

Annual Report 2020



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Har safar ka humsafar

THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
HEAD OFFICE/FACTORY

H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi, Pakistan

Phone: +92-21-35088172 (10 Lines) UAN: +92-21-111-487-487

Fax: +92-21-35080171, +92-21-3508 3608 Email: headoffice@gentipak.com

<https://www.facebook.com/GeneralTyre.GTR>

[@generaltyre](https://www.instagram.com/generaltyre)



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Contents

Company's Vision & Mission Statement	02
Company Profile	03
Chairman's Review	06
Chairman's Review (in Urdu)	09
Directors' Report to the Shareholders	12
Directors' Report to the Shareholders (in Urdu)	17
Notice of Meeting	20
Notice of Meeting (in Urdu)	28
Financial Performance	29
Certifications	34
Statement of Value Addition	35
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	38
Independent Auditor's Review Report to the Members	41
Independent Auditor's Report to the Members	42
Statement of Financial Position	48
Statement of Profit or Loss and other Comprehensive Income	50
Statement of Changes in Equity	51
Statement of Cash Flows	52
Notes to and Forming Part of the Financial Statements	53
Pattern of Shareholding	108
Categories of Shareholders	110
Proxy Form (English & Urdu)	



Company's Vision & Mission Statement

Vision

To be the leader in tyre technology by building the Company's image through quality improvement, competitive prices, customers' satisfaction and meeting social obligations.

Mission

- To endeavor to be the market leader by enhancing market share, consistently improving efficiency and the quality of our products.
- To offer quality products at competitive prices to our customers.
- To improve performance in all operating areas, so that profitability increases thereby ensuring growth for the company and increasing return to the stakeholders.
- To create a conducive working environment leading to enhanced productivity, job satisfaction and personal development of our employees.
- To enhance productivity and continue discharging its obligation to environment by contributing to social welfare and adopting environmental friendly practices and processes to serve the society.



Company Profile

Board of Directors*

Lt.Gen.(Retd) Ali Kuli Khan Khattak	Chairman
Mr. Hussain Kuli Khan	Chief Executive
Mr. Adnan Ahmed	
Mr. Atif Anwar	
Mr. Manzoor Ahmed	
Mr. Muhammad Kuli Khan Khattak	
Mr. Naveed Iftikhar Sherwani	
Mr. Raza Kuli Khan Khattak	
Dr. Shaheen Kuli Khan Khattak	
Mrs. Shahnaz Sajjad Ahmed	

Company Secretary

Mr. Yasir Ali Quraishi

Chief Financial Officer

Mr. Siraj A. Lawai

Board Audit Committee*

Mr. Adnan Ahmed
Mr. Manzoor Ahmed
Mr. Muhammad Kuli Khan Khattak

HR & Remuneration Committee*

Mr. Atif Anwar
Mr. Hussain Kuli Khan
Mr. Manzoor Ahmed
Mr. Raza Kuli Khan Khattak

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
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

Islamabad

Plot No. 189-A,
Korang Road,
Sector I-10/3,
Islamabad.
Phone : 051-4449955-6
Fax : 051-4440916

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

A dark blue car is shown from a low angle, driving on a dirt road. The car is moving towards the left, and a large cloud of dust is being kicked up behind it, illuminated by the warm, golden light of a setting or rising sun. The sky is a mix of deep blue and orange. The car's rear wheel is prominently featured in the foreground, showing its tread pattern. The overall mood is adventurous and dynamic.

CAR TYRES

Your car is your gateway to anywhere you need to be. Our car tyre range gives you a reliable, durable and comfortable ride in all road conditions, so that you are never let down by your car or its tyres.



Chairman's Review

It is my privilege and pleasure in presenting to the members of The General Tyre and Rubber Company of Pakistan Limited, review on the performance of the Company for the financial year ended June 30, 2020.

BUSINESS REVIEW

The overall economic slowdown, lockdown amid COVID, lower production days observed by OEMs during November & December 2019, coupled with FBR and traders deadlock on CNIC matter and higher auto financing rate have affected overall auto industry. This has also affected your Company and the net sales in value decreased by 16% from Rs. 10.49 billion to Rs. 8.79 billion.

The Company has partially mitigated the impact of lower demand from OEM, by focusing on its Replacement market segment, both in local and export markets. Despite lost sales in lockdown period, Replacement market segment has shown double digit growth. Had the Company been able to fulfill the requirements during lockdown period, the overall decline in topline in value would have been lower.

The export sales of the Company for the year was Rs. 121 million, grew by 21% from last year. This increase is despite the closure of trade with Afghanistan, for some period due to COVID -19.

The gross profit for the year was Rs. 1.05 billion as compared to Rs. 1.59 billion last year. The decrease in gross profit is mainly due to under absorption of fixed costs incurred during the lockdown period of around 10 weeks. Gross profit margin was 11.9% as compared to 15.2% last year. However, excluding the above mentioned cost impact of COVID related lockdown, the gross profit margin would have been better from last year. Better margin was mainly due to increased 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 year was Rs. 849 million as compared to Rs. 585 million last year. Increase in financial cost is mainly due to increase in average interest rates as compared to last year. Moreover, due to devaluation of Rupee, the Company incurred exchange loss of Rs. 19 million for the year.

The Company has made significant investment in CAPEX over the period resulting in additional depreciation, financial cost and other overheads of expansion. Due to slow down in the economy, the Company could not reap full benefits. COVID created some uncertainty, however, with reduction in COVID cases and gradual picking up of economic activity, the company is poised to reap the benefits in future.

As a result of the factors mentioned above, loss after tax for the year was Rs. 332 million as compared to profit after tax of Rs. 123 million reported last year.

FUTURE PROSPECTS

During the last few months, SBP has reduced the discount rate in aggregate by 625 basis points, which is expected to bode well for the Company and would result in lower financial charges. Decrease in interest rate is also expected to increase the auto financing that may result in better OEM offtake. This coupled with the stability of exchange rate and revival of economic activity are key factors for future profitability of your Company.





COVID cases in Pakistan are reducing which is good omen for overall economy as well as your Company. However, the management and the Board of Directors of the Company would continue to monitor the evolving situation in relation to the pandemic.

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. 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.

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. Your Company is in close coordination with all OEMs including both new auto players. Both of them have started to purchase tyres from your Company, which is expected to bode well for future volumes.

Moreover, as discussed in last quarter's Directors' report, the Company has participated in various tenders and won some of these tenders. Partial delivery of goods against these tenders have already been made, whereas a part of it would be made in coming quarter.

CODE OF CORPORATE GOVERNANCE

The Company keeps close co-ordination with the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange Limited and complies with the Code of Good Corporate Governance in letter and spirit.

The Board offers thanks to its bankers and financial institutions for providing support, as solicited. The Board also appreciates the dedicated services rendered by the employees and the management in difficult economic time.

The Board would also like to thank all our OEM and Replacement market customers for their patronage and loyalty with the Company's products.

LT.GEN. (RETD) ALI KULI KHAN KHATTAK
Chairman, Board of Directors

Karachi
August 19, 2020



پاکستان میں COVID کیسز کم ہو رہے ہیں جو آپ کی کمپنی کے ساتھ ساتھ مجموعی معیشت کے لئے بھی اچھا شگون ہے۔ تاہم کمپنی کی انتظامیہ اور بورڈ آف ڈائریکٹرز کو رونا کے سلسلے میں ابھرتی ہوئی صورتحال کی نگرانی کرتے رہیں گے۔

گورنمنٹ نے اسمگلنگ کو کم کرنے کی طرف توجہ دکھائی 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 روزگار کی فراہمی میں بھی مددگار ثابت ہوگا۔

کمپنی لاگت کو کم کرنے اور مناسب پیداوار کے لئے حکمت عملی پر کام کر رہی ہے۔ مزید یہ کہ OEM اور ریپلیسمنٹ مارکیٹ، دونوں سیگمنٹ کے لئے نئے سائز 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۔ آپ کی کمپنی دونوں نئی گاڑیاں بنانے والی کمپنیوں سمیت تمام OEMs کے ساتھ قریبی رابطے میں ہے۔ ان دونوں نے آپ کی کمپنی سے ٹائز خریدنا شروع کر دیئے ہیں، جو مستقبل میں حجم میں اضافہ کیلئے معاون ثابت ہوگا۔

اس کے علاوہ، جیسا کہ گزشتہ سہ ماہی کی ڈائریکٹرز رپورٹ میں تبادلہ خیال کیا گیا ہے کہ کمپنی نے مختلف ٹینڈروں میں حصہ لیا ہے اور ان میں سے کچھ ٹینڈر جیت لئے ہیں۔ ان ٹینڈرز کی مد میں سامان کی جزوی ترسیل پہلے ہی ہو چکی ہے، جبکہ اس کا بقیہ حصہ آئندہ سہ ماہی میں مکمل کیا جائے گا۔

ضابطہ برائے کاروباری نظم و نسق

کمپنی کے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان سٹاک ایکسچینج کے ساتھ قریبی روابط ہیں، اور اچھے ضابطہ برائے کاروباری نظم و نسق کو اسکی پوری روح کے ساتھ بحال کرتی ہے۔

بورڈ اپنے بینکوں اور مالیاتی اداروں کا تعاون فراہم کرنے پر شکریہ ادا کرتا ہے۔ بورڈ مشکل معاشی حالات میں ملازمین اور انتظامیہ کے ذریعہ پیش کردہ سرشار خدمات کی بھی تعریف کرتا ہے۔

بورڈ اپنے تمام اورجنل ایکویپمنٹ مینیجرز اور ریپلیسمنٹ مارکیٹ صارفین کا شکریہ ادا کرتا ہے جو کمپنی کی مصنوعات پر اعتماد اور حمایت کرتے ہیں۔

Ali Gul Khan

لیفٹیننٹ جنرل (ریٹائرڈ) علی غلی خان خٹک

چیئر مین بورڈ آف ڈائریکٹرز

کراچی

19 اگست، 2020

چیمبرمین کا تجزیہ

میں نہایت مسرت اور سعادت کے ساتھ جنرل مائز اینڈ ربر کمپنی آف پاکستان لمیٹڈ کے ممبران کو کمپنی کی کارکردگی رپورٹ ختم ہونے والے سال 30 جون، 2020 پیش کر رہا ہوں۔

کاروباری تجزیہ

مجموعی طور پر معاشی سُست روی، کرونا کے درمیان لاک ڈاؤن، نومبر اور دسمبر 2019 کے دوران OEMs کے پیداواری دنوں میں کمی، ایف بی آر اور CNIC کے معاملے پر تاہم جوں کی توکل اور آٹو فنانسنگ کی زیادہ شرح نے مجموعی طور پر آٹو صنعت کو متاثر کیا ہے۔ اس سے آپ کی کمپنی پر بھی اثر پڑا ہے اور خالص قیمت فروخت 16 فیصد کمی کے ساتھ 10.49 ارب روپے سے 8.79 ارب روپے ہو گئی۔

کمپنی نے اورینٹل ایکویپمنٹ مینوفیکچررز کی طرف سے طلب میں کمی کے اثر کو ریتیلیمنٹ (مقامی اور برآمدی) مارکیٹ کی طرف زیادہ توجہ دے کر کسی حد تک نقصان کی تلافی کی ہے۔ لاک ڈاؤن کے دوران فروخت میں کمی کے باوجود ریتیلیمنٹ مارکیٹ نے دگنے ہندسے میں نمو ظاہر کی ہے۔ اگر کمپنی لاک ڈاؤن مدت کے دوران ضروریات کو پورا کرنے کے قابل ہوتی، تو فروخت میں کمی مجموعی طور پر کم ہوتی۔

کمپنی کی برآمدی فروخت 121 ملین روپے رہی جو گزشتہ سال کے مقابلے میں 21 فیصد بڑھی ہے۔ یہ اضافہ افغانستان کے ساتھ تجارت کی بندش کے باوجود کچھ مدت کے لئے COVID 19 کی وجہ سے ہے۔

اس سال مجموعی منافع 1.05 ارب روپے جو کہ پچھلے سال 1.59 ارب روپے تھا۔ مجموعی منافع میں کمی کی بنیادی وجہ 10 ہفتوں کی لاک ڈاؤن مدت کے دوران ہونے والے طے شدہ لاگت کا جذب نہ ہونا ہے۔ مجموعی منافع کا مارجن 11.9 فیصد رہا جو پچھلے سال 15.2 فیصد تھا۔ اگر کرونا سے متعلق لاک ڈاؤن کے مذکورہ لاگت کے اثر کو ہٹا دیا جائے تو مجموعی منافع کا مارجن گزشتہ سال سے بہتر ہوتا۔ بہتر مارجن کی بنیادی وجہ ریتیلیمنٹ مارکیٹ کی فروخت میں اضافہ، بہتر پروڈکٹ کس اور قیمت فروخت میں اضافہ نے افراط زر، یوٹیلٹی کی قیمتوں میں اضافہ اور دوسرے پیداواری لاگت کے اثرات کو کم کیا ہے۔

مالیاتی اخراجات اس تجزیاتی دورانیہ میں 849 ملین روپے رہے جو کہ پچھلے سال 585 ملین روپے تھے پچھلے سال کے مقابلے میں مالیاتی اخراجات میں اضافے کی بڑی وجہ اوسط شرح سود میں اضافہ ہے۔ مزید یہ کہ روپے کی قدر میں کمی کی وجہ سے اس سال کمپنی کو تبادلے (Exchange) کا خسارہ 19 ملین روپے ہوا۔

کمپنی نے پلانٹ اور مشینریز میں بڑی سرمایہ کاری کی ہے جسکی وجہ سے فرسودگی (Depreciation Expenses)، مالیاتی اخراجات (Finance Cost)، اور دوسرے بالائے سر لاگت (Overhead cost) میں اضافہ ہوا۔ معاشی سُست روی کی وجہ سے کمپنی پورا فائدہ نہیں اٹھا سکی۔ کرونا نے کچھ غیر یقینی صورتحال پیدا کی ہے تاہم COVID میں کمی اور بتدریج معاشی سرگرمی میں بہتری سے کمپنی مستقبل میں فائدہ اٹھانے کی تیاری کر رہی ہے۔

اوپر دیئے گئے عوامل کی وجہ سے نقصان بعد از محصول اس سال 332 ملین روپے رہا جو کہ پچھلے سال منافع بعد از محصول 123 ملین روپے تھا۔

مستقبل کے امکانات

پچھلے کچھ مہینوں کے دوران اسٹیٹ بینک نے ڈسکاؤنٹ ریٹ میں 625 بیس پوائنٹس کی کمی کی ہے جس سے کمپنی کے لئے بہتر فائدہ متوقع ہے اور اس کے نتیجے میں مالیاتی لاگت میں کمی ہوگی۔ شرح سود میں کمی سے آٹو فنانسنگ میں بھی اضافہ متوقع ہے جس کے نتیجے میں OEM کی فروخت میں بہتری آسکتی ہے۔ شرح تبادلہ کے استحکام اور معاشی سرگرمیوں کی بحالی کا آپ کی کمپنی کے مستقبل کے منافع میں کلیدی کردار ہے۔



TRACTOR TYRES

We understand that our agricultural sector is the heart of our nation's economy. Our Tractor Tyres offer a comfortable and long-lasting ride on difficult terrain as well as heavy duty treads to ensure that Pakistan's tractors never stop moving.

Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2020.

OPERATING RESULTS

(Loss) / Profit for the year after taxation
Other comprehensive income
Unappropriated profit brought forward

APPROPRIATION

Effect of initial application of IFRS-16
Interim dividend
Final dividend
Bonus
Unappropriated profit carried forward

(Loss) / Earnings per share – basic and diluted

2020	2019
--- Rupees in '000 ---	
(332,091)	122,876
22,181	5,338
1,324,670	1,973,483
1,014,760	2,101,697
(15,614)	-
(60,967)	-
-	(358,628)
(203,222)	(418,399)
734,957	1,324,670
	(Restated)
Rs. (2.72)	Rs. 1.01

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm the compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The financial statements prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of the financial statements.
- There has been no material departure, other than disclosed, if any, from the best practices of Corporate Governance, as detailed in the applicable Regulation of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data for the last 6 years have been included in the Annual Report.
- Information regarding outstanding taxes and levies is given in the notes to the financial statements.
- The Company has made all its debt repayments as per agreed timeline, other than deferment of principal granted by SBP and has not defaulted on its repayment.



- The value of investments made by the staff retirement funds as per their respective audited accounts are given below:

	Value of Investment	Year ended
Provident Fund	Rs. 356.066 Million	June 30, 2019
Gratuity Fund	Rs. 129.454 Million	June 30, 2019

- No trading in the shares of the Company was carried out by the Directors, CFO, Company Secretary, their spouses and minor children.

CORPORATE SOCIAL RESPONSIBILITY

The General Tyre and Rubber Company of Pakistan Limited has the culture and history of undertaking social and philanthropic activities and regularly pays to Wakf-e-Kuli Khan Trust, a trust engaged in spreading of education in the under privileged class, The Citizen Foundation and other charitable institutions.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year the Company contributed Rs. 2,219 million towards national exchequer by way of Custom duties, Income tax, Sales tax, and other modes.

BOARD MEETINGS

During the year, five (5) meetings of the Board of Directors were held. Attendance of each Director are as follows:

S. No.	Name of Director *	No. of Meeting attended
1.	Mr. Ahmad Kuli Khan Khattak**	0
2.	Lt. Gen. (Retd) Ali Kuli Khan Khattak	5
3.	Mr. Adnan Ahmed	5
4.	Mr. Atif Anwar	5
5.	Mr. Hussain Kuli Khan (CEO)	5
6.	Mr. Mansur Khan ***	0
7.	Mr. Manzoor Ahmed	5
8.	Mr. Muhammad Kuli Khan Khattak	4
9.	Mr. Naveed Iftikhar Sherwani ****	4
10.	Mr. Raza Kuli Khan Khattak	5
11.	Dr. Shaheen Kuli Khan Khattak	4
12.	Mrs. Shahnaz Sajjad Ahmed *****	3

* Sequence in alphabetical order

** Resigned on November 14, 2019

*** Resigned on October 24, 2019

**** Appointed on October 24, 2019

***** Appointed on November 14, 2019

Leave of absence was granted to the Directors who could not attend some of the board meetings.

BOARD COMPOSITION AND REMUNERATION

Composition of the Board and the names of Members of Board Sub-Committees are disclosed on Page No. 3 (Company Profile section). The Company has a formal policy and transparent procedures for the remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.





The remuneration, including the director fee for attending the Board Meeting paid to the Directors and Chief Executive Officer is disclosed on Page No. 97 (Note 40 to the financial statements).

MANAGEMENT COMMITTEE

The Management Committee comprises of 5 senior members who meet and discuss significant business plans, issues and progress updates from their respective functions. Significant matters to be put forth to the Board and its relevant committees as per the Code of Corporate Governance are also discussed for onward approval.

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's Review, which covers performance, plans and decisions for business along with future outlook.

OTHER INFORMATION

In view of the relief granted by the State Bank of Pakistan vide Banking Policy and Regulation Department (BPRD) Circular Letter No. 13 of 2020 dated March 26, 2020 in relation to COVID-19, the Company sought relaxation in repayment terms in respect of its long-term finance facilities from Askari Bank Limited, Faysal bank Limited and MCB Bank Limited amounting to Rs. 175 million, Rs. 57.064 million and Rs. 72.38 million respectively. The principal payments of these long-term finance facilities which were due from May 2020 to May 2021 have been deferred for a period of one year thereby extending the overall maturities of these long-term finance facilities by the same period. Consequent to the above relaxation of principal payments, the Company is not permitted to declare any dividend during the relief period of one year.

HEALTH, SAFETY AND ENVIRONMENT

We as a company recognizes Occupational Health, Safety and Environment as one of its guiding principles and a key component of our corporate social responsibility.

PATTERN OF SHAREHOLDING

A statement showing the pattern of holding of shares as at June 30, 2020 is attached.

