



QUARTERLY SEPTEMBER 30

2021



THE GENERAL TYRE & 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), UAN: +92 21 111 487 487 Fax: +92 21 3508 0171, Email: headoffice@genitpak.com, Web: www.gtr.com.pk

Instagram, Facebook, and Twitter icons for CTR Tyre

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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 Shahra-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 first quarter ended September 30, 2021.

BUSINESS REVIEW

Net sales in value terms for the first quarter ended under review was Rs. 4.23 billion as compared to Rs. 3.19 billion in the same period last year, showing growth of 33%.

Better sales growth is mainly due to enhanced focus on replacement market (RM) coupled with gradual picking up of economic activity and lower availability of smuggled tyres. The RM segment has shown good growth in almost all categories, in particular Farm segment as a result of pre-season buying in the month of September. The Company has increased its efforts on RM segment, while catering the requirements of Original Equipment Manufacturer (OEM) segment. Moreover, OEM sales, in particular passenger car and light truck tyre sales, also improved from same period last year.

The export sales of the Company for the period were Rs. 17.9 million as compared to Rs. 29.3 million in same period last year. Lower sales from last period is mainly due to law and order situation in Afghanistan in period under review. It is expected that with improvement in law & order situation, the export sales would gain momentum.

The gross profit for the period was Rs. 549.53 million as compared to Rs. 474.40 million in same period last year. Gross profit margin was 13.0% as compared to 14.9% in same period last year. Lower gross margin was mainly due to higher C & F raw material prices, devaluation of rupee, 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. 144.94 million as compared to Rs. 122.47 million in the same period last year. Despite increase in raw material prices, the Company has contained the increase in financial cost through better working capital management.

As a result of the factors mentioned above, profit after tax for the first quarter ended September 30, 2021 was Rs. 130.93 million as compared to loss after tax of Rs. 125.97 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 25bps to 7.25%, which will marginally increase the financing cost of the Company. Moreover, since last couple of months Rupee is losing its value against US Dollar. Sustainability of economic activity, coupled with the stability of exchange and financing rates are key factors for future profitability of your Company.

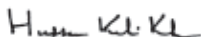
Lately under invoicing has increased substantially, which is not only impacting local industry but also depriving Government of its due tax revenue. In August 2021, the Import Trade prices (ITP) of tyres were updated, last time such exercise was carried out in 2018. This was necessary to reflect the impact of increase in raw material pricing. We hope that Government will continue its efforts to curb smuggling and ensure proper classification of tyres in appropriate categories of ITP. 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.

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. It is expected that the situation will gradually improve in next few months, however, if this continued then this may impact the local industry. The Company has gradually started to pass on its impact to its customers both in OEM and replacement market segments.

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 Replacement market 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: October 27, 2021

ہوگا۔ مزید یہ کہ پچھلے چند مہینوں سے رو پیہ امریکی ڈالر کے مقابلے میں اپنی قدر رکھ رہا 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 انڈر انوائسنگ بہت بڑھ گئی ہے جو کہ ناصرف مقامی صنعت کو متاثر کر سکتی ہے بلکہ حکومت کی واجب الادائیں آمدنی کو بھی متاثر کر سکتی ہے۔ اگست 2021 میں، ٹائروں کی اسپورٹ ٹریڈ کی قیمتوں (ITP) کو اپڈیٹ کیا گیا، آخری بار 2018 میں اس طرح کی مشق کی گئی تھی۔ خام مال کی قیمتوں میں اضافے کے اثرات کو ظاہر کرنے کے لیے یہ ضروری تھا۔ ہم امید کرتے ہیں کہ حکومت سہولتگار کورونے کے لیے اپنی کوششیں جاری رکھے گی اور ITP کے مناسب زمروں میں ٹائروں کی مناسب درجہ بندی کو یقینی بنائے گی۔ اس سے نہ صرف حکومت کو زیادہ ٹیکس کی آمدنی ملے گی بلکہ مقامی انڈسٹری کو لیول پلیئنگ فیئلڈ ملے گی اور روزگار فراہم کرنے میں بھی مدد 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۔ یہ توقع کی جاتی ہے کہ اگلے چند مہینوں میں حالات کچھ بہتر ہو جائیں گے، تاہم اگر حالات یونہی رہے تو مقامی صنعتوں پر اثر پڑ سکتا ہے۔ کمپنی نے آہستہ آہستہ اس کے اثرات OEM اور RM دونوں طبقوں کو منتقل کرنا شروع کر دیے ہیں۔

