



HALF YEARLY DECEMBER 31

2021



GHANDHARA TYRE AND RUBBER COMPANY LIMITED
(FORMERLY THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED)

HEAD OFFICE/FACTORY

H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi, Pakistan. Phone: +92 21 3508 0172 (10 Lines),
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COMPANY PROFILE

Board of Directors*

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

Board Human Resource & Remuneration Committee*

Mr. Ahmad Kuli Khan Khattak
Mr. Adnan Ahmed
Mr. Hussain Kuli Khan
Mr. Manzoor Ahmed
Syed Ahmed Iqbal Ashraf

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Ahmed & Qazi Advocates & Legal Consultants

Share Registrar

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

* Sequence of names in alphabetical order

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.
Phone : 021-35080172-81, 021-38020207-13
UAN : 021-111 487 487
Fax : 021-35081212, 021-35080171, 021-35084121
Website : www.gtr.com.pk

Branch Offices

Lahore	Multan
Plot No. 20, Shahrah-e-Fatima Jinnah, Lahore. Phone : 042-36308605-6 Fax : 042-36300108	Plot No. 758-759/21, Khanewal Road, Multan Phone : 061-774407 Fax : 061-774408

Islamabad

Plot No. 148-149,
Khuda Baksh Road, Saraan,
Kahuta, Industrial Triangle,
Kahuta Road, Hummak
Islamabad.
Phone : 051 - 5971612-13
Phone : 051 - 5971650
Fax : 051 - 5971615

Customer Care & Service Centre

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

DIRECTORS' REVIEW

The Directors are pleased to present the unaudited condensed interim financial statements of the Company for the half year ended December 31, 2021.

BUSINESS REVIEW

Net sales in value terms for the half year ended under review was Rs. 8.17 billion as compared to Rs. 6.45 billion in the same period last year, showing growth of 27%.

Better sales growth is mainly due to enhanced focus on replacement market (RM) coupled with gradual picking up of economic activity and better Original Equipment Manufacturer (OEM) offtake. The RM segment has shown good growth in almost all categories. The Company has increased its efforts on RM segment, while catering the requirements of OEM segment. Moreover, OEM sales, in particular passenger car, light truck and truck / bus tyre sales, also improved from same period last year.

The export sales of the Company for the period were Rs. 36.7 million as compared to Rs. 93.3 million in same period last year. Lower sales from last period is mainly due to political situation in Afghanistan and regulatory changes in payment mechanism for export to Afghanistan. It is expected that with improvement in political situation in Afghanistan coupled with introduction of an alternate mechanism of remittance for export to Afghanistan would result in improvement in export sales.

The gross profit for the period was Rs. 1,053 million as compared to Rs. 1,137 million in same period last year. Gross profit margin was 12.9% as compared to 17.6% in same period last year. Lower gross margin was mainly due to higher C & F raw material prices, devaluation of rupee, usage of LPG due to low /non availability of natural gas, increase in utility prices and other manufacturing cost partly offset by higher sales in replacement market, better product mix and price increase.

The finance cost for the period was Rs. 302 million as compared to Rs. 234 million in the same period last year. Increase in finance cost is mainly due to increase in interest rate consequent to increase in discount rate by SBP. The Company has partially contained the increase in financial cost through better working capital management.

As a result of the factors mentioned above, profit after tax for the half year ended, December 31, 2021 was Rs. 241.3 million as compared to profit after tax of Rs. 405.9 million reported in the same period last year.

FUTURE PROSPECTS

Reduction in COVID cases and opening up of businesses is good omen for overall economy as well as for your Company.

During the period, SBP has increased the discount rate by 275bps to 9.75%, which will increase the financing cost of the Company. Moreover, since last couple of months Rupee is losing its value against US Dollar. Post IMF 6th view, the Rupee has shown stability, which is a good sign. Sustainability of economic activity, coupled with the stability of exchange and financing rates are key factors for future profitability of your Company.


