



EVERY **JOURNEY**
HAS A **DESTINATION**



HALF YEAR
ACCOUNTS DECEMBER

2022

A red graphic element consisting of a horizontal bar that tapers from left to right, resembling a wedge or a stylized arrow.

EVERY **JOURNEY** HAS A **DESTINATION**



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COMPANY PROFILE

Board of Directors*

Lt. Gen. (Retd.) Ali Kuli Khan Khattak - Chairman
Mr. Hussain Kuli Khan - Chief Executive
Mr. Adnan Ahmed
Mr. Ahmad Kuli Khan Khattak
Mr. Manzoor Ahmed
Mrs. Nazia Qureshi
Syed Ahmed Iqbal Ashraf
Mr. Umair Aijaz

Company Secretary

Mr. Yasir Ali Quraishi

Chief Financial Officer

Mr. Siraj A. Lawai

Board Audit Committee*

Mr. Ahmad Kuli Khan Khattak
Lt. Gen. (Retd.) Ali Kuli Khan Khattak
Mr. Manzoor Ahmed
Syed Ahmed Iqbal Ashraf
Mr. Umair Aijaz

Board Human Resource & Remuneration Committee*

Mr. Adnan Ahmed
Mr. Ahmad Kuli Khan Khattak
Lt. Gen. (Retd.) Ali Kuli Khan Khattak
Mr. Hussain Kuli Khan
Mr. Manzoor Ahmed
Mrs. Nazia Qureshi
Syed Ahmed Iqbal Ashraf

Auditors

ShineWing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisor

Ahmed & Qazi Advocates & Legal Consultants

Share Registrar

CDC Share Registrar Services Limited.
CDC House 99-B, Block-B, S.M.C.H.S.,
Main Shahr-e-Faisal Karachi-74400
Customer Support Services (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053, Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Major Bankers

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

Registered Office & Factory

H-23/2, Landhi Industrial Trading Estate,
Landhi, Karachi, Pakistan
Phone : 021-35080172-81, 021-38020207-13
UAN: +92 21 111 487 487
Fax: +92 21 3508 0171
Website: www.gtr.com.pk

Branch Offices:

Lahore Office

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

Multan

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

Islamabad

Plot No. 148-149, Khuda Bakhsh Road, Saraan,
Kahuta Industrial Triangle,
Kahuta Road, Hummak Islamabad
Phone: +92 51-5971612-13 / 51-5971650
Fax: +92 51-597 1615

Customer Care & Service Centre Lahore

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

* Sequence of names in alphabetical order

DIRECTORS' REVIEW

The Directors hereby present the unaudited condensed interim financial statements of the Company for the half year ended December 31, 2022

BUSINESS REVIEW

Net sales in value terms for the half year ended under review was Rs. 7.17 billion as compared to Rs. 8.17 billion in the same period last year, showing decline of 12%.

Sales in Replacement Market (RM) was mainly impacted due to heavy rains across the country, destruction caused by floods in Sindh, southern Punjab & KPK and slowdown in economic activity. State Bank of Pakistan (SBP) has taken certain temporary administrative measures which includes prior approval for import of machinery and CKDs of automobiles. As a result, passenger car Original Equipment Manufacturer (OEMs) observed non production days, based on non-availability of CKD kits, which impacted OEM sales. Whereas farm OEM sales during the period was impacted due to floods across various part of the country. We expect that the farm tyres sales will gradually increase in coming months due to seasonal factor.

The export sales of the Company for the period were Rs. 99.9 million as compared to Rs. 36.7 million in same period last year.

The gross profit for the period was Rs. 1,105 million as compared to Rs. 1,053 million in same period last year. Gross profit margin was 15.4% as compared to 12.9% in same period last year. Higher gross margin was mainly due to better sales mix, stability of raw material prices, and enhanced focus on RM which was partly offset by general inflation and volatility in exchange rate.