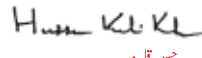
کمپنی لاگت کو کم کرنے اور مناسب پیداوار کے لئے حکمت عملی پر کام کر رہی ہے۔ مزید یہ کہ، OEM اور RM دونوں طبقات کے لئے نئے ساز و ساز و ڈیزائن پر بھی کام ہو رہا ہے۔

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

ہورڈ آف ڈائریکٹرز کی جانب سے



سیدہ اصما اہسان
ڈائریکٹر



حسین نقی خان
چیف ایگزیکٹو

کراچی

تاریخ: 27 اکتوبر، 2021

ڈائریکٹرز کا تجزیہ

کمپنی کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے پہلے سہ ماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے نہایت خوش محسوس کرتے ہیں۔

کاروباری تجزیہ

خالص قیمت فروخت زیر جائزہ سہ ماہی کے دوران 4.23 بلین روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 3.19 بلین روپے تھی، جو 33 فیصد کی نمایاں نمو کو ظاہر کرتی ہے۔

فروخت میں بہتر نمو کی بنیادی وجہ ریٹیل منسٹ مارکیٹ (RM) پر بڑھتی ہوئی توجہ کے ساتھ ساتھ اقتصادی سرگرمی میں بتدریج بہتری اور اسمگلڈ ٹائروں کی کم فراہمی ہے۔ ستمبر کے مہینہ میں پری بیزن خریداری کے نتیجے میں RM طبقہ نے تقریباً تمام اقسام کے ٹائروں میں، خاص طور پر فام ٹائروں کی کیٹیگری میں، نمایاں نمو ظاہر کی ہے۔ کمپنی نے اورجنل ایکویپمنٹ میٹو پیکچرز (OEM) طبقہ کی ضروریات پورا کرتے ہوئے RM طبقہ پر بھی اپنی توجہ بڑھائی ہے۔ مزید برآں، OEM فروخت، 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 17.9 بلین روپے رہی، جو پچھلے سال کے اسی دورانیہ میں 29.3 بلین روپے تھی۔ پچھلی مدت سے کم فروخت کی بنیادی وجہ افغانستان میں زیر نظر مدت میں امن و امان کی صورتحال ہے۔ توقع ہے کہ اسن و امان کی صورتحال میں بہتری کے ساتھ برآمدات کی فروخت میں تیزی آئے گی۔

کل منافع اس سہ ماہی میں 549.53 بلین روپے رہا جو پچھلے سال اسی دورانیہ میں 474.40 بلین روپے تھا۔ مجموعی منافع کا مارجن 13.0 فیصد رہا جبکہ پچھلے سال اسی عرصے میں یہ 14.9 فیصد تھا۔ مجموعی مارجن بنیادی طور پر C & F خام مال کی قیمتوں میں اضافہ، روپے کی قدر میں کمی، پالیٹینی کی قیمتوں اور دیگر پیپ اواری لاگت میں اضافہ، جس کو جزوی طور پر ریٹیل منسٹ 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 144.94 بلین روپے رہے جو پچھلے سال اسی عرصے میں 122.47 بلین روپے تھے۔ خام مال کی قیمتوں میں اضافے کے باوجود، کمپنی نے بہتر ورکنگ کیپٹل مینجمنٹ کے ذریعے مالیاتی لاگت میں اضافے پر قابو پایا ہے۔

مذکورہ بالا عوامل کے نتیجے میں اس سہ ماہی میں ٹیکس کے بعد منافع 130.93 بلین روپے رہا جو گزشتہ سال اسی عرصے میں 125.97 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 نکلون ہے۔

اس مدت کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے شرح سود میں 25bps کا اضافہ کر کے 7.25 فیصد کر دیا ہے، جس سے کمپنی کی مالیاتی لاگت میں معمولی اضافہ

