



EVERY **JOURNEY**  
HAS A **DESTINATION**



# DRIVE PAKISTAN

*Dil se*



ANNUAL REPORT  
**2024**

# DRIVE PAKISTAN

## *Dil se*

For six decades, GTR Tyre has led Pakistan's journey, proudly standing as the nation's most selling tyre brand, creating a legacy of trust. Fueled by an unwavering commitment to excellence, quality, and reliability, we believe that every journey has a destination. For us, that destination is a greater Pakistan.

We extend our heartfelt gratitude to our customers, dealers and OE partners. Your trust and support have been instrumental in our journey. Together, we have not just moved vehicles but driven the dreams and aspirations of millions.

At GTR, we are a generation of achievers, united by our mission for a stronger, stable Pakistan. We believe that true freedom is achieved when we make Pakistan great from the heart. Let's come together and play our roles in making Pakistan stronger and more stable with all our heart.

Driven by heart, together we are building a future where every journey leads to a destination of greatness.



**CTR**  
TYRE



DRIVE  
**PAKISTAN**  
*Dil se*



# CONTENTS

04	The Founder
05	A Brief History
06	Our Vision and Mission
07	Core Values
09	Certifications
10	PACRA Rating
11	Company's Information
12	Organisation Chart
14	Board of Directors
18	Quality Policy
19	HSE Policy
20	Code of Conduct
22	Awards And Recognitions
30	Company's Key Brand
32	List of Satisfied Customers
33	Corporate Social Responsibilities (CSR)
34	Geographical Presence
36	Chairman's Review
38	Directors' Report
49	Directors' Report In (Urdu)
52	Notice of Annual General Meeting
56	Financial Performance
60	Dupont Analysis
63	Statement of Value Addition
66	Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019
70	Independent Auditor's Review Report to the Members
71	Independent Auditor's Report to the Members
75	Financial Statement - 2024
78	Statement of Financial Position
80	Statement of Profit or Loss And Other Comprehensive Income
81	Statement of Change In Equity
82	Statement of Cash Flows
83	Notes To And Forming Part of The Financial Statements
140	Pattern of Shareholding
142	Categories of Shareholders
143	Proxy Form (English & Urdu)





DRIVE  
**PAKISTAN**  
*Dil se*



# THE FOUNDER

Lieutenant General (R) Habibullah Khan Khattak, also known as Muhammad Habibullah Khan, was a Pakistani Army officer born in Wana, Khyber Pakhtunkhwa, Pakistan. After his premature retirement from the Army he closely involved in private industry sector under the umbrella of Bibojee Group. Lt. General (R) M. Habibullah Khan Khattak was the Founder Chairman of the Bibojee Group of Companies.

Today, the Bibojee Group is an industrial empire with an extensive portfolio of businesses comprising of Pakistan's largest Automotive tyre manufacturing company, automobile plants, cotton spinning mills, a woolen mill, a general insurance company, a construction company and two Trusts for supporting education and wildlife protection.



# A BRIEF HISTORY

Ghandhara Tyre and Rubber Company Limited (formerly known as The General Tyre and Rubber Company of Pakistan Limited) came into existence in 1963, at Landhi Karachi and commenced its production in July 1964.

The Company was then established by General Tire International Corporation (GTIC) of USA, with a total capacity of only 120,000 tyres per annum. It is the first & largest automotive tyre manufacturer in the country producing steel belted tubeless radial tyres for cars, SUVs and 4x4 vehicles. While bias or cross ply construction tyres for some light trucks, trucks/buses, tractors, rickshaw, motorcycle including excavator and OTR tyres.

The Company caters four different markets. (1) Original Equipment Manufacturer, (2) Replacement or After Market, (3) Government Departments/Institutions, (4) Export Market

GTR sells its tyres in replacement market through more than 180 nationwide authorized dealers most of whom have been working with GTR for more than three generations setting a milestone on customer loyalty and satisfaction.

GTR is the largest tyre supplier to all OEMs meeting almost 75% of their requirement. To meet the quality standards of OE, tyres are tested in Japan & Europe. At present, tyres (mainly agriculture) are being exported to Afghanistan and Egypt. It has been engaged in manufacturing & exporting tyres (FAST) for Formula III racing car to UK, Italy & Sweden from 1988-1998.

GTR is also ISO certified registered tyre company acquired ISO 9001, ISO 14001 & ISO 45001-2018 Occupational Health & Safety Management System. GTR has been enlisted among few limited companies in Pakistan who achieved this certification.

It has Head Office / main warehouse in Karachi while branch offices / warehouses are located in four major cities of Pakistan namely Islamabad, Lahore, Multan and Sukkur.

# EVERY JOURNEY HAS A DESTINATION





# VISION

To be the leader in tyre technology by building the Company's image through quality improvement, competitive prices, customer 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.





# CORE VALUES



## **Self-reliance**

We aim to reduce dependence on imported tyres to help establish a strong domestic manufacturing base.

## **Innovation**

We focus innovation in harmony with nature, by utilizing eco-friendly materials and processes in tyres production to ensure substantial growth.

## **Sustainability**

We prioritize long-term environmental and social responsibility merged with ethical practices.

## **Integrity**

We conduct business with honesty and transparency with our customers, employees and the community.

## **Teamwork**

We encourage a collaborative work environment where long lasting relationships are formed and employees are valued and motivated.



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*Dil se*





**FOR OVER SIX DECADES,  
WE'VE ENSURED YOUR SAFETY ON THE ROAD,  
GIVING YOU THE CONFIDENCE TO REACH YOUR  
DESTINATION.**





# CERTIFICATIONS



### ISO 9001-2015

GTR Tyre has been awarded ISO 9001-2015 for maintaining its Quality Management System as per the standard set by the authority.



### ISO 14001-2015

GTR Tyre has been awarded ISO 14001-2015 for maintaining its Environmental Management System as per the standard set by the authority.



### ISO 45001-2018

GTR Tyre has been awarded ISO 45001-2018 Occupational Health & Safety Management System. It is noteworthy that GTR is among the select few companies in Pakistan to have attained this certification when it was first introduced.



The Pakistan Standards and Quality Control Authority (PSQCA), as National Standard Body of Pakistan under the administrative control of Ministry Of Science & Technology, has awarded the license / certification to The Ghandhara Tyre and Rubber Company Limited for conformance of the standards of motorcycle tyre manufacturing i.e. PS : ISO 4249-1.

# PACRA RATING

The independent rating agency PACRA has maintained Company's long-term rating to A+ (plus) and short-term rating to A1, after evaluating business/financial risk profile of the Company. This rating reflects stable outlook of the Company in the automobile and allied sector.