The finance cost for the period was Rs. 588 million as compared to Rs. 302 million in the same period last year. Increase in financial cost is mainly due to increase in discount rate by SBP and higher working capital requirements consequent to devaluation of Pak Rupee.

As a result of the factors mentioned above, profit after tax for the half year ended December 31, 2022 was Rs. 40.2 million as compared to profit after tax of Rs. 241.3 million reported in the same period last year.

FUTURE PROSPECTS

As reported earlier, your Company has developed new tyres in 17 inch and 18 inch rim sizes for Sports Utility Vehicle (SUV) / Crossover. Your Company has started supplying tyres of new variant to the OEMs for SUV / Crossover segment. Besides that, some of the OEMs are also interested in 18 inch tyre. We have already started selling 18 inch tyres in RM. But its commercial production for OEM requires few machines and molds. As soon as restrictions on import of machinery are eased, we would start working on its production.

During the period, SBP has increased the discount rate by 225bps. Moreover, in January 2023, it has further increased by 100 bps. Further, in last couple of months, Rupee has devalued against the US Dollar. Political stability and successful completion of 9th review of IMF is very critical for future direction of the economy. Restriction on opening of Letter of Credit for raw materials is disrupting supply chain and may cause raw material shortages.

Lately under invoicing and smuggling has increased substantially, which is not only affecting the local industry but also depriving the Government of its due tax revenue. We hope that the Government will continue its efforts to curb smuggling and ensure proper classification of tyres in appropriate categories of Import Trade Price. This will not only result in higher tax revenue for the Government but will also provide level playing field to the local industry and will be helpful in providing employment.

The Company is also working on strategies to reduce costs. Moreover, it is also working on developing new sizes and designs for both OEM and RM segments.

Despite the difficult economic situation and competitive pressures, we believe that the long term growth potential of the business is intact.

For and on behalf of the Board of Directors.



Hussain Kuli Khan
Chief Executive

Karachi
February 23, 2023



Umair Aijaz
Director

اس مدت کے دوران، SBP نے ڈسکاؤنٹ ریٹ میں 225bps کا اضافہ کر دیا ہے۔ مزید یہ کہ، جنوری 2023 میں اس میں 100bps کا مزید اضافہ کیا ہے۔ اس کے علاوہ، پچھلے کچھ مہینوں سے، امریکی ڈالر کے مقابلے میں روپیہ اپنی قدر رکھ رہا ہے۔ سیاسی استحکام اور آئی ایم ایف کے نويس جائزے کی کامیاب تکمیل معیشت کی مستقبل کی سمت کے لیے بہت اہم ہے۔ خام مال کے لیے لیٹر آف کریڈٹ کھولنے پر پابندی سلائی چین میں شل ڈال رہی ہے اور خام مال کی کمی کا سبب بن سکتی ہے۔

حال ہی میں ٹائروں کی انڈر انوائسنگ اور سگنگ بہت بڑھ گئی ہے جو کہ نا صرف مقامی صنعت کو متاثر کر رہی ہے بلکہ حکومت کی واجب الادا ٹیکس آمدنی کو بھی متاثر کر رہی ہے۔ امید کرتے ہیں کہ حکومت اس سگنگ کو روکنے اور درآمدی تجارتی قیمتوں (ITP) کے مناسب زمروں میں ٹائروں کی مناسب درجہ بندی کو یقینی بنانے کے لیے اپنی کوششیں جاری رکھے گی۔ اس سے نہ صرف حکومت کو زیادہ ٹیکس کی آمدنی ملے گی بلکہ مقامی انڈسٹری کو بھی مساوی مواقع ملیں گے اور روزگار فراہم کرنے میں مدد ملے گی۔

کئی لاگت کو کم کرنے کے لئے حکمت عملی پر کام کر رہی ہے۔ مزید یہ کہ s OEM اور RMS، دونوں سیکٹرز کے لئے نئے ساز اور ڈیزائن پر بھی کام ہو رہا ہے، جن میں سے کچھ کو پہلے ہی کمرشلایز کیا جا چکا ہے اور s OEM اور RM طبعات میں فروخت کیا جا رہا ہے۔

