

3rd Quarter &
Nine Months Accounts
March 2021



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 Ajiz
 Mr. Hussain Kuli Khan 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 Shahra-e-Faisal Karachi-74400
 UAN No. : (92-21) 111 111 500
 Tel : Customer Support Services (Toll Free) 0800-CDCPL (23275)
 Fax: (92-21) 34326053, Email: info@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	Islamabad
Plot No. 20, Shahrah-e-Fatima Jinnah, Lahore. Phone : 042-36308605-6 Fax : 042-36300108 Fax : 051-4440916	Plot No. 148-149, Khuda Bakhsh Road, Saraan, Kahuta Industrial Triangle, Kahuta Road, Hummak, Islamabad. Phone: 051-5971612-13 Phone: 051-5971650 Fax: 051-5971615
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 nine months ended March 31, 2021.

BUSINESS REVIEW

Net sales in value terms for the nine months ended under review was Rs. 10.03 billion as compared to Rs. 6.39 billion in the same period last year, showing significant growth.

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 significant growth in almost all categories. In last couple of years, Company has increased its efforts on RM segment, while catering the requirements of Original Equipment Manufacturer (OEM) segment. This strategy has supported the Company during the tough economic times. Moreover, OEM sales, in particular farm and passenger car tyre sales, also improved from same period last year. Further, in the comparative period, the factory was closed and sales were stopped for over a week due to lockdown.

The export sales of the Company for the period was Rs. 157 million as compared to Rs. 75 million in same period last year.

The gross profit for the period was Rs. 1,831 million as compared to Rs. 1,043 million in same period last year. Better gross profit was mainly due to higher sales in replacement market, better product mix and price increase to offset the impact of inflation, increase in utilities prices, COVID related additional cost and increase in other manufacturing costs.

The finance cost for the period was Rs. 369 million as compared to Rs. 671 million in same period last year. Decrease in financial cost is mainly due to lower average interest rates during the same period last year and effective utilization of working capital.

As a result of the factors mentioned above, profit after tax for the nine months ended March 31, 2021 was Rs. 636 million. Earnings per share for the nine months ended March 31, 2021 was Rs 5.22 per share.

Your Company contributed Rs. 2,314 million towards national exchequer by way of Sales tax, Income tax, Custom duties and other levies.

FUTURE PROSPECTS

Lately under invoicing of tyres has increased substantially, which is not only impacting local industry but also depriving government of its due tax revenue. The Import Trade prices (ITP) were last revised in 2018, this should be updated to reflect the impact of increase in raw material pricing. We hope that Government will continue its efforts to curb smuggling and revise ITP as 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 last couple of months, raw material prices have increased significantly. This is mainly due to sudden increase in global demand post first wave of COVID-19 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.

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.

The Board appreciate the efforts of the management for quick turn around of the loss, due to lockdown, into profit. The Board also would like to thank the Government and regulatory bodies for its policies and providing support during the pandemic.

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: April 29, 2021

مستقبل کے امکانات

حکومت نے اسمگلنگ کو کم کرنے کی طرف توجہ دکھائی ہے۔ ہمیں لگتا ہے کہ COVID 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۔ تاہم حال ہی میں ٹائروں کی انڈر انوائسنگ بہت بڑھ گئی ہے جو کہ نہ صرف مقامی صنعت کو متاثر کر سکتی ہے بلکہ حکومت کی واجب الادا ٹیکس آمدنی کو بھی متاثر کر سکتی ہے۔ ایپورٹ ٹریڈ پرائس (ITP) قیمتوں میں آخری ترمیم سال 2018 میں کی گئی تھی جس کو خاتم مال کی قیمتوں میں اضافے کے اثرات کو منکسر کرنے کے لئے تبدیل ہونا چاہیے ہم امید کرتے ہیں اسمگلنگ پر قابو پانے کے لئے حکومت اپنی کوششیں جاری رکھے گی اور ایپورٹ ٹریڈ پرائس (ITP) قیمتوں پر نظر ثانی کرے گی کیونکہ اس سے نہ صرف حکومت کی ٹیکس آمدنی میں اضافہ ہوگا بلکہ روزگار کی فراہمی میں بھی معاون ثابت ہوگا۔