# COMPANY INFORMATION



## Board of Directors\*

Lt Gen (R) Ali Kuli Khan Khattak - Chairman  
Mr. Hussain Kuli Khan - Chief Executive  
Mr. Ahmad Kuli Khan Khattak  
Mr. Atif Anwar  
Mr. Ikram-ul-Majeed Sehgal  
Mr. Manzoor Ahmed  
Mr. Muhammad Kuli Khan Khattak  
Mrs. Nazia Qureshi  
Mr. Naeem A. Sattar  
Syed Ahmad Iqbal Ashraf

## Chief Financial Officer

Mr. Siraj A. Lawai

## Company Secretary

Mr. Athar A. Khan

## Head of Internal Audit

Mr. Muhammad Zia Akhtar

## Board Audit Committee\*

Syed Ahmad Iqbal Ashraf - Chairman  
Lt Gen (R) Ali Kuli Khan Khattak  
Mr. Ahmad Kuli Khan Khattak  
Mr. Manzoor Ahmed  
Mr. Naeem A. Sattar

## Board Human Resource & Remuneration Committee

Mr. Ikram-ul-Majeed Sehgal - Chairman  
Lt Gen (R) Ali Kuli Khan Khattak  
Mr. Ahmad Kuli Khan Khattak  
Mr. Manzoor Ahmed  
Mrs. Nazia Qureshi  
Mr. Atif Anwar  
Mr. Hussain Kuli Khan

## Auditors

M/s. Shinewing Hameed Chaudhri & Co.  
Chartered Accountants

## Legal Advisor

M/s. Ahmed and Qazi Associates

## Share Registrar

CDC Share Registrar Services Limited

## Major Bankers

Al-Baraka Bank Pakistan Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank 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: 021-35080171

Website: www.gtr.com.pk

## Branch Offices

### Islamabad

Plot No. 148-149, Khuda Bakhsh Road, Saraan,  
Kahuta Industrial Triangle, Kahuta Road, Hummak  
Islamabad

Phone: +92 51-5971612-13 / 51-5971650

Fax: +92 51-5971615

### Lahore

Plot No. 20, Shahrah-e-Fatima Jinnah, Lahore.

Phone: 042-36308605-6

Fax: 042-36308607

### Multan

Plot No. 758-759/21, Khanewal Road, Multan.

Phone: 061-774407

Fax: 061-774408

### Sukkur

Plot No. B30/8, Site Area, Sukkur.