مشکل معاشی صورتحال اور مسابقتی دباؤ کے باوجود، ہم سمجھتے ہیں کہ کاروبار میں طویل مدتی ترقی کی صلاحیت برقرار ہے۔

پورڈ آف ڈائریکٹرز کی جانب سے



عمیر اعجاز
ڈائریکٹر



حسین علی خان
چیف ایگزیکٹو

کراچی

تاریخ: 23 فروری، 2023

ڈائریکٹرز کا مجریہ

کمپنی کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے ششماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات یہاں پیش کرتے ہیں۔

کاروباری تجزیہ

خالص فروخت زبرجائزہ ششماہی کے دوران 7.17 بلین روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 8.17 بلین روپے تھی، جو 12 فیصد کمی کو ظاہر کرتی ہے۔

ملک بھر میں شدید بارشوں اور سندھ، جنوبی پنجاب اور خیبر پختونخواہ میں سیلاب سے ہونے والی تباہ کاریوں اور معاشی سرگرمیوں میں سست روی کی وجہ سے رینٹل منٹ مارکیٹ (RM) میں فروخت بنیادی طور پر متاثر ہوئی۔ اسٹیٹ بینک آف پاکستان (SBP) نے کچھ عارضی انتظامی اقدامات کیے ہیں جن میں مشینری اور آٹوموبائل کے CKDs کی درآمد کے لیے پیشگی منظوری شامل ہے۔ اس کے نتیجے میں، مسافر کار بنانے والے اور بیسکل ایکٹیو پینٹ مینوفیکچررز (OEMs) نے CKD کٹس کی عدم دستیابی کی بنیاد پر غیر پیداواری دنوں کا مشاہدہ کیا، جس نے OEM کی فروخت کو متاثر کیا۔ جبکہ اس عرصے کے دوران OEM میں فارم ٹائروں کی فروخت ملک کے بیشتر حصوں میں سیلاب کی وجہ سے متاثر ہوئی۔ ہم توقع کرتے ہیں کہ موسمی منحصر کی وجہ سے آنے والے مہینوں میں فارم ٹائروں کی فروخت میں بتدریج اضافہ ہوگا۔

اس مدت کے لئے کمپنی کی آمدنی فروخت 99.9 بلین روپے رہی، جو پچھلے سال کے اسی دورانیہ میں 36.7 بلین روپے تھی۔

کل منافع اس ششماہی میں 1,105 بلین روپے رہا جو پچھلے سال اسی دورانیہ میں 1,053 بلین روپے تھا۔ مجموعی منافع کاربن 15.4 فیصد رہا جبکہ پچھلے سال اسی عرصے میں یہ 12.9 فیصد تھا۔ زیادہ مجموعی مارجن بنیادی طور پر بہتر سیلز کس، خام مال کی قیمتوں میں استحکام اور RM کی فروخت پر توجہ مرکوز کرنے، جس کو جزوی طور پر عام افراط زر اور زرمبادلہ کی شرح میں اتار چڑھاؤ نے کم کیا ہے۔

اس مدت میں مالیاتی اخراجات 588 بلین روپے رہے جو پچھلے سال اسی عرصے میں 302 بلین روپے تھے۔ مالیاتی لاگت میں اضافہ بنیادی طور پر SBP کی جانب سے ڈسکاؤنٹ ریٹ میں اضافے اور پاک روپے کی قدر میں کمی کے نتیجے میں زیادہ ورکنگ کپٹیل کی ضروریات کی وجہ سے ہے۔

ذکورہ بالا عوامل کے نتیجے میں اس ششماہی میں ٹیکس کے بعد منافع 40.2 بلین روپے رہا جو گذشتہ سال اسی عرصے میں 241.3 بلین روپے تھا۔

