible for tax purposes	161,302	126,531
- expenses deductible for tax purposes but not taken to profit and loss account	(264,438)	(149,338)
- income not subject to tax / income subject to final tax regime / tax credits	(110,123)	(62,949)
Super tax	25,888	42,402
Effect of prior years' tax	9,586	(4,033)
Deferred taxation	113,501	31,525
	302,825	462,456

**34.2** Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax year but does not distribute 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

The Board of Directors in their meeting held on September 21, 2017 has distributed sufficient cash dividend for the year ended June 30, 2017 (refer note 45) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements for the year ended June 30, 2017.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 35. EARNINGS PER SHARE

### 35.1 Basic earnings per share

Net profit for the year

Weighted average ordinary shares in issue

Earnings per share

### 35.2 Diluted earnings per share

No figures for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

## 36. CASH GENERATED FROM OPERATIONS

	Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
Profit before taxation		1,184,222	1,494,743
Adjustments for non-cash charges and other items			
Depreciation		253,581	178,835
Amortisation		2,619	1,784
Provision for staff retirement gratuity		41,161	42,530
Charge of employees compensated absences		9,121	11,120
Provision for doubtful debts - charge / (reversal) - net		7,328	(5,542)
Profit on bank deposits		(4,410)	(302)
Gain on sale of operating fixed assets		(7,774)	(9,584)
Unrealised exchange loss - net		-	74
Finance cost		124,064	136,159
Share of profit of an Associated Company		(5,102)	(3,151)
Working capital changes	36.1	(693,679)	(140,582)
		<u>911,131</u>	<u>1,706,084</u>
<b>36.1 Working capital changes (Increase) / decrease in current assets:</b>			
- Stores and spares		7,259	(4,895)
- Stocks		(504,134)	(114,001)
- Trade debts		138,009	(167,859)
- Loans and advances		(208,773)	(39,973)
- Deposits and prepayments		(187)	59,313
- Other receivables		(104,286)	(8,695)
		<u>(672,112)</u>	<u>(276,110)</u>
<b>(Decrease) / increase in current liabilities:</b>			
- Trade and other payables		(32,813)	102,040
- Provisions		11,246	33,488
		<u>(21,567)</u>	<u>135,528</u>
		<u>(693,679)</u>	<u>(140,582)</u>

## 37. CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of following:

	Note	2017 --- Rupees in '000 ---	2016 --- Rupees in '000 ---
Running finances under mark-up arrangements	10	(1,082,880)	(621,020)
Cash and bank balances	26	99,572	116,851
		<u>(983,308)</u>	<u>(504,169)</u>



# Notes to the Financial Statements

For the year ended June 30, 2017

## 38. REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the Chief Executive and other Executives of the Company is as follows:

	Chief Executive		Executives	
	2017	2016	2017	2016
	----- Rupees in '000 -----			
Managerial remuneration and allowances	32,420	24,480	215,918	190,948
Bonus	9,492	4,084	26,073	46,805
Company's contribution to provident fund and gratuity fund	3,503	2,225	20,625	18,328
Medical	259	171	18,827	15,358
Leave passage	-	1,166	7,918	7,185
Others	2,471	2,776	29,616	27,462
	48,145	34,902	318,977	306,086
Number of persons	1	2	90	81

**38.1** The Chief Executive and some of the executives are provided with free use of Company maintained cars.

### 38.2 Remuneration to other directors

Aggregate amount charged in these financial statements for meeting fee to eleven (2016: eleven) non-executive directors was Rs.8.200 million (2016: Rs.9.300 million).