Lately under invoicing and smuggling has increased substantially, which is not only impacting local industry but also depriving Government of its due tax revenue. During same period last year, due to COVID related restrictions, there was no smuggling. This had given level playing field to the Company and resulted in higher sales in replacement market. We hope that Government will increase its efforts to curb smuggling. This will not only result in higher tax revenue for the Government but will also provide level playing field to the local industry.

In the last several months, raw material prices have increased significantly. This is mainly due to sudden increase in global demand post first wave of COVID, and also because of containers shortage resulting in significant increase in sea freight. Moreover, international oil prices have significantly increased which also impacts raw material prices. We hope that the situation will gradually improve in next few months.

The Company is also working on strategies to reduce cost. 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



Syed Ahmed Iqbal Ashraf
Director

Karachi

Dated: February 24, 2022

اس مدت کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے شرح سود میں 275bps کا اضافہ کر کے 9.75 فیصد کر دیا ہے، جس سے کمپنی کی مالیاتی لاگت میں اضافہ ہو گا۔ مزید یہ کہ پچھلے کچھ مہینوں سے روپیہ امریکی ڈالر کے مقابلے میں اپنی قدر رکھ رہا ہے۔ آئی ایم ایف کے چھٹے جائزے کے بعد، روپے نے استحکام دکھایا، جو ایک اچھی علامت ہے۔ معاشی سرگرمیوں کی پائیداری، تبادلے اور مالیاتی شرحوں میں استحکام آپ کی کمپنی کے مستقبل کے منافع کے اہم عوامل ہیں۔

حال ہی میں ٹائروں کی انڈرٹائمنگ بہت بڑھ گئی ہے جو کہ نا صرف مقامی صنعت کو متاثر کر سکتی ہے بلکہ حکومت کی واجب الادا ٹیکس آمدنی کو بھی متاثر کر سکتی ہے۔ پچھلے سال اسی عرصے کے دوران، COVID سے متعلقہ پابندیوں کی وجہ سے، کوئی اسمگلنگ نہیں ہوئی۔ اس سے کمپنی کو سادی مواقع ملے اور اس کے نتیجے میں متبادل مارکیٹ میں زیادہ فروخت ہوئی۔ ہم امید کرتے ہیں کہ حکومت اسمگلنگ کو روکنے کے لیے اپنی کوششوں میں اضافہ کرے گی۔ اس سے نہ صرف حکومت کو زیادہ ٹیکس کی آمدنی ملے گی بلکہ مقامی انڈسٹری کو لیول پلےنگ فیلڈ ملے گی۔

پچھلے کچھ مہینوں میں خام مال کی قیمتوں میں نمایاں طور پر اضافہ ہوا ہے۔ اس کی بنیادی وجہ COVID-19 کی پہلی لہر کے بعد عالمی طلب میں اچانک اضافہ ہے اور کنٹینرز کی کمی کی وجہ سے بحری سامان کی ترسیل کی لاگت میں بھی اضافہ ہوا ہے۔ مزید یہ کہ تیل کی بین الاقوامی قیمتوں میں نمایاں اضافہ ہوا ہے جس کا اثر خام مال کی قیمتوں پر رہا ہے۔ ہمیں امید ہے کہ اگلے چند مہینوں میں صورتحال تدریجاً بہتر ہو جائے گی۔

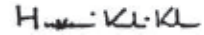
کمپنی لاگت کو کم کرنے اور مناسب پیداوار کے لئے حکمت عملی پر کام کر رہی ہے۔ مزید یہ کہ، OEM اور FRM دونوں طبقات کے لئے نئے ساز اور ریو اینڈ پر بھی کام ہو رہا ہے۔

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

پورٹ آف ڈائریکٹرز کی جانب سے



سیدہ اسما قریشی
ڈائریکٹر



حسین علی خان
چیف ایگزیکٹو

کراچی

تاریخ: 24 فروری، 2022

ڈائریکٹرز کا تجزیہ

کمپنی کے ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والے پہلے ششماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے نہایت خوشی محسوس کرتے ہیں۔

