



6 September 2021

The Deputy General Manager
Companies Affairs Department
Pakistan Stock Exchange Ltd.
Stock Exchange Building
Stock Exchange Road
Karachi- 74000

Subject: Disclosure of Material Information – Upgradation of Credit Rating

Dear Sir,

In accordance with Section 96 and 131 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, M/s. The General Tyre and Rubber Company of Pakistan Limited (“**Company**”) would like to convey that M/s. The Pakistan Credit Rating Agency Limited (“**PACRA**”) has in its recent credit rating report, upgraded the Company’s Credit Rating from (A) to (A+) for Long Term basis.

PACRA’s press release in relation to upgradation of Company’s Credit Rating is attached with this disclosure.

Disclosure form in term of Section 96 and 131 of the Securities Act, 2015 is attached for information.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,

For The General Tyre & Rubber Company of Pakistan Limited


Yasir Ali Quraishi
Company Secretary



CC: The Director/ Head of Department
Surveillance, Supervision and Enforcement Department
Securities & Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Islamabad-44000, Pakistan

THE GENERAL TYRE & RUBBER COMPANY OF PAKISTAN LIMITED

H-23/2 Landhi Industrial Trading Estate, Landhi, Karachi, Pakistan. Phone: +92 21 3508 0172 (10 Lines),
UAN: +92 21 111 487 487 Fax: +92 21 3508 0171, Email: headoffice@gentipak.com, Web: www.gtr.com.pk





**SCHEDULE
DISCLOSURE FORM**

6 September 2021

Name of Company: The General Tyre and Rubber Company of Pakistan Limited
Registered Office: H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi.
Date of Report: 6 September 2021
Contact Information: Yasir Ali Quraishi
Company Secretary
Telephone No.: +92-21-35083620
Fax No.: +92-21-35080171
Email Address: yasirali@gentipak.com

Please mark the appropriate box below:

Disclosure of inside information by listed company in terms of Section 96 and 131 of the Securities Act, 2015.

M/s. The General Tyre and Rubber Company of Pakistan Limited (“**Company**”) would like to convey that M/s. The Pakistan Credit Rating Agency Limited (“**PACRA**”) has in its recent credit rating report, upgraded the Company’s Credit Rating from (A) to (A+) for Long Term basis.

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For The General Tyre & Rubber Company of Pakistan Limited


Yasir Ali Quraishi
Company Secretary





Date

10-Aug-21

Analyst

Sohail Ahmed Qureshi
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Applicable Criteria

- Methodology | Corporate Rating | Jun-21
- Criteria | Correlation Between Long-term & Short-term Rating Scales | Jun-21
- Criteria | Rating Modifiers | Jun-21

Related Research

- Sector Study | Tyres | Oct-20

Disclaimer

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PACRA Upgrades Entity Rating of The General Tyre & Rubber Company of Pakistan Limited

Rating Type	Entity	
	Current (10-Aug-21)	Previous (10-Aug-20)
Action	Upgrade	Maintain
Long Term	A+	A
Short Term	A1	A1
Outlook	Stable	Stable
Rating Watch	-	-

The ratings reflect reputable business profile and strong presence of the Company in tyre industry. Amidst Covid-19 and associated lockdown, the Company managed to increase its topline by 57% YoY basis through focusing on replacement market and rising its market share, coupled with better offtake by OEMs, in particular Car OEMs due to reduction in auto financing rates and agriculture OEMs due to better crop prices. Accommodative monetary policy resulted in significant decrease in in finance cost which supported the Company's profitability for the period under review. Meanwhile multiple initiatives undertaken by the Company which helped to reduce operating costs also supplemented by plant efficiency. The Company's envisaged business strategy with more focus on replacement market and farm segment has helped to maintain margins. The Company has a strong foothold in its respective industry comprising 4 wheeler tyres for cars, LCVs, tractors, buses and trucks. The Company is the sole manufacturer of passenger car radial tyres catering the Original Equipment Manufacturers' (OEMs) market. Two wheeler market, in contrast, displays a broader competitive landscape wherein General Tyre holds a relatively small market share. In last 3-4 years company has invested significantly in modernization and capacity enhancement of its plant. The Company is working on new sizes and designs for both OEM and replacement market segments. Going forward, the Company is expected to receive benefits from (a) Recent budgetary measures taken by Government to encourage higher production of local cars particularly up to 1000cc (b) Government efforts to curb smuggling in replacement market (c) Entry of new OEM manufactures in the market as the Company is also in close coordination with new auto players and has already started supplying tyres to some of new auto players. A well-devised governance framework alongside experienced management team is considered positive for the ratings. Association of General Tyre with Bibojee Services (Private) Limited and Pakistan Kuwait Investment Company Limited is also a consideration. The company's core competence lies in its technical collaboration with Continental AG; Germany (one of the world's leading tyre manufacturer) which assures adherence to international quality standards. Cautious management strategies amidst changing industry environment are critical.

The ratings are dependent on the company to uphold and improve its business risk vis-à-vis financial risk profile. Revival of the demand driver and coping up with changing tyre market is crucial. Moreover, prudent management of financial affairs remains important.

About the Entity

The General Tyre & Rubber Company of Pakistan Limited was incorporated in 1963 under the Companies Act, 1913 (now Companies Act, 2017) and got listed on the Karachi Stock Exchange in 1982. The company is engaged in the manufacturing and marketing of a complete range of automotive radial tyres. The company currently operates with an annual production capacity of ~3.9mln tyres and ~4.4mln tubes and is the only local manufacturer of passenger car tyres in the country.

The company is majorly owned by two sponsors - Bibojee Services (Pvt.) Limited and Pak-Kuwait Investment Company Limited (PKIC), holding ~28% and ~30% shares respectively. The CEO - Mr. Hussain Kuli Khan has an overall experience of ~25 years. An able management team assists him.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.