## 39. PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	2017	2016
		--- Number of units ---	
<b>Capacity:</b> Tyre sets		3,407,100	3,230,820
<b>Production:</b> Tyre sets	39.1	2,307,124	2,365,459
<b>Actual production comprises of:</b>			
Passenger car		1,019,933	957,969
Light truck		321,067	409,389
Truck bus		44,149	43,022
Farm front		174,115	193,109
Farm rear		148,381	123,074
Motorcycle		599,479	638,896
		2,307,124	2,365,459

## 40. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit funds, key management personnel and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

# Notes to the Financial Statements

For the year ended June 30, 2017

Name	Nature of relationship	Nature of transaction	2017 --- Rupees in '000 ---	2016
Ghandhara Industries Limited	Associated company	Sales	273,090	184,649
		Services rendered	450	947
		Truck purchased	-	1,975
		Dividend received	1,007	453
Ghandhara Nissan Limited	Associated company	Sales	44,115	80,468
Ghandhara DF (Private) Limited	Associated company	Sales	13,420	26,113
Bibojee Services (Private) Limited	Associated company	Dividend paid	-	116,261
		Rent	1,296	1,050
Sui Northern Gas Pipelines Limited	Associated company	Sales	41,032	28,065
Gammon Pakistan Limited	Associated company	Sales	52	-
		Construction services obtained	30,262	383,852
Continental Global Holding Netherlands, B.V.	Related party	Dividend paid	-	40,910
Pak Kuwait Takaful Company Limited	Associated company	Insurance premium	872	2,453
Continental Reifen Deutschland GmbH	Related party	Purchase of spare parts / bladders	21,152	19,206
Continental Tire The Americas, LLC	Related party	Purchase of machinery and spare parts / bladders	106	163
		Purchase of raw materials	58,275	69,868
		Royalty technical service fee	183,743	182,726
Wackenhut Pakistan (Private) Limited	Associated company	Service charges	2,929	2,977
Askari Bank Limited	Associated company	Mark-up on long term and running finances	44,112	17,303
		Profit earned	249	302
Pakistan Kuwait Investment Company (Private) Limited	Associated company	Dividend paid	-	125,519
Janana De Malucho Textile Mills Limited	Associated company	Rei-imbursement of expenses	90	-
Bank Alfalah Limited	Associated company	Mark-up on running finance	-	5,059
Siemens Pakistan Engineering Company Limited	Associated company	Advance for supply of computers and related equipment	1,881	23,516
		Software licenses purchased	17,803	30,034
		Services rendered	6,564	3,629
		Purchase of stores and spares	24,909	12,447

# Notes to the Financial Statements

For the year ended June 30, 2017

Name	Nature of relationship	Nature of transaction	2017 --- Rupees in '000 ---	2016
Waqf-e-Kuli Khan	Associated undertaking	Donation	22,071	25,807
Key management personnel	Related party	Remuneration and other short term benefits Sale of fixed assets	163,214 1,000	155,627 1,937
Staff provident fund	Employees fund	Contributions made	20,301	18,213
Staff gratuity fund	Employees fund			

Refer note 6.1

## 41. PROVIDENT FUND RELATED DISCLOSURES

41.1 The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2017:

	2017 Un-Audited --- Rupees in '000 ---	2016 Audited
Size of the Fund - Total Assets	435,069	403,581
Cost of investments made	427,092	379,846
Percentage of investments made	98.17%	94.12%
Fair value of investments	436,342	382,094

41.2 Break-up of the investments is as follows:

	2017 ----- Percentage -----	2016	2017 --- Rupees in '000 ---	2016
Special accounts in scheduled banks	24.17	5.89	105,464	22,504
Debt securities	7.82	13.28	34,125	50,743
Government securities	23.54	35.05	102,704	133,924
Listed securities	32.22	27.64	140,607	105,596
Mutual funds - units	12.25	18.14	53,442	69,327

41.3 The investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except for investment in listed securities.

## 42. FINANCIAL INSTRUMENTS

### 42.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign exchange risk, interest rate risk and price risk).

# Notes to the Financial Statements

For the year ended June 30, 2017

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on having volatility and provide maximum return to shareholders.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

## (a) Credit risk

Credit risk represents the risk of accounting loss being caused if counterparty fails to perform as contracted or discharge an obligation. Credit risk mainly arises from loans & advances, deposits, trade debts, other receivables and balances with banks. Out of the total financial assets aggregating Rs.1,126.270 million (2016: Rs.1,287.050 million) as detailed in note 42.4 below, those that are subject to credit risk aggregate to Rs.1,125.350 million (2016: Rs.1,285.612 million).