کاروباری تجزیہ

خالص قیمت فروخت زیر جائزہ ششماہی کے دوران 8.17 بلین روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 6.45 بلین روپے تھی، جو 27 فیصد کی نمایاں نمو کو ظاہر کرتی ہے۔

فروخت میں بہتر نمو کی بنیادی وجہ ریٹیل سمنٹ مارکیٹ (RM) پر بڑھتی ہوئی توجہ کے ساتھ ساتھ اقتصادی سرگرمی اور اورینٹل اکیو پیمنٹس (OEM) میں بہتر رجحان ہے۔ RM طبقہ نے تقریباً تمام اقسام کے ٹائروں میں نمایاں نمو ظاہر کی ہے۔ کمپنی نے OEM طبقہ کی ضروریات پورا کرتے ہوئے RM طبقہ پر بھی اپنی توجہ بڑھائی ہے۔ مزید برآں، OEM، خاص طور پر مسافر کار اور لائٹ ٹرک کے ٹائروں کی فروخت میں بھی گزشتہ سال کی اسی مدت سے بہتری آئی ہے۔

اس مدت کے لئے کمپنی کی برآمدی فروخت 36.7 بلین روپے رہی، جو پچھلے سال کے اسی دورانیہ میں 93.3 بلین روپے تھی۔ پچھلی مدت سے کم فروخت کی بنیادی وجہ افغانستان کی سیاسی صورتحال اور افغانستان کو برآمد کے لیے ادائیگی کے طریقہ کار میں ریگولیشنز کی تبدیلیاں ہیں۔ توقع ہے کہ افغانستان کی سیاسی صورتحال میں بہتری کے ساتھ ساتھ افغانستان کو برآمدات کے لیے ترجیحات، زرکام تبادلہ طریقہ کار جلد متعارف کرانے کے نتیجے میں برآمدات کی فروخت میں بہتری آئے گی۔

مجموعی منافع اس ششماہی میں 1,053 بلین روپے رہا جو پچھلے سال اسی دورانیہ میں 1,137 بلین روپے تھا۔ مجموعی منافع کا مارجن 12.9 فیصد رہا جبکہ پچھلے سال اسی عرصے میں یہ 17.6 فیصد تھا۔ کم مجموعی مارجن بنیادی طور پر خام مال کی C & F قیمتوں میں اضافہ، روپے کی قدر میں کمی، قدرتی گیس کی کمی اور عدم دستیابی کی وجہ سے ایل پی جی کا استعمال، پلوٹین کی قیمتوں اور دیگر پیپر اور اوری لاگت میں اضافہ، جس کو جزوی طور پر ریٹیل سمنٹ مارکیٹ کی فروخت میں اضافہ، بہتر پروڈکٹس اور قیمت فروخت میں اضافے نے بڑھتی ہوئی لاگت کے اثرات کو کم کیا ہے۔

اس مدت میں مالیاتی اخراجات 302 بلین روپے رہے جو پچھلے سال اسی عرصے میں 234 بلین روپے تھے۔ مالیاتی لاگت میں اضافہ بنیادی طور پر اسٹیٹ بینک کی طرف سے رعایتی شرح اور شرح سود میں اضافے کی وجہ سے ہے۔ کمپنی نے بہتر ورکنگ کپیکلٹی مینجمنٹ کے ذریعے جزوی طور پر مالیاتی لاگت میں اضافے پر قابو پایا ہے۔

مذکورہ بالا عوامل کے نتیجے میں اس ششماہی میں نیٹس کے بعد منافع 241.3 بلین روپے رہا جو گزشتہ سال اسی عرصے میں 405.9 بلین روپے تھا۔

مستقبل کے امکانات

کوویڈ کیسز میں کمی اور کاروباری سرگرمیوں کا بحال ہونا مجموعی معیشت کے ساتھ ساتھ آپ کی کمپنی کے لیے بھی اچھا منگلوں ہے۔



A.F. FERGUSON & Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF GHANDHARA TYRE AND RUBBER COMPANY LIMITED (FORMERLY THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED) REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Ghandhara Tyre and Rubber Company Limited (formerly The General Tyre and Rubber Company of Pakistan Limited) as at December 31, 2021 and the related condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed interim 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, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.


Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed 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 condensed 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.

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


A. F. Ferguson & Co.,
Chartered Accountants
Karachi
Date: February 25, 2022

UDIN: RR202110160A3hEupBPV

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwcc.com/pk>

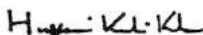
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	December 31, 2021 (Un audited)	June 30, 2021 (Audited)
		----- Rupees in '000 -----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
125,000,000 (June 30, 2021: 125,000,000)			
ordinary shares of Rs 10 each		1,250,000	1,250,000
Issued, subscribed and paid-up share capital		<u>1,219,334</u>	<u>1,219,334</u>
Reserve for capital expenditure		1,000,000	1,000,000
Unappropriated profit		<u>1,537,553</u>	<u>1,296,281</u>
TOTAL EQUITY		3,756,887	3,515,615
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances		723,886	989,453
Lease liabilities		816	3,262
Staff benefits		424,157	382,630
Deferred liabilities			
- Deferred tax liability		102,650	62,268
- Others		<u>178,640</u>	<u>186,641</u>
		<u>281,290</u>	<u>248,909</u>
Long term deposits from dealers		10,490	9,960
		<u>1,440,639</u>	<u>1,634,214</u>
CURRENT LIABILITIES			
Current maturity of long term finances		707,846	844,077
Current maturity deferred liabilities		101,391	100,954
Short term finances	5	4,386,191	1,958,553
Current maturity of lease liability		3,909	5,300
Running finances under mark-up arrangements		2,270,804	3,289,343
Trade and other payables	6	3,750,833	2,467,179
Unclaimed dividend		19,490	19,554
Accrued mark-up		151,759	129,176
Provision		<u>59,038</u>	<u>59,038</u>
		<u>11,451,261</u>	<u>8,873,174</u>
TOTAL LIABILITIES		<u>12,891,900</u>	<u>10,507,388</u>
TOTAL EQUITY AND LIABILITIES		<u>16,648,787</u>	<u>14,023,003</u>
Contingencies and commitments	7		



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	December 31, 2021 (Un audited)	June 30, 2021 (Audited)
----- Rupees in '000 -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	5,348,046	5,197,325
Right-of-use assets		2,305	4,838
Intangible assets		1,706	2,698
Investment in an associated company		22,438	19,408
Long term loans and advances		9,662	9,039
Long term deposits		19,851	22,028
		5,404,008	5,255,336
CURRENT ASSETS			
Stores and spares		676,615	636,040
Stocks	9	6,634,988	4,841,207
Trade debts		2,110,957	1,717,939
Loans and advances		142,560	74,668
Deposits and prepayments		115,357	88,887
Other receivables		211,637	185,637
Taxation - net		1,240,503	1,148,891
Cash and bank balances		112,162	74,398
		11,244,779	8,767,667
TOTAL ASSETS		16,648,787	14,023,003

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

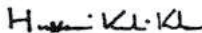
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	For the quarter ended		For the half year ended	
		December 31, 2021	2020	December 31, 2021	2020
		----- Rupees in '000 -----			
Sales - net		3,935,101	3,260,999	8,168,158	6,448,619
Cost of sales	10	(3,431,681)	(2,597,976)	(7,115,203)	(5,311,195)
Gross profit		503,420	663,023	1,052,955	1,137,424
Administrative expenses		(73,748)	(79,298)	(145,252)	(143,890)
Distribution cost		(132,609)	(131,622)	(274,284)	(246,108)
Other income		42,365	111,531	62,331	125,319
Other expenses		(23,821)	(41,930)	(36,246)	(54,249)
Profit from operations		315,607	521,704	659,504	818,496
Finance cost		(156,907)	(111,488)	(301,843)	(233,961)
		158,700	410,216	357,661	584,535
Share of profit / (loss) of an associated company		2,146	(679)	3,030	3,533
Profit before taxation		160,846	409,537	360,691	588,068
Taxation	11	(50,500)	(129,581)	(119,419)	(182,139)
Profit for the period		110,346	279,956	241,272	405,929
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		110,346	279,956	241,272	405,929
		Rupee	Rupees	Rupees	Rupees
Earnings per share - basic and diluted	12	0.90	2.30	1.98	3.33