Phone No: +92 300 0562502

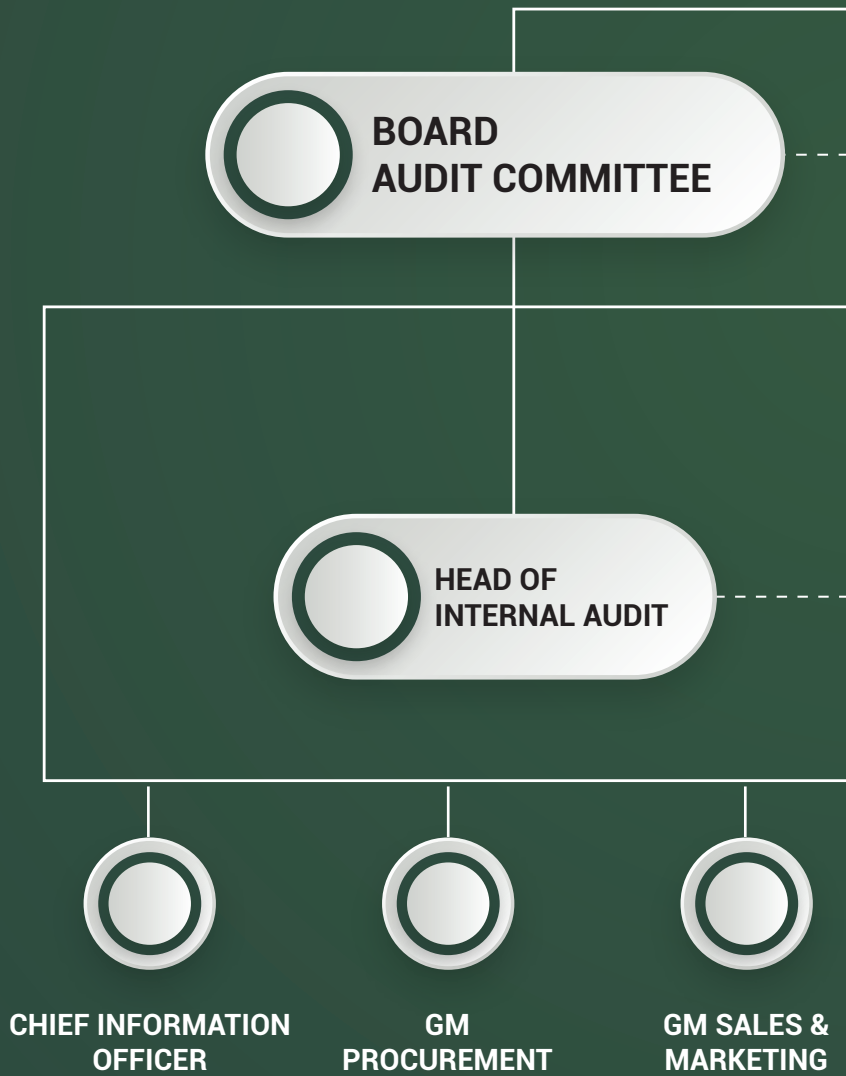
Stock Exchange Symbol

GTYR

\* Sequence of names in alphabetical order



# ORGANIZATIONAL CHART





**BOARD OF DIRECTORS**

**BOARD  
HR&R COMMITTEE**

**CHIEF  
EXECUTIVE OFFICER**

**CHIEF FINANCIAL  
OFFICER**

**COMPANY  
SECRETARY**

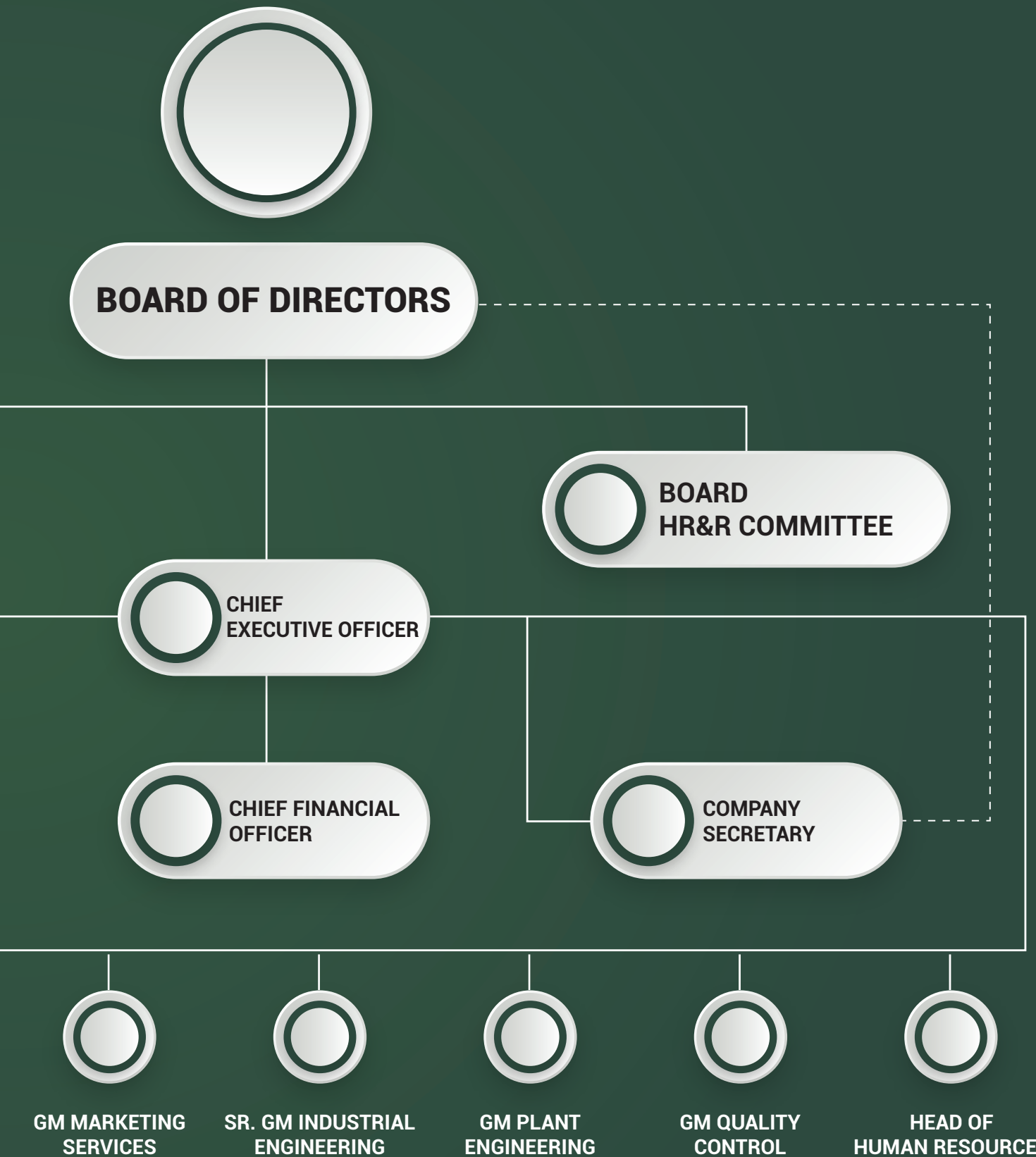
**GM MARKETING  
SERVICES**

**SR. GM INDUSTRIAL  
ENGINEERING**

**GM PLANT  
ENGINEERING**

**GM QUALITY  
CONTROL**

**HEAD OF  
HUMAN RESOURCES**





# BOARD OF DIRECTORS



## **Lt Gen (R) Ali Kuli Khan Khattak**

Lt Gen (R) Ali Kuli Khan Khattak was educated at Aitchison College Lahore and graduated from the Royal Military Academy Sandhurst in 1964 and holds a Masters Degree from the Quaid-e-Azam University, Islamabad. He belongs to a prominent industrial family of KPK.

He retired from the Pakistan Army as its Chief of General Staff in 1998 and then joined the Family Business which includes, Tyre manufacturing, Automobiles, Insurance, Cotton Spinning Mills, Woollen Textiles, Finance, Construction and Trading Services Companies. He is the Chairman of Ghandhara Automobiles Limited, Ghandhara Industries Limited and the Chief Executive of Janana De Malucho Textile Mills Limited.

## **Hussain Kuli Khan**

Mr. Khan is an accomplished professional with substantial and diversified managerial and leadership experience in the manufacturing sector. He has served as President and Vice- President of Landhi Association of Trade and Industry (LATI) Karachi. Prior to that, he held Executive Finance & Executive Director Finance positions from 1997-2006 at JDM Textile Mills Ltd. In 2003, he was elected as the Chairman of All Pakistan Textile Mills Association (APTMA) Khyber Pakhtunkhwa and Vice Chairman APTMA Central Body. Inheriting key leadership and entrepreneurial skills and attributes from his family,

Mr. Khan is in receipt of Business Administration qualification from Gettysburg College, USA and attended several professional programs in Europe. Mr. Khan is also a Certified Director from Pakistan Institute of Corporate Governance.



## Ahmad Kuli Khan Khattak

Mr. Ahmad Kuli Khan Khattak has served PAF for nearly 21 years during which he achieved different Honours Award Medals then he retired in 1987 as Wing Commander. He is a graduate from Pakistan Air Force and also completed various courses from PAF. His 25 years management experience in the business of Automobile and Textile Sector.

He has also served as a Director on the Board of various Companies like Bibojee Services (Pvt.) Limited, Babri Cotton Mills Limited, Janana De Malucho Textile Mills Limited, Rehman Cotton Mills Limited, Bannu Wollen Mills Limited, Ghandhara Automobiles Limited, Ghandhara Industries Limited and Universal Insurance Co. Limited.



## Muhammad Kuli Khan Khattak

Mr. Khan is an automotive management professional with vast experience and proven management, sales, advertising, marketing and new business development skills. He is Deputy Chief Executive Officer in Ghandhara Industries Limited.

Mr. Khan has got BBA and MBA degrees from the Bahria University and has also completed a course in business development from London School of Economics. Mr. Khan is a Certified Director from The Institute of Chartered Accountants of Pakistan.



## Atif Anwar

Mr. Atif, Head of Treasury, Capital Markets & FIs at Pakistan Kuwait Investment Company (Pvt) Ltd. (PKIC), is Master of Business Administration (Finance) with over 18 years of diversified professional experience in financial institutions that includes Faysal bank and My Bank. Mr. Atif specializes in treasury and capital market operations and represents PKIC at various forums. He qualified as a certified director from Pakistan Institute of Corporate Governance (Karachi) in 2019.



## Ikram ul Majeed Sehgal

Mr. Sehgal served as Director East West Institute (EWI) USA (Director of the Year 2016), former Director Bank Alfalah Ltd (16 years) and former Chairman K-Electric (KE) and Foundation Member, World Economic Forum (WEF), Switzerland, Formerly Member WEF Global Agenda Council (GAC) for Counter-Terrorism and now "Anti-Corruption and Transparency" and Member WEF Partnering Against Corruption Initiative (PACI).

Former Member Business Advisory Board (BAB), International Organization for Migration (IOM), Geneva, Sehgal is Co-Chairman of the 'Pakistan Committee' of the Swiss-Asian Chamber of Commerce (SACC), Geneva. Former Chairman All Pakistan Security Agencies Association (APSAA). Senior Adviser, Director and Member Advisory Committee on CPEC Projects of the National Institute of Strategic Communication (NISC), Peking University, China. Regular Speaker at Defence Services Institutions (like National Defence University (NDU), etc) and International Think Tanks, Sehgal is Vice President and Member Executive Committee, Council of Pakistan Newspaper Editors (CPNE). Former Chairman and Patron-in-Chief Karachi Council on Foreign Relations (KCFR) and Vice Chairman Board of Management Quaid-e-Azam House Museum (Institute of Nation Building) and Honorary Senior Fellow, Singularity Academy, Zurich, Switzerland. A certified Director from PICG.