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2017	2016
	--- Rupees in '000 ---	
Long term loans and advances	7,325	10,888
Long term deposits	28,849	32,667
Trade debts	879,333	1,024,670
Loans and advances	48,523	38,708
Deposits	41,051	40,364
Other receivables	21,617	22,902
Bank balances	98,652	115,413
	<b>1,125,350</b>	<b>1,285,612</b>

Out of the total financial assets credit risk is concentrated in cash and cash equivalents and credit exposure to Original Equipment Manufacturers, Replacement Market Dealers and Government Institutions, including outstanding receivables and committed transactions. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk with respect to trade debts the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an evaluation of customers profile and payment history. Outstanding customer receivables are regularly monitored. Where considered necessary, advance payments are obtained from certain parties.

The maximum exposure to credit risk for trade debts by type of counter party as at reporting date is as follows:

	2017	2016
	--- Rupees in '000 ---	
Original equipment manufacturers	580,478	437,100
Government institutions	22,345	83,360
Replacement market	303,554	523,926
	<b>906,377</b>	<b>1,044,386</b>
Provision for doubtful debts	<b>(27,044)</b>	<b>(19,716)</b>
	<b>879,333</b>	<b>1,024,670</b>

# Notes to the Financial Statements

For the year ended June 30, 2017

All the trade debts at the reporting date represent domestic parties.

The Company monitors the credit quality of its bank balances with reference to historical performance of such assets and available external credit ratings. The bank balances aggregating Rs.46.497 million placed with banks have a short term credit rating of at least A1+. Accordingly, management does not expect any counter party to fail in meeting their obligation.

## (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity between one to two years	Maturity more than two years
----- Rupees in '000 -----					
June 30, 2017					
Long term finances	1,457,300	1,639,814	525,969	495,980	617,865
Long term deposits from dealers	9,471	9,471	-	-	9,471
Short term finances	157,736	159,245	159,245	-	-
Running finances	1,082,880	1,082,880	1,082,880	-	-
Trade and other payables	1,017,960	1,017,960	1,017,960	-	-
Accrued mark-up	57,460	57,460	57,460	-	-
Provisions	120,528	120,528	120,528	-	-
	<u>3,903,335</u>	<u>4,087,358</u>	<u>2,964,042</u>	<u>495,980</u>	<u>627,336</u>
June 30, 2016					
Long term finances	1,144,333	1,424,788	391,006	653,383	380,399
Long term deposits from dealers	8,930	8,930	-	-	8,930
Short term finances	143,889	146,553	146,553	-	-
Running finances	621,020	621,020	621,020	-	-
Trade and other payables	920,943	920,943	920,943	-	-
Accrued mark-up	32,929	32,929	32,929	-	-
Provisions	109,282	109,282	109,282	-	-
	<u>2,981,326</u>	<u>3,264,445</u>	<u>2,221,733</u>	<u>653,383</u>	<u>389,329</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2017.

# Notes to the Financial Statements

For the year ended June 30, 2017

## (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Foreign exchange risk

Foreign exchange risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on import of raw materials, stores & spares and export of goods denominated in U.S. Dollar, Euro and British Pound. The Company's exposure to foreign exchange risk at the reporting date is as follows:

	June 30, 2017			June 30, 2016			British Pound
	Rupees	U.S.\$	Euro	Rupees	U.S.\$	Euro	
	----- in '000 -----						
Trade and other payables	203,700	1,920	18	375,857	3,539	44	-
Loans and advances	-	-	-	(7,185)	(56)	(8)	(2)
	<b>203,700</b>	<b>1,920</b>	<b>18</b>	<b>368,672</b>	<b>3,483</b>	<b>36</b>	<b>(2)</b>

The following significant exchange rates have been applied:

	Reporting date rate	
	2017	2016
U.S. Dollar to Rupee	105.00	104.70 / 104.50
Euro to Rupee	120.10	116.31 / 116.08
British Pound to Rupee	136.68	140.12

At June 30, 2017, if Rupee had strengthened / weakened by 10% against U.S. Dollar, Euro and British Pound with all other variables held constant, profit before taxation for the year would have been higher / (lower) by the amount shown below mainly as a result of foreign exchange gain / (loss) on translation of denominated financial liabilities and financial assets.

