

# First Quarter Accounts September 2020



Har safar ka humsafar



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## Company Profile

### Board of Directors\*

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

### 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

### HR & Remuneration Committee\*

Mr. Ahmad Kuli Khan Khattak  
 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 Limited.  
 CDC House 99-B, Block-B, S.M.C.H.S.,  
 Main Shakra-e-Faisal Karachi-74400  
 UAN No. : (92-21) 111 111 500  
 Tel : Customer Support Services (Toll Free) 0800-CDCPL (23275)  
 Fax: (92-21) 34326053, Email: info@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.  
 Phone : 021-35080172-81, 021-38020207-13  
 UAN : 021-111 487 487  
 Fax : 021-35081212, 021-35080171, 021-35084121  
 Website : www.gentipak.com

### Branch Offices

#### Lahore

Plot No. 20,  
 Shahrah-e-Fatima  
 Jinnah, Lahore.  
 Phone : 042-36308605-6  
 Fax : 042-36300108  
 Fax : 051-4440916

#### Islamabad

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

#### Multan

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

### Customer Care & Service Centre

#### Lahore

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

\* Sequence of names in alphabetical order

## Directors' Review

The directors are pleased to present the unaudited condensed interim financial statements of the Company for the first quarter ended September 30, 2020.

### BUSINESS REVIEW

Net sales in value terms for the first quarter under review was Rs. 3.19 billion as compared to Rs. 2.25 billion in the same period last year, showing significant growth of 42%.

In last couple of years, Company is also focusing on replacement market (RM) segment in addition to Original Equipment Manufacturer (OEM) segment. This strategy has supported the Company during the tough economic times. Due to enhanced focus on RM coupled with gradual picking up of economic activity and lower availability of smuggled tyres, the replacement market segment has shown significant growth in almost all categories. Moreover, OEM sales, in particular farm tyre sales, also improved from same period last year. The export sales of the Company for the period was Rs. 29.3 million, grew by 32% from last year.

The gross profit for the quarter was Rs. 474 million as compared to Rs. 386 million same period last year. Gross profit margin was 14.9% as compared to 17.2% in same period last year. Lower gross margin was mainly due to higher utilities prices, devaluation of Rupee from last year, COVID related additional cost and production loss due to rain. Partly offset by higher sales in replacement market, better product mix and price increase to offset the impact of inflation and increase in utilities prices, and other manufacturing costs.

The finance cost for the period was Rs. 123 million as compared to Rs. 231 million same period last year. Decrease in financial cost is mainly due to decrease in average interest rates as compared to last year and effective utilization of working capital.

As a result of the factors mentioned above, profit after tax for the quarter was Rs.126.0 million as compared to profit after tax of Rs.15.9 million reported in the same period last year.

### FUTURE PROSPECTS

Government has shown its eagerness to curb smuggling, which is a positive sign. We feel that strict monitoring of borders due to COVID and actions taken by Government to curb smuggling are helpful in containing smuggling of tyres, which is beneficial for the local industry and resulted in better sales numbers for the quarter. We hope that Government will continue its efforts to curb smuggling as this will not only result in higher tax revenue for the Government but will also be helpful in providing employment in these testing times.

In order to support economy in the wake of COVID, SBP has reduced the discount rate in aggregate by 625 basis points, which is helping the Company in the form of lower financial charges. Decrease in interest rate also resulted in increase in auto financing which is supporting better passenger car OEMs offtake. This coupled with the stability of exchange rate and revival of economic activity are the key factors for future profitability of your Company.

The Company is working on strategies to reduce cost and go for leaner production. Moreover, it is also working on new sizes and designs for both OEM and Replacement market segments.