## Manzoor Ahmed

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO he has been successfully managing the operations and investment portfolio worth over Rs.144 billion. He has experience of over 33 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities. He is MBA and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III.

Mr. Ahmed has also attended various training courses organized by locally and internationally reputed institutions like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

He represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.





## Nazia Qureshi

Ms. Nazia Qureshi, is a banking professional, holding a Masters degree in Business Administration. She started her career in the financial sector about 23 years ago with Deutsche Bank AG. After working there for over four years, she moved to Habib Bank Limited to bring diversity to her experience; where she remained a part of the Corporate team for almost 19 years. She qualified as a certified director from Institute of Chartered Accountants of Pakistan (Lahore) in March, 2019.

She has a vast experience of working in Corporate and Investment Banking Group, Transaction Banking and Operations Department. She has a diverse knowledge of handling various sectors like Textiles, Paper and Paper Products, Packaging, Feeds and Edible Oil, Fertilizer, Power Generation, FMCGs and Pharmaceutical to name a few. She is well versed in the field of Corporate Banking Relationship Management, encompassing structuring to execution of simple to highly complicated syndicated financing transactions. She is also voluntarily working on the Board of charity organizations aiming to provide educational support to needy and poor children.



## Syed Ahmad Iqbal Ashraf

Syed Ahmad Iqbal Ashraf is a Fellow of the Association of Chartered Certified Accountants (FACCA) UK, from where he not only acquired his education but also started his career. His work experience spans three continents and has worked in the UK, USA and UAE for 19 years before he decided to return to Pakistan.

With over 34 years of domestic and international banking experience, Syed Ahmed Iqbal Ashraf, was appointed as the President of National Bank of Pakistan (NBP). Prior to this he was MD/CEO of PAIR Investment Company Limited.

## Naeem A. Sattar

Mr. Naeem, Company Secretary at Pakistan Kuwait Investment Compnay (Pvt) Ltd. (PKIC, is FCMA, Fellow Member of the Institute of Cost and Management Accountant of Pakistan. He has over 22 years of experience in the financial sector.

His work experience includes the fields of Accounting, Taxation, Budgeting and Corporate Secretarial. He has also worked with M/s. A.F. Ferguson & Co. – Chartered Accountants. He qualified as a certified director from Pakistan Institute of Corporate Governance (Karachi) in 2014.



# QUALITY POLICY

We are a company of dedicated people who enjoy working as a team and with our customers in an enterprise committed to quality. We will continually strive to bring improvement in our products, services and quality management system to meet or exceed our customer needs and expectations. We will work within the Framework of legal and regulatory requirements.





# HSE POLICY

Ghandhara Tyre and Rubber Company Limited recognizes Occupational Health, Safety and Environment as one of its guiding principles and a key component of our Corporate Social Responsibility.

We are committed to protect environment specifically prevention of pollution and ensure a safe and healthy working environment with consultation and participation of our stake holders by minimizing HSE impacts and risk levels as a result of business activities. We are committed to comply with all applicable Occupational HSE legislations and regulations. We ensure required HSE standards and procedures are established and implemented. We train and motivate all our employees to empower them to play an active role in company's pledge to its HSE policy.

We set demanding targets and measure progress to ensure continual improvement in HSE performance. We follow the approach of Reduce-Reuse-Recycle for resource conservation.



# CODE OF **CONDUCT**

This Code of Conduct establishes policies and procedures that are intended to guide employees, officers, and directors in the performance of their duties and responsibilities and ensure compliance with the Company's commitment to ethical and lawful conduct. These policies and procedures shall apply to all employees and officers and directors of GTR.



1. OBEYING THE LAW
2. WORK ENVIRONMENT
3. CONSUMERS SATISFACTION
4. COMPETITION:
5. BUSINESS PARTNER
6. RECORDING AND REPORTING INFORMATION
7. PAYMENTS
8. FAIR DEALING
9. SHAREHOLDER
10. STANDARD OF CONDUCT
11. PUBLIC ACTIVITIES
12. CORPORATE OPPORTUNITIES
13. CONFLICTS OF INTEREST
14. PROTECTION AND PROPER USE OF COMPANY ASSETS
15. DISCLOSURE OF INTEREST

OFFICIAL TYRE PARTNER



EVERY JOURNEY HAS A DESTINATION

# SIGNING CEREMONY WITH PESHAWAR ZALMI FOR PSL 9



GTR - The Official Tyre Partner of Peshawar Zalmi

The number 1 Franchise of the Pakistan Super League (Cricket) in terms of media and brand value. A step toward strengthening the GTR Brand Purpose, **"The Generation of Achievers."**

GTR Tyre – Peshawar Zalmi is providing a platform to the upcoming young cricket players by giving them the opportunity to play with national and international players in PSL and training through international coaches to improve their playing skills.

By embracing this journey, their dream enables them to showcase their natural talent and performance to become achievers, as every journey has a destination.







# GRAND DEALERS AWARD CEREMONY



The Grand Dealers Award Ceremony was held on December 21, 2023, at Nishat Hotel Lahore. Top 160 dealers/distributors and GTR staff members from across the country attended the ceremony. The event aimed to commend and acknowledge dealers and distributors who wholeheartedly participated in our "Inammat Ki Bahar" Incentive scheme and made significant contributions to the company's growth.

During the event, GTR honored and rewarded dealers who successfully achieved their targets, presenting them with prizes and shields at both a national and zonal level for their outstanding achievements. Furthermore, GTR recognized and presented awards to Star Regional Manager and Star Territory Managers who displayed exceptional sales performance.







# 48<sup>TH</sup> DITF EXHIBITION TANZANIA, 2024

The 48<sup>th</sup> DITF exhibition was held in Dar Es Salaam, Tanzania, from, June 28 to July 13, with support from TDAP. Eight companies from Pakistan showcased their products at the event. A large number of visitors from various sectors visited our stall, and we held B2B meetings with local parties.

The main objectives of our participation was to explore export opportunities in Tanzania and neighboring countries such as Kenya, Burundi, Uganda, Rwanda and Democratic Republic of Congo.





# AUTOMECHANIKA ISTANBUL, 2024

GTR participated in Automechanika 2024 held in Istanbul from May 23-26 at Tayup Convention Hall.

The main purpose of our participation was to introduce our product and at the same time look into the possibility of export.

During four days of event, delegates belong to Libya, Morocco, Egypt, Azerbaijan, Uzbekistan, Syria, Iraq, Lebanon, Jordan visited our stall and showed their interest in our products.



# TOP DEALERS TOUR LONDON, 2024





As in many previous years, it has become a hallmark of GTR to take its top dealers from Pakistan on international trips. This year, GTR organised a Dealers Incentives Tour to London from March 6-11, 2024.

The top 37 dealers were selected based on their contributions to value sales. This was the first time in the history of the tyre industry that any tyre company arranged a tour to London for its dealers.