مستقبل کے امکانات

جیسا کہ پہلے بتایا گیا ہے، آپ کی کمپنی نے اسپورٹس یوٹیلیٹی ویہیکل (SUV) / کراس اور کے لیے 17 اور 18 انچ ریم سائز میں نئے ٹائز تیار کیے ہیں۔ آپ کی کمپنی نے SUV / کراس اور اور طقات کے لیے OEMs کو نئے قسم کے ٹائز فراہم کرنا شروع کر دیے ہیں۔ اس کے علاوہ، کچھ دوسرے OEMs نے 18 انچ سائز میں بھی دلچسپی ظاہر کی ہے۔ ہم نے پہلے ہی RM میں 18 انچ ٹائز فروخت کرنا شروع کر دیے ہیں۔ لیکن OEM کے لیے اس کی بڑے پیمانے پر تجارتی پیداوار کے لیے چند مشینوں اور مولڈز کی ضرورت ہے۔ جیسے ہی مشینری کی درآمد پر پابندیاں نرم ہوں گی ہم اس کی پیداوار پر کام شروع کریں گے۔

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
GHANDHARA TYRE AND RUBBER COMPANY LIMITED****Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statements of financial position of **Ghandhara Tyre and Rubber Company Limited** (the Company) as at December 31, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial statements of the Company for the half year ended December 31, 2021, and the annual financial statements of the Company for the year ended June 20, 2022, were reviewed and audited, respectively, by another firm of Chartered Accountants. The review report dated February 25, 2022, expressed an unmodified conclusion while the audit report dated September 26, 2022, expressed an unmodified opinion.

The engagement partner on the review resulting in this independent auditor's review report is Raheel Ahmed.


SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

KARACHI: 24 FEB 2023

UDIN: RR202210105cYwfxe7uP

Karachi Office:
Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: +92 21 32412754, 32424835
Email: khi@hccpk.com**Principal Office:**
HM House
7-Bank Square, Lahore.
Tel: +92 42 37235084-87
Email: lhr@hccpk.com

CONDENSED
INTERIM
FINANCIAL
STATEMENT



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	December 31, 2022	June 30, 2022
	(Un-audited)	(Audited)
	--- Rupees in '000 ---	
EQUITY AND LIABILITIES		
Equity		
Authorized capital		
125,000,000 (June 30, 2022: 125,000,000)		
ordinary shares of Rs.10 each	1,250,000	1,250,000
Issued, subscribed and paid-up capital		
121,933,350 (June 30, 2022: 121,933,350)		
ordinary shares of Rs.10 each	1,219,334	1,219,334
Reserve for capital expenditure	1,000,000	1,000,000
Unappropriated profit	1,299,469	1,625,199
	3,518,803	3,844,533
Liabilities		
Non current liabilities		
Long term finances	680,384	796,083
Staff benefits	485,359	440,729
Deferred liabilities		
- Deferred tax	204,201	262,919
- Others	217,659	254,304
	421,860	517,223
Long term deposits from dealers	11,430	10,370
	1,599,033	1,764,405
Current liabilities		
Current maturity of long term finances	323,945	489,148
Current maturity of deferred liabilities	203,305	177,327
Current maturity of lease liabilities	-	2,613
Short term finances	2,892,614	2,991,027
Running finances under mark-up arrangements	4,281,705	2,904,137
Trade and other payables	2,986,938	3,599,739
Unclaimed dividend	19,374	19,462
Accrued mark-up	276,893	178,709
Provision	82,857	82,857
	11,067,631	10,445,019
Total Liabilities	12,666,664	12,209,424
Total Equity And Liabilities	16,185,467	16,053,957
Contingencies and commitments	6	

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Umair Ajiaz
Director

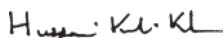
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