AUDITORS

The present Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, being eligible, offered themselves for re-appointment. The audit committee has recommended their re-appointment as auditors of the Company for the year ending June 30, 2021 at mutually agreed fee.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

For and on behalf of the Board of Directors



Hussain Kuli Khan
Chief Executive



Adnan Ahmed
Director

Karachi
August 19, 2020

انتظامی کمیٹی

انتظامی کمیٹی 5 سینئر ممبران پر مشتمل ہے جو اہم کاروباری منصوبوں، امور اور اپنے متعلقہ شعبوں میں ترقیاتی کاموں کا جائزہ لینے کے لیے تبادلہ خیال کرتے ہیں۔ کارپوریٹ گورننس کے ضابطہ اخلاق کے مطابق بورڈ اور اس سے متعلقہ کمیٹیوں کے سامنے پیش کیے جانے والے اہم امور کی منظوری کے لیے زیر بحث لایا جاتا ہے۔

چیئر مین کا تجزیہ

کمپنی کے ڈائریکٹر چیئر مین کے جائزہ کے مشمولات کی توثیق کرتے ہیں، جو کاروبار سے متعلق کارکردگی، منصوبوں، فیصلوں اور مستقبل کے امکانات کی معلومات پر مشتمل ہے۔

دیگر معلومات

بینکنگ پالیسی اینڈ ریگولیشن ڈیپارٹمنٹ (بی پی آر ڈی) کے ذریعہ COVID-19 کے سلسلے میں 26 مارچ 2020 کو بینکنگ پالیسی اینڈ ریگولیشن ڈیپارٹمنٹ (بی پی آر ڈی) سرکلر نمبر 13 کے تحت اسٹیٹ بینک آف پاکستان کی جانب سے دی جانے والی مراعات کے پیش نظر کمپنی نے واپسی کی شرائط میں رعایت حاصل کی ہے۔ عسکری بینک لمیٹڈ، فیصل بینک لمیٹڈ اور ایم سی بی بینک لمیٹڈ سے اس کی طویل مدتی فنانس سہولیات بالترتیب 175 ملین، 57.064 ملین اور 72.38 ملین روپے ہیں۔ ان طویل مدتی فنانس سہولیات کی اصل ادائیگیوں جو مئی 2020 سے مئی 2021 تک واجب الادا تھیں ایک سال کے لئے موخر کر دی گئیں اس طرح ان طویل مدتی فنانس سہولیات کی مجموعی ادائیگیوں کو اسی مدت میں بڑھایا جائے گا۔ اصل ادائیگیوں میں مذکورہ بالا رعایت کے نتیجے میں کمپنی کو اجازت نہیں ہے کہ وہ ایک سالہ رعایتی مدت کے دوران ڈیویڈنڈ کا اعلان کرے۔

صحت، حفاظت اور ماحولیات

ہم بطور کمپنی اعلیٰ معیار کی صحت، حفاظت اور ماحولیات کو اس کے رہنما اصولوں کے مطابق برقرار رکھنے پر یقین رکھتے ہیں اور اسے سماجی ذمہ داری کا ایک کلیدی جز تسلیم کرتے ہیں۔

شیر ہولڈنگ کا طریقہ کار

کمپنی کی شیر ہولڈنگ کا طریقہ کار 30 جون، 2020 اس رپورٹ میں درج ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرر کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے باہمی متفقہ فیس پر 30 جون، 2021 کو اختتام پذیر ہونے والے سال کے لئے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرر کی سفارش کی ہے۔

بعد کے واقعات

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے عمل میں نہیں آئے۔

بورڈ آف ڈائریکٹرز کی جانب سے



عدنان احمد
ڈائریکٹر



حسین فٹی خان
چیف ایگزیکٹو آفیسر

کراچی

19 اگست، 2020

کمپنی کی سماجی ذمہ داری

جنرل ٹائر اینڈ ربر کمپنی آف پاکستان لمیٹڈ میں معاشرتی اور انسان دوستی کی سرگرمیوں کو انجام دینے کی ثقافت اور تاریخ ہے۔ کمپنی باقاعدگی سے خاص طور پر وقف قلمی خان ٹرسٹ کو عطیات دیتی ہے، جو ایک ٹرسٹ ہے اور مستحق طلبہ کی تعلیم کو فروغ دینے میں مصروف عمل ہے، سٹیزن فاؤنڈیشن سمیت مختلف فلاحی اداروں کو بھی عطیات دیے گئے ہیں۔

قومی خزانے میں معاونت

اس سال کے دوران کمپنی نے کسٹم ڈیوٹی، اکٹم ٹیکس، سیلز ٹیکس اور دیگر طریقوں کے ذریعہ 2,219 ملین روپے قومی خزانے میں جمع کرائے ہیں۔

بورڈ میٹنگ

اس سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام*	میٹنگز میں حاضری کی تعداد
1.	جناب احمد قلمی خان خٹک**	0
2.	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلمی خان خٹک	5
3.	جناب عدنان احمد	5
4.	جناب عاطف انور	5
5.	جناب حسین قلمی خان (سی ای او)	5
6.	جناب منصور خان***	0
7.	جناب منظور احمد	5
8.	جناب محمد قلمی خان خٹک	4
9.	جناب نوید افتخار شیروانی****	4
10.	جناب رضا قلمی خان خٹک	5
11.	ڈاکٹر شاہین قلمی خان خٹک	4
12.	محترمہ شہناز سجاد احمد*****	3

*حروف تہجی کے مطابق ترتیب

**14 نومبر 2019 کو مستعفی ہو گئے

***24 اکتوبر 2019 کو مستعفی ہو گئے

****24 اکتوبر 2019 کو مقرر ہوئے

*****14 نومبر 2019 کو مقرر ہوئیں

جو ڈائریکٹرز اجلاس میں حاضر نہ ہو سکے ان کو عدم موجودگی پر رخصت عطا کر دی گئی۔

بورڈ کی تشکیل اور مشاہرہ

بورڈ کی تشکیل اور بورڈ کی ذیلی کمیٹیوں کے ممبرز کے نام صفحہ نمبر 3 (کمپنی پروفائل سیکشن) میں دیئے گئے ہیں۔ کمپنی کی ایک باقاعدہ پالیسی ہے اور کمیٹیز ایکٹ 2017 اور سڈ کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق اس کے ڈائریکٹرز کے مشاہرے کا تعین شفاف طریقے سے کیا جاتا ہے۔

مشاہرے، بشمول ڈائریکٹر کے بورڈ میٹنگ میں حاضری کی فیس، جو ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو ادا کی گئی، صفحہ نمبر 97 پر درج ہے۔ (نوٹ 40 برائے مالیاتی گوشوارے)

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

کمپنی کے ڈائریکٹرز کو 30 جون، 2020 کو ختم ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں انتہائی خوشی ہے۔

مالیاتی نتائج	سال کا اختتام	سال کا اختتام
	30 جون 2019	30 جون 2020
	(000 روپے میں)	
نقصان (رمنافع بعد از ٹیکس)	122,876	(332,091)
دیگر جامع آمدنی	5,338	22,181
غیر تقسیم شدہ منافع	1,973,483	1,324,670
تصرفات کے لیے دستیاب منافع	2,101,697	1,014,760
تصرفات		
IFRS-16 کی ابتدائی عملدرآمد کے اثرات	-	(15,614)
عبوری ڈیویڈنڈ	-	(60,967)
فائل کیش ڈیویڈنڈ	(358,628)	-
بونس شیئرز	(418,399)	(203,222)
غیر تصرف شدہ منافع آگے لایا گیا	1,324,670	734,957
	=====	=====
(نقصان) آمدنی فی شیئر بنیادی اور کمزور	1.01 روپے	(2.72) روپے
	=====	=====

کارپوریٹ اور مالی رپورٹنگ فریم ورک

مندرجہ ذیل ضابطہ برائے کاروباری نظم و نسق، اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے مطابق ڈائریکٹرز مسرت کے ساتھ یقین دلاتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی گوشوارے شفافیت کے ساتھ کمپنی کے آپریشن کے نتائج، نقدی نقل و حرکت اور ایکویٹی میں تبدیلیوں کو پیش کرتی ہے۔
- کمپنی حسابات کی کتب کو باقاعدہ برقرار رکھتی ہے۔
- مالیاتی گوشواروں کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی جاتی ہیں اور اکاؤنٹنگ تخمینے، معقول اور دانشمندانہ فیصلوں پر مبنی ہوتے ہیں۔
- مالیاتی گوشواروں کی تیاری پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کے مطابق کی جاتی ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے، بیان کردہ کے علاوہ کوئی انحراف نہیں کیا گیا، جیسا کہ درج کمپنیوں کے ضابطہ اخلاق (کارپوریٹ گورننس) ضابطہ، 2019 میں تفصیل سے بیان کیا گیا ہے۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا ہے اور اسے موثر طریقے سے نافذ اور نگرانی کی جا رہی ہے۔
- جاری و ساری منصوبوں اور امور کی انجام دہی کے لئے کمپنی کی صلاحیتوں پر کوئی شبہات نہیں ہیں۔
- پچھلے 6 سالوں کے اہم کارکردگی اور مالیاتی اعداد و شمار کو سالانہ رپورٹ میں شامل کیا گیا ہے۔
- غیر ادا شدہ ٹیکسز اور لیویز کے بارے میں معلومات مالیاتی گوشوارے کے نوٹ میں درج ہے۔
- کمپنی نے اپنے تمام قرضوں کی ادائیگی متفقہ ٹائم لائن کے مطابق کردی ہے، اسٹیٹ بینک کی جانب سے اجازت کردہ اصل قرضوں کی ادائیگی میں تاخیر کے علاوہ ادائیگی میں کوئی تعطل نہیں کیا ہے۔
- کمپنی کے ملازمین کے سرمایہ کفالت کی مالیت کے آڈٹ شدہ اکاؤنٹس درج ذیل ہیں۔

ختم ہونے والے سال

30 جون، 2019

30 جون، 2019

سرمایہ کاری کی قیمت

356.066 ملین روپے

129.454 ملین روپے

پروویڈنٹ فنڈ

گرمیجیٹی فنڈ

- کمپنی کے ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کے فیملی ممبرز کے ذریعہ کمپنی کے حصص میں کوئی کاروبار نہیں ہوا۔



TRUCK/BUS TYRES

Our nation's transport sector is fundamental to our economy. Our tyres ensure that all transport vehicles run smoothly, without fail, be it intercity or intracity.



Notice of Fifty- Seventh (57th) Annual General Meeting

Notice is hereby given that the Fifty-Seventh (57th) Annual General Meeting (“AGM”) of The General Tyre and Rubber Company of Pakistan Limited (“Company”) will be held on Wednesday, October 28, 2020 at 12:00 Noon at the Beach Luxury Hotel, Lalazar, Karachi, to transact the following business:

Ordinary Business:

1. To appoint the Chairman of the Meeting for the AGM only, as there is no Chairman of the Board to chair the AGM.
2. To confirm the previous minutes of Extraordinary General Meeting(s).
3. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2020, together with the Chairman Review, Directors’ and Auditors’ Reports thereon.
4. To appoint external auditors for the financial year 2021 and to fix their remuneration. The retiring auditors, Messrs. A. F. Ferguson & Co. Chartered Accountants, being eligible, have offered themselves for reappointment for the year ending June 30, 2021.

Any Other Business:

5. To consider any other business with the permission of the Chair.

[This AGM is being held subject to the Order dated 9 September 2020 passed by the Honourable High Court of Sindh in Pakistan Kuwait Investment Company (Pvt.) Limited vs. The General Tyre and Rubber Company of Pakistan Limited (JCM No. 18/2020)]

By Order of the Board

A handwritten signature in black ink.

Yasir Ali Quraishi
Company Secretary

Karachi
Dated: October 06, 2020





NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2020 to October 28, 2020 (both days inclusive). Transfers received at the Company's share registrar, CDC Share Registrar Services Limited ("CDCSRSL"), CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi by close of business on October 21, 2020, will be considered in time for eligibility for any entitlements and to attend the AGM.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/her vote by proxy. Proxies must be deposited at the Company's Registered Office at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi not later than forty-eight hours before the time for holding the meeting.
3. Members are requested to notify change in their address, if any, immediately.
4. Shareholders (Non-CDC) are requested to promptly notify the Company's Share Registrar of any change in their addresses
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Any individual beneficial owner having an account or sub-account with the Central Depository Company ("CDC"), entitled to vote at this Meeting, must provide his/her Computerized National Identity Card ("CNIC") to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should provide attested copies of board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities Exchange Commission of Pakistan for the purpose.
7. Pursuant to Section 223(7) of the Companies Act, 2017, the financial statements and reports have been placed on website of the Company.
8. Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and Companies Act, 2017, Companies have been allowed to circulate the Annual Reports to members through email. For this purpose, we have attached the request form in the Annual Report and also uploaded on our company's website: www.gentipak.com. Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.
9. Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in the Annual General Meeting held on October 31, 2016.



10. The members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.
11. For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on "Filer / Non-Filer" status of the principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of the principal shareholder and Joint-holder(s) in respect of shares held by them to the Share Registrar, in writing as follows:

Company Name	Folio/ CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No of Shares)	Name and CNIC No.	Shareholding Proportion (No of Shares)

NOTE: In the event of non-receipt of the information by October 26, 2020, each shareholder will be assumed to have equal proportion of shares.

For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone numbers or email addresses:

Contact Persons:

CDC Share Registrar Services (Pvt.) Limited
 CDC House, 99-B, Block 'B', S.M.C.H.S.,
 Main Shahra-e-Faisal Karachi
 021-111-111-500
 92-21-321-8200864
 cdcsr@cdcsrsl.com

Yasir Ali Quraishi
 Company Secretary
 The General Tyre and Company
 of Pakistan Limited
 021-111-487-487
 info@gentipak.com

12. Shareholders who could not collect their dividend /physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.
13. Through this notice, the shareholders are intimated to contact with the Company for any unclaimed dividend/ shares within a period of seven days after publishing this notice to meet the compliance of SECP Direction #: 16 of 2017 dated 07 July 2017. List of Shareholders having unclaimed dividends/ shares are available on the Company's website www.gentipak.com.



14. If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video-link for attending the Meeting. If you wish to take benefit of this facility, please fill and send a request in the below terms to the Company at its registered address at least seven (7) days prior to the date of the Meeting:

I/We, _____ of _____, being a member of The General Tyre and Rubber Company of Pakistan Limited, holder of _____ ordinary share(s) as per Registered Folio/CDC Account No. _____ hereby opt for video link facility at _____.

Signature of Member

Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.

15. In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, shareholders will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.
16. The audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's website www.gentipak.com, at least 21 days before the date of Annual General Meeting.
17. The shareholders having physical shareholding may open CDC sub-account with any of the brokers or preferably directly through Investor Account with CDC to place their physical shares into script-less form.

A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/ her identity by showing his/ her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.





B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
18. The shareholders holding physical shares are also required to bring their original CNIC and/ or copy of CNIC of shareholder(s) of whom he/ she/ they hold Proxy(ies) without CNIC such shareholder(s) shall not be allowed to attend and/ or sign the Register of Shareholders/ Members at the AGM.



وہ ممبران جنہوں نے ابھی تک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل کمپنی کو جمع نہیں کروائی ہے، ان سے درخواست ہے کہ جلد از جلد یہ نقل کمپنی کو ارسال کریں۔

15- کمپنیز (پوسٹل بیٹ) ریگولیشنز، 2018 کے مطابق، کمپنیز ایکٹ، 2017 کے سیکشن 143 اور 144 سے مشروط ہونے پر شیئر ہولڈرز کسی بھی ایجنڈا آئٹم کے لئے پوسٹل بیٹ یعنی بذریعہ ڈاک یا ای ویٹنگ، ووٹ دینے کا اپنا حق اس طریقے سے اور ان شرائط کے مطابق استعمال کر سکیں گے، جو مذکورہ بالا ریگولیشنز میں موجود ہے۔

16- 30 جون، 2020 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ www.gentipak.com پر سالانہ اجلاس عام کے انعقاد کی تاریخ سے کم از کم 21 دن پہلے آویزاں کر دیئے جائیں گے۔

17- فزیکل شیئرز رکھنے والے شیئرز کسی بھی بروکر کے ساتھ سی ڈی سی ذیلی اکاؤنٹ کھلوا کر اور ترجیاً سی ڈی سی میں انویسٹر اکاؤنٹ کے ذریعے براہ راست اپنے فزیکل شیئرز کو اسکرپٹ لیس شکل میں رکھ سکتے ہیں۔

الف۔ اجلاس میں شرکت کرنے کے لئے:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور یا جن کی سیکوریٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق آپ لوڈ ہوں، کو اجلاس میں شرکت کے وقت شناخت کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھانا ہوگا۔

(ii) کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع شخص دستخط کے (تا وقتیکہ پہلے فراہم کی گئی ہو) پیش کرنا ہوں گی۔

ب۔ نمائندوں (Proxies) کی تقرری کے لئے:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور یا جن کی سیکوریٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق آپ لوڈ ہوں، مندرجہ بالا شرائط کے مطابق پراکسی فارم جمع کرائیں گے۔

(ii) جن دو افراد سے پراکسی فارم کی تصدیق کروائی جائے گی ان کے نام، پتے اور CNIC نمبر فارم میں درج کیے جائیں گے۔

(iii) اصل مالکان کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ منسلک کی جائیں گی۔

(iv) نامزد شخص کو اجلاس میں شرکت کے وقت اصل CNIC یا اصل پاسپورٹ مہیا کرنا ہوں گے۔

(v) کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی امیدوار کے شخص دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ جمع کروانی ہوگی (تا وقتیکہ پہلے فراہم کی گئی ہو)۔

18- کمپنی کے تمام شیئر ہولڈرز / ممبران جن کے پاس کاغذی حالت میں شیئر موجود ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنے یا جن کے وہ نمائندے ہیں، ان کے کارآمد CNIC اور / یا اس کی نقل لے کر آئیں۔ CNIC نہ ہونے کی صورت میں اجلاس کے وقت شیئر ہولڈر کو سالانہ اجلاس عام میں شرکت / شیئر ہولڈرز / ممبران کے رجسٹر میں دستخط کرنے کی اجازت نہیں دی جائے گی۔

11- فیڈرل بورڈ آف ریونیو کی وضاحت کے مطابق ایسے شیئر ہولڈرز جو جوائنٹ شیئر ہولڈنگ کے مالک ہیں، ان کے شیئرز پر وہ ہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر (ہولڈرز) کے ملکیتی شیئرز کے تناسب سے ”فالکر / نان فالکر“ کی حیثیت سے علیحدہ علیحدہ کیا جائے گا۔ اس سلسلے میں جوائنٹ شیئر ہولڈرز کے ساتھ شیئرز رکھنے والے تمام شیئر ہولڈرز سے گزارش ہے کہ وہ اپنی ملکیت میں موجود شیئرز کی تعداد کے تناسب سے پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر (ز) کی تفصیلات ہمارے شیئر رجسٹر کو درج ذیل کے مطابق تحریری طور پر فراہم کریں:

کمپنی کا نام	فلیو ای ڈی سی اکاؤنٹ نمبر	کل شیئرز	پرنسپل شیئر ہولڈر	جوائنٹ شیئر ہولڈر
			نام اور سی این آئی سی نمبر	نام اور سی این آئی سی نمبر
			شیئر ہولڈنگ کا تناسب	شیئر ہولڈنگ کا تناسب
			(شیئرز کی تعداد)	(شیئرز کی تعداد)

نوٹ: مطلوبہ معلومات 26 اکتوبر 2020 تک موصول نہ ہونے کی صورت میں یہ سمجھا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر (ز) شیئرز کی یکساں ملکیت کے حامل ہیں۔

کسی قسم کے مزید سوالات / شکایات / معلومات کے لئے شیئر ہولڈرز کمپنی اور / یا شیئر رجسٹرار سے درج ذیل فون نمبرز اور ای میل ایڈریسز پر رابطہ کر سکتے ہیں:

سی ڈی سی شیئر رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، سی ڈی سی ہاؤس - B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی	سی ڈی سی ہاؤس - B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی
فون نمبرز: 021-111-111-500	فون نمبرز: 021-111-487-487
ای میل: cdcsl@cdcsl.com	ای میل: info@gentipak.com

12- ایسے شیئر ہولڈرز جو اپنے ڈیویڈنڈ / فریکل شیئرز وصول نہیں کر سکے ہیں ان سے گزارش ہے کہ وہ اپنے لا دعویٰ ڈیویڈنڈ یا شیئرز، اگر کوئی ہوں، کی وصولی / معلومات کے لئے ہمارے شیئر رجسٹرار سے رابطہ کریں۔

13- بذریعہ نوٹس ہذا شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ وہ اپنے کسی بھی لا دعویٰ ڈیویڈنڈ / شیئرز کے لئے کمپنی سے اس اشتہار کی اشاعت کے سات دن کے اندر رابطہ کریں تاکہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت نمبر: 16، 2017 مورخہ 07 جولائی، 2017 کی تعمیل ہو سکے۔ لا دعویٰ ڈیویڈنڈ / شیئرز رکھنے والے شیئر ہولڈرز کی فہرست کمپنی کی ویب سائٹ www.gentipak.com پر دستیاب ہے۔

14- کمپنی کے کل ادا شدہ سرمائے (Paid up capital) کے 10 فیصد کے حامل ممبران، جو کسی ایک شہر میں رہائش پذیر ہوں، اجلاس میں شرکت کے لئے کمپنی سے وڈیولنک کی سہولت کا تقاضہ کر سکتے ہیں۔ اگر آپ اس سہولت سے فائدہ اٹھانا چاہتے ہیں تو برائے مہربانی مندرجہ ذیل طریقہ کار کے مطابق اپنی رضامندی سالانہ اجلاس عام سے سات (07) روز قبل کمپنی کے رجسٹرڈ پتے پر جمع کروائیں۔

”میں/ہم _____ کے _____، بطور ممبر جنرل ٹائر اینڈ ربر کمپنی آف پاکستان، رجسٹرڈ فلیو ای ڈی سی اکاؤنٹ نمبر _____ کے مطابق _____ عمومی شیئر (شیئرز) کے مالک، بذریعہ ہذا _____ (جغرافیائی مقام) ویڈیولنکس کی سہولت کے لئے درخواست دیتے ہیں۔

ممبر کے دستخط

نوٹس:

- 1- کمپنی کے شیئر ٹرانسفر کے کھاتے 21 اکتوبر، 2020 سے 28 اکتوبر، 2020 تک بند رہیں گے (دونوں ایام شامل ہیں)۔ 21 اکتوبر، 2020 کو کاروباری اوقات کار کے اختتام تک کمپنی کے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ ("CDCSRL") سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو موصول ہونے والے ٹرانسفر حتمی نقد ڈیویڈنڈ کی ادائیگی اور سالانہ اجلاس عام میں شرکت کی اجازت کے لئے بروقت تصور کئے جائیں گے۔
- 2- سالانہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق دار کوئی بھی ممبر کسی دوسرے ممبر کو اجلاس میں حاضر ہونے اور ووٹ دینے کے لیے اپنی/اپنا نمائندہ مقرر کر سکتا ہے۔ نمائندے کا تقرر نامہ اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس H-23/2 لانڈھی انڈسٹریل ٹریڈنگ اسٹیٹ، لانڈھی، کراچی میں موصول ہو جانا چاہئے۔
- 3- ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی سے کمپنی کو فوراً مطلع کریں۔
- 4- شیئر ہولڈرز (نان-سی ڈی سی) سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی سے اپنے شیئر رجسٹرار کو فوراً مطلع کریں۔
- 5- سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مجریہ 26 جنوری 2000 میں فراہم کردہ مندرجہ ذیل ہدایات کی پیروی کرنی ہوگی۔
- 6- سینٹرل ڈپازٹری کمپنی ("CDC") میں اکاؤنٹ یا ذیلی اکاؤنٹ رکھنے والا کوئی بھی اصل مالک، جو اس اجلاس میں ووٹ دینے کا/کی اہل ہے، اس کو اجلاس میں شرکت کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ ("CNIC") تصدیق کے لئے دکھانا ہوگا، اور نامزد نمائندہ کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل پیش کرنا ہوگی۔ کارپوریٹ ادارے کے نمائندہ کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اور/یا وہ تمام دستاویزات جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مجریہ 26 جنوری 2000 کے تحت درکار ہوں، پیش کرنا ہوں گی۔
- 7- کمپنیز ایکٹ، 2017 کے سیکشن 223(7) کے مطابق مالیاتی گوشوارے اور رپورٹس کمپنی کی ویب سائٹ پر آویزاں کر دی گئی ہیں۔
- 8- ممبران کو بذریعہ بلاگ مطلع کیا جاتا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر SRO-787(1)/2014 مورخہ 8 ستمبر 2014 اوپنیز ایکٹ، 2017 کے مطابق کمپنیز کو اجازت دی گئی ہے کہ وہ اپنی سالانہ رپورٹس ممبران کو بذریعہ ای میل ارسال کریں۔ اس مقصد کے لئے ہم نے ایک معیاری درخواست فارم سالانہ رپورٹ کے ساتھ منسلک کر دیا ہے اور کمپنی کی ویب سائٹ www.gentipak.com پر بھی آویزاں کر دیا ہے۔ وہ ممبران جو اس سہولت سے فائدہ اٹھانا چاہتے ہیں ان سے درخواست ہے کہ باقاعدہ کردہ درخواست فارم کمپنی کے شیئر رجسٹرار کو ارسال کریں۔
- 9- مزید برآں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر SRO-470(I)/2016 مورخہ 31 مئی 2016 کے مطابق، جس کے ذریعہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے لسٹڈ کمپنیوں کو اپنے آڈٹ شدہ سالانہ گوشوارے ہر شیئر ہولڈر کو طبعی شکل میں اس کے رجسٹرڈ پتے پر ارسال کرنے کے بجائے بذریعہ CD/DVD/USB ارسال کرنے کی اجازت دی ہے، جو شیئر ہولڈرز کی رضامندی اور دیگر مخصوص تقاضوں کی پابندی سے مشروط ہے، کمپنی نے اس پر اپنے شیئر ہولڈرز کی رضامندی اپنے سالانہ اجلاس عام منعقدہ 31 اکتوبر، 2016 میں حاصل کر لی ہے۔
- 10- غیر طبعی شکل میں شیئر ز رکھنے والے ممبران سے درخواست ہے کہ وہ باقاعدہ کردہ ڈیویڈنڈ بینک مینڈیٹ فارم CDC میں اپنی پارٹیسپنٹ / انویسٹر اکاؤنٹ سروسز میں جمع کروائیں۔

57 ویں سالانہ اجلاس عام کا نوٹس

بذریعہ اطلاع دی جاتی ہے کہ جنرل ٹائر اینڈ ربر کمپنی آف پاکستان لمیٹڈ ("کمپنی") کا 57 واں سالانہ اجلاس عام ("AGM") بروز بدھ 28 اکتوبر، 2020 دوپہر 12:00 بجے بمقام پیچ لگٹری ہوٹل، لالہ ازار، کراچی میں منعقد ہوگا جس میں درج ذیل کارروائی پر عمل درآمد ہوگا:

عمومی کارروائی

- 1- صرف سالانہ اجلاس عام کے لئے چیئرمین کا تقرر کرنا، کیونکہ سالانہ اجلاس عام کی سربراہی کے لئے بورڈ کا کوئی چیئرمین نہیں ہے۔
- 2- کمپنی کے گزشتہ غیر معمولی عام اجلاس (اجلاسوں) کی کارروائی کی تصدیق و توثیق۔
- 3- 30 جون، 2020 کو ختم ہونے والے سال کے آڈٹ شدہ اکاؤنٹس مع چیئرمین کے تجزیے، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور و خوض اور منظوری۔
- 4- 30 جون 2021 کو ختم ہونے والے سال کے لئے ایکسٹرنل آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ بورڈ آف ڈائریکٹرز نے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز دی ہے جنہوں نے اہلیت کی بنیاد پر 30 جون، 2021 کو ختم ہونے والے سال کے لئے اپنی خدمات پیش کی ہیں۔

دیگر کارروائی:

- 5- اجلاس کے سربراہ کی اجازت سے کسی دیگر کارروائی پر غور و خوض۔
- (اس سالانہ اجلاس عام کا انعقاد 9 ستمبر، 2020 کو معزز ہائی کورٹ سندھ کی جانب سے جاری کردہ حکم پاکستان کویت انسویٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ بمقابلہ جنرل ٹائر اینڈ ربر کمپنی آف پاکستان لمیٹڈ سے مشروط ہونے پر کیا جا رہا ہے (JCM No.18/2020))

بجائے بورڈ



یاسر علی قریشی
کمپنی سیکریٹری

کراچی

6 اکتوبر، 2020

Financial Performance

Statement of Profit or Loss and other Comprehensive Income

Rupees in '000

YEAR	2020	2019	2018	2017	2016	2015
Net Sales	8,793,341	10,486,282	11,785,457	9,645,367	9,479,045	9,491,652
Cost of Sales	7,744,581	8,896,798	9,699,779	7,589,305	7,157,029	7,553,193
Gross Profit	1,048,760	1,589,484	2,085,678	2,056,062	2,322,016	1,938,459
Profit from Operations	404,993	836,370	1,190,067	1,303,184	1,627,751	1,354,939
Other Income	68,106	69,939	74,141	63,675	65,177	65,567
Finance Cost	848,806	585,032	256,782	124,064	136,159	258,301
(Loss) / Profit before Taxation	(446,664)	253,637	940,045	1,184,222	1,494,743	1,097,035
Taxation	(114,573)	130,761	224,494	302,825	462,456	364,180
(Loss) / Profit after Taxation	(332,091)	122,876	715,551	881,397	1,032,287	732,855
EBITDA	895,722	1,242,183	1,557,216	1,559,384	1,808,370	1,525,175

Statement of Financial Position

Rupees in '000

YEAR	2020	2019	2018	2017	2016	2015
Cash and Bank Balances	182,749	155,931	91,120	99,572	116,851	241,769
Stocks	3,318,231	3,721,748	3,324,857	2,074,728	1,570,594	1,456,593
Trade Debts	1,157,946	1,237,309	1,027,027	879,333	1,024,670	851,269
Current Assets	6,746,654	7,278,420	6,350,173	4,824,967	3,558,021	3,362,778
Operating Fixed Assets Cost	8,623,130	7,811,482	6,735,011	6,285,069	4,759,440	4,196,775
Investments in an Associated Company	13,240	16,091	15,363	10,114	6,019	3,321
Non Current Assets	5,124,611	5,196,632	4,335,922	3,777,919	3,254,488	1,985,287
Total Assets	11,871,265	12,475,052	10,686,095	8,602,886	6,812,509	5,348,065
Trade and other Payables	1,794,516	1,783,757	1,928,381	1,348,074	1,293,036	1,183,356
Current Liability	7,398,333	7,468,539	5,214,722	3,139,047	2,424,213	2,145,566
Long term Finances	1,096,280	1,020,748	1,247,285	1,018,583	920,276	383,334
Non Current Liability	1,518,641	1,665,731	1,900,177	1,667,453	1,438,774	844,352
Total Liabilities	8,916,974	9,134,270	7,114,899	4,806,500	3,862,987	2,989,918
Paid Up Capital	1,219,334	1,016,112	1,016,112	597,713	597,713	597,713
Reserve for Capital Expenditure	1,000,000	1,000,000	1,000,000	1,000,000	-	-
Unappropriated Profit	734,957	1,324,670	1,555,084	2,198,673	2,351,809	1,760,434
Total Equity	2,954,291	3,340,782	3,571,196	3,796,386	2,949,522	2,358,147

Statement of Cash Flows

Rupees in '000

YEAR	2020	2019	2018	2017	2016	2015
Cash Flow from Operating Activities	476,638	(409,565)	89,969	(31,532)	1,069,950	2,402,875
Cash Flow from Investing Activities	(289,780)	(1,263,612)	(916,934)	(774,138)	(1,437,288)	(187,291)
Cash Flow from Financing Activities	(584,102)	(45,631)	158,827	326,531	287,789	(680,233)

Financial Performance-Profitability

YEAR	2020	2019	2018	2017	2016	2015
Gross Profit Margin	11.93%	15.16%	17.70%	21.32%	24.50%	20.42%
EBIT Margin	4.61%	7.98%	10.10%	13.51%	17.17%	14.28%
EBITDA Margin	10.19%	11.85%	13.21%	16.17%	19.08%	16.07%
Pre tax Margin	(5.08%)	2.42%	7.98%	12.28%	15.77%	11.56%
Net Profit Margin	(3.78%)	1.17%	6.07%	9.14%	10.89%	7.72%
Return on equity-before taxation	(15.12%)	7.59%	26.32%	31.19%	50.68%	46.52%
Return on equity-after taxation	(11.24%)	3.68%	20.04%	23.22%	35.00%	31.08%



Financial Performance

Operating Performance/Liquidity

YEAR		2020	2019	2018	2017	2016	2015
Total Assets Turnover	Times	0.74	0.84	1.10	1.12	1.39	1.77
Non Current Assets Turnover	Times	1.72	2.02	2.72	2.55	2.91	4.78
Debtors Turnover	Times	7.34	9.26	12.36	10.13	10.11	8.47
Debtors Turnover	Days	48.06	43.07	31.81	33.28	39.46	32.74
Stock Turnover	Times	2.65	2.82	3.54	4.65	6.04	6.52
Stock Turnover	Days	137.74	129.54	102.97	78.51	60.48	56.01
Creditors Turnover	Times	4.33	4.79	5.92	5.75	5.78	7.47
Creditors Turnover	Days	84.32	76.15	61.65	63.51	63.15	48.85
Cash Operating Cycle	Days	101.48	96.46	73.13	48.28	36.79	39.90
Current ratio		0.91	0.97	1.22	1.54	1.47	1.57
Quick / acid test ratio		0.46	0.48	0.58	0.88	0.82	0.89

Capital Structure Analysis

YEAR		2020	2019	2018	2017	2016	2015
Breakup value / share	PKR	24.23	32.88	35.15	63.52	49.35	39.45
(Loss) / Earning per share (pre tax)	PKR	(3.66)	2.50	9.25	19.81	25.01	18.35
(Loss) / Earning per share (after tax)	PKR	(2.72)	1.21	7.04	14.75	17.27	12.26

Debt Analysis

YEAR		2020	2019	2018	2017	2016	2015
Total Debt to Assets	%	75%	73%	67%	56%	57%	56%
Total Debt to Equity	%	302%	273%	199%	127%	131%	127%

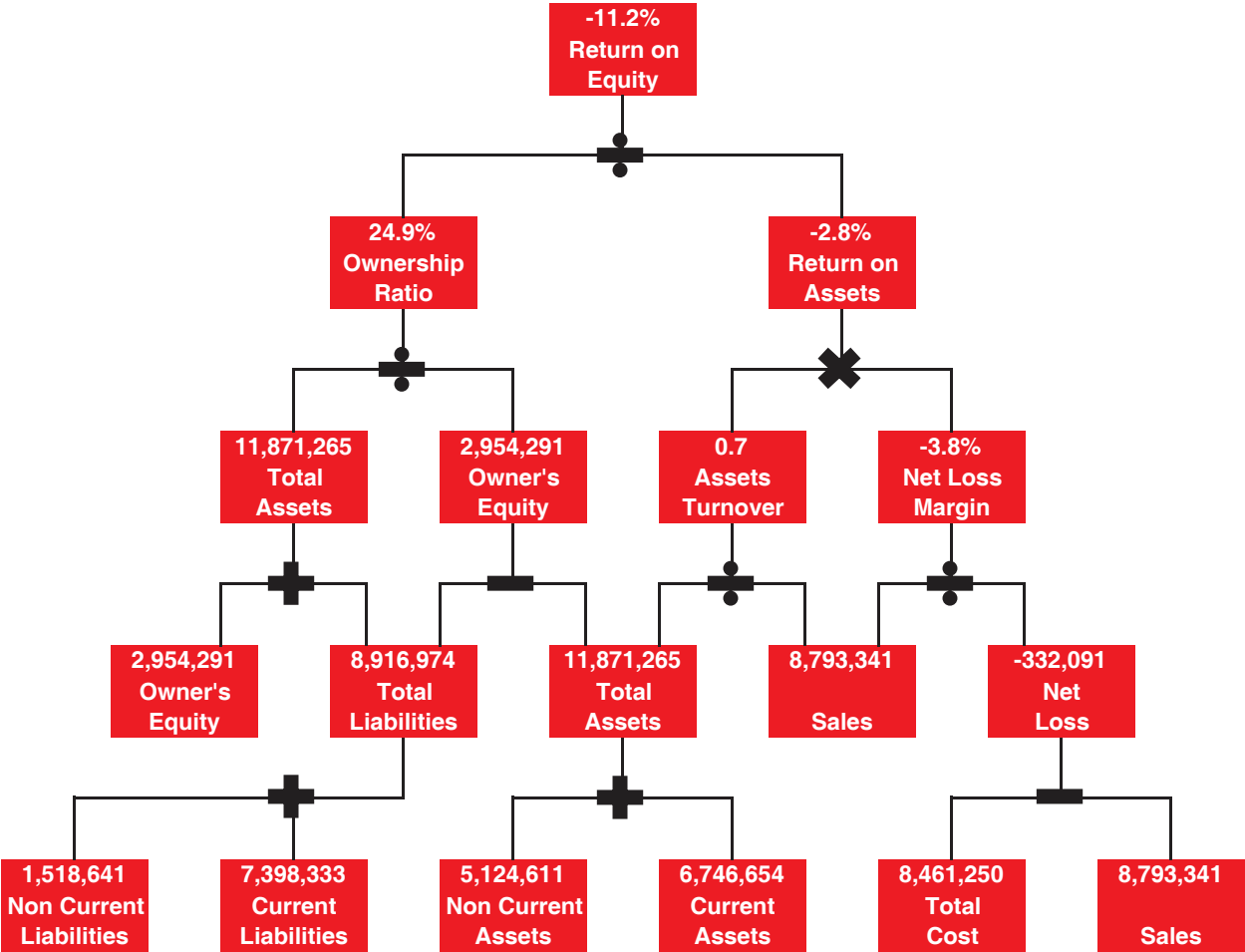
Distribution

YEAR		2020	2019	2018	2017	2016	2015
Cash Dividend	%	5%	0%	60%	150%	0%	70%
Bonus	%	0%	20%	70%	0%	0%	0%

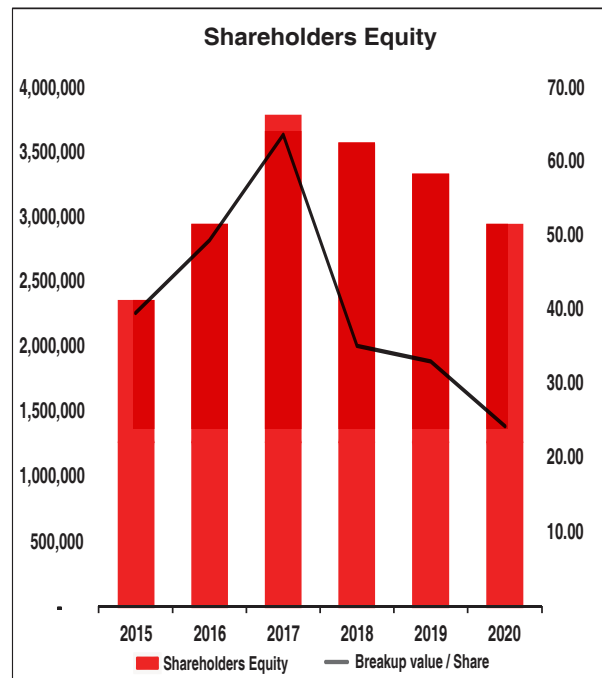
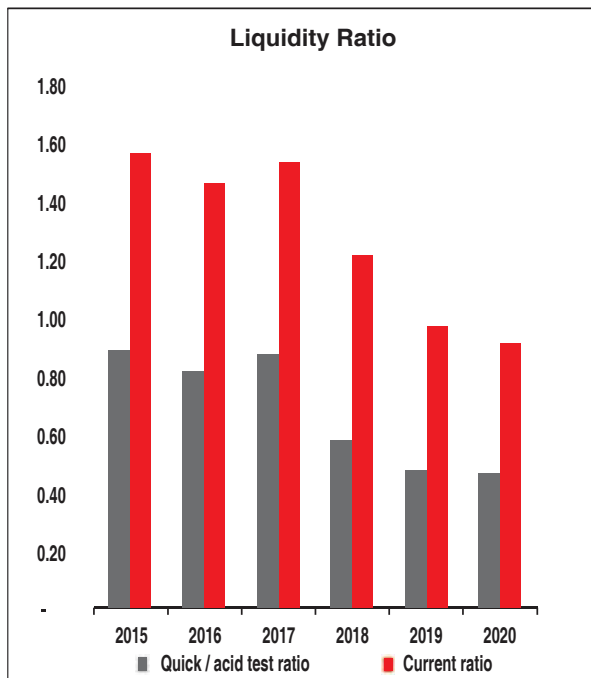
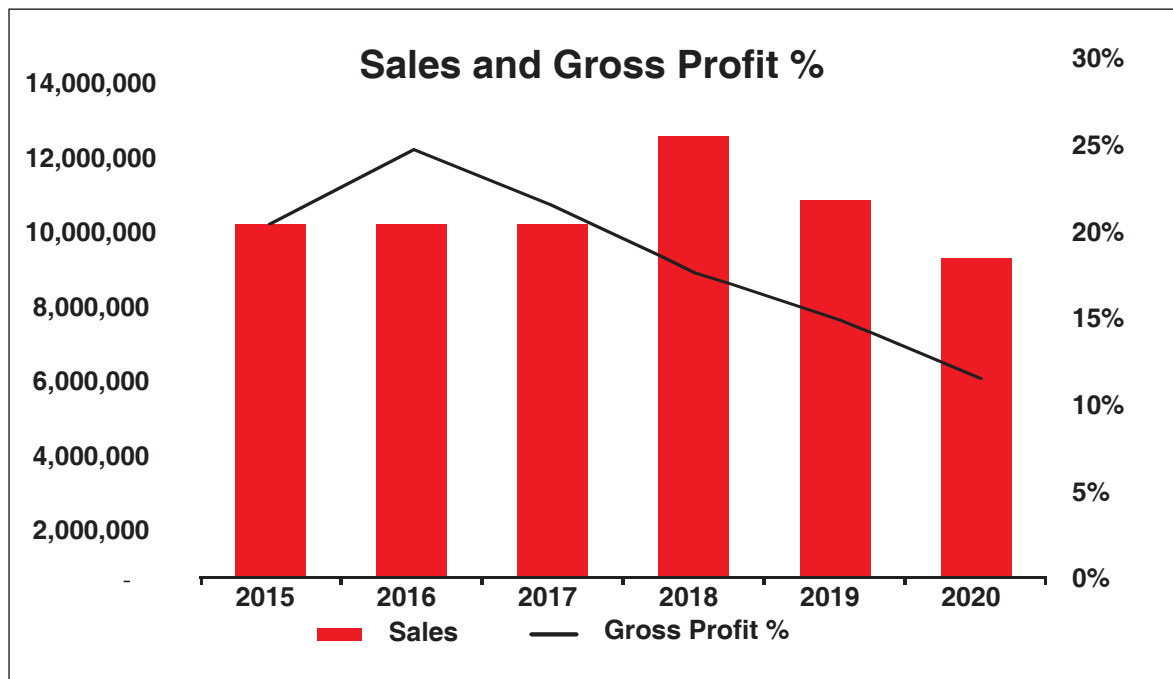