Despite increasingly 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**  
Continuing Chief Executive



**Syed Ahmed Iqbal Ashraf**  
Director

Karachi  
Dated: October 27, 2020

COVID کے تناظر میں معیشت کی بحالی کے لئے، اسٹیٹ بینک نے مجموعی طور پر شرح سود کو 625 بیس پوائنٹس سے کم کر دیا ہے، جو کم مالیاتی اخراجات کی صورت میں کمپنی کی مدد کر رہا ہے۔ شرح سود میں کمی کے نتیجے میں آٹو فنانسنگ میں بھی اضافہ ہوا جو OEMs کے پیشتر کارکنی فروخت میں بہت مدد کر رہی ہے۔ اس کے ساتھ تبادلہ کی شرح میں استحکام اور معاشی سرگرمیوں کی بحالی آپ کی کمپنی کے مستقبل کے منافع کے کلیدی عوامل ہیں۔

کمپنی لاگت کو کم کرنے اور مناسب پیداوار کے لئے سہولت عملی پر کام کر رہی ہے۔ مزید یہ کہ OEM اور رینٹیلٹی منٹ مارکیٹ، دونوں طبقات کے لئے نئے ساز اور 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۔

بورڈ آف ڈائریکٹرز کی جانب سے

حسین فکری خان  
جاری چیف ایگزیکٹو

سید احمد اقبال شرف  
ڈائریکٹر

کراچی

تاریخ: 27 اکتوبر، 2020

## ڈائریکٹرز کا تجزیہ

کمپنی کے ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والے پہلے سہ ماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے نہایت خوشی محسوس کرتے ہیں۔

### کاروباری تجزیہ

خالص قیمت فروخت زیر جائزہ سہ ماہی کے دوران 3.19 بلین روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 2.25 بلین روپے تھی، جو 42 فیصد کی نمایاں نمو کو ظاہر کرتی ہے۔

پچھلے کئی سالوں میں، کمپنی اور پینل ایکویپمنٹ مینوفیکچررز (OEM) طبقہ کے علاوہ رینٹلیسمنٹ مارکیٹ (RM) طبقہ پر بھی توجہ دے رہی ہے۔ اس حکمت عملی نے مشکل معاشی حالات میں کمپنی کی مدد کی ہے۔ RM پر بڑھی ہوئی توجہ کے ساتھ ساتھ اقتصادی سرگرمی میں بتدریج بہتری اور اسمگلڈ ٹائروں کی کم فراہمی کی وجہ سے رینٹلیسمنٹ مارکیٹ طبقہ کے تقریباً تمام ٹائروں کی اقسام میں نمایاں اضافہ ہوا ہے۔ اس کے علاوہ، OEM طبقہ کی فروخت، خاص طور پر فارم ٹائرز کی فروخت میں بھی گزشتہ سال کی اسی مدت سے بہتری آئی ہے۔ اس مدت کے لئے کمپنی کی برآمدی فروخت 29.3 بلین رہی، جو گزشتہ سال کے مقابلے میں 32 فیصد بڑھی ہے۔

کل منافع اس سہ ماہی میں 474 ملین روپے تھا جو پچھلے سال اسی دورانیہ میں 386 ملین روپے تھا۔ مجموعی منافع کا مارجن 14.9 فیصد تھا جبکہ پچھلے سال اسی عرصے میں یہ 17.2 فیصد تھا۔ کم مجموعی مارجن بنیادی طور پر پوٹیلٹی کی قیمتوں میں اضافہ، پچھلے سال سے روپے کی قدر میں کمی، کوویڈ (COVID) سے متعلق اضافی لاگت اور بارش کی وجہ سے پیداواری نقصان کی وجہ سے ہے۔ رینٹلیسمنٹ مارکیٹ کی فروخت میں اضافہ، بہتر پروڈکٹس اور قیمت فروخت میں اضافہ نے افراط زر، پوٹیلٹی کی قیمتوں میں اضافہ اور دوسرے پیداواری لاگت کے اثرات کو کم کیا ہے۔

اس مدت میں مالیاتی اخراجات 123 ملین روپے رہے جو پچھلے سال اسی عرصے میں 231 ملین روپے تھے۔ مالیاتی اخراجات میں کمی بنیادی طور پر پچھلے سال کے مقابلے میں اوسط شرح سود میں کمی اور زر پارکس مانے کا موثر استعمال ہے۔

مذکورہ بالا عوامل کے نتیجے میں اس سہ ماہی میں ٹیکس کے بعد منافع 126 ملین روپے رہا جو گزشتہ سال اسی عرصے میں 15.9 بلین روپے تھا۔