		December 31, 2022	June 30, 2022
		(Un-audited)	(Audited)
		--- Rupees in '000 ---	
ASSETS	Note		
NON CURRENT ASSETS			
Property, plant and equipment	7	5,352,975	5,498,198
Right-of-use assets		-	1,317
Intangible assets		2,989	1,123
Investment in an associated company		24,047	25,918
Long term loans and advances		7,548	10,508
Long term deposits		19,468	19,426
		5,407,027	5,556,490
CURRENT ASSETS			
Stores and spares		733,247	693,421
Stocks	8	5,548,530	5,299,420
Trade debts		2,486,287	2,518,372
Loans and advances		97,786	148,645
Deposits and prepayments		81,171	57,388
Other receivables		195,770	217,189
Taxation - net		1,466,090	1,425,639
Cash and bank balances		169,559	137,393
		10,778,440	10,497,467
TOTAL ASSETS		16,185,467	16,053,957

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Umair Ajjaz
Director

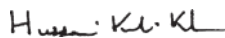
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME - UN-AUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

		Quarter ended December 31,		Half year ended December 31,	
		2022	2021	2022	2021
Note		----- Rupees in '000 -----			
Sales - net		3,971,587	3,935,101	7,169,456	8,168,158
Cost of sales	9	(3,433,580)	(3,431,681)	(6,064,895)	(7,115,203)
Gross profit		538,007	503,420	1,104,561	1,052,955
Administrative expenses		(80,801)	(73,748)	(159,712)	(145,252)
Distribution cost		(163,990)	(132,609)	(293,285)	(274,284)
Other income		30,134	42,365	50,164	62,331
Other expenses		22,258	(23,821)	(32,973)	(36,246)
Profit from operations		345,608	315,607	668,755	659,504
Finance cost		(301,440)	(156,907)	(587,837)	(301,843)
		44,168	158,700	80,918	357,661
Share of profit / (loss) of an associated company		373	2,146	(1,871)	3,030
Profit before taxation		44,541	160,846	79,047	360,691
Income tax expense	10	(22,451)	(50,500)	(38,977)	(119,419)
Profit for the period		22,090	110,346	40,070	241,272
Other comprehensive income		-	-	-	-
Total comprehensive income		22,090	110,346	40,070	241,272
Earnings per share		----- Rupee -----		Rupees	
- basic and diluted	11	0.18	0.90	0.33	1.98

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Umair Ajiaz
Director

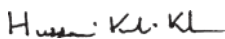
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		Capital Reserve	Revenue Reserve	
	Issued, subscribed and paid-up capital	Reserve for capital expenditure	Unappropriated profit	Total
----- Rupees in '000 -----				
Balance as at July 1, 2021 (Audited)	1,219,334	1,000,000	1,296,281	3,515,615
Total comprehensive income for the half year ended December 31, 2021				
Profit for the period	-	-	241,272	241,272
Other comprehensive income	-	-	-	-
	-	-	241,272	241,272
Balance as at December 31, 2021 (Un-Audited)	1,219,334	1,000,000	1,537,553	3,756,887
Total comprehensive income for six months period ended June 30, 2022				
Profit for the period	-	-	114,793	114,793
Other comprehensive loss	-	-	(27,147)	(27,147)
	-	-	87,646	87,646
Balance as at June 30, 2022 (Audited)	1,219,334	1,000,000	1,625,199	3,844,533
Transaction with owners, recognised directly in equity				
Final cash dividend for the year ended June 30, 2022 at the rate of Rs.3 per share	-	-	(365,800)	(365,800)
Total comprehensive income for the half year ended December 31, 2022				
Profit for the period	-	-	40,070	40,070
Other comprehensive income	-	-	-	-
	-	-	40,070	40,070
Balance as at December 31, 2022 (Un-Audited)	1,219,334	1,000,000	1,299,469	3,518,803

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Umair Ajjaz
Director

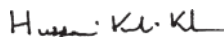
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