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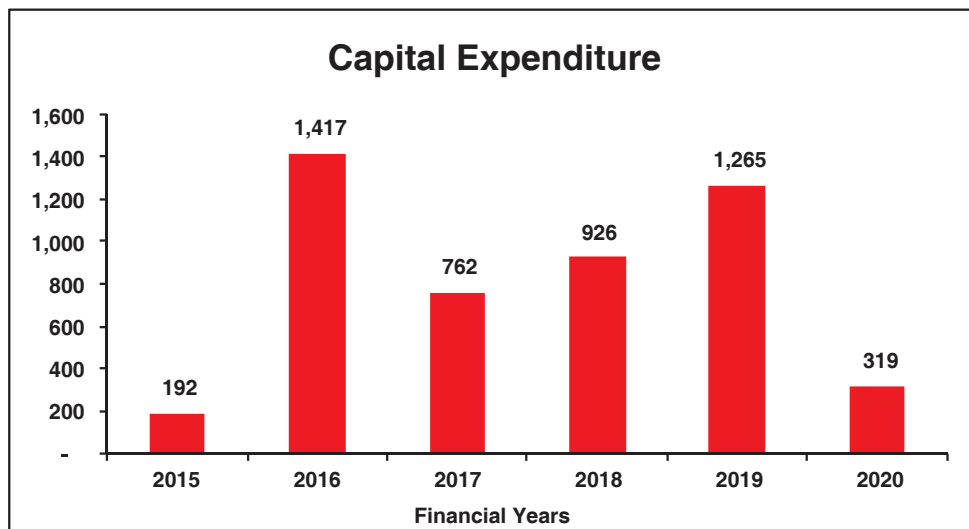
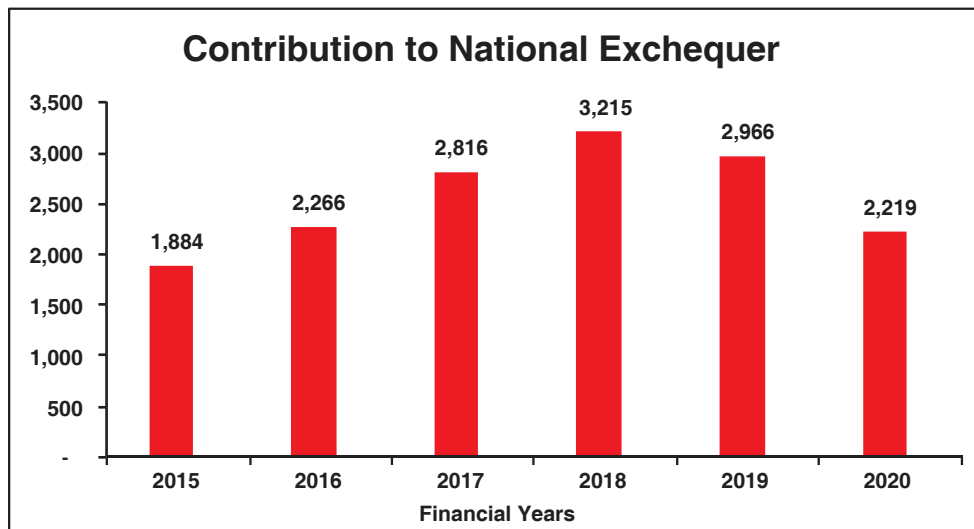


Graphical Presentation

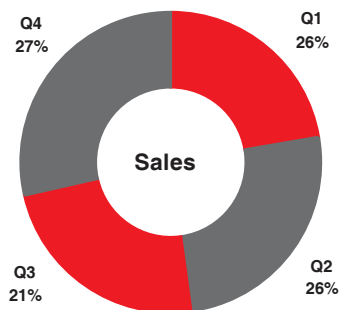




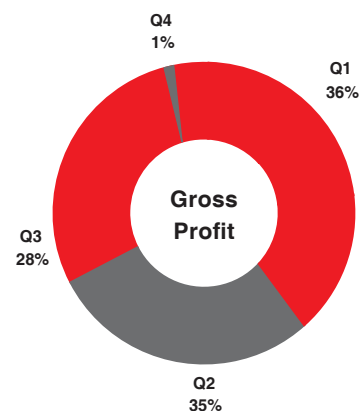
Graphical Presentation



Quarterly Performance Analysis



Total Sales: 8,793,341



Total Gross Profit: 1,048,760





Certifications

Standard	Description	Certified by	Certified since	License No.
ISO 9001 - 2015	Quality Management System	NQA Pakistan	2006	67893
ISO 45001 - 2018	Occupational Health and Safety Management System	NQA Pakistan	2016	H 3062





Statement of Value Addition

For the year ended June 30, 2020

2020	2019
----- Rupees in 000-----	

Value addition

Net sales including sales tax	10,381,857	12,371,308
Other income including share of profit of an associated company	65,255	72,238
Cost of materials and services	(5,865,425)	(7,213,716)
	<u>4,581,687</u>	<u>5,229,830</u>

Value distribution

To Employees

Salaries, wages, benefits and staff welfare	1,850,905	2,103,967
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To Government

Income tax	133,422	103,858
Sales tax	1,588,516	1,885,026

To Workers' fund

Workers' profit participation fund	-	13,604
Workers' welfare fund	-	5,184

To Providers of Capital

Dividend to shareholders	60,967	358,628
Mark up/ interest on borrowed money	848,806	585,032

To Society

Donations	1,400	4,470
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Retained for reinvestment & future growth

Depreciation, Amortisation & retained profit	97,671	170,061
	<u>4,581,687</u>	<u>5,229,830</u>

Distribution

Employees	40.40%	40.23%
Government	37.58%	38.03%
Workers fund	-	0.36%
Providers of capital	19.86%	18.04%
Society	0.03%	0.09%
Retained for reinvestment & future growth	2.13%	3.25%
	<u>100.00%</u>	<u>100.00%</u>





LIGHT TRUCK TYRES

The reliability of our tyres is crucial, especially in utility vehicles, with so much depending on them. Designed to run for long distances for hours, our tyres are made to ensure that our vehicles don't stop.



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2020

The Company has complied with the requirements of the Regulations in the following manner:

- The total number of directors are ten (10) as per the following:

Gender	Number
Male	8
Female	2

- The composition of the Board as at June 30, 2020 is as follows

Category	Names
Non-Executive Directors	Lt. Gen. (Retd.) Ali Kuli Khan Khattak – Chairman Mr. Raza Kuli Khan Khattak – Director Mrs. Shahnaz Sajjad Ahmad – Director Dr. Shaheen Kuli Khan Khattak – Director Mr. Manzoor Ahmed – Director* Mr. Naveed Iftikhar Sherwani – Director Mr. Muhammad Kuli Khan Khattak – Director Mr. Atif Anwar – Director Mr. Adnan Ahmed - Director
Executive Director	Mr. Hussain Kuli Khan – Chief Executive Officer (CEO)

(*)His term as an independent director concluded during the year ended June 30, 2018. After inclusion of an independent director, the Audit and HR & Remuneration committees shall be headed by the independent director.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.





8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. At present, out of ten (10) directors on the Board, seven (7) directors have acquired the Directors Training Program Certifications, one (1) director will obtain the said certification within stipulated time whereas, two (2) remaining directors are exempt from the directors training program.
10. The Board has approved appointment of Company secretary including remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. There was no fresh appointment of the Chief Financial Officer and Head of the internal audit during the year.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a. Board Audit Committee (BAC):

Name of the Member	Category
Mr. Manzoor Ahmed	Member
Mr. Muhammad Kuli Khan Khattak	Member
Mr. Adnan Ahmed	Member

b. HR and Remuneration Committee (HR&RC):

Name of the Member	Category
Mr. Raza Kuli Khan Khattak	Member
Mr. Manzoor Ahmed	Member
Mr. Atif Anwar	Member
Mr. Hussain Kuli Khan	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a. Board Audit Committee - Quarterly
 - b. HR and Remuneration Committee - Quarterly
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.





17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except for the matter stated in paragraph 2 above.
19. Compliance status of non-mandatory requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Serial No.	Regulation No.	Description
1	10(5)	<p>Upon appointment of two directors during the year, letters setting out their role, obligations, powers and responsibilities in accordance with the Act and the Company's Articles of Association, their remuneration and entitlement were not issued.</p> <p>Subsequent to the year end, the Board will be reconstituted by way of election of directors and this regulation is expected to be complied with.</p>
2	18	An orientation for the directors to acquaint them with the Regulations, was not carried out. The said orientation will be carried out for the directors, subsequent to the year end.
3	24	Upto August 29, 2019 the offices of CFO and the Company Secretary were held by the same person as the Company was in the process of hiring / internal placement for the position of the Company Secretary. Thereafter, a whole-time Company Secretary was appointed.
4	28(2)	<p>The Human Resource and Remuneration Committee is not chaired by an independent director as there is no independent director on the Board of the Company.</p> <p>Subsequent to the year end, the said Committee will be reconstituted after election of Directors and thus this regulation is expected to be complied with.</p>



LT. GEN. (RETD.) ALI KULI KHAN KHATTAK
Chairman

Dated : August 19, 2020



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The General Tyre and Rubber Company of Pakistan Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

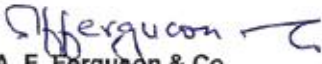
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems enough to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Further, we highlight instances of non-compliance with the requirements of the Regulations as reflected in paragraphs 18, 19(1) and 19(2) of the Statement of Compliance which inter alia state that (i) after inclusion of an independent director, the Audit committee shall be headed by the independent director; (ii) upon appointment of two directors during the year, letters setting out their roles, obligations, powers and responsibilities, remuneration and entitlement were not provided [non-mandatory requirement]; and (iii) an orientation for the directors to acquaint them with the Regulations, was not carried out [non-mandatory requirement].


A. F. Ferguson & Co.
Chartered Accountants
Karachi, September 25, 2020

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

■ KARACHI ■ LAHORE ■ ISLAMABAD

INDEPENDENT AUDITOR'S REPORT

To the members of The General Tyre and Rubber Company of Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of The General Tyre and Rubber Company of Pakistan Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

96

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

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Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	Contingent liabilities (Refer notes 15.1.3, 15.1.4, 15.1.5, 15.1.6, 15.1.8, 15.1.10, 15.1.11 and 15.1.12 to the financial statements) The Company has disclosed various contingent liabilities in respect of income tax matters, which are pending adjudication before the taxation authorities and the courts of law. Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of the amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income tax, (as referred in aforementioned notes) a key audit matter.	Our audit procedures amongst others included: <ul style="list-style-type: none"> ▪ Obtained and reviewed details of the pending tax matters and discussed the same with the Company's management. ▪ Circularised confirmations to the Company's external legal and tax counsels for their views on open tax assessments. ▪ Reviewed correspondence of the Company with the relevant authorities including judgements and orders passed by competent authorities in relation to the issues involved or matters which have similarities with the issues involved. ▪ Involved internal tax professional to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisor engaged by the Company. ▪ Reviewed disclosures made in the financial statements in respect of such tax matters.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

9/6

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

06

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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


A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 25, 2020



MOTORCYCLE TYRES

Our aim is for our motorcycle customers to feel like they are one with the road, while having the confidence of safety on their side. Our range of motorcycle tyres is specifically designed to be durable, slip-resistant and offer a comfortable ride on difficult, daily commutes.


Statement of Financial Position

As at June 30, 2020

		2020	2019
	Note	----- Rupees in '000 -----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
125,000,000 (2019: 125,000,000) ordinary shares of Rs 10 each		1,250,000	1,250,000
Issued, subscribed and paid-up share capital	4.1	1,219,334	1,016,112
Reserve for capital expenditure	4.2	1,000,000	1,000,000
Unappropriated profit		734,957	1,324,670
TOTAL EQUITY		2,954,291	3,340,782
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances	5	1,096,280	1,020,748
Lease liabilities	6	39,493	-
Staff benefits	7	318,917	336,229
Deferred taxation - net	8	54,090	299,403
Long term deposits from dealers	9	9,861	9,351
		1,518,641	1,665,731
CURRENT LIABILITIES			
Current maturity of long term finances	5	316,262	608,223
Short term finances	10	1,070,447	1,350,000
Current maturity of lease liabilities	6	26,924	-
Running finances under mark-up arrangements	11	3,950,247	3,526,185
Trade and other payables	12	1,794,516	1,783,757
Unclaimed dividend		16,885	12,897
Unpaid dividend		2,902	8,641
Accrued mark-up	13	171,450	130,836
Provision	14	48,700	48,000
		7,398,333	7,468,539
TOTAL LIABILITIES		8,916,974	9,134,270
TOTAL EQUITY AND LIABILITIES		11,871,265	12,475,052
Contingencies and commitments	15		



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Adnan Ahmed
Director



Statement of Financial Position

As at June 30, 2020

		2020	2019
	Note	----- Rupees in '000 -----	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	5,043,865	5,127,169
Right-of-use assets	17	43,555	-
Intangible assets	18	2,655	26,562
Investment in an associated company	19	13,240	16,091
Long term loans and advances	20	5,445	6,860
Long term deposits	21	15,851	19,950
		5,124,611	5,196,632
CURRENT ASSETS			
Stores and spares	22	629,508	659,566
Stocks	23	3,318,231	3,721,748
Trade debts	24	1,157,946	1,237,309
Loans and advances	25	59,428	174,359
Deposits and prepayments	26	67,095	67,228
Other receivables	27	183,785	202,594
Taxation - net		1,147,912	1,059,685
Cash and bank balances	28	182,749	155,931
		6,746,654	7,278,420
TOTAL ASSETS			
		11,871,265	12,475,052

The annexed notes 1 to 49 form an integral part of these financial statements.

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Adnan Ahmed
Director



Statement of Profit or Loss and other Comprehensive Income

For the year ended June 30, 2020

		2020	2019
	Note	----- Rupees in '000 -----	
Sales - net	29	8,793,341	10,486,282
Cost of sales	30	(7,744,581)	(8,896,798)
Gross profit		1,048,760	1,589,484
Administrative expenses	31	(275,675)	(296,870)
Distribution cost	32	(415,593)	(395,422)
Other income	33	68,106	69,939
Other expenses	34	(20,605)	(130,761)
Profit from operations		404,993	836,370
Finance cost	35	(848,806)	(585,032)
		(443,813)	251,338
Share of (loss) / profit of an associated company	19	(2,851)	2,299
(Loss) / profit before taxation		(446,664)	253,637
Taxation reversal / (charge)	36	114,573	(130,761)
(Loss) / profit for the year		(332,091)	122,876
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Staff retirement gratuity remeasurement - net	7.1.8	31,241	7,518
Impact of deferred tax		(9,060)	(2,180)
Total other comprehensive income for the year - net of tax		22,181	5,338
Total comprehensive (loss) / income for the year		(309,910)	128,214
		----- Rupees -----	
(Loss) / earnings per share - basic and diluted	37	(2.72)	(Restated) 1.01

The annexed notes 1 to 49 form an integral part of these financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Adnan Ahmed
Director



Statement of Changes in Equity

For the year ended June 30, 2020

	Issued, subscribed and paid-up share capital	Capital Reserve Reserve for capital expenditure	Revenue Reserve Unappropriated profit	Total
	Rupees in '000			
Balance as at July 1, 2018	597,713	1,000,000	1,973,483	3,571,196
Transaction with owners				
Final cash dividend @ Rs 6 per share for the year ended June 30, 2018	-	-	(358,628)	(358,628)
Bonus share issue for the year ended June 30, 2018 @ 70% i.e. 7 shares for every 10 shares	418,399	-	(418,399)	-
Total comprehensive income for the year ended June 30, 2019				
Profit for the year	-	-	122,876	122,876
Other comprehensive income	-	-	5,338	5,338
	-	-	128,214	128,214
Balance as at June 30, 2019	1,016,112	1,000,000	1,324,670	3,340,782
Effect of initial application of IFRS 16 - net of tax [note 2.4 (a)]	-	-	(15,614)	(15,614)
Balance as at June 30, 2019	1,016,112	1,000,000	1,309,056	3,325,168
Transaction with owners				
First Interim dividend for the year ended June 30, 2020 @ of Re 0.50 per share	-	-	(60,967)	(60,967)
Bonus share issue for the year ended June 30, 2019 @ 20% i.e. 1 share for every 5 shares	203,222	-	(203,222)	-
Total comprehensive loss for the year ended June 30, 2020				
Loss for the year	-	-	(332,091)	(332,091)
Other comprehensive income	-	-	22,181	22,181
	-	-	(309,910)	(309,910)
Balance as at June 30, 2020	1,219,334	1,000,000	734,957	2,954,291

The annexed notes 1 to 49 form an integral part of these financial statements.

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Adnan Ahmed
Director



Statement of Cash Flows

For the year ended June 30, 2020

		2020	2019
		---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	1,605,616	673,466
Staff retirement gratuity paid		(50,372)	(71,638)
Compensated absences paid		(3,105)	(9,370)
Long term deposits from dealers - net		510	-
Finance cost paid		(860,864)	(513,044)
Taxes paid		(221,649)	(489,641)
Long term loans and advances - net		1,415	(164)
Long term deposits		4,099	20
Profit on bank deposits received		988	806
Net cash generated / (used in) from operating activities		476,638	(409,565)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(318,717)	(1,265,381)
Purchase of intangible assets		-	(4,204)
Proceeds from sale of operating fixed assets		28,937	4,402
Dividend received		-	1,571
Net cash used in investing activities		(289,780)	(1,263,612)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance - repaid		(567,294)	(446,298)
Long term finance - obtained		350,865	356,686
Lease rental paid - net		(25,402)	-
Short term finances - net		(279,553)	403,813
Dividend paid		(62,718)	(359,832)
Net cash used in financing activities		(584,102)	(45,631)
Net decrease in cash and cash equivalents		(397,244)	(1,718,808)
Cash and cash equivalents - at beginning of the year		(3,370,254)	(1,651,446)
Cash and cash equivalents - at end of the year	39	(3,767,498)	(3,370,254)

The annexed notes 1 to 49 form an integral part of these financial statements.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Adnan Ahmed
Director



Notes to and Forming Part of the Financial Statements

For the year ended June 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, 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 the 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 year ended June 30, 2020, the World Health Organization (WHO) declared COVID-19 (the Virus) a pandemic. While this has impacted the global economy, the Company's operations, financial position and results have not been materially impacted, except relating to the matters stated in notes 5.1, 5.5 and 41.1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company.

2.3 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board 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 from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

(a) New standards, amendments and interpretation to published accounting and reporting standards which became effective during the year ended June 30, 2020

There were certain amendments and interpretations to accounting and reporting standards which became mandatory for the Company's annual accounting period which began on July 1, 2019. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

In addition to the above, the following new standard became applicable to the Company effective July 1, 2019:

- The Company has adopted IFRS 16, "Leases" which has replaced guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 has introduced a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the guidance present in IAS 17 i.e. lessors continue to classify leases as finance or operating leases.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in IFRS 16. The impact of adoption of IFRS 16 is therefore recognised in the opening statement of financial position on July 1, 2019.

On adoption of IFRS 16, the Company has recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 1, 2019.

In accordance with the transitional provisions of IFRS 16, the right-of-use assets were measured at their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at the date of initial application i.e July 1, 2019.

The accounting policies relating to the Company's right-of-use assets and lease liability are disclosed in notes 2.9 and 2.25.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by IFRS 16:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at July 1, 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

The change in accounting policies affected the following items in the statement of financial position on July 1, 2019:

		(Rupees in '000)
Right-of-use assets - increased by		60,870
Lease liabilities increased by	- current portion	25,386
	- non-current portion	57,476
		82,862
Deferred tax asset – increased by		6,378
The net impact on unappropriated profit on July 1, 2019 was a decrease of		15,614

The change in accounting policies affected the following items in profit or loss for the year ended June 30, 2020:

Markup expense - increased by	8,957
Depreciation expense - increased by	17,315
Rent expense - decreased by	12,468

(b) **New standards and amendments to published accounting and reporting standards that are not yet effective**

The following standards and amendments with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard and amendment:

Standard or Interpretation	Effective date (annual periods beginning on or after)
- Amendments to IFRS 3, 'Business Combinations'	January 1, 2020
- Amendments to IAS 1, 'Presentation of Financial Statements'	January 1, 2020 / January 1, 2022
- Amendments to IAS 8, 'Accounting policies, change in accounting estimates and errors'	January 1, 2020
- Amendments to IFRS 9, 'Financial Instruments' and IFRS 7, 'Financial Instruments: Disclosures'	January 1, 2020
- Amendments to IFRS 16, 'Leases'	June 1, 2020
- IFRS 17, 'Insurance Contracts'	January 1, 2023
- Amendments to IAS 16, 'Property, Plant & Equipment'	January 1, 2022
- Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'	January 1, 2022

The above standards and amendments are not expected to have any material impact on the Company's financial statements.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

2.5 Staff retirement benefits

2.5.1 Defined benefit plans

The Company operates an approved funded gratuity scheme for its senior executive staff / managerial cadre and an unfunded gratuity scheme for employees not covered by the funded gratuity scheme. The schemes define the amounts of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the schemes. The amount of retirement benefits are usually dependent on one or more factors such as age, years of service and salary.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually on the basis of actuarial valuation.

The actuarial valuations of both schemes are carried out by an independent expert, using the 'Projected Unit Credit Method'.

The amounts arising as a result of re-measurements are recognised in the other comprehensive income in the periods in which they occur. Past service costs, if any, are recognised immediately in the profit or loss.