### مستقبل کے امکانات

حکومت نے اسمگلنگ کو کم کرنے کی طرف توجہ دھائی ہے جو مثبت قدم ہے۔ ہمیں لگتا ہے کہ کرونا کی وجہ سے سرحدوں کی سخت نگرانی اور حکومت کی جانب سے اسمگلنگ کو روکنے کے لئے کیے جانے والے اقدامات ٹائروں کی اسمگلنگ پر قابو پانے میں معاون ثابت ہو رہے ہیں جو مقامی صنعت کے لئے فائدہ مند ہے۔ ہم امید کرتے ہیں کہ اسمگلنگ پر قابو پانے کے لئے حکومت اپنی کوششیں جاری رکھے گی کیونکہ اس سے نہ صرف حکومت کی ٹیکس کی آمدنی میں اضافہ ہوگا بلکہ اس مشکل دور میں روزگاری فراہمی میں بھی مددگار ثابت ہوگا۔



## Condensed Interim Statement of Financial Position

As at September 30, 2020

<b>September 30,</b>	<b>June 30,</b>
<b>2020</b>	<b>2020</b>
<b>(Unaudited)</b>	<b>(Audited)</b>

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

### EQUITY AND LIABILITIES

#### Share capital and reserves

Authorised capital

125,000,000 (June 30, 2020: 125,000,000) ordinary shares  
of Rs 10 each

<b>1,250,000</b>	1,250,000
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Issued, subscribed and paid-up share capital

<b>1,219,334</b>	1,219,334
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Reserve for capital expenditure

<b>1,000,000</b>	1,000,000
------------------	-----------

Unappropriated profit

<b>860,930</b>	734,957
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**Total equity**

<b>3,080,264</b>	2,954,291
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#### Liabilities

##### Non current liabilities

Long term finances

<b>1,188,915</b>	1,096,280
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Lease liability

<b>32,349</b>	39,493
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Staff benefits

<b>333,749</b>	318,917
----------------	---------

Deferred taxation - net

<b>46,245</b>	54,090
---------------	--------

Long term deposits from dealers

<b>9,721</b>	9,861
--------------	-------

<b>1,610,979</b>	1,518,641
------------------	-----------

##### Current liabilities

Current maturity of long term finances

<b>612,668</b>	316,262
----------------	---------

Short term finances

<b>133,933</b>	1,070,447
----------------	-----------

Current maturity of lease liability

<b>28,041</b>	26,924
---------------	--------

Running finances under mark-up arrangements

<b>3,999,774</b>	3,950,247
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Trade and other payables

<b>1,944,781</b>	1,794,516
------------------	-----------

Unclaimed dividend

<b>16,753</b>	16,885
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Unpaid dividend

<b>2,902</b>	2,902
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Accrued mark-up

<b>122,161</b>	171,450
----------------	---------

Provisions

<b>48,700</b>	48,700
---------------	--------

<b>6,909,713</b>	7,398,333
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**Total liabilities**

<b>8,520,692</b>	8,916,974
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**Contingencies and commitments**

<b>6</b>	
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**Total equity and liabilities**

<b>11,600,956</b>	11,871,265
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**Siraj A. Lawai**  
Chief Financial Officer



**Hussain Kuli Khan**  
Continuing Chief Executive



**Syed Ahmed Iqbal Ashraf**  
Director

## Condensed Interim Statement of Financial Position

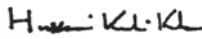
As at September 30, 2020

		September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	7	4,972,717	5,043,865
Right-of-use assets		39,227	43,555
Intangible assets		2,155	2,655
Investment in an associated company	8	17,452	13,240
Long term loans and advances		3,305	5,445
Long term deposits		16,301	15,851
		<b>5,051,157</b>	<b>5,124,611</b>
<b>Current assets</b>			
Stores and spares		627,196	629,508
Stocks	9	2,886,604	3,318,231
Trade debts	10	1,440,314	1,157,946
Loans and advances		107,725	59,428
Deposits and prepayments		94,924	67,095
Other receivables		184,432	183,785
Taxation - net		1,083,564	1,147,912
Cash and bank balances		125,040	182,749
		<b>6,549,799</b>	<b>6,746,654</b>
<b>Total assets</b>		<b>11,600,956</b>	<b>11,871,265</b>