# MAJOR TYRE CATEGORIES

**OFF THE ROAD TYRE**

**LIGHT TRUCK  
BASIS TYRE**

**SUV/CROSSOVER  
TYRE**





**TRACTOR  
TYRE**

**TRUCK BUS  
BIAS**

**MOTORCYCLE  
TYRE**

**LIGHT TRUCK  
RADIAL**

**PASSENGER  
CAR RADIAL**





# OUR VALUED OE CUSTOMERS



# CORPORATE SOCIAL RESPONSIBILITY

The Ghandhara Tyre and Rubber Company Limited (GTR) has a longstanding tradition of engaging in social and philanthropic activities.

The company consistently donates to and participates in funding charitable organizations, including the Wakf-e-Kuli Khan Trust, which is dedicated to promoting education among underprivileged communities. Additionally, GTR supports The Citizens Foundation (TCF), a non-profit organization also contributed to the Al-Khidmat Foundation Pakistan, for the people of Palestine during the financial year 2024.



# GEOGRAPHICAL PRESENCE

GTR operates Replacement Market (RM) through more than 180 nationwide authorized dealers.







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# CHAIRMAN'S REVIEW

It is my privilege to present the review on the performance of Ghandhara Tyre and Rubber Company Limited (the Company) for the financial year ended June 30, 2024.

## **BUSINESS REVIEW**

Net sales in value terms for the year ended June 30, 2024 were Rs. 20.54 billion as compared to Rs. 15.02 billion in the last year, showing significant growth of 37%.

The company is focusing on Replacement market (RM). This strategy is one of the key drivers for the growth. Moreover, diversified product portfolio in Original Equipment Manufacturer (OEM) segment including tyres for tractors, Passenger car, Light truck (radial and bias) and Truck Bus tyres is helping the Company to mitigate demand fluctuations.

Better agriculture crops amid higher support prices and favorable weather resulted in higher sales of tractor tyres to Farm OEMs as well as in RM segment as compared to last year. Whereas passenger car OEMs sales were lower than last year, due to economic conditions, restricted opening of letter of credits (LCs) for CKDs in first half and increase in car financing rates. This is partly compensated by better sales of passenger car tyre in RM segment.

Export sales for the year were Rs. 295 million as compared to Rs. 219 million in last year. The Company is continuously exploring opportunities to expand its export sale in new markets.

The gross profit for the year was Rs. 3,278 million as compared to Rs. 2,292 million in last year. Gross profit margin improved to 16.0% as compared to 15.3% in last year. Improved gross margin was mainly due to better sales mix, stability of exchange rate and enhanced focus on RM segment. It was partly offset by higher utility prices, use of LPG during natural gas load shedding and increase in minimum wage rate.

The finance cost for the year was Rs. 1,680 million as compared to Rs. 1,292 million in the last year. Increase in financial cost is mainly attributable to increase in discount rate by State Bank of Pakistan (SBP) and higher working capital requirements consequent to devaluation of Pak Rupee. This was partially offset by better working capital management.

The independent rating agency PACRA has maintained Company's long-term rating to A+ and short-term rating to A1 on August 1, 2024 after evaluating business / financial risk profile of the Company. This rating reflects reputable business profile of the Company in the automobile and allied sector.

As a result of the factors mentioned above, profit after tax for the year ended June 30, 2024 was Rs. 229.1 million as compared to loss after tax of Rs. 167.4 million reported in same last year.

## FUTURE PROSPECTS

SBP has decreased the discount rate by 2.5% in last couple of months. Further there is an expectation for further decrease in discount rate in coming months, which is expected to bode well for the Company and would result in lower financial charges. Moreover, this may also result in increase in auto financing resulting 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.

We expect that improved agriculture outlook due to better crops would support farm tyre sales in both RM and OEM segments.

Your Company has started supplying 17 inch rim size tyre to two Japanese OEMs for their Sports Utility Vehicle (SUV) / Crossover. Some OEMs have also shown interest for 18 inch rim size tyres. We have already started selling 18 inch tyres in RM segment.

Regulatory and administrative measures by the Government to curb smuggling were encouraging, however, this has again resurfaced. The measures to curb smuggling need to continue to improve the economic situation of our country. Under invoicing and smuggling is not only affecting the local industry but also depriving the Government of its due tax revenue. These measures will provide level playing field to the local industry and enable them to provide employment.

The Company has entered into a Technical Services Agreement (TSA) with Shandong Huasheng Rubber Co. Ltd. ("SHRC"), effective from September 01, 2024 for a period of seven (7) years. TSA with SHRC is expected to enhance the Company's tyre manufacturing processes by leveraging SHRC's advance technical expertise and proprietary know-how.

Despite the difficult economic times and competitive pressures, we are confident that we would navigate through these challenges with determination and unwavering support of our stakeholders. We believe that the long-term growth potential of the business is intact.

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

The Board also offers thanks to its 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.



**LT GEN (R) ALI KULI KHAN KHATTAK**  
**Chairman**  
**For and on behalf of the Board of Directors**

Karachi  
Dated: September 4, 2024

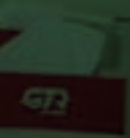




# **DIRECTORS'** REPORT TO THE MEMBERS



ON



The Directors of Ghandhara Tyre and Rubber Company Limited (the Company) are pleased to present the Annual Report accompanied by Audited Financial Statements for the year ended June 30, 2024.

	2024	2023
	--- Rupees in '000 ---	
<b>OPERATING RESULTS</b>		
Profit / (loss) for the year after taxation	229,060	(167,364)
Other comprehensive income / (loss)	12,368	(31,240)
Unappropriated profit brought forward	1,060,795	1,259,399
Unappropriated profit carried forward	<u>1,302,223</u>	<u>1,060,795</u>
Earnings/(loss) per share-basic and diluted	<u>Rs. 1.88</u>	<u>(Rs. 1.37)</u>
<b>Subsequent event</b>		
Proposed dividend @ 18.7% i.e. Rs. 1.87 per share (2023: Rs. Nil per share)	<u>228,015</u>	<u>-</u>

(The effect of proposed dividend shall be accounted for in the financial statements for the year ending June 30, 2025.)

#### 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 that which has been disclosed in the Statement of Compliance with 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 2024.



- 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.
- 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. 417.494 Million	June 30, 2023
Gratuity Fund	Rs. 141.975 Million	June 30, 2023

During the year, the Directors, CEO, CFO, Company Secretary, Head of Internal Audit, their spouses, and minor children did not trade in the Company's shares.

## INTERNAL AUDIT

The Company has an Internal Audit function, which reports directly to the Board Audit Committee (BAC). The BAC regularly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit also directly reports to the BAC. The BAC approves the audit plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the BAC.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has the culture and history of undertaking social and philanthropic activities and regularly funding a school of The Citizen Foundation located in Landhi, Karachi, Waqf-e-Kuli Khan Trust, a trust engaged in spreading of education in the under privileged class and other charitable institutions.

## CONTRIBUTION TO NATIONAL EXCHEQUER:

During the year the Company contributed Rs. 4,750 million towards national exchequer by way of Custom duties, Income tax, Sales tax, and other modes.