	2017	2016
	--- Rupees in '000 ---	
Effect on profit before taxation for the year:		
U.S. Dollar to Rupee	20,160	36,467
Euro to Rupee	216	419
British Pound to Rupee	-	(28)
	<b>20,376</b>	<b>36,858</b>

### Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Company arises from short & long term borrowings from banks and mark-up bearing deposits held with a bank. Borrowings at variable interest rates expose the Company to cash flow interest rate risk and deposits with banks at fixed interest rates give rise to fair value interest rate risk. At June 30, 2017, the interest rate profile of the Company's significant financial instruments is as follows:

# Notes to the Financial Statements

For the year ended June 30, 2017

	2017	2016
	--- Rupees in '000 ---	
<b>Fixed rate instruments</b>		
Financial assets	5,019	7,469
<b>Variable rate instruments</b>		
Financial liabilities	2,697,916	1,909,242

At June 30, 2017, if the interest rate on the Company's borrowings had been higher / lower by 100 basis point with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.26.979 million (2016: Rs.19.092 million) mainly as a result of higher / (lower) interest expense.

## Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as it does not hold any price sensitive instruments.

## 42.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically re-priced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Currently there are no financial assets or financial liabilities which are measured at their fair value in the balance sheet.

## 42.3 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.



# Notes to the Financial Statements

For the year ended June 30, 2017

## 42.4 Financial instruments by category

### Financial assets as per balance sheet

#### Loans and receivables

Long term loans and advances  
Long term deposits  
Trade debts  
Loans and advances  
Deposits  
Other receivables  
Cash and bank balances

2017	2016
--- Rupees in '000 ---	

7,325	10,888
28,849	32,667
879,333	1,024,670
48,523	38,708
41,051	40,364
21,617	22,902
99,572	116,851
<b>1,126,270</b>	<b>1,287,050</b>

### Financial liabilities as per balance sheet

#### Financial liabilities at amortised cost

Long term finances  
Long term deposits from dealers  
Short term finances  
Running finances under mark-up arrangements  
Trade and other payables  
Accrued mark-up  
Provisions

1,457,300	1,144,333
9,471	8,930
157,736	143,889
1,082,880	621,020
1,017,960	920,943
57,460	32,929
120,528	109,282
<b>3,903,335</b>	<b>2,981,326</b>

## 43. ENTITY- WIDE INFORMATION

These financial statements have been prepared on the basis of single reportable segment.

### 43.1 Information about products and customers

The Company markets and sells tyre and tubes for automobiles and motorcycles. The principal classes of customers of the Company's product are Original Equipment Manufacturers, Replacement Market, Government Institutions and Exports. These principal classes of customers accounted for the following percentages of sales:

	2017 %	2016 %
Original equipment manufacturers	64.65	58.20
Replacement market	31.80	36.95
Government institutions	3.55	4.49
Exports	0.00	0.36
	<b>100.00</b>	<b>100.00</b>

# Notes to the Financial Statements

For the year ended June 30, 2017

## 43.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2017 are located in Pakistan. All revenues of the Company are from customers in Pakistan

## 43.3 Information about major customers

Sales to four original equipment manufacturers aggregating Rs.4,650.488 million (2016: Rs.4,426.236 million) account for 48.21% (2016: 47%) of net sales.

## 44. NUMBER OF EMPLOYEES

Number of employees as at June 30,

- Permanent
- Contractual

Average number of employees during the year

- Permanent
- Contractual

2017	2016
1,127	1,075
1,548	1,328
1,086	1,074
1,412	1,346

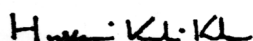
## 45. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of Directors of the Company in their meeting held on September 21, 2017 have proposed final cash dividend of Rs. 15.00 per share, amounting to Rs. 896,569 thousand for the year ended June 30, 2017. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 31, 2017.