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

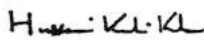
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Capital Reserve	Revenue Reserve		
	Issued, subscribed and paid-up share capital	Reserve for capital expenditure	Unappropriated profit (note 1.2)	Total
----- Rupees in '000 -----				
Balance as at July 1, 2020 (Audited)	1,219,334	1,000,000	734,957	2,954,291
Total comprehensive income for the half year ended December 31, 2020	-	-	405,929	405,929
Balance as at December 31, 2020 (Un-audited)	<u>1,219,334</u>	<u>1,000,000</u>	<u>1,140,886</u>	<u>3,360,220</u>
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	-	-	241,272	241,272
Balance as at December 31, 2021 (Un-audited)	<u>1,219,334</u>	<u>1,000,000</u>	<u>1,537,553</u>	<u>3,756,887</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

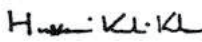
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		For the half year ended December 31,	
		2021	2020
Note		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	13	(98,664)	641,780
		(18,419)	(23,237)
		(1,758)	(3,362)
		530	(141)
		(286,635)	(298,516)
		(170,649)	(55,946)
		(623)	(1,208)
		2,177	1,043
		296	318
		(573,745)	260,731
CASH FLOWS FROM INVESTING ACTIVITIES			
		(380,750)	(379,896)
		4,315	19,957
		(376,435)	(359,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(436,013)	(100,000)
		19,067	690,360
		(4,145)	(12,537)
		2,427,638	(261,447)
		(64)	(132)
		2,006,483	316,244
		1,056,303	217,036
		(3,214,945)	(3,767,498)
	14	(2,158,642)	(3,550,462)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1. LEGAL STATUS AND OPERATIONS

- 1.1 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, under the Companies Act 1913, repealed and replaced by the Companies Ordinance, 1984 which in turn got replaced by the Companies Act 2017, and was subsequently converted into a public limited company. During the period, the Company has changed its name from The General Tyre and Rubber Company of Pakistan Limited to Ghandhara Tyre and Rubber Company Limited, approved by the Securities and Exchange Commission of Pakistan through a certificate of Incorporation on Change of Name dated December 8, 2021. The Company's shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at H - 23/2, Landhi Industrial Trading Estate, Landhi, Karachi with regional offices at Lahore, Multan and Islamabad. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.
- 1.2 During the year ended June 30, 2021, the High Court of Sindh issued an order in respect of a litigation involving the Company, whereby the Company and its Board are restrained to pass any resolution involving vote of a special majority that includes declaration of final and interim dividends as provided in Articles of the Company.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in an annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2021.

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

3.2.1 Amendments to published accounting and reporting standards which were effective during the period

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

3.2.2 Amendments to published accounting and reporting standards that are not yet effective

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2021.

5. SHORT TERM FINANCES- Secured

- 5.1 Short term finance facilities available from commercial and islamic banks aggregate Rs 4,511 million (June 30, 2021: Rs 2,000 million) and are secured against pari passu charge over fixed assets (excluding land and building), stocks and trade debts of the Company. The rates of mark-up of these facilities range from KIBOR plus 0% to 0.85% per annum. These facilities are expiring on various dates upto June 12, 2022.