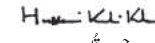
پچھلے کچھ مہینوں میں خام مال کی قیمتوں میں نمایاں طور پر اضافہ ہوا ہے اس کی بنیادی وجہ COVID-19 کے بعد عالمی طلب میں اچانک اضافہ ہے اور کینیڈیز کی کمی کی وجہ سے بحری سامان کی ترسیل کی لاگت میں بھی اضافہ ہوا ہے۔ یوٹیو کی جاتی ہے کہ اگلے چند مہینوں میں حالات کچھ بہتر ہو جائیں گے۔ تاہم اگر حالات یوں ہی رہے تو مقامی صنعتوں پر اثر پڑ سکتا ہے۔ کمپنی نے آہستہ آہستہ اس کے اثرات کو منتقل کرنا شروع کر دیا ہے۔

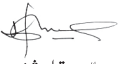
کمپنی لاگت کو کم کرنے کے لئے حکمت عملی پر کام کر رہی ہے۔ مزید یہ کہ OEM اور ریٹیل سٹ مارکیٹ، دونوں طبقات کے لئے نئے سائز اور ڈیزائن پر بھی کام ہو رہا ہے۔

بورڈ لاک ڈاؤن کی وجہ سے ہونے والے نقصان کو فوری طور پر منافع میں تبدیل کرنے پر انتظامیہ کی کوششوں کی تعریف کرتا ہے۔ بورڈ وبا کے دوران حکومتی پالیسیوں اور مدد فراہم کرنے والے ریگولیٹری اداروں کا بھی شکریہ ادا کرنا چاہتا 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 کولی خان
چیف ایگزیکٹو


سید احمد اقبال اشرف
ڈائریکٹر

کراچی

مورخہ: 29 اپریل، 2021

ڈائریکٹرز کا تجزیہ

کمپنی کے ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والے نو ماہ کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے نہایت خوش محسوس کرتے ہیں۔

کاروباری تجزیہ

خالص قیمت فروخت زیر جائزہ نو ماہ کے دوران 10.03 بلین روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 6.39 بلین روپے تھی، جو 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 میں بتدریج بہتری اور اسمگلڈ ٹائرز کی کم فراہمی ہے۔ ریٹیل سمنٹ مارکیٹ (RM) طبقہ نے تقریباً تمام اقسام کے ٹائرز میں نمایاں نمو ظاہر کی ہے۔ پچھلے کئی سالوں میں، کمپنی نے اورینٹل ایکسپنڈیشن پراجیکٹرز (OEM) طبقہ کی ضروریات پورا کرنے کے علاوہ ریٹیل سمنٹ مارکیٹ (RM) طبقہ پر بھی اپنی توجہ بڑھائی ہے۔ اس حکمت عملی نے مشکل معاشی حالات میں کمپنی کی مدد کی ہے۔ اس کے علاوہ OEM طبقہ کی فروخت، خاص طور پر فارم اور پیٹیجر کارٹائرز کی فروخت میں بھی گزشتہ سال کی اسی مدت سے بہتری آئی ہے۔ مزید یہ کہ پچھلے سال کے اسی دورانیہ میں لاک ڈاؤن کی وجہ سے فیملری بندش اور ایک ہفتے سے زیادہ عرصے تک فروخت بند کر دی گئی تھی۔

اس مدت کے لئے کمپنی کی برآمدی فروخت 156.8 بلین روپے رہی، جو پچھلے سال کے اسی دورانیہ میں 75.4 بلین روپے تھی۔

کل منافع اس نو ماہ میں 1,831 بلین روپے رہا جو پچھلے سال اسی دورانیہ میں 1,043 بلین روپے تھا۔ بہتر مجموعی منافع بنیادی طور پر ریٹیل سمنٹ مارکیٹ کی فروخت میں اضافہ، بہتر پروڈکٹس اور قیمت فروخت میں اضافہ نے اغراطر، یوٹیلیٹی کی قیمتوں میں اضافہ، کوویڈ (COVID) سے متعلق اضافی لاگت اور دوسرے پیداواری لاگت کے اثرات کو کم کیا ہے۔

اس مدت میں مالیاتی اخراجات 369 بلین روپے رہے جو پچھلے سال اسی عرصے میں 671 بلین روپے تھے۔ مالیاتی اخراجات میں کمی بنیادی طور پر پچھلے سال کے مقابلے میں اوسط شرح سود میں کمی اور زیر کار سرمائے کا موثر استعمال ہے۔