		Half year ended December 31,		
		2022	2021	
Note		--- Rupees in '000 ---		
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash generated from / (used in) operations	12	186,946	(98,664)
	Staff retirement gratuity paid		(24,117)	(18,419)
	Compensated absences paid		(3,376)	(1,758)
	Long term deposits from dealers - net		1,060	530
	Finance cost paid		(498,460)	(286,635)
	Taxes paid		(138,146)	(170,649)
	Long term loans and advances - net		2,960	(623)
	Long term deposits - net		(42)	2,177
	Profit on bank deposits received		652	296
	Net cash used in operating activities		(472,523)	(573,745)
CASH FLOWS FROM INVESTING ACTIVITIES				
	Purchase of property, plant and equipment		(109,034)	(380,750)
	Purchase of intangibles assets		(2,159)	-
	Proceeds from sale of operating fixed assets		5,011	4,315
	Net cash used in investing activities		(106,182)	(376,435)
CASH FLOWS FROM FINANCING ACTIVITIES				
	Long term finance - repaid		(299,783)	(436,013)
	Long term finance - obtained		-	19,067
	Lease rental paid - net		(2,613)	(4,145)
	Short term finances - net		(98,413)	2,427,638
	Dividend paid		(365,888)	(64)
	Net cash (used in) / generated from financing activities		(766,697)	2,006,483
	Net (decrease) / increase in cash and cash equivalents		(1,345,402)	1,056,303
	Cash and cash equivalents at beginning of the period		(2,766,744)	(3,214,945)
	Cash and cash equivalents at end of the period	13	(4,112,146)	(2,158,642)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Umair Ajiaz
Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provision of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of the Companies Act, 2017 and should be read in Conjunction with audited annual financial statements of the Company for the year ended June 30, 2022.

3. ACCOUNTING POLICIES

3.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2022.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2022. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements are in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2022.

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	--- Rupees in '000 ---	
5. TRADE AND OTHER PAYABLES		
Trade creditors	353,644	301,230
Bills payable	897,717	1,387,683
Accrued expenses	1,212,070	1,360,530
Royalty fee payable	103,225	126,022
Advances from customers	58,304	72,593
Staff provident fund	6,871	4,863
Staff retirement gratuity	68,928	85,544
Short term deposits	1,831	2,772
Workers' profit participation fund	4,313	6,637
Workers' welfare fund	14,616	12,891
Payable to Waqf-e-Kuli Khan	9,908	8,902
Interest payable on custom duties	29,933	29,933
Sales tax payable	178,692	172,211
Others	46,886	27,928
	<u>2,986,938</u>	<u>3,599,739</u>
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
6.1.1	There is no significant change in the status of the contingencies as disclosed in note 15.1 to the audited financial statements of the Company for the year ended June 30, 2022.	
6.1.2	Guarantees issued by commercial banks on behalf of the Company	
	<u>267,462</u>	<u>459,526</u>
6.1.3	Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	
	<u>41,928</u>	<u>41,928</u>
6.2 Commitments		
6.2.1	Commitments in respect of:	
	-	57,165
- letters of credit for capital expenditure		
- letters of credit for purchase of raw material and stores & spares	<u>740,359</u>	<u>810,406</u>
- purchase orders issued to local suppliers for capital expenditure	<u>128,750</u>	<u>147,734</u>
- sales contracts entered into by the Company	-	23,590
- tentative schedules for supply of tyres	<u>1,916,211</u>	<u>2,619,644</u>

		December 31, 2022	June 30, 2022
		(Un-audited)	(Audited)
7. PROPERTY, PLANT AND EQUIPMENT	Note	--- Rupees in '000 ---	
Operating fixed assets	7.1	4,681,713	4,908,830
Capital work-in-progress	7.3	671,262	589,368
		<u>5,352,975</u>	<u>5,498,198</u>
7.1 Operating fixed assets			
Net book value at beginning of the period / year		4,908,830	4,595,512
Additions during the period / year	7.2	35,947	801,428
Disposals costing Rs.19.315 million (June 30, 2022: Rs.77.107 million)			
- book value		(4,555)	(4,491)
Depreciation for the period / year		(258,509)	(483,619)
Book value at end of the period / year		<u>4,681,713</u>	<u>4,908,830</u>