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**  
Continuing 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, 2020

	Note	Quarter ended September 30,	
		2020	2019
		(Rupees in '000)	
Sales - net		3,187,620	2,246,383
Cost of sales	11	(2,713,219)	(1,860,547)
<b>Gross profit</b>		<b>474,401</b>	<b>385,836</b>
Administrative expenses		(64,592)	(65,868)
Distribution cost		(114,486)	(95,501)
Other income		13,788	35,182
Other expenses		(12,319)	(3,131)
<b>Profit from operations</b>		<b>296,792</b>	<b>256,518</b>
Finance cost		(122,473)	(230,553)
		<b>174,319</b>	<b>25,965</b>
Share of profit / (loss) of an associated company		4,212	(932)
<b>Profit before taxation</b>		<b>178,531</b>	<b>25,033</b>
Taxation	12	(52,558)	(9,167)
<b>Profit for the period</b>		<b>125,973</b>	<b>15,866</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>125,973</b>	<b>15,866</b>
		<b>Rs.</b>	<b>Re.</b>
			<b>(Restated)</b>
Earnings per share basic and diluted		<b>1.03</b>	0.13

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  
Continuing Chief Executive



Syed Ahmed Iqbal Ashraf  
Director

## Condensed Interim Statement of Changes in Equity

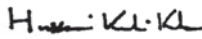
For the first quarter ended September 30, 2020

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue reserve	Total
		Reserve for capital expenditure	Unappropriated profit	
----- Rupees in '000 -----				
<b>Balance as at July 1, 2019 (Audited)</b>	1,016,112	1,000,000	1,310,457	3,326,569
Total comprehensive income for the period ended September 30, 2019	-	-	15,866	15,866
Balance as at September 30, 2019 (Un - audited)	1,016,112	1,000,000	1,326,323	3,342,435
<b>Balance as at July 1, 2020 (Audited)</b>	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
<b>Balance as at September 30, 2020 (Un-audited)</b>	1,219,334	1,000,000	860,930	3,080,264

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**  
Continuing Chief Executive



**Syed Ahmed Iqbal Ashraf**  
Director

## Condensed Interim Statement of Cash Flows (Unaudited)

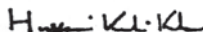
For the first quarter ended September 30, 2020

Note	Quarter ended September 30,		
	2020	2019	
	---- Rupees in '000 ----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	676,976	228,257
Staff retirement gratuity paid		(12,213)	(1,116)
Compensated absences paid		(1,664)	(45)
Long term deposits from dealers - net		(140)	199
Finance cost paid		(170,183)	(169,315)
Taxes paid		(3,944)	(136,506)
Long term loans and advances - net		2,140	8
Long term deposits - net		(450)	(740)
Profit on bank deposits received		154	237
Net cash generated / (used in) from operating activities		490,676	(79,021)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(45,722)	(88,280)
Proceeds from sale of operating fixed assets		3,021	16,690
Net cash used in investing activities		(42,701)	(71,590)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - repaid		(49,999)	(222,936)
Long term finances - obtained		439,040	149,975
Lease rental paid - net		(7,606)	(15,861)
Short term finances - net		(936,514)	-
Dividend paid		(132)	(84)
Net cash used in financing activities		(555,211)	(88,906)
Net decrease in cash and cash equivalents		(107,236)	(239,517)
Cash and cash equivalents at beginning of the period		(3,767,498)	(3,370,254)
Cash and cash equivalents at end of the period	14	(3,874,734)	(3,609,771)

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**  
Continuing 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, 2020

### 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 There is no material impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses.

### 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, 2020.

### 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, 2020.
- 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, 2020

There were certain amendments to approved accounting standards which were mandatory for the Company's annual accounting period which began on July 01, 2020. 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, 2020.

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, 2020.