مذکورہ بالا احوال کے نتیجے میں 31 مارچ 2021 کو ختم ہونے والے نو ماہ کا ٹیکس کے بعد منافع 636 بلین روپے رہا۔ 31 مارچ 2021 کو ختم ہونے والے نو ماہ میں منافع فی حصص 5.22 روپے رہا۔

آج کی کمپنی نے کسٹم ڈیوٹی، آکٹیکس، سیلنیکس اور دیگر طریقوں کے ذریعہ 2,314 بلین روپے قومی خزانے میں جمع کرائے ہیں۔

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Condensed Interim Statement of Financial Position

As at March 31, 2021

	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
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	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	1,371,256	734,957
TOTAL EQUITY	3,590,590	2,954,291
LIABILITIES		
NON CURRENT LIABILITIES		
Long term finances	1,136,367	1,096,280
Deferred income - Government grant	82,612	-
Deferred liability - GIDC	135,654	-
Lease liabilities	3,731	39,493
Staff benefits	346,931	318,917
Deferred taxation - net	170,186	54,090
Long term deposits from dealers	9,861	9,861
	1,885,342	1,518,641
CURRENT LIABILITIES		
Current maturity of long term finances	815,923	316,262
Current maturity of deferred income - Government grant	19,691	-
Current maturity of deferred liability - GIDC	47,129	-
Short term finances	1,632,683	1,070,447
Current maturity of lease liabilities	6,942	26,924
Running finances under mark-up arrangements	3,891,260	3,950,247
Trade and other payables	1,901,696	1,794,516
Unclaimed dividend	17,359	16,885
Unpaid dividend	2,296	2,902
Accrued mark-up	118,633	171,450
Provision	48,700	48,700
	8,502,312	7,398,333
TOTAL LIABILITIES	10,387,654	8,916,974
TOTAL EQUITY AND LIABILITIES	13,978,244	11,871,265
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 March 31, 2021

	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
Note	----- Rupees in '000 -----	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	5,186,958	5,043,865
Right-of-use assets	6,491	43,555
Intangible assets	1,343	2,655
Investment in an associated company	17,475	13,240
Long term loans and advances	6,218	5,445
Long term deposits	15,108	15,851
	5,233,593	5,124,611
CURRENT ASSETS		
Stores and spares	641,586	629,508
Stocks	4,515,919	3,318,231
Trade debts	1,897,396	1,157,946
Loans and advances	156,560	59,428
Deposits and prepayments	97,660	67,095
Other receivables	248,432	183,785
Taxation - net	1,101,904	1,147,912
Cash and bank balances	85,194	182,749
	8,744,651	6,746,654
TOTAL ASSETS	13,978,244	11,871,265

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 (Unaudited)

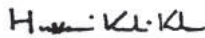
For the Nine Months Period Ended March 31, 2021

Note	For the quarter ended		For the nine months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(Rupees in '000)				
Sales - net	3,585,654	1,823,689	10,034,273	6,388,009
Cost of sales	(2,891,737)	(1,533,202)	(8,202,932)	(5,344,887)
Gross profit	693,917	290,487	1,831,341	1,043,122
Administrative expenses	(67,274)	(67,952)	(211,164)	(205,651)
Distribution cost	(127,764)	(105,970)	(373,872)	(310,925)
Other income	21,320	6,600	146,639	75,148
Other expenses	(32,745)	(41,279)	(86,994)	(46,025)
Profit from operations	487,454	81,886	1,305,950	555,669
Finance cost	(134,898)	(241,372)	(368,859)	(671,101)
	352,556	(159,486)	937,091	(115,432)
Share of profit / (loss) of an associated company	702	(558)	4,235	(1,147)
Profit / (loss) before taxation	353,258	(160,044)	941,326	(116,579)
Taxation	(122,888)	25,452	(305,027)	11,277
Profit / (loss) for the period	230,370	(134,592)	636,299	(105,302)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	230,370	(134,592)	636,299	(105,302)
-----Rupees----- Rupee				
Earnings / (loss) per share - basic and diluted	1.89	(1.10)	5.22	(0.86)