December 31, 2021 (Un audited)	June 30, 2021 (Audited)
---	-------------------------------

- 5.2 Following are the changes in short term finances:

----- Rupees in '000 -----

Opening balance	1,958,553	1,070,447
Disbursements net of repayments	2,427,638	888,106
Closing balance	4,386,191	1,958,553

	December 31, 2021 (Un audited)	June 30, 2021 (Audited)
6. TRADE AND OTHER PAYABLES	----- Rupees in '000 -----	
Trade creditors	200,436	147,331
Bills payable	1,812,726	752,474
Accrued expenses	1,375,947	1,118,478
Royalty fee payable	97,587	89,481
Advances from customers	30,099	48,842
Staff provident fund payable	4,523	4,613
Staff retirement gratuity	55,094	73,511
Short term deposits	2,022	1,852
Workers' profit participation fund payable	19,430	43,577
Workers' welfare fund payable	27,421	18,186
Payable to Waqf-e-Kuli Khan	20,359	14,327
Interest payable on custom duties	29,933	29,933
Sales tax payable	47,082	93,632
Others	28,174	30,942
	<u>3,750,833</u>	<u>2,467,179</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- 7.1.1 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, 2021.

	December 31, 2021 (Un audited)	June 30, 2021 (Audited)
	----- Rupees in '000 -----	

7.1.2 Guarantees issued by commercial banks on behalf of the Company	<u>178,883</u>	<u>174,267</u>
7.1.3 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	<u>34,628</u>	<u>34,628</u>
7.2 Commitments		
7.2.1 Commitments in respect of:		
- letters of credit for capital expenditure	<u>455,331</u>	<u>442,655</u>
- letters of credit for purchase of raw material and stores & spares	<u>2,443,476</u>	<u>1,382,746</u>
- purchase orders issued to local suppliers for capital expenditure	<u>39,631</u>	<u>88,625</u>
- sales contracts entered into by the Company	<u>492,607</u>	<u>237,757</u>
- tentative schedules for supply of tyres	<u>2,802,420</u>	<u>2,554,844</u>

		December 31, 2021 (Un audited)	June 30, 2021 (Audited)
	Note	----- Rupees in '000 -----	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	4,710,413	4,595,512
Capital work-in-progress		637,633	601,813
		5,348,046	5,197,325
8.1 Operating fixed assets			
Net book value at beginning of the period / year		4,595,512	4,810,177
Additions during the period / year	8.2	352,611	257,956
Disposals costing Rs 30.224 million (June 30, 2021: Rs 35.143 million) - book value		(1,577)	(7,732)
Depreciation for the period / year		(236,133)	(464,889)
Net book value at end of the period / year		4,710,413	4,595,512

**For the half year ended
December 31,**

		2021 (Un-audited)	2020
		----- Rupees in '000 -----	
8.2 Details of transfers to operating fixed assets during the period are as follows:			
Electrical installations		14,828	947
Plant and machinery		272,108	2,425
Moulds		-	42,338
Vehicles		65,307	-
Factory and office equipment		-	2,292
Computer equipment		368	557
		352,611	48,559

8.2.1 During the period, the Company has capitalised borrowing costs amounting to Rs 7.683 million (June 30, 2021: Rs 11.786 million) on its qualifying assets at current period's weighted average rate of its general borrowings of 8.53% per annum (June 30, 2021: 8.14% per annum).

		December 31, 2021 (Un audited)	June 30, 2021 (Audited)
	Note	----- Rupees in '000 -----	
9. STOCKS			
Raw materials			
- in hand		2,327,383	1,855,840
- in transit		1,138,995	870,253
		3,466,378	2,726,093
Work-in-process		334,937	193,782
Finished goods			
- in hand	9.1	2,820,507	1,885,506
- in transit		13,166	35,826
		2,833,673	1,921,332
		6,634,988	4,841,207

- 9.1 Finished goods include items costing Rs 208.744 million (June 30, 2021: Rs 161.846 million) which are stated at their net realisable values aggregating Rs 163.778 million (June 30, 2021: Rs 116.88 million). The aggregate amount charged to profit or loss in respect of stocks written down to their net realisable value is Rs 44.966 million (June 30, 2021: Rs 44.966 million).