These financial statements do not reflect the proposed dividend, which will be accounted for in the statement of changes in equity as appropriation from unappropriated profit in year ending June 30, 2018.

## 46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 21, 2017 by the Board of Directors of the Company.



Hussain Kuli Khan  
Chief Executive Officer



Atif Anwar  
Director

# Pattern of Shareholding

As of June 30, 2017

# Of Shareholders	Shareholdings'Slab	Total Shares Held
688	1 to 100	26,675
646	101 to 500	201,758
311	501 to 1000	273,499
580	1001 to 5000	1,351,502
129	5001 to 10000	990,340
47	10001 to 15000	606,850
33	15001 to 20000	589,709
11	20001 to 25000	260,112
21	25001 to 30000	595,281
8	30001 to 35000	267,848
9	35001 to 40000	342,094
5	40001 to 45000	214,162
8	45001 to 50000	391,525
2	50001 to 55000	103,500
3	55001 to 60000	179,900
1	65001 to 70000	66,210
1	75001 to 80000	79,900
1	80001 to 85000	84,061
1	85001 to 90000	90,000
1	90001 to 95000	90,500
3	110001 to 115000	341,000
4	115001 to 120000	476,644
1	120001 to 125000	121,442
2	145001 to 150000	298,764
1	150001 to 155000	153,500
1	155001 to 160000	155,100
2	170001 to 175000	343,600
1	185001 to 190000	187,500
2	195001 to 200000	400,000
1	205001 to 210000	207,100
1	215001 to 220000	215,200
2	230001 to 235000	461,482
1	235001 to 240000	238,493
3	240001 to 245000	722,318
1	325001 to 330000	325,500
1	340001 to 345000	344,301
2	360001 to 365000	727,800
1	375001 to 380000	379,900
1	400001 to 405000	400,800
1	560001 to 565000	562,000
1	575001 to 580000	577,500
1	615001 to 620000	619,400
1	700001 to 705000	702,400
1	740001 to 745000	743,000
1	780001 to 785000	781,500
1	910001 to 915000	911,000
1	935001 to 940000	936,100
1	2205001 to 2210000	2,206,600
1	2775001 to 2780000	2,776,276
1	3315001 to 3320000	3,316,200
1	14400001 to 14405000	14,402,112
1	17930001 to 17935000	17,931,292
2550		59,771,250

# Categories of Shareholders

As of June 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
LT. GEN (R) ALI KULI KHAN KHATTAK	1	238,493	0.40
MR. RAZA KULI KHAN KHATTAK	1	240,418	0.40
MR. IKRAM-UL-MAJEED SHEGAL	1	7	0.00
DR. WILLI FLAMM	1	80	0.00
MR. MANSUR KHAN	1	50	0.00
MR. MAZHAR SHARIF	1	50	0.00
MR. HUSSAIN KULI KHAN	1	100	0.00
MR. KASHIF SUHAIL	1	50	0.00
<b>Associated Companies, undertakings and related parties</b>			
BIBOJEE SERVICES (PVT) LTD.,	2	16,608,712	27.79
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	1	17,931,292	30.00
<b>Executives</b>	-	-	-
Public Sector Companies and Corporations	4	395,626	0.66
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	21	5,488,051	9.18
<b>Mutual Funds</b>			
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	155,100	0.26
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	2,500	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	619,400	1.04
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	42,500	0.07
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	10,000	0.02
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	22,000	0.04
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,776,276	4.64
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	172,400	0.29
CDC - TRUSTEE PICIC INVESTMENT FUND	1	111,000	0.19
CDC - TRUSTEE PICIC GROWTH FUND	1	215,200	0.36
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	90,000	0.15
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	1	19,100	0.03
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	30,000	0.05
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	4,000	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	200,000	0.33
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	118,900	0.20
CDC - TRUSTEE ABL STOCK FUND	1	702,400	1.18
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	8,400	0.01
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	17,500	0.03
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	379,900	0.64
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	8,000	0.01
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	6,500	0.01
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	15,000	0.03
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	325,500	0.54
<b>General Public</b>			
a. Local	2423	10,066,155	16.84
b. Foreign	1	5,000	0.01
<b>Foreign Companies</b>	8	1,244,041	2.08
<b>Others</b>	59	1,501,599	2.51
<b>Totals</b>	<b>2550</b>	<b>59,771,250</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
BIBOJEE SERVICES (PVT) LTD.,	16,608,712	27.79
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	17,931,292	30.00
EFU LIFE ASSURANCE LTD	3,316,200	5.55