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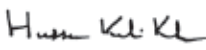
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	September 30, 2021 (Un audited)	June 30, 2021 (Audited)
Note	----- 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	1,219,334	1,219,334
Reserve for capital expenditure	1,000,000	1,000,000
Unappropriated profit	1,427,207	1,296,281
TOTAL EQUITY	3,646,541	3,515,615
LIABILITIES		
NON CURRENT LIABILITIES		
Long term finances	833,811	989,453
Lease liability	2,039	3,262
Staff benefits	402,272	382,630
Deferred liabilities		
- Deferred tax liability	57,369	62,268
- Others	183,105	186,641
	240,474	248,909
Long term deposits from dealers	10,460	9,960
	1,489,056	1,634,214
CURRENT LIABILITIES		
Current maturity of long term finances	748,502	844,077
Current maturity deferred liabilities	97,705	100,954
Short term finances	3,063,027	1,958,553
Current maturity of lease liability	4,150	5,300
Running finances under mark-up arrangements	2,950,111	3,289,343
Trade and other payables	3,753,551	2,467,179
Unclaimed dividend	19,540	19,554
Accrued mark-up	115,220	129,176
Provisions	59,038	59,038
	10,810,844	8,873,174
TOTAL LIABILITIES	12,299,900	10,507,388
TOTAL EQUITY AND LIABILITIES	15,946,441	14,023,003
Contingencies and commitments	6	



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

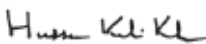
AS AT SEPTEMBER 30, 2021

		September 30, 2021 (Un audited)	June 30, 2021 (Audited)
		----- Rupees in '000 -----	
ASSETS	Note		
NON CURRENT ASSETS			
Property, plant and equipment	7	5,182,268	5,197,325
Right-of-use assets		3,184	4,838
Intangible assets		2,202	2,698
Investment in an associated company	8	20,292	19,408
Long term loans and advances		8,397	9,039
Long term deposits		22,024	22,028
		5,238,367	5,255,336
CURRENT ASSETS			
Stores and spares		625,455	636,040
Stocks	9	6,099,580	4,841,207
Trade debts		2,092,492	1,717,939
Loans and advances		178,053	74,668
Deposits and prepayments		139,557	88,887
Other receivables		221,876	185,637
Taxation - net		1,152,957	1,148,891
Cash and bank balances		198,104	74,398
		10,708,074	8,767,667
TOTAL ASSETS		15,946,441	14,023,003

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



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

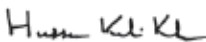
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

		Quarter ended September 30,	
Note	2021	2020	
	----- Rupees in '000 -----		
Sales - net		4,233,057	3,187,620
Cost of sales	10	(3,683,522)	(2,713,219)
Gross profit		549,535	474,401
Administrative expenses		(71,504)	(64,592)
Distribution cost		(141,675)	(114,486)
Other income		19,966	13,788
Other expenses		(12,425)	(12,319)
Profit from operations		343,897	296,792
Finance cost		(144,936)	(122,473)
		198,961	174,319
Share of profit of an associated company	8	884	4,212
Profit before taxation		199,845	178,531
Taxation	11	(68,919)	(52,558)
Profit for the period		130,926	125,973
Other comprehensive income		-	-
Total comprehensive income for the period		130,926	125,973
		----- Rs. -----	
Earnings per share basic and diluted		1.07	1.03

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



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

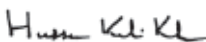
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Capital Reserve	Revenue Reserve		
	Reserve for capital expenditure	Unappropriated profit	Total	
	Issued, subscribed and paid-up share capital			
	----- 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 period ended September 30, 2020	-	-	125,973	125,973
Balance as at September 30, 2020 (Un - audited)	<u>1,219,334</u>	<u>1,000,000</u>	<u>860,930</u>	<u>3,080,264</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 period ended September 30, 2021	-	-	130,926	130,926
Balance as at September 30, 2021 (Un-audited)	<u>1,219,334</u>	<u>1,000,000</u>	<u>1,427,207</u>	<u>3,646,541</u>

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



Syed Ahmed Iqbal Ashraf
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

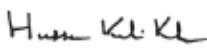
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