#### 5. TRADE AND OTHER PAYABLES

	Note	September 30,	June 30,
		2020 (Unaudited)	2020 (Audited)
		--- Rupees in '000 ---	
Trade creditors		129,535	179,660
Bills payable		673,295	365,439
Accrued expenses	5.1	734,423	787,424
Royalty fee payable		77,039	51,071
Advances from customers		82,169	114,779
Staff provident fund payable		4,699	6,491
Staff retirement benefits		84,915	93,233
Short term deposits		1,712	1,191
Workers' profit participation fund		9,530	-
Workers' welfare fund		3,800	-
Payable to Waqf-e-Kuli Khan		3,440	-
Interest payable on custom duties		29,933	29,933
Stamp duty payable		-	1,130
Sales tax		86,413	132,312
Others		23,878	31,853
		<b>1,944,781</b>	<b>1,794,516</b>

5.1 Include Rs. 238.603 million (June 30, 2020: Rs. 233.074 million) and Rs. 6.030 million (June 30, 2020: Rs 8.883 million) pertaining to Gas Infrastructure Development Cess and key management personal respectively.

#### 6. CONTINGENCIES AND COMMITMENTS

##### 6.1 Contingencies

6.1.1 There is no significant change in the status of the contingencies as disclosed in note 15.1 to the audited financial statements of the Company for the year ended June 30, 2020.



		September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	--- Rupees in '000 ---	
6.1.2	Guarantees issued by commercial banks on behalf of the Company	460,694	358,396
6.1.3	Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	89,234	89,134
<b>6.2</b>	<b>Commitments</b>		
6.2.1	Commitments in respect of:		
	- letters of credit for capital expenditure	406,075	385,568
	- letters of credit for purchase of raw material and stores & spares	1,027,130	515,695
	- purchase orders issued to local suppliers for capital expenditure	31,534	37,670
	- sales contracts entered into by the Company	74,324	166,866
	- tentative schedules for supply of tyres	1,724,503	926,589
<b>7.</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	4,705,744	4,810,177
	Capital work-in-progress	266,973	233,688
		4,972,717	5,043,865
<b>7.1</b>	<b>Operating fixed assets</b>		
	Book value at beginning of the period / year	4,810,177	4,431,955
	Additions during the period / year	15,499	841,872
	Disposals costing Rs. 8.852 million (June 30, 2020: Rs. 30.224 million) - book value	(2,641)	(14,143)
	Depreciation for the period / year	(117,291)	(449,507)
	Book value at end of the period / year	4,705,744	4,810,177
<b>8.</b>	<b>INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted</b>		
	<b>Ghandhara Industries Limited</b>		
	- Equity accounted investment		
	Balance at beginning of the year	13,240	16,091
	Share of profit / (loss) for the period	4,212	(2,851)
	Balance at end of the period / year	17,452	13,240
8.1	Investment in Ghandhara Industries Limited (GIL) represents 201,400 (June 30, 2020: 201,400) fully paid ordinary shares of Rs 10 each representing 0.473% (June 30, 2020: 0.473%) of its issued, subscribed and paid-up share capital as at September 30, 2020. 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, 2020 was Rs. 47.454 million (June 30, 2020 : Rs: 24.369 million)		

## 9. STOCKS

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	--- Rupees in '000 ---	
Raw materials		
- in hand	680,643	1,261,293
- in transit	412,729	201,183
	<b>1,093,372</b>	1,462,476
Work-in-process	163,924	189,727
Finished goods		
- in hand	1,623,067	1,666,028
- in transit	6,241	-
	<b>1,629,308</b>	1,666,028
	<b>2,886,604</b>	<b>3,318,231</b>

## 10. TRADE DEBTS - Unsecured

### Considered good

#### Associated Companies

Gandhara Industries Limited	37,122	26,779
Gandhara Nissan Limited	1,728	5,184
Sui Northern Gas Pipelines Limited	-	748
Gammon Pakistan Limited	-	26
Others	1,401,464	1,125,209
<b>Considered doubtful - others</b>	<b>34,204</b>	<b>42,337</b>
	<b>1,474,518</b>	<b>1,200,283</b>
Provision for doubtful debts	(34,204)	(42,337)
	<b>1,440,314</b>	<b>1,157,946</b>

## 11. COST OF SALES

### Quarter ended September 30,

	2020 (Unaudited)	2019 (Audited)
	--- Rupees in '000 ---	
Opening stock of finished goods	1,666,028	1,675,771
Cost of goods manufactured	2,604,496	2,305,936
Finished goods purchased	72,003	18,849
	<b>2,676,499</b>	2,324,785
	<b>4,342,527</b>	4,000,556
Closing stock of finished goods	1,629,308	2,140,009
	<b>2,713,219</b>	<b>1,860,547</b>