	Note	For the quarter ended December 31,		For the half year ended December 31,	
		2021	2020	2021	2020
----- (Un-audited) -----					
----- Rupees in '000 -----					
10. COST OF SALES					
Opening stock of finished goods		2,106,405	1,629,308	1,921,332	1,666,028
Cost of goods manufactured	10.1	4,119,497	2,548,978	7,951,809	5,153,474
Finished goods purchased		39,452	114,351	75,735	186,354
		4,158,949	2,663,329	8,027,544	5,339,828
		6,265,354	4,292,637	9,948,876	7,005,856
Closing stock of finished goods		2,833,673	1,694,661	2,833,673	1,694,661
		3,431,681	2,597,976	7,115,203	5,311,195
10.1 Cost of goods manufactured					
Opening work-in-process		354,671	163,924	193,782	189,727
Raw material consumed & factory overheads		4,099,763	2,572,388	8,092,964	5,151,081
		4,454,434	2,736,312	8,286,746	5,340,808
Closing work-in-process		334,937	187,334	334,937	187,334
		4,119,497	2,548,978	7,951,809	5,153,474
11. TAXATION					
Current					
- for the period		5,219	48,890	79,037	109,294
Deferred		45,281	80,691	40,382	72,845
		50,500	129,581	119,419	182,139
12. EARNINGS PER SHARE - BASIC AND DILUTED					
12.1 Basic earnings per share					
Profit after taxation		110,346	279,956	241,272	405,929
Weighted average number of ordinary shares		121,933,350	121,933,350	121,933,350	121,933,350
		Rupee	Rupees	Rupees	Rupees
Earnings per share		0.90	2.30	1.98	3.33
12.2 Diluted earnings per share					

There are no dilutive potential ordinary shares outstanding as at December 31, 2021 and 2020.

		For the half year ended December 31,	
		2021	2020
		(Un-audited)	
Note		----- Rupees in '000 -----	
13.	CASH (USED IN) / GENERATED FROM OPERATIONS		
	Profit before taxation	360,691	588,068
	Adjustments for non-cash charges and other items		
	Depreciation on property, plant and equipment	236,133	234,931
	Amortisation	994	950
	Depreciation on right-of-use assets	2,533	8,657
	Provision for staff retirement gratuity	35,873	30,158
	Charge of employees compensated absences	5,656	3,652
	Provision for doubtful trade debts - net	1,598	(9,521)
	Profit on bank deposits	(296)	(318)
	Gain on sale of operating fixed assets	(2,738)	(12,225)
	Gain on termination of lease liability	-	(17,553)
	Measurement gain on Gas Infrastructure Development Cess (GIDC) liability	-	(29,701)
	Finance cost	301,843	233,961
	Share of profit of an associated company	(3,030)	(3,533)
	Working capital changes	13.1	
		(1,037,921)	(385,746)
		(98,664)	641,780
13.1	Working capital changes		
	Increase in current assets:		
	- Stores and spares	(40,575)	(8,718)
	- Stocks	(1,793,781)	(567,293)
	- Trade debts	(394,616)	(317,659)
	- Loans and advances	(67,892)	(133,708)
	- Deposits and prepayments	(26,470)	(33,602)
	- Other receivables	(26,000)	(7,375)
		(2,349,334)	(1,068,355)
	Increase in current liabilities:		
	- Trade and other payables and provision	1,311,413	682,609
		(1,037,921)	(385,746)

December 31,
2021
(Un audited)

June 30,
2021
(Audited)

----- Rupees in '000 -----

16.2 Period / year end balances are as follows:
Payables to associated companies / related parties

Staff retirement gratuity	16,028	18,767
Long term and running finances	731,947	1,086,950
Trade and other payable	24,363	20,090
Accrued mark-up	13,969	16,082

Receivables from associated companies / related parties

Long term loans and advances	880	743
Loans and advances	826	555
Bank balances	10,144	9,067

17. GENERAL

17.1 Date of authorisation for issue

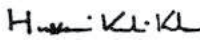
These condensed interim financial statements were authorised for issue on February 24, 2022 by the Board of Directors of the Company.

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

17.3 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



Syed Ahmed Iqbal Ashraf
Director