## BOARD MEETINGS

During the year, seven (7) 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.	Lt Gen (R) Ali Kuli Khan Khattak	7
2.	Mr. Ahmad Kuli Khan Khattak	5
3.	Mr. Hussain Kuli Khan (CEO)	7
4.	Mr. Muhammad Kuli Khan Khattak	6
5.	Syed Ahmad Iqbal Ashraf	7
6.	Mr. Ikram-ul-Majeed Sehgal	6
7.	Mr. Manzoor Ahmad	7
8.	Mrs. Nazia Qureshi	7
9.	Mr. Naeem A. Sattar	6
10.	Mr. Umair Aijaz *	3
11.	Mr. Atif Anwar **	4

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

#### BOARD COMPOSITION AND REMUNERATION

None of the Board members hold directorship of more than seven listed companies.

The total number of directors are ten (10) including one (1) independent female director.

Gender	Number
Male	9
Female	1

The composition of the Board as at June 30, 2024 is as follows:

Category	Names
Chairman BOD	Lt Gen (R) Ali Kuli Khan Khattak
Non-Executive Directors	Mr. Ahmad Kuli Khan Khattak Mr. Muhammad Kuli Khan Khattak Mr. Manzoor Ahmed Mr. Naeem A. Sattar Mr. Atif Anwar
Independent Directors	Syed Ahmad Iqbal Ashraf Mr. Ikram-ul-Majeed Sehgal Mrs. Nazia Qureshi
Executive Director	Mr. Hussain Kuli Khan - (CEO)

\* Resigned on December 15, 2023

\*\* Appointed on December 15, 2023

Board Audit Committee (BAC):	Category
Syed Ahmad Iqbal Ashraf	Chairman
Lt Gen (R) Ali Kuli Khan Khattak	Member
Mr. Ahmad Kuli Khan Khattak	Member
Mr. Manzoor Ahmed	Member
Mr. Naeem A. Sattar	Member

Board Human Resource and Remuneration Committee (BHR&RC):	Category
Mr. Ikram-ul-Majeed Sehgal	Chairman
Lt Gen (R) Ali Kuli Khan Khattak	Member
Mr. Ahmad Kuli Khan Khattak	Member
Mr. Manzoor Ahmed	Member
Mr. Atif Anwar	Member
Mrs. Nazia Qureshi	Member
Mr. Hussain Kuli Khan	Member

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 (Note 33.3 and 42 to the financial statements).

## MANAGEMENT COMMITTEE

The Management Committee comprises of five (5) senior members who meet and discuss significant business plans, issues and progress updates from their respective functions. Significant matters are placed before the Board of Directors' and its relevant sub-committees in accordance with the applicable Code of Corporate Governance Regulations, for onward discussion and 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.

## 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 shareholding as at June 30, 2024 is attached.



## AUDITORS

The present auditors, M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants have retired. The Board of Directors have recommended to re-appoint M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants as an auditors of the Company at an Audit Fee to be mutually agreed and reimbursements of out of pocket expenses at actuals, for the year ending 30 June, 2025.

## SUBSEQUENT EVENTS

As informed through PSX, the Company had renewed the Royalty Technical Services Agreement with Continental Global Holding Netherlands B.V. ("Continental") for a period of 7 (seven) years effective from January 1, 2018 (i.e. ending in December 2024). It was agreed that during which time the Company would also seek alternative technology service provider in the tyre industry to substitute Continental.

The Company has entered into a Technical Services Agreement (TSA) with Shandong Huasheng Rubber Co. Ltd. ("SHRC"), effective from September 01, 2024 for a period of seven (7) years. SHRC is a leading technology service provider in the tyre industry, based in People's Republic of China. TSA with SHRC is expected to enhance the Company's tyre manufacturing processes by leveraging SHRC's advance technical expertise and proprietary know-how.

For and on behalf of the Board of Directors



**Hussain Kuli Khan**  
**Chief Executive**



**Naeem A. Sattar**  
**Director**

Karachi  
September 4, 2024

## چیز مین کا تجزیہ

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

## 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۔

## ترتیب حصص داری

کمپنی کی ترتیب حصص داری بتاریخ 30 جون، 2024 اس رپورٹ میں درج ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز. شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے میسرز. شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بحیثیت کمپنی کے آڈیٹرز کو باہمی طے شدہ معاوضے بمعہ دیگر اخراجات کے عوض، ختم ہونے والے سال 30 جون 2025 کے لیے دوبارہ تقرری کی سفارش کی ہے۔

## بعد کے واقعات

جیسا کہ PSX کے ذریعے مطلع کیا گیا تھا کہ کمپنی نے سات سال کی مدت کے لئے (01 جنوری 2018 سے دسمبر 2024) کا ٹینیسیل گلوبل ہولڈنگ نیدر لینڈ B.V. (کا ٹینیسیل) کے ساتھ راٹھی معاہدے کی تجدید کی تھی۔ اس بات پر اتفاق کیا گیا تھا کہ اس دوران کمپنی، کا ٹینیسیل کی جگہ ٹائر انڈسٹری میں متبادل ٹیکنالوجی فراہم کرنے والوں کی بھی تلاش کرے گی۔

کمپنی نے ("SHRC") Shandong Huasheng Rubber Co. Ltd کے ساتھ ایک تکنیکی خدمات کا معاہدہ کیا ہے، جو 01 ستمبر 2024 سے سات سال کے لئے نافذ العمل ہے۔ SHRC عوامی جمہوریہ چین کی ٹائر انڈسٹری میں ٹیکنالوجی فراہم کرنے والا ایک سرکردہ ادارہ ہے۔ SHRC کے ساتھ تکنیکی خدمات کے معاہدے سے SHRC کی پیشگی تکنیکی مہارت اور ملکیتی معلومات کا فائدہ اٹھاتے ہوئے کمپنی کے ٹائر مینوفیکچرنگ کے عمل میں مزید بہتری کی امید ہے۔

## منجانب بورڈ



نعیم. اے. ستار  
ڈائریکٹر



حسین قلی خان  
چیف ایگزیکٹو

کراچی

04 ستمبر، 2024

کیٹیگری	بورڈ آڈٹ کمیٹی
چیئر مین	سید احمد اقبال اشرف
ممبر	لیفٹیننٹ جنرل (ر) علی قلی خان خٹک
ممبر	جناب احمد قلی خان خٹک
ممبر	جناب منظور احمد
ممبر	جناب نعیم اے ستار

کیٹیگری	بورڈ ہیومن ریسورس اور معاوضہ کمیٹی
چیئر مین	جناب اکرام الحمید سہگل
ممبر	لیفٹیننٹ جنرل (ر) علی قلی خان خٹک
ممبر	جناب احمد قلی خان خٹک
ممبر	جناب منظور احمد
ممبر	جناب عاطف انور
ممبر	محترمہ نازیہ قریشی
ممبر	جناب حسین قلی خان

کمپنی کی ایک باقاعدہ پالیسی ہے اور کمپنیز ایکٹ 2017 اور سڈ کمپنیز (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، (نوٹ 33.3 اور 42 برائے مالیاتی گوشوارے میں درج ہے)