		Quarter ended September 30,	
		2021	2020
Note		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	12	(30,781)	676,976
		(8,775)	(12,213)
		(1,224)	(1,664)
		500	(140)
		(158,722)	(170,183)
		(77,884)	(3,944)
		642	2,140
		4	(450)
		136	154
		(276,104)	490,676
CASH FLOWS FROM INVESTING ACTIVITIES			
		(101,319)	(45,722)
		200	3,021
		(101,119)	(42,701)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(261,756)	(49,999)
		-	439,040
		(2,543)	(7,606)
		1,104,474	(936,514)
		(14)	(132)
		840,161	(555,211)
		462,938	(107,236)
		(3,214,945)	(3,767,498)
		(2,752,007)	(3,874,734)
	13	(2,752,007)	(3,874,734)

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



Syed Ahmed Iqbal Ashraf
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

1. LEGAL STATUS AND OPERATIONS

- 1.1 The General Tyre and Rubber Company of Pakistan Limited (the Company) was incorporated in Pakistan on March 7, 1963 as a private limited company and was subsequently converted into a public limited company. Its shares are listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at H - 23/2, Landhi Industrial Trading Estate, Landhi, Karachi with regional offices at Lahore, Multan and Islamabad. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.
- 1.2 During the year, in respect of a litigation involving the Company, the High Court of Sindh has issued an order 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 is unaudited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2 These condensed interim financial statements does not include all the information and disclosures required in an annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 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 standards and new interpretations.**
- 3.2.1 **Amendments to published approved accounting standards which were effective during the period ended September 30, 2021.**

There were certain amendments to approved accounting standards which were mandatory for the Company's annual accounting period which began on July 01, 2021. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

Judgements 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 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 financial statements for the year ended June 30, 2021.

	September 30, 2021 (Un audited)	June 30, 2021 (Audited)
----- Rupees in '000 -----		
5. TRADE AND OTHER PAYABLES		
Trade creditors	301,743	147,331
Bills payable	1,702,598	752,474
Accrued expenses	1,334,157	1,118,478
Royalty fee payable	96,774	89,481
Advances from customers	34,233	48,842
Staff provident fund payable	4,497	4,613
Staff retirement benefits	64,736	73,511
Short term deposits	2,125	1,852
Workers' profit participation fund	11,077	43,577
Workers' welfare fund	24,082	18,186
Payable to Waqf-e-Kuli Khan	17,601	14,327
Interest payable on custom duties	29,933	29,933
Sales tax	95,601	93,632
Others	34,394	30,942
	<u>3,753,551</u>	<u>2,467,179</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, 2021.

	September 30, 2021 (Un audited)	June 30, 2021 (Audited)
----- Rupees in '000 -----		
6.1.2 Guarantees issued by commercial banks on behalf of the Company	<u>166,767</u>	<u>174,267</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>34,628</u>	<u>34,628</u>

		September 30, 2021 (Un audited)	June 30, 2021 (Audited)
	Note	----- Rupees in '000 -----	
6.2 Commitments			
6.2.1 Commitments in respect of:			
- letters of credit for capital expenditure		450,473	442,655
- letters of credit for purchase of raw material and stores & spares		2,099,925	1,382,746
- purchase orders issued to local suppliers for capital expenditure		32,467	88,625
- tentative schedules for supply of tyres		2,725,490	2,554,844
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	4,516,919	4,595,512
Capital work-in-progress		665,349	601,813
		5,182,268	5,197,325
7.1 Operating fixed assets			
Book value at beginning of the period / year		4,595,512	4,810,177
Additions during the period / year		37,784	257,956
Disposals costing Rs. 1.998 million (June 30, 2021: Rs. 35.143 million) - book value		-	(7,732)
Depreciation for the period / year		(116,377)	(464,889)
Book value at end of the period / year		4,516,919	4,595,512
8. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted Ghandhara Industries Limited			
- Equity accounted investment			
Balance at beginning of the year		19,408	13,240
Share of profit for the period		884	6,168
Balance at end of the period / year		20,292	19,408

- 8.1 Investment in Gandhara Industries Limited (GIL) represents 201,400 (June 30, 2021: 201,400) fully paid ordinary shares of Rs 10 each representing 0.473% (June 30, 2021: 0.473%) of its issued, subscribed and paid-up share capital as at September 30, 2021. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.
- 8.2 The Company considers GIL as its associate and follows equity accounting as it has significant influence over GIL based on common directorship.
- 8.3 The market value of the investment as at September 30, 2021 was Rs. 39.267 million (June 30, 2021 : Rs: 56.195 million).