Quarter ended September 30,

**2020**      **2019**  
(Unaudited)  
--- Rupees in '000 ---

	Note	2020	2019
11.1	Cost of goods manufactured		
	Opening work-in-process	189,727	194,266
	Raw materials consumed	1,547,681	1,362,776
	Factory overheads	1,031,012	879,266
		<b>2,578,693</b>	<b>2,242,042</b>
		<b>2,768,420</b>	<b>2,436,308</b>
	Closing work-in-process	163,924	130,372
		<b>2,604,496</b>	<b>2,305,936</b>
<b>12.</b>	<b>TAXATION</b>		
	Current	60,404	33,395
	Deferred	(7,846)	(24,228)
		<b>52,558</b>	<b>9,167</b>
<b>13.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before taxation	178,531	25,033
	<b>Adjustments for non-cash charges and other items</b>		
	Depreciation	117,291	110,337
	Amortisation	501	6,027
	Provision for staff retirement gratuity	17,102	20,047
	Charge of employees compensated absences	2,076	2,622
	Reversal of provision for doubtful trade debts	(8,133)	(4,513)
	Profit on bank deposits	(154)	(237)
	Gain on sale of operating fixed assets	(380)	(4,597)
	Finance cost	122,473	230,553
	Share of (profit) /loss of an associated company	(4,212)	932
	Working capital changes	251,881	(157,947)
		<b>676,976</b>	<b>228,257</b>
13.1	<b>Working capital changes</b>		
	<b>(Increase) / decrease in current assets:</b>		
	- Stores and spares	2,312	7,097
	- Stocks	431,627	(269,691)
	- Trade debts	(274,235)	174,872
	- Loans and advances	(48,297)	67,039
	- Deposits and prepayments	(27,829)	(10,563)
	- Other receivables	(647)	22,808
		<b>82,931</b>	<b>(8,438)</b>
	<b>Increase / (Decrease) in current liabilities:</b>		
	- Trade and other payables	168,950	(149,509)
		<b>251,881</b>	<b>(157,947)</b>





Quarter ended September 30,

2020	2019
(Unaudited)	
--- Rupees in '000 ---	

14. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(3,999,774)	(3,756,326)
Cash and bank balances	125,040	146,555
	<u>(3,874,734)</u>	<u>(3,609,771)</u>

15. 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, 2020 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material. The Company has earned revenues from two (September 30, 2019: two) customers aggregating Rs.719.685 million (September 30, 2019: Rs.822.762 million) during the period which constituted 18.48% (September 30, 2019: 30.27%) of gross sales.

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

Quarter ended September 30,

2020	2019
(Unaudited)	
--- Rupees in '000 ---	

**Associated companies/undertakings:**

Sales of goods	32,684	31,989
Goods supplied and services rendered	287	627
Rent	450	450
Interest earned	154	237
Mark-up on running and long term finance	15,287	23,696
Donation	3,440	478

**Key management personnel:**

Provision towards gratuity staff fund	2,344	3,655
Contribution towards employees provident fund	5,717	5,274
Salaries and other employee benefits	61,065	60,190
Meeting fees	2,700	1,900

September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
--- Rupees in '000 ---	

16.2 Period / year end balances are as follows:

**Payables to associated companies / related parties**

Staff retirement gratuity	10,237	9,396
Long term and running finances	1,220,221	717,245
Trade and other payable	9,470	8,883
Accrued mark-up	36,091	33,419

**Receivables from associated companies / related parties**

Long term loans and advances	823	409
Loans and advances	298	1,057
Bank balances	11,714	10,851

17. GENERAL

17.1 Date of authorisation for issue

These condensed interim financial statements were authorised for issue on October 27, 2020 by the Board of Directors of the Company.

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

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



Siraj A. Lawai  
Chief Financial Officer



Hussain Kuli Khan  
Continuing Chief Executive



Syed Ahmed Iqbal Ashraf  
Director

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Har safar ka humsafar

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