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



Siraj A. Lawai
Chief Financial Officer



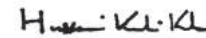
Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Syed Ahmed Iqbal Ashraf
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Nine Months Period Ended March 31, 2021

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue Reserve	Total
		Reserve for capital expenditure	Unappropriated profit	
Rupees in '000				
Balance as at July 1, 2019 (audited)	1,016,112	1,000,000	1,324,670	3,340,782
Effect of initial application of IFRS 16 - net of tax	-	-	(15,614)	(15,614)
Transaction with owners				
- Bonus share issue for the year ended June 30, 2019 @ 20% i.e. 1 share for every 5 shares	203,222	-	(203,222)	-
- First interim dividend for the year ended June 30, 2020 @ of Re. 0.50 per share	-	-	(60,967)	(60,967)
Total comprehensive income for the period ended March 31, 2020	-	-	(105,302)	(105,302)
Balance as at March 31, 2020 (un-audited)	1,219,334	1,000,000	939,565	3,158,899
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 March 31, 2021	-	-	636,299	636,299
Balance as at March 31, 2021 (un-audited)	1,219,334	1,000,000	1,371,256	3,590,590

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

Condensed Interim Statement of Cash Flows (Unaudited)

For the Nine Months Period Ended March 31, 2021

	Note	For the nine months period ended March 31,	
		2021	2020
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used) / generated from operations	13	(147,829)	391,844
Staff retirement gratuity paid		(34,454)	(18,081)
Compensated absences paid		(4,431)	(1,483)
Long term deposits from dealers - net		-	409
Finance cost paid		(427,273)	(554,529)
Taxes paid		(142,923)	(201,808)
Long term loans and advances - net		(773)	(86)
Long term deposits		743	915
Profit on bank deposits received		486	787
Net cash used in operating activities		(756,454)	(382,032)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(491,378)	(362,171)
Proceeds from sale of operating fixed assets		20,135	28,535
Net cash used in investing activities		(471,243)	(333,636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance - repaid		(150,000)	(517,294)
Long term finance - obtained		792,051	149,975
Short term finances - net		562,236	53,507
Lease rental paid - net		(15,026)	(18,974)
Dividend paid		(132)	(62,718)
Net cash generated / (used) in financing activities		1,189,129	(395,504)
Net decrease in cash and cash equivalents		(38,568)	(1,111,172)
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	(3,806,066)	(4,481,426)

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 the Condensed Interim Financial Statements (Unaudited)

For the Nine Months Period Ended March 31, 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, 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. Its shares are quoted on Pakistan Stock Exchange. The registered office is situated at H - 23/2, Landhi Industrial Trading Estate, Landhi, Karachi with regional offices at Lahore, Multan and Islamabad. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.

1.2 During the period, 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 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 as 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 the 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 the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2020.

3. SUMMARY OF 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 standard, amendments to approved accounting and reporting standards and new interpretations**

3.2.1 **Amendments to published accounting and reporting standards which became 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.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of 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 these 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 annual audited 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 annual audited financial statements for the year ended June 30, 2020.

	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
	----- Rupees in '000 -----	

5. LONG TERM FINANCES - Secured

Term finance - from banking companies

Conventional	1,895,211	1,355,463
Shariah compliant	57,079	57,079
	1,952,290	1,412,542
Less: current maturity grouped under current liabilities	(815,923)	(316,262)
	1,136,367	1,096,280

5.1 There have been no changes in long term finance facilities as disclosed in note 5 of the Company's financial statements for the year ended June 30, 2020, except for the following:

- (i) During the period, the Company has obtained a long term loan facility from a commercial bank aggregating to Rs. 400 million under the Temporary Economic Refinance Facility out of which an amount of Rs. 353 million has been drawn down and is repayable in 8 equal quarterly instalments commencing from January 1, 2023. This finance facility carries mark-up at the rate of 3% per annum commencing from the date of disbursement and is payable in arrears on quarterly basis.
- (ii) The Company has obtained long-term loans aggregating to Rs. 439 million in four tranches from Askari Bank Limited - an associated company under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loan is repayable in eight equal quarterly instalments, starting from April 2021. The loan carries mark-up of 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis.