2.5.2 Defined contribution plan

The Company also operates a recognised provident fund for its employees. Equal monthly contributions at the rate of 10% of basic salary are made to the provident fund both by the Company and employees.

2.5.3 Employee compensated absences

The liability in respect of compensated absences of employees is accounted for in period in which these are earned in terms of basic salary upto the reporting date. The provision is recognised on the basis of an actuarial valuation.

2.6 Taxation

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of the taxable profit.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

2.7 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which is approximately fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

2.8 Property, plant and equipment

2.8.1 Operating fixed assets and depreciation thereon

Operating fixed assets other than leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land is stated at cost. Cost of certain assets consists of historical cost and the related borrowing cost on loans utilised for the acquisition of those assets.

Depreciation is charged to income applying the straight line method whereby the cost of an asset less residual value is charged-off over its estimated useful life depending upon the class of assets. Depreciation is charged at rates stated in note 16.1.

Depreciation on additions is charged from the month following the month in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Items of property, plant and equipment individually costing Rs 10,000 or less are charged to the profit or loss as and when purchased.

Maintenance and normal repairs are charged to the profit or loss as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalised and the assets so replaced, if any, are retired.

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit or loss.

The Company assesses at each reporting date whether there is any indication that the operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is charged to the profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

2.8.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

2.9 Right-of-use assets

The right-of-use assets are initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated using the straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company applies the practical expedient to not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets.

2.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight line method over their estimated useful lives. Amortisation is charged at the rate stated in note 18.1.

Amortisation on additions is charged from the month following in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

Useful lives of intangible assets are reviewed at each reporting date and adjusted if the impact of amortisation is significant.

2.11 Investment in associates

Associates are entities over which the Company has significant influence but not control. Investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the investee after the date of acquisition. The Company's share of post acquisition profit or loss is recognised in the profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in the other comprehensive income with the corresponding adjustment to the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

2.12 Stores and spares

Stores and spares are valued at lower of cost and estimated net realisable value. The cost of stores and spares is based on weighted average cost less provision for obsolescence, if any. Items in transit are valued at cost as accumulated upto the reporting date.

Provision for obsolete items, if any, is based on their condition as at the reporting date depending upon the management's judgement.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost in relation to raw materials and trading goods in hand is calculated on weighted average basis.

The cost of work-in-process and finished goods comprises of direct materials, labour and appropriate portion of production overheads.

Raw materials held in custom bonded warehouses and stock-in-transit are valued at cost accumulated upto the reporting date.

Claimed tyres are valued at their estimated net realisable value.

Net realisable value is determined on the basis of the estimated selling price of the product in ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred for its sale.

2.14 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method.

2.15 Financial assets and financial liabilities

Financial Assets

(i) Amortised Cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

(ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in the profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in the profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to the profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value or amortised cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised as expense in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

2.16 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

2.17 Impairment

(a) Financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in the profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

(b) Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.18 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances and running finance under mark-up arrangements.

2.19 Revenue recognition

(a) Sale of goods

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

(b) Dividend income is recognised when the right to receive such payment is established.

(c) Interest income is accrued on the time proportion basis with reference to the principal outstanding and applicable rate of return.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

2.20 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.21 Foreign currency transactions and translation

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and on translation of monetary assets and liabilities denominated in foreign currencies at reporting date are recognised in the profit or loss.

2.22 Warranty - tyre replacement allowance

Warranty expense is recognised in the year of sale on the basis of estimates of warranty claims to be received against those sales.

2.23 Provisions, contingent assets and contingent liabilities

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation becomes virtually certain.

Contingent liabilities are disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.24 Ijarah

In accordance with IFAS 2 'Ijarah', Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir (lessor) are classified as Ijarah. Payments made during the year are charged to the profit or loss on a straight-line basis over the period of the Ijarah.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

2.25 Lease Liabilities

Effective July 1, 2019, the lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments and variable lease payment that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, payments of penalties for terminating the lease if the lease term reflects the Company exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in the determination of the lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right of use of asset has been reduced to zero.

2.26 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker. The Chief Executive has been identified as the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

2.27 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in these financial statements in the period in which these are approved.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting and reporting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

- (i) Provision for staff retirement benefits [note 2.5]





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

- (ii) Provision for taxation [note 2.6]
- (iii) Estimate of useful lives and residual values of property, plant & equipment and intangible assets [notes 2.8 and 2.10]
- (iv) Obsolete stores and spares [note 2.12]
- (v) Determination of net realisable value [note 2.13]
- (vi) Estimation of expected credit losses for trade receivables [note 2.17]
- (vii) Provision for tyre replacement allowance [note 2.22]
- (viii) Provisions, contingent assets and contingent liabilities [Note 2.23]
- (ix) Assessment of discount rates, lease terms and termination and renewal options for leases and present value of right-of-use assets [note 2.25 and 2.9]

4. SHARE CAPITAL AND RESERVES

4.1 Issued, subscribed and paid-up share capital

2020	2019		2020	2019
--- Number of shares ---			--- Rupees in '000 ---	
7,133,320	7,133,320	Ordinary shares of Rs 10 each fully paid in cash	71,333	71,333
186,680	186,680	Ordinary shares of Rs 10 each issued for consideration other than cash	1,867	1,867
114,613,350	94,291,125	Ordinary shares of Rs 10 each issued as fully paid bonus shares	1,146,134	942,912
121,933,350	101,611,125		1,219,334	1,016,112

4.1.1 Number of ordinary shares of the Company held by the related parties as at June 30

	--- Number of shares ---	
Bibojee Services (Private) Limited	33,881,772	28,234,810
Pakistan Kuwait Investment Company (Private) Limited	36,579,835	30,483,196
	70,461,607	58,718,006

4.1.2 During the year 20,322,225 bonus shares were issued (i.e. 1 bonus share for every 5 shares held) by the Company.

4.2 Reserve for capital expenditure

The reserve has been established out of the unappropriated profit for capital expenditure.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

5. LONG TERM FINANCES - Secured

	2020	2019
	--- Rupees in '000 ---	
Term finance - from banking companies		
Conventional (notes 5.1, 5.2 & 5.3)	1,355,463	1,449,105
Shariah compliant (note 5.4)	57,079	179,866
	1,412,542	1,628,971
Less: current maturity grouped under current liabilities	(316,262)	(608,223)
	1,096,280	1,020,748

- 5.1 In order to finance the Company's on-going budgeted capital expenditure requirement, the Company obtained a term finance facility of Rs 700 million from Askari Bank Limited - an associated company. The principal amount was drawn in four tranches and is repayable in eight equal semi-annually instalments which commenced from September 16, 2017. This finance facility carries mark-up at the rate of six months KIBOR plus 0.5% per annum and is secured by way of first pari passu charge over all the present and future fixed assets (excluding land and building) and current assets of the Company to the extent of Rs 933.333 million.

During the year ended June 30, 2020, the Company entered into a long-term loan agreement with Askari Bank Limited - an associated company amounting to Rs. 201 million 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 January 2021. The loan carries mark-up of 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis.

- 5.2 This includes a term finance facility of Rs 700 million obtained to finance capital expenditure. The principal amount drawn down is repayable in fourteen equal quarterly instalments which commenced after a grace period of eighteen months from the date of disbursement (i.e. August 17, 2017). This finance facility carries mark-up at the rate of three months KIBOR plus 0.50% per annum and is secured by way of joint pari passu charge over stock, receivables and fixed assets (excluding land and building) of the Company to the extent of Rs 933.333 million.
- 5.3 In order to finance the Company's on-going budgeted capital expenditure requirement, the Company obtained a term finance facility of Rs 850 million. The principal amount first draw down of Rs 356.656 million was made during the year ended June 30, 2019 and second draw down of Rs 149.975 million was made during the year ended June 30, 2020. The first tranche of loan is repayable in fourteen equal quarterly instalments after a grace period of one and a half year from the date of disbursement (i.e. May 3, 2019). This finance facility carries mark-up at the rate of three months KIBOR plus 0.50% per annum and is secured by way of first registered joint pari passu hypothecation charge of Rs 1,133.33 million over all the present and future fixed assets (excluding land and building) and current assets of the Company.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

- 5.4 The Company obtained a Musharika facility of Rs 650 million for the acquisition of boiler and mixing line with down stream equipment. The bank against the said facility had made payments to vendors / suppliers aggregating Rs 507.3 million in eight tranches of different amounts and each tranche is repayable in sixteen equal quarterly instalments on different dates commenced from February 20, 2017. This finance facility carries mark-up at the rate of three months KIBOR plus 0.75% per annum and is secured by way of first joint pari passu hypothecation charge of Rs 300 million on boiler and mixing plant of the Company.
- 5.5 In view of the relief granted by the State Bank of Pakistan vide Banking Policy and Regulation Department (BPRD) Circular Letter No. 13 of 2020 dated March 26, 2020 in relation to COVID-19, the Company sought relaxation in repayment terms in respect of its long-term finance facilities from Askari Bank Limited, Faysal bank Limited and MCB Bank Limited amounting to Rs 175 million, Rs 57.064 million and Rs 72.38 million respectively. The principal payments of these long-term finance facilities which were due from May 2020 to May 2021 have been deferred for a period of one year thereby extending the overall maturities of these long-term finance facilities by the same period. Consequent to the above relaxation of principal payments, the Company is not permitted to declare any dividend during the relief period of one year.
- 5.6 Following are the changes in the long term finances:

		2020	2019
		---Rupees in '000---	
	Note		
Opening balance		1,628,971	1,718,583
Add: Disbursement		350,865	356,686
Less: Repayments		(567,294)	(446,298)
Closing balance		1,412,542	1,628,971
6. LEASE LIABILITIES			
Lease liabilities		66,417	-
Less : Current maturity of lease liabilities		(26,924)	-
		39,493	-
6.1 Maturity analysis			
Not later than 1 year		26,924	-
Later than 1 year and not later than 5 years		39,493	-
		66,417	-
7. STAFF BENEFITS			
Staff retirement gratuity	7.1	268,093	288,442
Employees compensated absences	7.2	50,824	47,787
		318,917	336,229



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

7.1 Staff retirement gratuity

- 7.1.1 As stated in note 2.5.1, the Company operates an approved funded gratuity scheme for its senior executive staff and an unfunded gratuity scheme for employees not covered by the funded gratuity scheme.
- 7.1.2 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, the Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust Deed of the Plan. Responsibility for the governance of the plan assets, including investment decisions and contributions schedules lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.
- 7.1.3 The latest actuarial valuations of the schemes as at June 30, 2020 were carried out by an external actuaries, using the 'Projected Unit Credit Method'. Details of the schemes as per the actuarial valuations are as follows:

Funded		Unfunded		Total	
2020	2019	2020	2019	2020	2019
Rupees in '000					

7.1.4 Balance sheet reconciliation

Present value of defined benefit obligation - note 7.1.5	175,006	164,584	351,930	329,135	526,936	493,719
Fair value of plan assets - note 7.1.6	(165,610)	(130,995)	-	-	(165,610)	(130,995)
Liability at end of the year	9,396	33,589	351,930	329,135	361,326	362,724
Payable within next twelve months	(53,091)	(34,755)	(40,142)	(39,527)	(93,233)	(74,282)
	(43,695)	(1,166)	311,788	289,608	268,093	288,442

7.1.5 Movement in the present value of defined benefit obligation

Balance at the beginning of the year	164,584	199,384	329,135	329,560	493,719	528,944
Current service cost	11,086	11,981	21,531	22,367	32,617	34,348
Interest cost	22,460	13,247	45,205	27,668	67,665	40,915
Benefits paid	(20,963)	(69,280)	(16,785)	(22,324)	(37,748)	(91,604)
Re-measurement on obligation	(9,187)	4,874	(20,130)	(23,758)	(29,317)	(18,884)
Transferred to managerial cadre	7,026	4,378	(7,026)	(4,378)	-	-
Balance as at June 30,	175,006	164,584	351,930	329,135	526,936	493,719

7.1.6 Movement in the fair value of plan assets

Balance at the beginning of the year	130,995	150,069	-	-	130,995	150,069
Interest income	20,067	12,258	-	-	20,067	12,258
Contributions	33,587	49,314	-	-	33,587	49,314
Benefits paid	(20,963)	(69,280)	-	-	(20,963)	(69,280)
Re-measurement	1,924	(11,366)	-	-	1,924	(11,366)
Balance as at June 30,	165,610	130,995	-	-	165,610	130,995

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

	Funded		Unfunded		Total	
	2020	2019	2020	2019	2020	2019
7.1.7 Charge for the year	----- Rupees in '000 -----					
Current service cost	11,086	11,981	21,531	22,367	32,617	34,348
Net interest cost	2,393	989	45,205	27,668	47,598	28,657
	13,479	12,970	66,736	50,035	80,215	63,005
7.1.8 Re-measurement recognised in other comprehensive income						
Re-measurement on obligation	(9,187)	4,874	(20,130)	(23,758)	(29,317)	(18,884)
Re-measurement of fair value of plan assets	(1,924)	11,366	-	-	(1,924)	11,366
	(11,111)	16,240	(20,130)	(23,758)	(31,241)	(7,518)
7.1.9 Net recognised liability						
Net liability at beginning of the year	33,589	49,315	329,135	329,560	362,724	378,875
Charge for the year	13,479	12,970	66,736	50,035	80,215	63,005
Benefits paid during the year	-	-	(16,785)	(22,324)	(16,785)	(22,324)
Contributions made during the year	(33,587)	(49,314)	-	-	(33,587)	(49,314)
Transferred to managerial cadre	7,026	4,378	(7,026)	(4,378)	-	-
Re-measurement recognised in other comprehensive income	(11,111)	16,240	(20,130)	(23,758)	(31,241)	(7,518)
Net liability as at June 30,	9,396	33,589	351,930	329,135	361,326	362,724
Payable within next twelve months	(53,091)	(34,755)	(40,142)	(39,527)	(93,233)	(74,282)
	(43,695)	(1,166)	311,788	289,608	268,093	288,442
7.1.10 Plan assets comprise of:						
Equity instruments - Quoted	29,756	26,617	-	-	29,756	26,617
Term Deposit Receipts	112,729	55,000	-	-	112,729	55,000
Cash at bank	23,125	49,378	-	-	23,125	49,378
	165,610	130,995	-	-	165,610	130,995

	Funded		Unfunded	
	2020	2019	2020	2019
7.1.11 Actuarial assumptions used	----- % per annum -----			
Discount rate	8.25	14.25	8.25	14.25
Expected rate of increase in future salaries	8.25	14.25	8.25	14.25
Demographic assumptions				
- Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

7.1.12 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
	--- Rupees in '000 ---		
Discount rate	1.00%	(31,471)	35,510
Future salaries	1.00%	37,750	(34,034)
Withdrawal rates	10.00%	(464)	471

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the project unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

7.1.13 Based on actuary's advice, the expected charge for the year ending June 30, 2021 amounts to Rs 10.992 million and Rs 49.318 million for funded and unfunded gratuity schemes respectively.

7.1.14 The weighted average duration of funded gratuity and un-funded gratuity is 5.20 years and 6.58 years respectively.

7.1.15 Description of the risks to the Company:

The defined benefit schemes expose the Company to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is different than what was assumed. Since the benefit is calculated on the final salary, the benefit amount changes similarly.

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go any way depending on the beneficiaries service/age distribution and the benefit.

Asset volatility - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to the long-term nature of the plan liabilities and the strength of the Company's support, the current investment strategy manages this risk adequately.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

		2020	2019
		--- Rupees in '000 ---	
7.2	Employees compensated absences		
	Balance at the end of the year	58,137	54,723
	Payable within next twelve months	(7,313)	(6,936)
		50,824	47,787

7.2.1 Movement in the account during the year is as follows:

Balance at the beginning of the year	54,723	56,806
Provision for the year	6,519	7,287
	61,242	64,093
Encashed during the year	(3,105)	(9,370)
Balance at the end of the year	58,137	54,723

8. DEFERRED TAXATION - Net

Credit / (debit) balances arising in respect of temporary differences relating to:

Taxable temporary difference

Accelerated tax depreciation	631,571	594,889
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Deductible temporary difference

Provision for doubtful debts	(12,278)	(11,855)
Provision for doubtful custom duty rebates recoverable	(26,205)	(26,205)
Provision for staff benefits	(118,919)	(111,319)
Interest payable on custom duties	(8,681)	(8,681)
Provision for tyre replacement allowance	(14,122)	(13,920)
Minimum tax	(241,563)	(123,209)
Tax losses	(148,786)	-
Lease liabilities net of right-of-use assets	(6,630)	-
Others	(297)	(297)
	(577,481)	(295,486)
	54,090	299,403

- 8.1 The Company has recognised deferred tax asset on minimum turnover tax of taxable turnover amounting to Rs 241.563 million (2019: Rs 123.209 million) as the Company, based on its financial projections, expects to recoup it in the ensuing years. The Company carries out periodic assessments to determine if the Company would be able to set off the minimum tax against the future tax liabilities of the Company.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

9. LONG TERM DEPOSITS FROM DEALERS

These deposits are interest free and are not refundable during the subsistence of dealership and are utilised for the purpose of business as per the written agreements.

10. SHORT TERM FINANCES - Secured

		2020	2019
	Note	--- Rupees in '000 ---	
Conventional			
- Term Finance Loans	10.1	1,070,447	1,350,000
		<u>1,070,447</u>	<u>1,350,000</u>

10.1 Short term finance facilities available from commercial banks aggregate Rs 1,950 million (2019: Rs 1,950 million) and are secured against pari passu charge over fixed assets (excluding land and building), stocks and trade debts of the Company. The rates of mark-up of these facilities ranged from KIBOR plus 0.3% to KIBOR plus 1.5% per annum. These facilities are expiring on various dates upto December 31, 2020.

10.2 Following are the changes in short term finances:

	2020	2019
	--- Rupees in '000 ---	
Opening balance	1,350,000	946,187
Disbursements net of repayments	(279,553)	403,813
Closing balance	<u>1,070,447</u>	<u>1,350,000</u>

11. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured

Conventional	3,777,680	2,878,828
Shariah Compliant	172,567	647,357
	<u>3,950,247</u>	<u>3,526,185</u>

11.1 The Company has arranged running finance facilities from various banks on mark-up basis to the extent of Rs 4,500 million (2019: Rs 4,500 million). The rates of mark-up on these arrangements ranged from KIBOR plus 0.25% to KIBOR plus 1.25% per annum. These finance facilities are secured against pari passu charge over fixed assets (excluding land and building), stocks and trade debts of the Company and are expiring on various dates by December 31, 2020.

The maximum available aggregate limit for utilisation of facilities for short term finances (note 10) and running finances is Rs 6,450 million (2019: Rs 6,450 million).

11.2 The facilities for opening letters of credit and guarantees as at June 30, 2020 aggregated Rs 4,200 million (2019: Rs 4,200 million) of which the amount remained unutilised at the year-end was Rs 3,311.4 million (2019: Rs 2,534.3 million).

11.3 The year end balance includes Rs 341.356 million (2019: Rs 387.697 million) payable to Askari Bank Limited - an associated company.



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

12. TRADE AND OTHER PAYABLES

		2020	2019
	Note	--- Rupees in '000 ---	
Trade creditors		179,660	201,215
Bills payable		365,439	761,848
Accrued expenses	12.1	787,424	578,270
Royalty fee payable		51,071	36,190
Advances from customers	12.2	114,779	59,373
Staff provident fund payable		6,491	4,316
Staff retirement gratuity	7.1.4	93,233	74,282
Short term deposits		1,191	1,261
Workers' profits participation fund	12.3	-	3,604
Workers' welfare fund		-	5,237
Payable to Waqf-e-Kuli Khan		-	3,070
Interest payable on custom duties	12.4 & 12.5	29,933	29,933
Stamp duty payable		1,130	488
Sales tax		132,312	-
Others	12.6	31,853	24,670
		<u>1,794,516</u>	<u>1,783,757</u>

12.1 Include Rs 233.074 million (2019: Rs 205.984 million) and Rs 8.883 million (2019: Rs 14.749 million) pertaining to Gas Infrastructure Development Cess and key management personnel respectively.

12.2 These represent advances from customers / contract liabilities against sale of tyres and tubes and carry no mark-up. These include following advances from related parties:

	Note	2020	2019
		--- Rupees in '000 ---	
Ghandhara Nissan Limited		-	3
Sui Northern Gas Pipelines Limited		-	4
Gandhara Industries Limited		-	4
		<u>-</u>	<u>11</u>

12.3 Workers' profits participation fund

Balance at the beginning of the year		3,604	414
Interest on funds utilised in the Company's business	35	33	41
Allocation for the year	34	-	13,604
		33	13,645
Payments made during the year		(3,637)	(10,455)
Balance as at June 30, 2020		<u>-</u>	<u>3,604</u>



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

- 12.4 The Company had deferred the recognition of import levies relating to the plant and machinery imported under a finance lease arrangement with Islamic Development Bank (IDB), Jeddah as these were not payable by the Company until the ownership of the subject plant and machinery was transferred in the Company's name. The Federal Board of Revenue (FBR) had imposed a condition that interest at the prevailing bank rate shall be payable on the import levies deferred till the date such levies are paid.

During the year ended June 30, 2001 the Appraisement Collectorate, Custom House, Karachi (ACCH) issued a final notice to the Company to deposit all outstanding dues amounting to Rs 208.323 million being interest on custom duties including surcharge and delayed surcharge calculated upto March 31, 2001. In reply the Company had filed an application with the High Court of Sindh to vacate the said charge of interest.