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## Form of Proxy

The Company Secretary  
The General Tyre and Rubber Company  
of Pakistan Limited  
H-23/2, Landhi Industrial Trading Estate  
Landhi, Karachi

Please quote:

No. of Shares held \_\_\_\_\_

Folio No. \_\_\_\_\_

CDC Part. ID \_\_\_\_\_

A/C/Sub A/C No. \_\_\_\_\_

I/We-----  
of ----- Member(s) of The General Tyre and Rubber Company of Pakistan Limited do  
hereby appoint -----  
of ----- or failing him -----  
of ----- as proxy in my/ our behalf at the Fifty Fourth (54th) Annual General Meeting  
of the Company to be held at the Institute of Chartered Accountants of Pakistan Conference Hall,  
Clifton, Karachi on Tuesday, 31 October 2017, at 11.00 a.m. and at any adjournment thereof.

Signature on  
Revenue Stamp  
of Rs. 5/=

Signature of Shareholder

Name of Shareholder

Witnesses:

Signature \_\_\_\_\_ Signature \_\_\_\_\_

Name \_\_\_\_\_ Name \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_ CNIC/Passport No. \_\_\_\_\_

The Company Secretary  
The General Tyre and Rubber Company  
of Pakistan Limited  
H-23/2, Landhi Industrial Trading Estate,  
Landhi, Karachi.

AFFIX  
POSTAGE



## نیابتی فارم

کمپنی سیکریٹری  
دی جنرل ٹائر اینڈ ربر کمپنی آف پاکستان لمیٹڈ،  
H-23/2، لائنڈی انڈسٹریل ٹریڈنگ اسٹیٹ،  
لائڈھی کراچی۔

میں/ہم \_\_\_\_\_ برائے \_\_\_\_\_  
جنرل ٹائر اینڈ ربر کمپنی آف پاکستان لمیٹڈ بذریعہ ہذا \_\_\_\_\_ کو اور اس کی عدم موجودگی میں  
\_\_\_\_\_ کو میری/ہماری غیر موجودگی میں کمپنی کے منگل 31 اکتوبر 2017 بوقت 11.00 کو انسٹیٹیوٹ آف  
چارٹرڈ اکاؤنٹنٹس آف پاکستان کانفرنس ہال، کلفٹن، کراچی میں منعقد ہونے والے چوٹوال (54) سالانہ اجلاس عام میں شرکت کرنے اور اپنی جگہ ووٹ  
دینے کا اہل قرار دیتا ہوں/دیتے ہیں۔

حصص یافتہ کے دستخط: \_\_\_\_\_ 5 روپے کے رپونو  
\_\_\_\_\_ حصص یافتہ کا نام: \_\_\_\_\_ اسٹیٹ پر دستخط

گواہان: \_\_\_\_\_  
دستخط \_\_\_\_\_ دستخط \_\_\_\_\_  
نام \_\_\_\_\_ نام \_\_\_\_\_  
این آئی سی/ پاسپورٹ نمبر \_\_\_\_\_ این آئی سی/ پاسپورٹ نمبر \_\_\_\_\_

The Company Secretary  
The General Tyre and Rubber Company  
of Pakistan Limited  
H-23/2, Landhi Industrial Trading Estate,  
Landhi, Karachi.

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