These loans referred to in (i) and (ii) have been recognised at fair value (present value of loan receipts discounted using prevailing market interest rates for a similar instrument) and the differential amount has been recorded as deferred income - government grant. The loan amount is being accreted using the effective interest rate method with the corresponding effect on the interest expense in profit or loss.

6. TRADE AND OTHER PAYABLES

	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
	----- Rupees in '000 -----	
Trade creditors	140,036	179,660
Bills payable	701,633	365,439
Accrued expenses	684,924	787,424
Royalty fee payable	116,879	51,071
Advances from customers / contract liabilities	35,110	114,779
Staff provident fund payable	4,507	6,491
Staff retirement gratuity	77,996	93,233
Short term deposits	1,862	1,191
Workers' profit participation fund	49,985	-
Workers' welfare fund	19,561	-
Payable to Waqf-e-Kuli Khan	15,895	-
Interest payable on custom duties	29,933	29,933
Stamp duty payable	-	1,130
Sales tax	-	132,312
Others	23,375	31,853
	1,901,696	1,794,516

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no other 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.

	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
	----- Rupees in '000 -----	
7.1.1 Guarantees issued by commercial banks on behalf of the Company	446,159	358,396
7.1.2 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	111,505	89,134
7.2 Commitments		
7.2.1 Commitments in respect of:		
- letters of credit for capital expenditure	431,751	385,568
- letters of credit for purchase of raw materials and stores & spares	1,010,109	515,695
- purchase orders issued to local suppliers for capital expenditure	31,911	37,670
- sales contracts entered into by the Company	339,405	166,866
- tentative schedules for supply of tyres	2,252,116	926,589

Note	March 31, 2021 (Unaudited)		June 30, 2020 (Audited)	
	Rupees in '000			
8. PROPERTY, PLANT AND EQUIPMENT				
Operating fixed assets	4,537,579		4,810,177	
Capital work-in-progress	649,379		233,688	
	5,186,958		5,043,865	

8.1 Operating fixed assets

Book value at beginning of the period / year	4,810,177	4,431,955
Transfers from CWIP during the period / year	84,873	841,872
Net book value of disposals having cost of Rs. 33.277 million (June 30, 2020: Rs. 30.224 million)	(7,732)	(14,143)
Depreciation for the period / year	(349,739)	(449,507)
Book value at end of the period / year	4,537,579	4,810,177

8.2 Details of transfers to operating fixed assets during the period are as follows:

	For the nine months period ended March 31,	
	2021 (Unaudited)	2020 (Audited)
	Rupees in '000	
Buildings on lease hold land	-	137,085
Electrical installations	1,629	6,284
Plant and machinery	4,435	467,594
Boilers and accessories	-	10,405
Vehicles	17,241	58,470
Moulds	57,002	88,039
Factory and office equipment	3,697	6,341
Computer equipment	867	2,819
	84,873	777,037

9. STOCKS

	March 31, 2021 (Unaudited)		June 30, 2020 (Audited)	
	Rupees in '000			
Raw materials				
- in hand	1,822,243		1,261,293	
- in transit	571,807		201,183	
	2,394,050		1,462,476	
Work-in-process	266,266		189,727	
Finished goods	1,855,603		1,666,028	
	4,515,919		3,318,231	

10. COST OF SALES

Note	For the quarter ended March 31, (Unaudited)		For the nine months period ended March 31, (Unaudited)	
	2021	2020	2021	2020
	Rupees in '000			
Opening stock of finished goods	1,694,661	2,645,654	1,666,028	1,675,771
Cost of goods manufactured	2,929,768	1,864,239	8,106,652	6,609,166
Finished goods purchased	122,911	18,225	285,855	54,866
	3,052,679	1,882,464	8,392,507	6,664,032
	4,747,340	4,528,118	10,058,535	8,339,803
Closing stock of finished goods	1,855,603	2,994,916	1,855,603	2,994,916
	2,891,737	1,533,202	8,202,932	5,344,887

10.1 Cost of goods manufactured

Opening work-in-process	163,924	178,890	189,727	194,266
Raw materials consumed	1,955,733	1,059,563	5,023,477	3,950,605
Factory overheads	1,076,377	833,658	3,159,714	2,672,167
	3,032,110	1,893,221	8,183,191	6,622,772
	3,196,034	2,072,111	8,372,918	6,817,038
Closing work-in-process	266,266	207,872	266,266	207,872
	2,929,768	1,864,239	8,106,652	6,609,166