The High Court of Sindh, during year ended June 30, 2005, dismissed the petition filed by the Company. ACCH issued another final notice to the Company to deposit all outstanding dues amounting to Rs 294.907 million being interest on custom duties including surcharge and delayed surcharge calculated upto May 15, 2005. The Company filed an appeal with the Supreme Court of Pakistan against the decision of the High Court of Sindh.

During the year ended June 30, 2006, the Company filed an application for alternate dispute resolution with the Alternate Dispute Resolution Committee on the direction of the Supreme Court of Pakistan.

The ADRC, during year ended June 30, 2007, recommended that the Company shall be liable to interest on late payment of principal amounting to Rs 111.547 million and surcharge on late payment of principal amounting to Rs 2.983 million, however, the Company shall not be liable to surcharge on late payment of interest. The FBR accepted the recommendations of the ADRC except for the waiver of surcharge on the late payment of interest.

Further, during the year ended June 30, 2008, the FBR accepted all the recommendations made by the ADRC and instructed the Company to pay Rs 114.530 million on account of interest on custom duties including surcharge thereon. The Company's pending refund claims upto that time amounting to Rs 20.195 million had also been processed and adjusted by the ACCH. During that year, the Company also made a partial payment amounting to Rs 40 million in respect of the FBR's demand based on ADRC recommendations. During the year ended June 30, 2009, the Company made a further partial payment amounting to Rs 20 million in respect of the FBR's demand.

The FBR, during the year ended June 30, 2011, adjusted an amount of Rs 4.402 million against outstanding interest and customs duties which resulted in the reduction of liability towards the FBR to Rs 29.933 million.

- 12.5 During the year ended June 30, 2001 an amount of Rs 5 million was paid by the Company under protest on account of interest on import levies. Further, refunds of custom duty rebates amounting to Rs 4.923 million and Rs 4.070 million were adjusted by the customs authorities during the year ended June 30, 2000 and 2001 respectively against their demand of interest on import levies referred to in note 12.4. The management is of the view that the above adjustments aggregating Rs 13.993 million will be made against the amount of interest payable on custom duties, as more fully explained in note 12.4. However, pending a formal adjustment order, the amount of Rs 13.993 million is shown receivable as 'current account balances with statutory authorities' (note 26).
- 12.6 Others include vehicle deposits under the Company's vehicle policy aggregating Rs 17.330 million (2019: Rs 17.366 million).





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

13. ACCRUED MARK-UP

		2020	2019
	Note	--- Rupees in '000 ---	
Mark-up accrued on:			
- long term finances		18,849	32,022
- short term finances		18,309	16,435
- running finances	13.1	134,292	82,379
		<u>171,450</u>	<u>130,836</u>

13.1 Include mark-up amounting to Rs 33.419 million (2019: Rs 11.645 million) due to Askari Bank Limited - an associated company.

14. PROVISION

		2020	2019
	Note	--- Rupees in '000 ---	
Tyre replacement allowance	14.1	<u>48,700</u>	<u>48,000</u>
14.1 Provision for tyre replacement allowance			
Balance at the beginning of the year		48,000	44,700
Charge for the year	14.1.1 & 30.1	43,099	51,924
		<u>91,099</u>	<u>96,624</u>
Claims paid / adjusted		(42,399)	(48,624)
Balance as at June 30		<u>48,700</u>	<u>48,000</u>

14.1.1 This represents provision on account of tyre replacement claims expected to be received by the Company in the coming years.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The Central Excise and Taxation Department had issued a demand notice for payment of sales tax of Rs 16.775 million. This represents sales tax levied on agricultural tyres supplied to approved assembly plants which were otherwise exempt under SRO 553(I)/94 dated June 9, 1994 as amended vide SRO 555(I)/94 dated June 9, 1994 during the period from July 1994 to September 1995. The Company filed an appeal with the Collector, Central Excise and Land Customs (Appeals) on November 25, 1997 which was rejected. The Company filed an appeal against that order before the Customs, Central Excise and Sales Tax Appellate Tribunal which had stayed the recovery of sales tax from the Company, subject to the condition that the Company furnishes an indemnity bond to the satisfaction of the Collector of Sales Tax. Accordingly, the Company furnished the indemnity bond dated March 18, 1998 of Rs 16.775 million.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

The Company also filed an application No. B&CA/2.020/01/97 dated November 25, 1997 with the Collector of Sales Tax (East), Karachi for grant of exemption from sales tax in terms of section 65 of the Sales Tax Act, 1990. However, the FBR on finalisation of the report by the Collector of Sales Tax and Central Excise (East), rejected the Company's application through letter No. C No. 1/52-STT/97 dated July 19, 2000. The Company filed a constitutional petition No.1939/2000 against the decision of the FBR in the High Court of Sindh under article 199 of the Constitution of Pakistan, 1973 which was dismissed.

"The Collector of Sales Tax and Central Excise (East), Karachi had adjusted refund claims filed by the Company aggregating Rs 12.823 million against the aforementioned demand notice upto the year ended June 30, 2002. The Company, during the year ended June 30, 2004, deposited the remaining balance of Rs. 3.952 million as 'payment under protest'.

However, during the year ended June 30, 2006, the Customs, Excise and Sales Tax Appellate Tribunal allowed the Company's appeal and set aside the order of the Collector of Customs, Sales Tax and Central Excise (Appeals). The Collector of Customs, Sales Tax and Central Excise (Appeals), during year ended June 30, 2007, filed a request for rectification of error before the Custom, Excise and Sales Tax Appellate Tribunal.

During the year ended June 30, 2016, all verification proceedings were completed; however, Commissioner Inland Revenue rejected the Company's application for refund being time barred as application was filed after one year from the date of Appellate Tribunal Inland Revenue (ATIR) order. The Company has applied to the FBR for condonation of time limit under section 74 and is hopeful that refund of Rs. 16.775 million would be realised which is included in sales tax under protest (note 27).

15.1.2 Certain claims have been filed against the Company in respect of employees' matters. The aggregate exposure of the Company under these claims amounts approximately to Rs. 10.684 million (2019: Rs. 7.684 million). These cases are pending in various labour courts, appellate tribunals and High Court of Sindh. The management is confident that the outcome of these cases will be in the Company's favour.

15.1.3 Additional Commissioner Inland Revenue (ACIR) through its order dated June 29, 2013 has made certain additions and adjustment to the Company's taxable income for the tax year 2012.

The Company filed appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the abovementioned order. CIR(A) in the order confirmed the additions made by ACIR except for the reversal of some portion of disallowed. As a result of aforementioned adjustment / disallowances a demand of Rs. 41.468 million has been issued and adjusted against the refunds of the Company.

The Company has filed appeal before the ATIR against the order of CIR(A); which is pending for hearing. Provision has not been made in these financial statements against aforementioned demand as the management of the Company, based on the advice of its legal counsel handling the subject case, is of the opinion that matters shall be decided in the Company's favour.

15.1.4 ACIR during the year ended June 30, 2014, passed various orders under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2008, 2009, 2010 and 2011. Through these orders, additions have been made to taxable income on account of royalty & technical services and respective federal excise duties on royalty & technical services claimed by the Company amounting to Rs. 42.293 million. The Company filed appeals before CIR(A) and these appeals have been decided in favour of the Company. However, the FBR has filed appeals before the ATIR against the above orders of CIR(A); which are pending for hearing. The management of the Company, based on its discussion with tax and legal consultants, is confident that its submissions shall be accepted and no demand will be raised against the Company.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

- 15.1.5 Tax authorities passed orders under sections 161 / 205 of the Income Tax Ordinance, 2001 in respect of monitoring of withholding of taxes for tax years 2010 and 2014 and issued demand of Rs. 11.889 million and Rs. 20.060 million respectively on the premise that requisite tax was not withheld by the Company at the time of making payments against various expenses. These demands include Rs. 1.551 million and Rs. 3.401 million default surcharge under section 205 of the Income Tax Ordinance, 2001.

The Company filed appeals with the CIR(A) against the impugned orders. CIR(A) confirmed the orders passed by the tax authority. The Company filed appeals before the ATIR against the orders of CIR(A) which were decided against the Company. The Company has filed references to the High Court against the order of ATIR.

Further, the Company has deposited Rs. 59.375 million against abovementioned demands and has recognised this in other receivables (note 27) as 'Income tax paid under protest'. The management expects a favourable outcome of the abovementioned legal proceedings.

- 15.1.6 Tax authorities passed an order under sections 161 / 205 of the Income Tax Ordinance, 2001 in respect of monitoring of withholding of taxes for the tax year 2013 and 2015 and issued demands of Rs. 16.165 and Rs. 29.675 million respectively (including default surcharge and penalty) on the premise that requisite tax was not withheld by the Company at the time of making payments against incentive to dealers and advertising and publicity.

The Company filed appeals before the CIR(A) against the impugned order. The CIR(A) has confirmed the order passed by the department. The Company has filed appeal before ATIR against the order of CIR(A), however, the hearing on appeal is pending. Further, the Company has deposited Rs. 20.663 million against abovementioned demand and has recognised this in other receivables (note 27) as 'Income tax paid under protest'. The management expects a favourable outcome of the abovementioned legal proceedings.

- 15.1.7 Section 5A of the Income Tax Ordinance 2001, imposes a tax @ 10% on reserves of a company that exceed amount of its share capital in case company derives profit but does not distribute cash dividend. The Company has filed suit for declaration and permanent injunction before the High Court of Sindh challenging the vires of the above said section. The High Court of Sindh passed an interim order restraining the defendant from taking any coercive action against the Company. The case is pending adjudication.

Based on legal advisor's opinion, management expects a favourable outcome of the abovementioned case; therefore no provision for tax on undistributed reserves has been made in these financial statements.

- 15.1.8 Deputy Commissioner Inland Revenue (DCIR) through its order dated June 14, 2017 made certain additions and adjustment to the Company's taxable income for the tax year 2016 and issued a demand of Rs. 216.732 million. These adjustments included Rs. 175.409 million in respect of tax charged at the rate of 10% under section 5A of the Income Tax Ordinance, 2001 on undistributed reserves.

The department created a net tax demand of Rs. 41.323 million as the Company had already obtained a stay order from High Court of Sindh (note 15.1.7) on the imposition of tax on undistributed reserves. The Company filed an appeal before the CIR(A) against the abovementioned order. CIR(A) confirmed the additions made by the assessing officer. The Company has filed an appeal before the ATIR against the order of CIR(A), however, hearing in this appeal is pending.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

The Company has also deposited Rs. 41.323 million against abovementioned demand and has recognised this in other receivables as 'Income tax paid under protest' (note 27). The management expects a favourable outcome of the abovementioned legal proceedings.

- 15.1.9 The Company in response to the requirements of S.R.O. 655(I)/2007 paid the special excise duty amounting to Rs. 12.203 million during the period from July 2007 to October 2010. However, the Company had inadvertently failed to adjust this duty against the input tax. The Company has filed various applications to the FBR for adjustment of the abovementioned payment.

The FBR through its letter C.No. 2(2)ST&FE/Cond/2014 dated December 16, 2015 rejected the applications. The Company has filed an appeal before the High Court of Sindh for condonation of time which is pending for hearing. The management of the Company, based on its discussion with tax and legal consultants, is confident that its submissions shall be accepted.

- 15.1.10 ACIR through its order dated January 15, 2018, made certain additions and adjustment to the Company's taxable income for the tax year 2017 and raised a demand of Rs 53.45 million (after rectification) as mentioned below, which was adjusted against the refunds of the Company. The Company filed an appeal before the CIR(A) against the abovementioned order and CIR(A) through an order dated November 29, 2018 confirmed all of the adjustments made by the ACIR except for the disallowed finance cost amounting to Rs 2.442 million. The Company has filed an appeal before ATIR against the order made by CIR(A), the decision of which is pending.

The department has also filed an appeal before ATIR against the allowance made by the CIR(A) of the above mentioned finance cost, the decision of which is also pending.

The CIR selected the Company for audit under section 177 of the Income Tax Ordinance, 2001 for the tax year 2017. The department has made further amendment of assessment to the tax year 2017 and made certain additions / adjustments to the taxable income.

On the basis of the additions / adjustments, a demand of Rs 1.271 million was raised and adjusted with Company's refund. The Company has filed a rectification application to the concerned officer as the Company believes that the department has overstated the taxable income by Rs 90 million. During the year ended June 30, 2020, the concerned officer has passed rectification order in favour of the Company.

Further, the Company has filed appeal before CIR(A) against the above order but the order was confirmed by the CIR(A). The Company has now filed an appeal before ATIR against the order of the CIR(A), however, the appeal is pending for hearing. The Company, based on the advice of its legal counsel, is of the view that it has a fair chance of success in the appeals and accordingly no provision has been recognised in these financial statements.

- 15.1.11 DCIR through its order dated July 2, 2019 made certain additions / adjustments to the Company's taxable income for the tax year 2018 and issued a demand of Rs 98.926 million, which was adjusted against the refunds of the Company.

The Company has filed an appeal to CIR(A) against the order made by the DCIR. The Company, based on the advice of its legal counsel, is of the view that it has a fair chance of success in the appeal and accordingly no provision has been recognised in these financial statements.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

- 15.1.12 CIR(A) through its order dated December 12, 2018 confirmed certain additions to the Company's taxable income for the tax year 2006, previously made by DCIR through its order under section 221 and section 122(1) of the Income Tax Ordinance, 2001, whereby, the DCIR had raised a demand of Rs 32.612 million which was adjusted from the refunds of the Company.

The Company has filed an appeal before ATIR against the order of the CIR(A) which is pending for hearing. The Company, based on the advice of its legal counsel, is of the view that it has a fair chance of success in the appeal and accordingly no provision has been recognised in these financial statements.

- 15.1.13 The tax authorities issued notices under section 176 of the Income Tax Ordinance, 2001 in respect of short deduction of tax on the basis of sales tax returns filed for the tax years 2016 and 2017 amounting to Rs 7.961 million and Rs 69.629 million respectively. The Company has furnished the reconciliation and other required details to the concerned officer. During the year, the tax authorities passed order for recovery of Rs 2.126 million and 2.917 million including default surcharge and penalty. The Company filed appeal before the CIR(A) against the said orders, however, hearing in appeal is pending. The Company, based on the advice of its legal counsel, is of the view that it has a fair chance of success in the appeal and accordingly no provision has been recognised in these financial statements.

- 15.1.14 The Company has received an order from DCIR dated March 7, 2018 whereby DCIR disallowed adjustment of input tax on goods and services amounting to Rs 63.248 million along with default surcharge calculated upon the time of payment and penalty. The Company had paid Rs 17.928 million (sales tax under protest - note 27) to obtain stay against the aforementioned demand order. The case has been heard by the CIR(A) and the demand was upheld via order dated July 31, 2019. The Company filed an appeal on August 22, 2019 before ATIR against the order dated July 31, 2019 which is pending adjudication. The Company, based on the advice of its legal counsel, is of the view that it has a fair chance of success in the appeal and accordingly no provision has been recognised in these financial statements.

- 15.1.15 During the year ended June 30, 2019, the Company filed two appeals before ATIR against orders dated December 18, 2018 and October 9, 2018 whereby CIR(A) upheld sales tax demands amounting to Rs 66.243 million and 154.545 million respectively, against the Company which in view of the management cannot be levied since the supplies were subject to extra tax and export sales. The appeals are pending adjudication before the ATIR. The tax department has already adjusted Rs 66.243 million against the income tax refunds of the Company. The Company, based on the advice of its legal counsel, is of the view that it has a fair chance of success in the appeal and accordingly no provision has been recognised in these financial statements.

- 15.1.16 On July 2, 2019, the Company received an order from the DCIR wherein the DCIR made a total demand of Rs 234.034 million along with penalty and default surcharge for the tax periods from July 2016 to June 2018 in respect of inadmissible input tax, short payment of further tax and sales tax withholding claimed by the Company.

The Company filed an appeal to CIR(A) where CIR(A) upheld the demand of DCIR via order dated August 22, 2019. The Company filed an appeal before ATIR against the order dated August 22, 2019 which is pending adjudication before the ATIR. The Company, based on the advice of its legal counsel, is of the view that it has a fair chance of success in the appeal and accordingly no provision has been recognised in these financial statements.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

		2020	2019
		--- Rupees in '000 ---	
15.1.17	Guarantees issued by commercial banks on behalf of the Company	358,396	288,321
15.1.18	Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	89,134	80,547
15.2	Commitments		
15.2.1	Commitments in respect of:		
	- letters of credit for capital expenditure	385,568	559,389
	- letters of credit for purchase of raw materials and stores & spares	515,695	830,087
	- purchase orders issued to local suppliers for capital expenditure	37,670	55,713
	- sales contracts entered into by the Company	166,866	27,329
	- tentative schedules for supply of tyres	926,589	1,906,727
15.2.2	The Company has entered into Ijarah arrangements for plant & machinery and vehicles with a commercial bank. Aggregate commitments for these Ijarah arrangements as at June 30, are as follows:		

		2020	2019
	Note	--- Rupees in '000 ---	
Not later than 1 year		-	2,518
Over 1 year and not later than 5 years		-	-
		-	2,518
16.	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	16.1	4,810,177	4,431,955
Capital work-in-progress	16.6	233,688	695,214
		5,043,865	5,127,169



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

16.1 Operating fixed assets

	Buildings Leasehold land	on leasehold land	Electrical installations	Plant and machinery	Boilers and access- ories	Laboratory equipment	Moulds	Vehicles	Furniture and fixtures	Factory and office equipment	Computer equipment	Total
Rupees in '000												
At July 1, 2018												
Cost	39,452	828,431	173,562	4,387,289	306,947	96,909	382,863	204,508	75,956	168,995	70,099	6,735,011
Accumulated depreciation	-	271,358	106,814	1,987,265	92,077	43,481	210,995	107,726	19,355	123,170	43,507	3,005,748
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	39,452	557,073	66,748	2,399,333	214,870	53,428	171,505	96,782	56,601	45,825	26,592	3,728,209
Year ended June 30, 2019												
Transfers from CWIP	-	59,374	23,877	727,802	109,459	-	95,372	54,916	2,001	12,845	3,621	1,089,267
Disposals												
- cost	-	-	-	972	-	-	840	10,557	-	-	427	12,796
- accumulated depreciation	-	-	-	(972)	-	-	(840)	(6,674)	-	-	(376)	(8,862)
	-	-	-	-	-	-	-	3,883	-	-	51	3,934
Depreciation charge (note 16.4)	-	37,086	9,688	195,539	29,434	9,983	29,540	33,939	3,637	21,419	11,322	381,587
Closing net book value	39,452	579,361	80,937	2,931,596	294,895	43,445	237,337	113,876	54,965	37,251	18,840	4,431,955
At June 30, 2019												
Cost	39,452	887,805	197,439	5,114,119	416,406	96,909	477,395	248,867	77,957	181,840	73,293	7,811,482
Accumulated depreciation	-	308,444	116,502	2,181,832	121,511	53,464	239,695	134,991	22,992	144,589	54,453	3,378,473
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	39,452	579,361	80,937	2,931,596	294,895	43,445	237,337	113,876	54,965	37,251	18,840	4,431,955
Year ended June 30, 2020												
Transfers from CWIP	-	143,903	6,396	513,213	17,471	-	88,085	62,440	-	7,549	2,815	841,872
Disposals												
- cost	-	-	-	6,208	-	767	17,954	4,771	368	74	82	30,224
- accumulated depreciation	-	-	-	(6,208)	-	(767)	(5,950)	(2,721)	(279)	(74)	(82)	(16,081)
	-	-	-	-	-	-	12,004	2,050	89	-	-	14,143
Reclassifications												
- cost	-	-	-	-	-	-	-	-	(35,168)	35,168	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	1,002	(1,002)	-	-
	-	-	-	-	-	-	-	-	(34,166)	34,166	-	-
Depreciation charge (note 16.4)	-	42,629	11,490	229,997	37,822	9,797	37,268	43,785	3,668	21,581	11,470	449,507
Closing net book value	39,452	680,635	75,843	3,214,812	274,544	33,648	276,150	130,481	17,042	57,385	10,185	4,810,177
At June 30, 2020												
Cost	39,452	1,031,708	203,835	5,621,124	433,877	96,142	547,526	306,536	42,421	224,483	76,026	8,623,130
Accumulated depreciation	-	351,073	127,992	2,405,621	159,333	62,494	271,013	176,055	25,379	167,098	65,841	3,811,899
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	39,452	680,635	75,843	3,214,812	274,544	33,648	276,150	130,481	17,042	57,385	10,185	4,810,177
Depreciation rate (% per annum)		5	10	5	10	15	10	20	10	15	25	



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

16.2 Cost of items of operating fixed assets that are fully depreciated amounted to Rs 1,408.272 million (2019: Rs 1,321.087 million).