7.2 Details of transfers to operating fixed assets during the period / year are as follows:

Buildings on leasehold land	-	5,005
Plant and machinery	3,049	537,496
Boilers and accessories	-	17,828
Laboratory equipment	-	43,427
Moulds	-	112,697
Vehicles	25,832	82,596
Factory and office equipment	4,129	557
Computer equipment	2,937	1,822
	<u>35,947</u>	<u>801,428</u>

7.3 This includes capitalised borrowing costs amounting to Rs.8.807 million (June 30, 2022: Rs.7.756 million) on its qualifying assets at current period's weighted average rate of its general borrowings upto 16.8% per annum (June 30, 2022: 10.44% per annum).

		December 31, 2022	June 30, 2022
		(Un-audited)	(Audited)
8. STOCKS	Note	--- Rupees in '000 ---	
Raw materials			
- in hand		1,603,654	2,289,790
- in transit		286,239	769,373
		<u>1,889,893</u>	3,059,163
Work-in-process		321,291	333,240
Finished goods			
- in hand		3,329,095	1,898,283
- in transit		8,251	8,734
	8.1	<u>3,337,346</u>	1,907,017
		<u>5,548,530</u>	<u>5,299,420</u>

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

8.1 Finished goods include items costing Rs.341.631 million (June 30, 2022: Rs.141.204 million) which are stated at their net realisable values aggregating Rs.291.848 million (June 30, 2022: Rs.95.088 million). The aggregate amount charged to profit or loss in respect of stocks written down to their net realisable value is Rs.3.668 million (June 30, 2022: Rs.1.150 million).

	Note	For the quarter ended December 31,		For the half year ended December 31,	
		2022	2021	2022	2021
9. COST OF SALES					
----- Rupees in '000 -----					
Opening stock of finished goods		3,307,106	2,106,405	1,907,017	1,921,332
Cost of goods manufactured	9.1	3,454,953	4,119,497	7,454,420	7,951,809
Finished goods purchased		8,867	39,452	40,804	75,735
		3,463,820	4,158,949	7,495,224	8,027,544
		6,770,926	6,265,354	9,402,241	9,948,876
Closing stock of finished goods		(3,337,346)	(2,833,673)	(3,337,346)	(2,833,673)
		3,433,580	3,431,681	6,064,895	7,115,203
9.1 Cost of goods manufactured					
Opening work in process		377,174	354,671	333,240	193,782
Raw material consumed and factory overhead		3,399,070	4,099,763	7,442,471	8,092,964
		3,776,244	4,454,434	7,775,711	8,286,746
Closing work in process		(321,291)	(334,937)	(321,291)	(334,937)
		3,454,953	4,119,497	7,454,420	7,951,809
10. TAXATION					
Current tax		57,088	5,219	97,696	79,037
Deferred tax		(34,637)	45,281	(58,719)	40,382
		22,451	50,500	38,977	119,419

	For the quarter ended December 31,		For the half year ended December 31,	
	2022	2021	2022	2021
	-----Un-audited-----			
	----- Rupees in '000 -----			
11. EARNINGS PER SHARE - BASIC AND DILUTED	Note			
11.1 Basic earnings per share				
Profit after taxation	22,090	110,346	40,070	241,272
	----- (Number of Shares) -----			
Weighted average number of ordinary shares	121,933,350	121,933,350	121,933,350	121,933,350
	----- Rupee -----		Rupees	
Earnings per share	0.18	0.90	0.33	1.98

11.2 Diluted earnings per share

There are no dilutive potential ordinary shares outstanding as at December 31, 2022 and 2021.