### انتظامی کمیٹی

انتظامی کمیٹی پانچ (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۔ قابل اطلاق کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق کے مطابق بورڈ آف ڈائریکٹرز اور اس سے متعلقہ ذیلی کمیٹیوں کے سامنے اہم امور پر مزید بحث اور منظوری کے لیے رکھے جاتے ہیں۔



نمبر شمار	ڈائریکٹر کا نام	مہینگیز میں حاضری کی تعداد
1.	لیفٹیننٹ جنرل (ر) علی قلی خان خٹک	7
2.	جناب احمد قلی خان خٹک	5
3.	جناب حسین قلی خان (سی ای او)	7
4.	جناب محمد قلی خان خٹک	6
5.	جناب سید احمد اقبال اشرف	7
6.	جناب اکرام الچید سہگل	6
7.	جناب منظور احمد	7
8.	محترمہ نازیہ قریشی	7
9.	جناب نعیم اے ستار	6
10.	جناب عمیر اعجاز *	3
11.	جناب عاطف انور **	4

\* 15 دسمبر 2023 کو مستعفی ہو گئے

\*\* 15 دسمبر 2023 کو منتخب ہوئے۔

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

### بورڈ کی تشکیل اور معاوضہ

بورڈ ممبران میں سے کوئی بھی رکن سات (7) سے زیادہ لسطہ کمپنیوں کی ڈائریکٹرشپ نہیں رکھتا۔  
ڈائریکٹرز کی کل تعداد دس (10) ہے جن میں ایک (1) آزاد خاتون ڈائریکٹر بھی شامل ہے۔

جنس	تعداد
مرد	9
عورت	1

30 جون 2024 کو بورڈ کی تشکیل مندرجہ ذیل ہے۔

نام	کیٹیگری
لیفٹیننٹ جنرل (ر) علی قلی خان خٹک	چیئر مین بورڈ آف ڈائریکٹرز
جناب احمد قلی خان خٹک جناب محمد قلی خان خٹک جناب منظور احمد جناب نعیم اے ستار جناب عاطف انور	غیر ایگزیکٹو ڈائریکٹرز
سید احمد اقبال اشرف جناب اکرام الچید سہگل محترمہ نازیہ قریشی	آزاد ڈائریکٹرز
جناب حسین قلی خان (سی ای او)	ایگزیکٹو ڈائریکٹر

- 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 کی اہم کارکردگی اور مالیاتی اعداد و شمار کو سالانہ رپورٹ 2024 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 طے شدہ ٹائم لائن کے مطابق کر دی ہے۔
- کمپنی کے ملازمین کے سرمایہ کفالت کی مالیت کے آڈٹ شدہ اکاؤنٹس درج ذیل ہیں۔

ختم ہونے والے سال	سرمایہ کاری کی قیمت	پروویڈینٹ فنڈ
30 جون، 2023	417.494 ملین روپے	گرہجیوٹی فنڈ
30 جون، 2023	141.975 ملین روپے	

30 جون 2024 کو ختم ہونے والے مالی سال کے دوران کمپنی کے ڈائریکٹرز، ایگزیکٹوز اور ان کے فیملی ممبرز کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی۔

## انٹرنل آڈٹ

کمپنی کا ایک انٹرنل آڈٹ فنکشن ہے، جو براہ راست بورڈ آڈٹ کمیٹی (BAC) کو رپورٹ کرتا ہے۔ BAC باقاعدگی سے اس کے وسائل اور اختیارات کے فنکشنز کا جائزہ لیتا ہے۔ ہیڈ آف انٹرنل آڈٹ بھی براہ راست BAC کو رپورٹ کرتا ہے۔ BAC آڈٹ پلان کی منظوری دیتا ہے، جو کہ آپرینٹنگ ایریاز کی سالانہ اور سہ ماہی کارکردگی پر مبنی ہوتا ہے۔ انٹرنل آڈٹ فنکشن مالی، آپریشنل اور کمپلائنس کنٹرولز پر جائزے اور BAC کو نتائج کی رپورٹس کرتا ہے۔

## کمپنی کی سماجی ذمہ داری

کمپنی میں معاشرتی اور انسان دوستی کی سرگرمیوں کو انجام دینے کی ثقافت اور تاریخ ہے۔ کمپنی باقاعدگی سے لائڈھی میں واقع دی سٹیژن فاؤنڈیشن کے ایک اسکول، وقف قلی خان ٹرسٹ (ایک ایسا ٹرسٹ جو مستحق طلبہ کی تعلیم کو فروغ دینے میں مصروف عمل ہے) اور مختلف فلاحی اداروں کو بھی عطیات دیتی رہتی ہے۔

## قومی خزانے میں معاونت

اس سال کے دوران کمپنی نے کسٹم ڈیوٹی، انکم ٹیکس، سیلز ٹیکس اور دیگر طریقوں کے ذریعہ 4,750 ملین روپے قومی خزانے میں جمع کرائے ہیں۔

## بورڈ میٹنگ

اس سال کے دوران بورڈ آف ڈائریکٹرز کے ساتھ (7) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

## ڈائریکٹرز رپورٹ

گندھارا ٹائر اینڈ ربر کمپنی لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 جون، 2024 کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کرتے ہیں۔

## مالیاتی نتائج

2023	2024	
----- (روپے '000) -----		
(167,364)	229,060	منافع / (نقصان) بعد از ٹیکس
(31,240)	12,368	دیگر جامع آمدنی / (نقصان)
1,259,399	1,060,795	غیر منقسم شدہ منافع
1,060,795	1,302,223	غیر منقسم شدہ منافع آگے لایا گیا
=====	=====	
روپے (1.37)	روپے 1.88	آمدنی / (نقصان) فی شیئر بنیادی اور کمزور
=====	=====	

## بعد کے تصرفات

-	228,015	مجوزہ ڈیویڈنڈ @ 18.7 فیصد یعنی 1.87 روپے فی شیئر
=====	=====	

(2023: صفر روپے فی شیئر)

(مجوزہ ڈیویڈنڈ کو 30 جون، 2025 کو ختم ہونے والے سال کے مالیاتی گوشواروں میں شمار کیا جائے گا۔)

## کارپوریٹ اور مالی رپورٹنگ فریم ورک

مندرجہ ذیل ضابطہ برائے کاروباری نظم و نسق، اور سیکیورٹیز 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 کیے 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۔



# RELIABILITY

Tyres are more than just a vehicle component; they're partners in every journey. Over the decades, GTR has set the gold standard for reliability. As the nation's foremost tyre manufacturer, we take pride in being the preferred choice for Pakistanis. Every GTR tyre embodies our promise of consistent performance, unparalleled quality, and steadfast reliability.







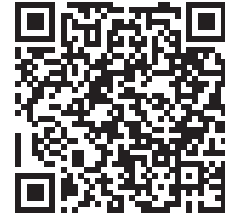
DRIVE  
**PAKISTAN**  
*Dil se*

# NOTICE OF THE 61ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the 61st Annual General Meeting of the shareholders of Ghandhara Tyre and Rubber Company Limited will be held on Monday the October 28, 2024 at 11:00 a.m. at ICAP Auditorium Hall, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

## ORDINARY BUSINESS

- 1) To confirm the minutes of 60th Annual General Meeting held on October 26, 2023.
- 2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2024 together with the Directors' and Auditors' reports thereon.