16.3 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

	Location	Usage of immovable property	Total Area (In Square Meter)	Covered Area (In Square Meter)
a)	H - 23/2, Landhi Industrial Trading Estate, Landhi, Karachi	Manufacturing facility	101,000	77,000
b)	Plot # B / 30 - B SITE Area Sukkur	Warehouse facility	11,700	6,000

			2020	2019
	Note		--- Rupees in '000 ---	
16.4 Depreciation charge has been allocated as follows:				
Cost of goods manufactured	30.1		408,295	352,962
Administrative expenses	31		23,220	20,233
Distribution cost	32		17,992	8,392
			449,507	381,587

16.5 The details of operating fixed assets disposed-off during the year having net book value exceeding Rs 500,000 each are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Sold to
----- Rupees in '000 -----							
Moulds							
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	868	58	810	920	110	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	632	121	511	753	242	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	632	121	511	753	242	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	814	183	631	1,001	370	Negotiation	Pak Suzuki Motor Co.Ltd.
Mould	814	183	631	1,001	370	Negotiation	Pak Suzuki Motor Co.Ltd.
Vehicles							
Toyota Corolla	1,894	726	1,168	1,326	158	Company policy	Mr. Arshad Ali Shaheen (ex-employee)
June 30, 2020	15,202	2,030	13,172	15,874	2,702		
June 30, 2019	8,365	4,481	3,884	3,667	(217)		



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

16.6 Capital work-in-progress

	As at July 1, 2018	Additions	Transfers	As at June 30, 2019
----- Rupees in '000 -----				
Buildings	73,422	135,819	59,374	149,867
Electrical installations	1,200	23,018	23,877	341
Plant and machinery	397,244	865,975	727,802	535,417
Boilers and accessories	22,233	87,390	109,459	164
Moulds	169	95,207	95,372	4
Vehicles	22,422	32,941	54,916	447
Factory and office equipment	4,111	19,983	12,845	11,249
Furniture and fixtures	574	1,427	2,001	-
Computer equipment	-	3,621	3,621	-
	521,375	1,265,381	1,089,267	697,489
Provision for a doubtful advance				(2,275)
				695,214

	As at July 1, 2019	Additions	Transfers	As at June 30, 2020
----- Rupees in '000 -----				
Buildings	149,867	71,342	143,903	77,306
Electrical installations	341	8,661	6,396	2,606
Plant and machinery	535,417	109,440	513,213	131,644
Boilers and accessories	164	19,980	17,471	2,673
Moulds	4	88,103	88,085	22
Vehicles	447	61,993	62,440	-
Factory and office equipment	11,249	18,012	7,549	21,712
Computer equipment	-	2,815	2,815	-
	697,489	380,346	841,872	235,963
Provision for a doubtful advance				(2,275)
				233,688

16.6.1 Capital work in progress includes Rs 5.477 million (2019: Rs 147.642 million) representing advance payments made to suppliers for procurement of operating fixed assets.



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

17. RIGHT-OF-USE ASSETS

Recognition as at July 1, 2019 due to application of IFRS 16

Year ended June 30, 2020

Additions

Depreciation for the year

Net book value as at June 30, 2020

At June 30, 2020

Cost

Accumulated depreciation

Net book value

2020	2019
--- Rupees in '000 ---	
60,870	-
-	-
(17,315)	-
43,555	-
60,870	-
(17,315)	-
43,555	-

- 17.1 The depreciation charge for the year has been allocated to distribution and marketing expenses (note 32).

18. INTANGIBLE ASSETS

Note

Net book value as at June 30

18.1

2020	2019
--- Rupees in '000 ---	
2,655	26,562

Software licenses & implementation cost

Note

18.1 Reconciliation of carrying amount at beginning and end of the year

Cost

At the beginning of the year

Additions during the year

At June 30

Accumulated amortisation

At the beginning of the year

Amortisation charge

At June 30

Net book value

Amortisation rate (% per annum)

18.2

2020	2019
--- Rupees in '000 ---	
81,953	77,749
-	4,204
81,953	81,953
55,391	31,165
23,907	24,226
79,298	55,391
2,655	26,562
33.33	33.33





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

	Note	Software licenses & implementation cost	
		2020	2019
		--- Rupees in '000 ---	
18.2 Amortisation charge has been allocated as follows:			
Cost of goods manufactured	30.1	568	576
Administrative expenses	31	23,339	23,650
		<u>23,907</u>	<u>24,226</u>
19. INVESTMENT IN AN ASSOCIATED COMPANY - Quoted			
Ghandhara Industries Limited			
- Equity accounted investment			
Balance at beginning of the year		16,091	15,363
Share of (loss) / profit		(2,851)	2,299
Dividend received		-	(1,571)
Balance at end of the year		<u>13,240</u>	<u>16,091</u>
19.1	Investment in Ghandhara Industries Limited (GIL) represents 201,400 (2019: 201,400) fully paid ordinary shares of Rs 10 each representing 0.473% (2019: 0.473%) of its issued, subscribed and paid-up share capital as at June 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.		
19.2	The Company considers GIL as its associate and follows equity accounting as it has significant influence over GIL based on common directorship.		





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

19.3 The summary of financial information / reconciliation of GIL as of March 31, 2020 is as follows:

	Un-audited As at March 31, 2020	Un-audited As at March 31, 2019
--- Rupees in '000 ---		
Summarised statement of financial position		
Non current assets	3,143,699	2,832,197
Current assets	10,590,726	14,162,135
	13,734,425	16,994,332
Non current liabilities	118,135	134,807
Current liabilities	9,432,184	12,072,893
	9,550,319	12,207,700
Net assets	4,184,106	4,786,632
Reconciliation to carrying amount		
Opening net assets	4,786,632	4,633,000
(Loss) / profit for the period	(602,526)	494,874
Other comprehensive loss	-	(8,893)
Dividend paid	-	(332,349)
Closing net assets	4,184,106	4,786,632
Company's share (Percentage)	0.473%	0.473%
Company's share	19,791	22,642
Pre-acquisition profits	(6,551)	(6,551)
Carrying amount of investment	13,240	16,091
Nine months period ended		
	March 31, 2020	March 31, 2019
Summarised profit or loss		
Revenue	9,824,226	10,742,910
(Loss) / profit before tax	(494,250)	372,478
(Loss) / profit after tax	(464,278)	394,852

19.4 The above figures are based on unaudited condensed interim financial information of GIL for the nine months period ended March 31, 2020. The latest financial statements of GIL as at June 30, 2020 are not presently available. Accordingly, results of operations of first three quarters of financial year 2020 and last quarter of financial year 2019 have been considered.



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

19.5 The market value of investment as at June 30, 2020 was Rs 24.369 million (2019: Rs 17.596 million).

20. LONG TERM LOANS AND ADVANCES

Considered good - secured

Loans and advances due from:

- executives
- other employees

20.1 & 20.2

20.1

Less: Amounts recoverable within one year and grouped under current assets

- executives
- other employees

25

2020	2019
--- Rupees in '000 ---	
1,466	2,120
8,905	10,288
10,371	12,408
1,057	1,090
3,869	4,458
4,926	5,548
5,445	6,860

20.1 These represent interest free loans and advances provided to executives and other employees as per the terms of employment. Loans are provided for purchase of motor vehicles and advances for furnishing of house. Loans are repayable and advances are amortisable over a period of two to five years by way of monthly instalments. These are secured against respective motor vehicles and employees' vested retirement benefits.

20.2 Reconciliation of carrying amount of loans and advances to executives

Balance at the beginning of the year

Disbursements

Repayments

Balance as at June 30

2020	2019
--- Rupees in '000 ---	
2,120	1,841
450	1,742
2,570	3,583
(1,104)	(1,463)
1,466	2,120

20.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2020 from executives against loans and advances aggregated Rs 2.421 million (2019: Rs 3.583 million).

20.4 Advances to executives include an amount of Rs 0.303 million (2019: Rs 0.485 million) provided to the Chief Executive of the Company as furniture advance in accordance with his terms of employment and in accordance with the requirements of the Companies Act, 2017.

20.5 The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

20.6 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

21. LONG TERM DEPOSITS

Note

2020

2019

--- Rupees in '000 ---

Considered good - unsecured and interest-free

Security deposits for:

- utilities
- Ijarah
- others

Provision for doubtful deposit

14,352	16,155
-	2,296
1,935	1,935
16,287	20,386
(436)	(436)
15,851	19,950

22. STORES AND SPARES

- in hand
- in transit

629,508	638,206
-	21,360
629,508	659,566

23. STOCKS

Raw materials

- in hand
- in transit

30.3

Work-in-process

30.1

Finished goods - in hand

23.1 & 30

1,261,293	1,478,193
201,183	373,518
1,462,476	1,851,711
189,727	194,266
1,666,028	1,675,771
3,318,231	3,721,748

- 23.1 Finished goods include items costing Rs 147.267 million (2019: Rs 95.924 million) which are stated at their net realisable values aggregating Rs 112.709 million (2019: Rs 67.512 million). The aggregate amount charged to profit or loss in respect of stocks written down to their net realisable value is Rs 6.146 million (2019: Rs 28.412 million).



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

24.	TRADE DEBTS - Unsecured	Note	2020	2019		
			--- Rupees in '000 ---			
	Considered good					
	Associated Companies					
	Ghandhara Industries Limited		26,779	13,641		
	Ghandhara Nissan Limited		5,184	-		
	Sui Northern Gas Pipeline Limited		748	-		
	Gammon Pakistan Limited		26	32		
			32,737	13,673		
	Others		1,125,209	1,223,636		
	Considered doubtful - others		42,337	40,881		
			1,200,283	1,278,190		
	Provision for doubtful debts	24.1	(42,337)	(40,881)		
			1,157,946	1,237,309		
24.1	Provision for doubtful debts					
	Balance at the beginning of the year		40,881	30,071		
	Provision made during the year	31	8,468	15,652		
	Amount reversed during the year	24.4 & 33	(7,012)	(4,842)		
	Balance at the end of the year		42,337	40,881		
24.2	The maximum aggregate amount due from related parties at the end of any month during the year was Rs 66.222 million (2019: Rs 70.006 million).					
24.3	As at June 30, 2020, trade receivables of Rs 54.662 million (2019: Rs 45.023 million) were past due and impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:					
			Associated Companies		Others	
			2020	2019	2020	2019
			--- Rupees in '000 ---		--- Rupees in '000 ---	
	0 to 30 days		15,045	3,256	897,072	1,067,049
	31 to 60 days		1,901	10,385	132,243	104,285
	61 to 180 days		15,791	-	83,569	48,192
	181 to 360 days		-	32	23,649	8,252
	Over one year		-	-	31,013	36,739
			32,737	13,673	1,167,546	1,264,517
	Provision for doubtful debts		-	-	(42,337)	(40,881)
			32,737	13,673	1,125,209	1,223,636
24.4	This reversal has been made because of subsequent receipt of the respective amount.					



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

25. LOANS AND ADVANCES - Considered good

		2020	2019
	Note	--- Rupees in '000 ---	
Secured			
Current portion of long term loans and advances	20	4,926	5,548
Unsecured			
Loans and advances due from:			
- other employees	25.1	3,211	28,427
- suppliers, contractors and others		51,291	140,384
		54,502	168,811
		59,428	174,359

25.1 These represent interest free festival loans, general loans, special loans, salary advance and Eid advance provided to executives and other employees in accordance with Company's policy and have maturities upto twelve months.

26. DEPOSITS AND PREPAYMENTS

		2020	2019
	Note	--- Rupees in '000 ---	
Considered good and unsecured			
Trade deposits - interest free		15,012	9,018
Call deposit receipts	26.1	27,686	30,686
Prepayments		10,404	13,531
Current account balances with statutory authorities	12.5	13,993	13,993
		67,095	67,228

26.1 These represent interest free call deposit receipts issued from a commercial bank in favour of respective Commandants of various Spares Depots of Pakistan Army against supply of tyres.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

			2020	2019
	Note		----- Rupees in '000 -----	
27. OTHER RECEIVABLES - Unsecured				
Export benefit receivable (duty drawback)			658	658
Provision for doubtful export benefit receivable			(658)	(658)
			-	-
Sales tax under protest	15.1.1 & 15.1.14		34,703	34,703
Custom duty rebates recoverable			89,705	89,705
Provision for custom duty rebates recoverable			(89,705)	(89,705)
			-	-
Sales tax - net			-	14,168
Margin and deposits against bank guarantees			7,126	8,900
Income tax paid under protest (notes 15.1.5, 15.1.6 & 15.1.8)			121,361	121,361
Others			22,132	24,999
Provision for doubtful receivables			(1,537)	(1,537)
			20,595	23,462
			183,785	202,594
28. CASH AND BANK BALANCES				
With banks in:				
- current accounts			169,498	146,169
- deposit account	28.1		10,851	7,362
			180,349	153,531
Cash and cheques in-hand			2,400	2,400
			182,749	155,931

28.1 Deposit account is held with Askari Bank Limited - an associated company and it carries mark-up at the rate of 6.5% (2019: 10.25%) per annum.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

29. SALES - Net	Note	2020	2019
		--- Rupees in '000 ---	
Manufactured goods			
Local		10,532,071	12,319,844
Export		121,228	99,950
		10,653,299	12,419,794
Trading goods		78,685	202,732
		10,731,984	12,622,526
Less:			
- sales tax		1,588,516	1,885,026
- discounts		207,940	137,517
- commission and allowances		142,187	113,701
		1,938,643	2,136,244
		8,793,341	10,486,282
30. COST OF SALES			
Opening stock of finished goods		1,675,771	742,344
Cost of goods manufactured	30.1	7,672,633	9,719,876
Finished goods purchased		62,205	110,349
		7,734,838	9,830,225
Closing stock of finished goods	23	(1,666,028)	(1,675,771)
		7,744,581	8,896,798
30.1 Cost of goods manufactured			
Opening work-in-process		194,266	179,905
Raw materials consumed	30.3	4,309,179	5,948,543
Stores and spares consumed		218,222	322,612
Salaries, wages and benefits	30.4	1,506,265	1,775,601
Royalty fee	30.2	139,756	130,944
Travelling, conveyance and entertainment		8,221	6,093
Vehicles running expenses		25,908	28,252
Legal and professional charges		5,698	5,473
Power and fuel		724,605	810,043
Rent, rates and taxes		60,844	58,517
Ijarah rentals		1,937	7,984
Insurance		37,740	26,801
Repairs and maintenance		59,299	81,817
Tyre replacement allowance	14.1	43,099	51,924
Depreciation on property, plant and equipment	16.4	408,295	352,962
Amortisation	18.2	568	576
Printing and stationery		1,763	2,443
Postage and telephone		2,717	2,326
Transportation		97,034	105,123
Newspapers and subscriptions		1,750	1,588
Security and maintenance		12,523	9,499
Other manufacturing expenses		2,671	5,116
		7,862,360	9,914,142
Closing work-in-process	23	(189,727)	(194,266)
		7,672,633	9,719,876

For the year ended June 30, 2020

		2020	2019
	Note	--- Rupees in '000 ---	
30.3 Raw materials consumed			
Opening stock		1,851,711	2,402,608
Purchases during the year		3,919,944	5,397,646
		<u>5,771,655</u>	<u>7,800,254</u>
Closing stock	23	(1,462,476)	(1,851,711)
		<u>4,309,179</u>	<u>5,948,543</u>

		2020	2019	
		--- Rupees in '000 ---		
31.	ADMINISTRATIVE EXPENSES	Note		
	Salaries and benefits	31.1	162,680	175,124
	Travelling and conveyance		5,922	6,289
	Vehicles running expenses		5,925	6,550
	Legal and professional charges		5,898	9,096
	Auditors' remuneration	31.2	4,636	2,870
	Rent, rates and taxes		102	102
	Insurance		2,271	1,891
	Repairs and maintenance		814	1,795
	Depreciation on property, plant and equipment	16.4	23,220	20,233
	Amortisation	18.2	23,339	23,650
	Printing and stationery		1,544	845
	Postage and telephone		801	891
	Ijarah rentals		377	1,427
	Provision for doubtful debts	24.1	8,468	15,652
	Computer expenses		15,496	16,323
	Directors' fee	31.3	8,700	9,800
	Newspapers and subscriptions		3,286	2,340
	Other expenses		2,196	1,992
			275,675	296,870

92 Annual Report 2020



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

		2020	2019
	Note	--- Rupees in '000 ---	
31.2 Auditors' remuneration			
Fee for audit, half yearly review and Code of Corporate Governance review		2,000	2,000
Taxation and others services	31.2.1	2,386	620
		4,386	2,620
Out-of-pocket expenses		250	250
		4,636	2,870

31.2.1 The amount for the year ended June 30, 2020 includes fee for statutory certification.

31.3 Directors' fee

Aggregate amount charged in these financial statements amounts to Rs 8.70 million (2019: Rs 9.80 million) for meetings fee to 9 (2019: 9) non-executive directors.

		2020	2019
	Note	--- Rupees in '000 ---	
32. DISTRIBUTION COST			
Salaries and benefits	32.1	181,960	153,242
Travelling, conveyance and entertainment		22,669	30,742
Vehicle running expenses		8,919	7,190
Legal and professional charges		-	195
Advertisement and sales promotion		32,552	57,257
Rent, rates and taxes		9,747	22,215
Ijarah rentals		126	2,096
Insurance		2,372	1,320
Repairs and maintenance		1,833	1,037
Depreciation on property, plant and equipment	16.4	17,992	8,392
Depreciation on right-of-use assets	17.1	17,315	-
Printing and stationery		398	625
Postage and telephone		2,176	2,575
Freight and insurance		110,038	101,580
Gas and electricity		3,308	2,480
Newspapers and subscriptions		222	195
Security and maintenance		2,506	2,383
Others		1,460	1,898
		415,593	395,422

32.1 Salaries and benefits include Rs 13.210 million (2019: Rs 7.357 million) and Rs 2.960 million (2019: Rs 2.938 million) in respect of staff retirement benefits gratuity and provident fund respectively.



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

33. OTHER INCOME	Note	2020	2019
		--- Rupees in '000 ---	
Profit on bank deposits - conventional bank		988	806
Sale of scrap (net of sales tax)		45,033	63,136
Gain on sale of operating fixed assets		14,794	468
Reversal of provision for doubtful debts	24.1	7,012	4,842
Others		279	687
		68,106	69,939
34. OTHER EXPENSES			
Workers' profit participation fund	12.3	-	13,604
Workers' welfare fund			
- current year		-	5,237
- prior year		(272)	(53)
		(272)	5,184
Exchange loss - net		19,477	107,503
Donations	34.1	1,400	4,470
		20,605	130,761

34.1 Donations exceeding Rs 1,000,000 made to a single party during the year are as follows:

Donee	Address	2020	2019
		--- Rupees in '000 ---	
Waqf-e-Kuli Khan - (note 34.1.1)	2nd Floor, Gardee Trust Building, Napier Road, Lahore	-	3,070
The Citizens Foundation	Plot No. 20, Sector 14, Near Brookes Chowrangi, Korangi Industrial Area, Karachi	1,400	1,400
		1,400	4,470

34.1.1 Lt. Gen. (Retd.) Ali Kuli Khan Khattak, Chairman of the Company and Mr. Raza Kuli Khan Khattak and Dr. Shaheen Kuli Khan Khattak, Directors of the Company are trustees of Waqf-e-Kuli Khan.



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

35. FINANCE COST

Mark-up on:

- long term finances
- short term finances
- running finances

Interest on workers' profit participation fund

Interest on lease liabilities

Bank charges and guarantee commission

Note

2020

2019

--- Rupees in '000 ---

191,502	149,868
141,826	141,460
498,677	287,772
33	41
8,957	-
7,811	5,891
848,806	585,032

36. TAXATION

Current

- for the year
- for prior years

Deferred

- for the year

133,422	87,191
-	16,667
133,422	103,858
(247,995)	26,903
(114,573)	130,761

36.1 The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

(Loss) / Profit before taxation

Tax at the applicable rate of 29% (2019: 29%)

Tax effect of:

- impact of tax credits
- impact of change in tax rate and others
- income assessed under Final Tax Regime
- expenses that are not allowed in determining taxable income

Effect of prior years' tax

(446,664)	253,637
(129,533)	73,555
-	(48,874)
11,794	82,046
3,166	7,367
-	-
14,960	40,539
(114,573)	114,094
-	16,667
(114,573)	130,761



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

37. (LOSS) / EARNINGS PER SHARE

37.1 Basic (loss) / earnings per share

(Loss) / profit after taxation

2020 2019

--- Rupees in '000 ---

(332,091) 122,876

-- Number of shares --

(Restated)

Weighted average number of ordinary shares

121,933,350 121,933,350

----- Rupees -----

(Restated)

(Loss) / Earnings per share

(2.72) 1.01

37.2 During the year 20,322,225 bonus shares were issued (i.e.1 bonus share for every 5 shares held) by the Company. Accordingly weighted average number of shares for the corresponding year (i.e. year 2019) have been adjusted.

37.3 Diluted earnings per share

There are no dilutive potential ordinary shares outstanding as at June 30, 2020 and 2019.

38. CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation

2020 2019

--- Rupees in '000 ---

(446,664) 253,637

Adjustments for non-cash charges and other items

Depreciation on property, plant and equipment

449,507 381,587

Amortisation

23,907 24,226

Depreciation on right-of-use assets

17,315 -

Provision for staff retirement gratuity

80,215 63,005

Charge of employees compensated absences

6,519 7,287

Net realisable value charged on stocks

6,146 -

Provision for doubtful debts charge - net

1,456 10,810

Profit on bank deposits

(988) (806)

Gain on sale of operating fixed assets

(14,794) (468)

Finance cost

848,806 585,032

Share of loss / (profit) of an associated company

2,851 (2,299)

Working capital changes

38.1 631,340 (648,545)

1,605,616 673,466



Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

	2020	2019
	--- Rupees in '000 ---	
38.1 Working capital changes		
(increase) / decrease in current assets:		
- Stores and spares	30,058	(63,072)
- Stocks	397,371	(396,891)
- Trade debts	77,907	(221,092)
- Loans and advances	114,931	80,138
- Deposits and prepayments	133	35,377
- Other receivables	18,809	77,077
	639,209	(488,463)
Increase / (decrease) in current liabilities:		
- Trade and other payables and provision	(7,869)	(160,082)
	631,340	(648,545)

39. CASH AND CASH EQUIVALENTS

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

	Note	2020	2019
		--- Rupees in '000 ---	
Running finances under mark-up arrangements	11	(3,950,247)	(3,526,185)
Cash and bank balances	28	182,749	155,931
		(3,767,498)	(3,370,254)

40. REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements for the year for remuneration, including certain benefits to the Chief Executive and other executives of the Company is as follows:

	Chief Executive		Executives	
	2020	2019	2020	2019
	----- Rupees in '000 -----			
Managerial remuneration and allowances	40,556	38,642	132,660	125,770
Meeting fee	1,100	1,000	-	-
Bonus	2,168	2,141	6,916	14,429
Company's contribution to provident fund and gratuity scheme	5,247	4,769	11,757	10,604
Medical	254	123	9,689	9,325
Leave passage	1,967	1,873	3,321	5,531
Others	1,533	1,490	17,720	16,893
	52,825	50,038	182,063	182,552
Number of persons	1	1	25	24





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

- 40.1 The Chief Executive and some of the executives are provided with free use of the Company maintained cars.
- 40.2 The Company considers its chief executive and directors as key management personnel.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
	--- Number of units ---	
Capacity: Tyre sets	3,947,553	3,933,850
Production: Tyre sets	1,895,082	2,649,671

- 41.1 Actual production was sufficient to meet the demand. The plant of the Company was closed for a period of around 10 weeks due to lockdown imposed by the Sindh Government, in order to contain the spread of COVID 19. Actual production and demand would have been higher had there been no lockdown, keeping all other factors constant.

42. 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 the key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under long term finances (note 5), staff benefits (note 7), running finances under mark-up arrangements (note 11), trade and other payables (note 12), accrued mark-up (note 13), investment in an associated company (note 19), long term loans and advances (note 20), trade debts (note 24) and cash and bank balances (note 28). Significant transactions with related parties are as follows:

Name	Nature of relationship	Basis of relationship	Aggregate % of shareholding in the Company	Nature of transactions	2020	2019
--- Rupees in '000 ---						
Ghandhara Industries Limited (also see note 19.2)	Associated company	Common directors	N/A	Sales Services rendered Dividend received	125,815 335 -	210,008 452 1,571
Ghandhara Nissan Limited	Associated company	Common directors	N/A	Sales	10,143	198
Ghandhara DF (Private) Limited	Associated company	Common directors	N/A	Sales	9,045	6,288
Bibojee Services (Private) Limited	Associated company	Common directors	27.79	Dividend paid Rent Bonus shares	16,941 1,800 5,647	99,652 1,800 11,626
Sui Northern Gas Pipelines Limited	Associated company	Common director	N/A	Sales	12,821	31,078
Gammon Pakistan Limited	Associated company	Common director	N/A	Sales	26	32
Askari Bank Limited	Associated company	Common director	N/A	Mark-up on long term and running finances Profit earned	90,174 988	73,818 806
Pakistan Kuwait Investment Company (Private) Limited	Associated company	Common director	30.00	Dividend paid Bonus shares	18,290 6,097	107,588 12,552





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

Name	Nature of relationship	Basis of relationship	Aggregate % of shareholding in the Company	Nature of transactions	2020	2019
--- Rupees in '000 ---						
Siemens Pakistan Engineering Company Limited	Associated company	Common director	N/A	Annual Licensing Fee	10,558	10,773
Waqf-e-Kuli Khan	Associated undertaking	Common director	N/A	Donation	-	3,070
Key management personnel	Key management personnel	Chief Executive	(Note 42.1)	Disbursement / repayment of advance	Refer note 20	
				Remuneration	Refer note 40	
Key management personnel	Key management personnel	Director	(Note 42.1)	Dividend paid	732	4,408
				Meeting fee	Refer note 31.3	
				Bonus shares	250	5,143
Staff provident fund	Employees fund	Employee benefit scheme	N/A	Expense	21,843	22,269
Staff gratuity schemes	Employees fund	Employee benefit scheme	N/A			Refer note 7.1

- 42.1 Names of key management personnel with whom the Company had transactions during the year are as follows:

Name

Shareholding in the Company

----- (No. of shares) -----

Lt. Gen. (Ret'd) Ali Kuli Khan Khattak	486,525
Mr. Raza Kuli Khan Khattak	490,452
Mrs. Shahnaz Sajjad Ahmad	243,265
Dr. Shaheen Kuli Khan Khattak	243,265
Mr. Atif Anwar	102
Mr. Hussain Kuli Khan	204

43. PROVIDENT FUND RELATED DISCLOSURES

The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

44. FINANCIAL INSTRUMENTS

44.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign exchange risk, interest rate risk and price risk).

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on providing maximum return to shareholders.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit risk

Credit risk represents the risk of accounting loss being caused if counterparty fails to perform as contracted or discharge an obligation. Credit risk mainly arises from loans & advances, deposits, trade debts, other receivables and balances with banks. Out of the total financial assets aggregating Rs 1,440.547 million (2019: Rs 1,525.768 million) as detailed in note 44.3 below, those that are subject to credit risk aggregate Rs 1,438.147 million (2019: Rs 1,523.368 million), details of which are as follows:

	2020	2019
	--- Rupees in '000 ---	
Long term loans and advances	5,445	6,860
Long term deposits	15,851	19,950
Trade debts	1,157,946	1,237,309
Loans and advances	8,137	33,652
Deposits	42,698	39,704
Other receivables	27,721	32,362
Bank balances	180,349	153,531
	<u>1,438,147</u>	<u>1,523,368</u>





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

Financial assets credit risk primarily exists in cash and cash equivalents and credit exposure to Original Equipment Manufacturers, Replacement Market Dealers and Government Institutions, including outstanding receivables and committed transactions. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk with respect to trade debts the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers. Where considered necessary, advance payments are obtained from certain parties.

The maximum exposure to credit risk for trade debts by type of counter party as at reporting date is as follows:

	2020	2019
	--- Rupees in '000 ---	
Original equipment manufacturers	502,352	430,039
Government institutions	50,141	81,074
Replacement market	647,790	767,077
	1,200,283	1,278,190
Provision for doubtful debts	(42,337)	(40,881)
	1,157,946	1,237,309

All the trade debts at the reporting date represent domestic parties.

The Company monitors the credit quality of its bank balances with reference to historical performance of such assets and available external credit ratings. The bank balances aggregating Rs 180.349 million placed with banks have a short term credit rating of at least A. Accordingly, the management does not expect any counter party to fail in meeting their obligation.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity between one and two years	Maturity above three years
----- Rupees in '000 -----					
June 30, 2020					
Long term finances	1,412,542	1,645,671	427,494	712,761	505,416
Long term deposits from dealers	9,861	9,861	-	-	9,861
Short term finances	1,070,447	1,097,848	1,097,848	-	-
Running finances	3,950,247	3,950,247	3,950,247	-	-
Trade and other payables	1,461,637	1,461,637	1,461,637	-	-
Unclaimed dividend	16,885	16,885	16,885	-	-
Unpaid dividend	2,902	2,902	2,902	-	-
Lease Liabilities	66,417	76,439	26,924	49,515	-
Accrued mark-up	171,450	171,450	171,450	-	-
	<u>8,162,388</u>	<u>8,432,940</u>	<u>7,155,387</u>	<u>762,276</u>	<u>515,277</u>

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity between one and two years	Maturity above three years
----- Rupees in '000 -----					
June 30, 2019					
Long term finances	1,628,971	1,991,157	778,997	548,761	663,399
Long term deposits from dealers	9,351	9,351	-	-	9,351
Short term finances	1,350,000	1,380,222	1,380,222	-	-
Running finances	3,526,185	3,526,185	3,526,185	-	-
Trade and other payables	1,606,524	1,606,524	1,606,524	-	-
Unclaimed dividend	12,897	12,897	12,897	-	-
Unpaid dividend	8,641	8,641	8,641	-	-
Lease Liabilities	-	-	-	-	-
Accrued mark-up	130,836	130,836	130,836	-	-
	<u>8,273,405</u>	<u>8,665,813</u>	<u>7,444,302</u>	<u>548,761</u>	<u>672,750</u>





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2020.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on import of raw materials, plant and machinery, stores and spares and export of goods denominated in U.S. Dollar and Euro. The Company's exposure to foreign exchange risk at the reporting date is as follows:

	June 30, 2020			June 30, 2019		
	Rupees	U.S.\$	Euro	Rupees	U.S.\$	Euro
	----- in '000 -----			----- in '000 -----		
Trade and other payables	184,410	1,092	0.71	310,361	1,936	0.11

The following significant exchange rates have been applied:

	Reporting date rate	
	2020	2019
U.S. Dollar to Rupee	168.75	160.30
Euro to Rupee	189.73	180.85





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

At June 30, 2020, if Rupee had strengthened / weakened by 10% against U.S. Dollar and Euro with all other variables held constant, loss before taxation for the year would have been lower / higher by the amount shown below mainly as a result of foreign exchange gain / loss on translation of denominated financial currency balances.

Effect on (loss) / profit before taxation for the year:

U.S. Dollar to Rupee

Euro to Rupee

2020	2019
--- Rupees in '000 ---	
18,428	31,034
13	2
18,441	31,036

(d) Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Company arises from short & long term borrowings from banks and mark-up bearing deposits held with a bank. Borrowings at variable interest rates expose the Company to cash flow interest rate risk and deposits with banks at fixed interest rates give rise to fair value interest rate risk. At June 30, 2020, the interest rate profile of the Company's significant financial instruments is as follows:

Fixed rate instrument

Financial asset

Variable rate instruments

Financial liabilities

2020	2019
--- Rupees in '000 ---	
10,851	7,362
6,433,236	6,505,156

At June 30, 2020, if the interest rate on the Company's borrowings had been higher / lower by 100 basis point with all other variables held constant, loss before tax for the year would have been higher / lower by Rs 64.332 million (2019: Rs 65.052 million) mainly as a result of higher / lower interest expense.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as it does not hold any price sensitive instruments.

44.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically re-priced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

Currently there are no financial assets or financial liabilities which are measured at their fair value in the statement of financial position.

44.3 Financial instruments by category

2020

2019

--- Rupees in '000 ---

Financial assets as per the statement of financial position

Loans and receivables

Long term loans and advances

5,445

6,860

Long term deposits

15,851

19,950

Trade debts

1,157,946

1,237,309

Loans and advances

8,137

33,652

Deposits

42,698

39,704

Other receivables

27,721

32,362

Cash and bank balances

182,749

155,931

1,440,547

1,525,768

Financial liabilities as per the statement of financial position

Financial liabilities at amortised cost

Long term finances

1,412,542

1,628,971

Long term deposits from dealers

9,861

9,351

Short term finances

1,070,447

1,350,000

Running finances under mark-up arrangements

3,950,247

3,526,185

Trade and other payables

1,461,637

1,606,524

Unclaimed dividend

16,885

12,897

Unpaid dividend

2,902

8,641

Lease liabilities

66,417

-

Accrued mark-up

171,450

130,836

8,162,388

8,273,405





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

45. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares subject to note 5.5.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

46. ENTITY- WIDE INFORMATION

These financial statements have been prepared on the basis of single reportable segment.

46.1 Information about products and customers

The Company markets and sells tyre and tubes for automobiles and motorcycles. The principal classes of customers of the Company's product are Original Equipment Manufacturers, Replacement Market, Government Institutions and Exports. These principal classes of customers accounted for the following percentages of sales:

	2020	2019
	%	%
Original equipment manufacturers	40.36	53.16
Replacement market	54.06	43.18
Government institutions	4.00	2.86
Exports	1.58	0.80
	100.00	100.00

46.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2020 are located in Pakistan.

46.3 Information about major customers

Sales to four major original equipment manufacturers aggregating Rs 2,755.178 million (2019: four: Rs 4,440.715 million) account for 31.33% (2019: 42.35%) of net sales.





Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

47. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2020 and 2019 respectively are as follows:

	2020	2019
	No of employees	
Average number of employees during the year	1,104	1,130
Number of employees as at June 30	1,079	1,122

48. NON-ADJUSTING EVENT AFTER YEAR END DATE

The Board of Directors of the Company in its meeting held on August 19, 2020 has proposed final cash dividend of Rs. Nil per share (2019: Rs. Nil per share) and bonus issue of nil shares (2019: 20,322,225 shares, i.e. 1 ordinary share for every five ordinary shares held), amounting to Rs. Nil and Rs. Nil million respectively (2019: Rs Nil and Rs 203.222 million) for the year ended June 30, 2020. The dividend is subject to the approval of members at the annual general meeting. The effect of such dividend shall be accounted for in the financial statements for the year ending June 30, 2021.

49. GENERAL

- 49.1 These financial statements were authorised for issue on August 19, 2020 by the Board of Directors of the Company.
- 49.2 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.
- 49.3 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Adnan Ahmed
Director





Pattern of Shareholding

As of June 30, 2020

# Of Shareholders	Shareholdings'Slab			Total Shares Held
682	1	to	100	22,698
1172	101	to	500	367,641
711	501	to	1000	556,147
1781	1001	to	5000	4,123,265
344	5001	to	10000	2,486,672
167	10001	to	15000	1,992,334
78	15001	to	20000	1,360,916
74	20001	to	25000	1,651,276
37	25001	to	30000	1,022,324
35	30001	to	35000	1,117,419
15	35001	to	40000	563,072
13	40001	to	45000	540,136
9	45001	to	50000	434,388
13	50001	to	55000	685,403
5	55001	to	60000	292,348
11	60001	to	65000	675,404
2	65001	to	70000	135,280
10	70001	to	75000	730,137
4	75001	to	80000	311,428
6	80001	to	85000	493,930
2	85001	to	90000	173,170
1	90001	to	95000	92,666
2	95001	to	100000	196,000
4	100001	to	105000	408,900
2	105001	to	110000	214,512
1	110001	to	115000	115,000
7	115001	to	120000	831,500
1	120001	to	125000	125,000
3	130001	to	135000	397,552
2	135001	to	140000	274,068
1	140001	to	145000	142,800
1	145001	to	150000	150,000
1	160001	to	165000	162,000
1	165001	to	170000	170,000
2	170001	to	175000	342,843
1	175001	to	180000	178,500
1	185001	to	190000	186,252
1	205001	to	210000	206,500
1	215001	to	220000	220,000
1	225001	to	230000	228,624
2	240001	to	245000	486,530





Pattern of Shareholding

As of June 30, 2020

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	245001	to	250000	247,741
1	250001	to	255000	253,500
1	300001	to	305000	303,477
1	335001	to	340000	338,436
1	355001	to	360000	356,640
3	405001	to	410000	1,224,000
1	415001	to	420000	417,408
1	420001	to	425000	424,000
1	430001	to	435000	434,520
1	460001	to	465000	463,284
1	465001	to	470000	469,404
1	470001	to	475000	472,018
1	485001	to	490000	486,525
1	490001	to	495000	490,452
1	505001	to	510000	510,000
1	675001	to	680000	677,632
1	685001	to	690000	688,356
1	700001	to	705000	702,373
1	740001	to	745000	742,356
1	830001	to	835000	831,300
1	1515001	to	1520000	1,515,720
1	1675001	to	1680000	1,677,900
1	1905001	to	1910000	1,909,644
1	2555001	to	2560000	2,555,304
1	2595001	to	2600000	2,596,500
1	4500001	to	4505000	4,501,464
1	5815001	to	5820000	5,818,618
1	29380001	to	29385000	29,380,308
1	36575001	to	36580000	36,579,835
5238				121,933,350





Categories of Shareholding

As of June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN			
MR. RAZA KULI KHAN KHATTAK	1	490,452	0.40
LT. GEN (R) ALI KULI KHAN KHATTAK	1	486,525	0.40
DR. SHAHEEN KULI KHAN KHATTAK	1	243,265	0.20
MRS. SHAHNAZ SAJJAD AHMAD	1	243,265	0.20
MR. HUSSAIN KULI KHAN	1	204	0.00
MR. ATIF ANWAR	1	102	0.00
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
BIBOJEE SERVICES (PVT) LTD.,	2	33,881,772	27.79
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	1	36,579,835	30.00
EXECUTIVES	-	-	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS	5	1,087,395	0.89
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS	11	3,448,235	2.83
MUTUAL FUNDS			
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	108,348	0.09
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	417,408	0.34
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1	30,000	0.02
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	5,818,618	4.77
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	1	8,500	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	228,624	0.19
CDC - TRUSTEE NBP SAVINGS FUND - MT	1	30,500	0.03
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	14,500	0.01
GENERAL PUBLIC			
a. Local	5,111	30,494,751	25.01
b. Foreign	4	3,067,128	2.52
FOREIGN COMPANIES	5	698,113	0.57
OTHERS	85	4,555,810	3.74
TOTALS	5,238	121,933,350	100.00

Share holders holding 5% or more	Shares Held	Percentage
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	36,579,835	30.00
BIBOJEE SERVICES (PVT) LTD.,	33,881,772	27.79












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سرمایہ کاری کی آگاہی کے لیے انقلابی اقدام



جہاں رہیئے، آگاہ رہیئے

SECP کی جانب سے پیش ہے "جمع پونجی" ایک ایسا ویب پورٹل جو آپ کو سرمایہ کاری سے متعلق ہر قسم کی معلومات فراہم کرتا ہے، تاکہ آپ ایک اچھی سرمایہ کاری کا فیصلہ کر سکیں۔ جمع پونجی میڈیکل ہنڈلڈ رچیشن فزڈ رچسٹریٹس، کیپٹل مارکیٹ، لیڈنگ کمپنیز اور انویسٹمنٹ بینک وغیرہ میں سرمایہ کاری سے متعلق آپ کے سوالات کے جوابات فراہم کرتا ہے، اور ساتھ ہی آن لائن ٹوٹل کے ذریعے کیل کی کیل میں منافع بخش سرمایہ کاری کے سلسلے میں آپ کو رہنمائی بھی فراہم کرتا ہے۔

مفت آن لائن ٹوٹل:

- سکیم میٹر
- ٹریڈنگ
- مارکٹ پروفاکٹر
- ڈی لیٹر
- کیلکولیٹر
- نیوز لیٹر سوسکریپشن



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

PROXY FORM

The Company Secretary
The General Tyre and Rubber Company
of Pakistan Limited
H-23/2, Landhi Industrial Trading Estate
Landhi, Karachi

Please quote:
No. of Shares held-----

Folio No. -----
CDC Part. ID -----
A/C/Sub A/C No. -----

I/We-----

of ----- Member(s) of The General Tyre and Rubber Company of Pakistan
Limited do hereby appoint -----

of ----- or failing him -----

of ----- as proxy in my/ our behalf at the Fifty-Seventh (57th) Annual General
Meeting of the Company to be held at the Beach Luxury Hotel, Lalazar, Karachi on
Wednesday, October 28, 2020, at 12:00 Noon and at any adjournment thereof.

Signature on
Revenue Stamp

Signature of Shareholder -----

Name of Shareholder -----

Witnesses:

Signature----- Signature -----

Name ----- Name -----

CNIC/ Passport No. ----- CNIC/Passport No. -----

The Company Secretary
The General Tyre and Rubber Company
of Pakistan Limited
H-23/2, Landhi Industrial Trading Estate,
Landhi, Karachi.

AFFIX
POSTAGE

پراکسی فارم

کمپنی سیکریٹری
جنرل ٹائز اینڈ ربر کمپنی آف پاکستان لمیٹڈ
H-23/2، لاندھی انڈسٹریل ٹریڈنگ اسٹیٹ،
لاندھی، کراچی۔

برائے مہربانی درج کریں:
ملکیتی شیئرز کی تعداد: _____
فولیو نمبر: _____
سی ڈی سی پارٹیشن آئی ڈی: _____
اکاؤنٹ/سب اکاؤنٹ نمبر _____

میں/ہم _____ کا/کے _____ بحیثیت ممبر (ممبران)، جنرل ٹائز اینڈ ربر کمپنی
آف پاکستان لمیٹڈ، بذریعہ ہذا _____ کا/کی _____ کو اور ان کی عدم موجودگی میں
_____ کا/کی _____ کو اپنی/ہماری جانب سے کمپنی کے 28 اکتوبر، 2020 بروز بدھ بوقت دوپہر
12:00 بجے بیچ لکٹوری ہوٹل، لالازار، کراچی میں منعقد ہونے والے ستاونویں (57th) سالانہ اجلاس عام اور اس کے کسی ملتوی شدہ اجلاس کے لئے نمائندہ (پراکسی)
مقرر کرتا ہوں۔

ریونیو اسٹیٹپ پر دستخط

شیئرز ہولڈر کے دستخط _____

شیئرز ہولڈر کا نام _____

گواہان:

دستخط _____

دستخط _____

نام _____

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ نمبر _____

کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ نمبر _____

The Company Secretary
The General Tyre and Rubber Company
of Pakistan Limited
H-23/2, Landhi Industrial Trading Estate,
Landhi, Karachi.

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