	Note	For the half year ended December 31,	
		2022	2021
		(Un-audited)	
		--- Rupees in '000 ---	
12. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		79,047	360,691
Adjustments for non-cash charges and other items			
Depreciation on property, plant and equipment		258,509	236,133
Amortisation		293	994
Depreciation on right-of-use assets		1,317	2,533
Provision for staff retirement gratuity		46,468	35,873
Charge of employees compensated absences		5,663	5,656
Provision for doubtful trade debts - net		5,620	1,598
Profit on bank deposits		(652)	(296)
Gain on sale of operating fixed assets		(456)	(2,738)
Finance cost		587,837	301,843
Share of loss / (profit) of an associated company		1,871	(3,030)
Working capital changes	12.1	(798,571)	(1,037,921)
		186,946	(98,664)

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

For the half year ended
December 31,

2022 **2021**

--- Un-audited ---

--- Rupees in '000 ---

121 Working capital changes

(Increase) / decrease in current assets:

Stores and spares	(39,826)	(40,575)
Stocks	(249,110)	(1,793,781)
Trade debts	26,465	(394,616)
Loans and advances	50,859	(67,892)
Deposits and prepayments	(23,783)	(26,470)
Other receivables	21,419	(26,000)
	<u>(213,976)</u>	<u>(2,349,334)</u>

(Decrease) / increase in current liabilities:

Trade and other payables and provision	(584,595)	1,311,413
	<u>(798,571)</u>	<u>(1,037,921)</u>

13. CASH AND CASH EQUIVALENTS

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

Running finances under mark-up arrangements	(4,281,705)	(2,270,804)
Cash and bank balances	169,559	112,162
	<u>(4,112,146)</u>	<u>(2,158,642)</u>

14. OPERATING SEGMENT

These condensed interim financial statements have been prepared on the basis of a single reportable segment. All non-current assets of the Company as at December 31, 2022 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material. The Company has earned revenues from one (December 31, 2021: three) customer(s) aggregating Rs 1,096.77 million (December 31, 2021: Rs 2,971.79 million) during the period which constituted 15.30% (December 31, 2021: 30.17%) of gross sales.

15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, companies in which directors are interested, staff retirement benefit funds, key management personnel and close members of the families of key management personnel. The Company in the normal course of business carries out transactions with various related parties.

For the half year ended
December 31,

2022 2021

--- Un-audited ---

--- Rupees in '000 ---

15.1 Transactions with related parties are as follows:

Note

Associated companies / undertakings:

Sale of goods	215,411	174,636
Services received	-	709
Rent	900	900
Interest earned	652	296
Mark-up on running and long term finance	59,275	28,324
Donation	1,006	6,032

Other related parties:

Provision towards gratuity staff fund	8,927	6,000
Contribution towards employees provident fund	11,816	10,393
Salaries and other employee benefits to key management personnel	170,407	153,271
Meeting fees to key management personnel	4,000	3,800
Sale of fixed assets to key management personnel	2,343	2,070

December 31, June 30,
2022 2022

(Un-audited) (Audited)

--- Rupees in '000 ---

15.2 Period / year end balances are as follows:

Payables to associated companies / related parties

Staff retirement gratuity	47,132	46,534
Long term and running finances	689,901	856,274
Trade and other payable	14,786	16,256
Accrued mark-up	14,285	7,710

Receivables from associated companies / related parties

Long term loans and advances	620	964
Trade debts	95,488	61,395
Loans and advances	949	970
Bank balances	8,960	10,262

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

16. GENERAL

16.1 Date of authorisation for issue

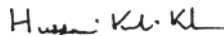
These condensed interim financial statements were authorised for issue on February 23, 2023 by the Board of Directors of the Company.

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

16.3 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Umair Ajjaz
Director

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EVERY **JOURNEY**
HAS A **DESTINATION**



EVERY **JOURNEY**
HAS A **DESTINATION**



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