	September 30, 2021 (Un audited)	June 30, 2021 (Audited)
	----- Rupees in '000 -----	
9. STOCKS		
Raw materials		
- in hand	1,982,573	1,855,840
- in transit	1,655,931	870,253
	3,638,504	2,726,093
Work-in-process	354,671	193,782
Finished goods		
- in hand	2,106,405	1,885,506
- in transit	-	35,826
	2,106,405	1,921,332
	6,099,580	4,841,207
	Quarter ended September 30,	
	2021	2020
	(Unaudited)	
	----- Rupees in '000 -----	
10. COST OF SALES		
Opening stock of finished goods	1,921,332	1,666,028
Cost of goods manufactured	3,832,312	2,604,496
Finished goods purchased	36,283	72,003
	3,868,595	2,676,499
	5,789,927	4,342,527
Closing stock of finished goods	2,106,405	1,629,308
	3,683,522	2,713,219
11. TAXATION		
Current	73,818	60,404
Deferred	(4,899)	(7,846)
	68,919	52,558

Quarter ended September 30,
2021
2020

(Unaudited)

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

12. CASH GENERATED FROM OPERATIONS

Profit before taxation		199,845	178,531
Adjustments for non-cash charges and other items			
Depreciation on property, plant and equipment		116,377	112,962
Amortisation		497	501
Depreciation on right-of-use assets		1,653	4,329
Provision for staff retirement gratuity		17,092	17,102
Charge of employees compensated absences		2,552	2,076
Reversal of provision for doubtful trade debts		(4,498)	(8,133)
Profit on bank deposits		(136)	(154)
Gain on sale of operating fixed assets		(200)	(380)
Finance cost		144,936	122,473
Share of profit of an associated company		(884)	(4,212)
Working capital changes	12.1	(508,015)	251,881
		(30,781)	676,976
12.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores and spares		10,585	2,312
- Stocks		(1,258,373)	431,627
- Trade debts		(370,055)	(274,235)
- Loans and advances		(103,385)	(48,297)
- Deposits and prepayments		(50,670)	(27,829)
- Other receivables		(36,239)	(647)
		(1,808,137)	82,931
Increase in current liabilities:			
- Trade and other payables		1,300,122	168,950
		(508,015)	251,881

13. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements		(2,950,111)	(3,999,774)
Cash and bank balances		198,104	125,040
		(2,752,007)	(3,874,734)
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 September 30, 2021 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material. The Company has earned revenues from one (September 30, 2020: two) customers aggregating Rs.695.516 million (September 30, 2020: Rs.719.685 million) during the period which constituted 13.54% (September 30, 2020: 18.48%) of gross sales.

15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

	Quarter ended September 30,	
	2021	2020
	(Unaudited)	
	----- Rupees in '000 -----	
Associated companies/undertakings:		
Sales of goods	76,520	32,684
Goods supplied and services rendered	709	287
Rent	450	450
Interest earned	136	154
Mark-up on running and long term finance	14,510	15,287
Donation	3,274	3,440
Key management personnel:		
Provision towards gratuity staff fund	2,103	2,344
Contribution towards employees provident fund	5,210	5,717
Salaries and other employee benefits	76,796	61,065
Meeting fees	2,300	2,700

	September 30,	June 30,
	2021	2021
	(Un audited)	
	----- Rupees in '000 -----	

15.2 Period / year end balances are as follows:

Payables to associated companies / related parties		
Staff retirement gratuity	17,468	18,765
Long term and running finances	875,210	1,086,950
Trade and other payable	22,140	20,090
Accrued mark-up	11,297	16,082
Receivables from associated companies / related parties		
Long term loans and advances	1,072	743
Loans and advances	884	555
Bank balances	10,114	9,067

16. GENERAL

16.1 Date of authorisation for issue

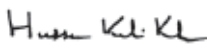
These condensed interim financial statements were authorised for issue on October 27, 2021 by the Board of Directors of the Company.

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

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



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director