11. TAXATION

Current				
- for the period	79,638	27,661	188,932	96,759
Deferred				
- for the period	43,250	(53,113)	116,095	(108,036)
	122,888	(25,452)	305,027	(11,277)

12. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Basic earnings /(loss) per share				
Profit / (loss) after taxation	230,370	(134,592)	636,299	(105,302)
	(Number of shares)			
Weighted average number of ordinary shares	121,933,350	121,933,350	121,933,350	121,933,350
	Rupees			
Earnings /(loss) per share - basic and diluted	1.89	(1.10)	5.22	(0.86)

For the nine months period
ended
March 31

2021 2020
(Unaudited)
----- Rupees in '000 -----

13. CASH GENERATED FROM OPERATIONS

Profit /(loss) before taxation	941,326	(116,579)
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	349,739	331,822
Depreciation on right-of-use assets	10,310	12,987
Amortisation	1,312	18,000
Provision for staff retirement gratuity	45,309	60,061
Charge of employees compensated absences	5,446	8,310
Reversal for doubtful trade debts - net	(6,692)	(5,320)
Net realisable value reversed on stocks	-	(8,298)
Finance cost	368,859	671,101
Gain on sale of operating fixed assets	(12,403)	(14,392)
Gain on termination of lease liability	(17,553)	-
Gain on initial recognition of deferred liability	(29,701)	-
Profit on bank deposits	(486)	(787)
Share of (profit) / loss of an associated company	(4,235)	1,147
Working capital changes	13.1 (1,799,060)	(566,208)
	<u>(147,829)</u>	<u>391,844</u>
13.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores and spares	(12,078)	30,444
- Stocks	(1,197,688)	(561,040)
- Trade debts	(732,758)	218,094
- Loans and advances	(97,132)	50,367
- Deposits and prepayments	(30,565)	(612)
- Other receivables	(64,647)	23,075
	<u>(2,134,868)</u>	<u>(239,672)</u>
Increase / (decrease) in current liabilities:		
- Trade and other payables and provision	335,808	(326,536)
	<u>(1,799,060)</u>	<u>(566,208)</u>
14. CASH AND CASH EQUIVALENTS		
Running finances under mark-up arrangements	(3,891,260)	(4,528,559)
Cash and bank balances	85,194	47,133
	<u>(3,806,066)</u>	<u>(4,481,426)</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 March 31, 2021 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material. The Company has earned revenues from two (March 31, 2020: one) customers aggregating Rs. 2,309 million (March 31, 2020: Rs. 1,066.433 million) during the period which constituted 18.95% (March 31, 2020: 13.76%) of gross sales.

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

For the nine months period
ended

March 31,

2021 2020
(Unaudited)
----- Rupees in '000 -----

16.1 Transactions with related parties are as follows:

Associated companies / undertakings:

Sale of goods	133,869	140,159
Services rendered	11,507	10,529
Rent	1,350	1,350
Interest earned	486	787
Mark-up on running and long term finance	46,944	73,378
Donation	15,895	-
Dividend paid	-	35,231
Bonus shares issued	-	117,436

Other related parties:

Provision towards staff gratuity fund	7,593	11,184
Contribution towards employees provident fund	17,530	15,652
Salaries and other employee benefits to key management personnel	189,540	167,678
Meeting fees to key management personnel	5,600	5,800
Sale of fixed assets to key management personal under the Company policy	4,207	1,326
Dividend paid	-	732
Bonus shares issued	-	2,440

March 31, June 30,

2021 2020
(Unaudited) (Audited)
----- Rupees in '000 -----

16.2 Period / year end balances are as follows:

Payables to associated companies / related parties

Staff retirement gratuity	9,586	9,396
Long term and running finances	1,199,280	717,245
Trade and other payables	22,296	8,883
Accrued mark-up	13,343	33,419

Receivables from associated companies / related parties

Long term loans and advances	614	409
Loans and advances	655	1,057
Bank balances	12,678	10,851



17. GENERAL

17.1 Date of authorisation for issue

These condensed interim financial statements were authorised for issue on April 29, 2021 by the Board of Directors of the Company.

17.2 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



Har safar ka humsafar

THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
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