[https://gtr.com.pk/annual-accounts-2024/GTR\\_Annual\\_Report\\_2024.pdf](https://gtr.com.pk/annual-accounts-2024/GTR_Annual_Report_2024.pdf)

- 3) To appoint statutory auditors of the Company for the year ending June 30, 2025, till the conclusion of the next AGM and fix their remuneration. The retiring auditors, M/s. Shinewing Hameed Chaudhri & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
- 4) To approve the final cash dividend of Rs. 1.87/- per share i.e. 18.7%, as recommended by the Board of Directors for the year ended June 30, 2024.
- 5) To transact any other business may be brought forward with the permission of the Chair.

Karachi  
October 07, 2024

By Order of the Board



**Athar A. Khan**  
(Company Secretary)



# NOTES

## A. CLOSURE OF SHARE TRANSFER BOOKS:

The register of members and the share transfer books of the Company will remain closed as of October 21, 2024 to October 28, 2024 (both days inclusive). Transfer received in order at the office of our Shares Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block – B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi by the close of business (5:00 p.m.) on Friday October 18, 2024 will be treated in time for the purpose of any entitlement and to attend, participate and vote at the Meeting.

## B. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 dated March 03, 2021 has allowed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to physical attendance by the members as well.

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name with subject "Registration for Ghandhara Tyre and Rubber Company Limited - AGM " along with valid copy of both sides of Computerized National Identify Card (CNIC) at [athar.ali@gentipak.com](mailto:athar.ali@gentipak.com). The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM. All CDC accountholders shall authenticate their identity by showing original CNIC at the time of attending meeting. In the case of a corporate entity, a certified copy of the resolution of Board of Directors / valid Power of Attorney, having the name and specimen signature of the nominee should be produced at the time of meeting.

Only those persons whose names appear in the Register of Members of the Company as at October 18, 2024 are entitled to attend and vote at the Annual General Meeting.

## C. APPOINTMENT OF PROXIES:

A member entitled to attend, speak and vote at the Meeting shall also be entitled to appoint any other member as his/her proxy to attend, speak and vote instead of him/her. A proxy so appointed shall have such right with respect to attending, speaking and voting at the meeting as are available to the respective member. The Company must receive the Instrument of Proxy and the Power of Attorney (POA) under which it is signed or a notarized certified copy of that POA at the registered office of the Company not later than forty-eight (48) working hours before the Meeting. A blank Proxy Form is attached at the end of the report and also available at Company's website: [www.gtr.com.pk](http://www.gtr.com.pk) for downloading.

## D. WITHHOLDING TAX ON DIVIDEND

Under Section 150 of the Income Tax Ordinance, 2001 following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

A	Persons appearing in the Active Tax Payers' List (ATL)	15%
B	Persons not appearing in the Active Tax Payers' List (ATL)	30%

# NOTES

Members whose name does not appear in the Active Tax Payers List (ATL) provided on the website of FBR (despite the fact that they are filers) are advised to make sure that their names are entered into ATL to avoid higher tax deductions against any future payment of dividend.

In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder or as may be notified by the shareholders in writing to our share registrar. In case no such notification is received, then each shareholder shall be assumed to have an equal number of shares.

## **E. EXEMPTION FROM DEDUCTION OF INCOME TAX/ZAKAT:**

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption / reduced rate certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

## **F. ELECTRONIC DIVIDEND MANDATE**

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block – B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

## **G. SUBMISSION OF VALID CNIC**

Pursuant to the SECP directives the dividend of shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Company's Share Registrar without any further delay.

## **H. UNCLAIMED DIVIDEND**

Shareholders, who by any reason could not claim their dividend, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend.

In compliance with Section 244 of the Companies Act - 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend.

#### **I. CHANGE OF ADDRESS (IF ANY)**

Shareholders are requested to immediately notify change in address, if any to the Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal, Karachi.

#### **J. TRANSFER OF PHYSICAL SHARES INTO CDC ACCOUNT:**

Pursuant to the section 72 of the Companies Act, 2017 listed companies are required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the date of promulgation of the Act.

The Shareholders who hold physical shares are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

#### **K. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL**

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(1)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website [www.gtr.com.pk](http://www.gtr.com.pk) to be sent along with copy of his/her/ its CNIC/Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice.

#### **L. PLACEMENT OF FINANCIAL ACCOUNTS ON WEBSITE**

Pursuant to the notification of the SECP (SRO 1196(I)/2019) dated October 3, 2019, the financial accounts of the Company have been placed on the Company's website at [www.gtr.com.pk](http://www.gtr.com.pk).

#### **M. DETAILS OF BENEFICIAL OWNERSHIP**

Attention of corporate entities/legal persons is also invited towards SECP Circular No. 16 and 20 of 2018. Respective shareholders (corporate entities/legal persons) are advised to provide the information pertaining to ultimate beneficial owners and/or other information as prescribed in the subject SECP Circulars to the Share Registrar of the Company.





# **FINANCIAL** PERFORMANCE **2024**



# FINANCIAL PERFORMANCE

## Statement of Profit or Loss

--- Rupees in '000 ---

	2024	2023	2022	2021	2020	2019
Net Sales	20,538,570	15,018,659	18,588,299	13,923,520	8,793,341	10,486,282
Cost of Sales	17,260,660	12,726,992	16,135,560	11,819,632	7,744,581	8,896,798
Gross Profit	3,277,910	2,291,667	2,452,739	2,103,888	1,048,760	1,589,484
Profit from Operations	2,174,887	1,099,204	1,365,138	1,295,353	404,993	836,370
Other Income	145,163	100,328	130,349	181,597	68,106	69,939
Finance Cost	1,680,260	1,291,806	747,818	504,048	848,806	585,032
Profit / (loss) before taxation	495,674	(193,618)	623,830	797,473	(446,664)	253,637
Levies and Taxation (charge) / reversal	(266,614)	26,254	(267,765)	(224,817)	114,573	(130,761)
Profit / (loss) after Taxation	229,060	(167,364)	356,065	572,656	(332,091)	122,876
EBITDA	2,700,693	1,615,395	1,853,853	1,773,921	895,722	1,242,183

## Statement of Financial Position

--- Rupees in '000 ---

	2024	2023	2022	2021	2020	2019
Cash and Bank Balances	224,435	139,675	137,393	74,398	182,749	155,931
Stocks	5,078,079	4,811,895	5,299,420	4,841,207	3,318,231	3,721,748
Trade Debts	3,693,470	2,941,341	2,518,372	1,717,939	1,157,946	1,237,309
Current Assets	11,470,333	10,540,433	10,497,467	8,767,667	6,746,654	7,278,420
Operating Fixed Assets Cost / revalued	12,759,536	12,571,941	9,570,272	8,845,950	8,623,130	7,811,482
Investments in an Associated Company	33,772	24,902	25,918	19,408	13,240	16,091
Non Current Assets	7,377,772	7,734,073	5,556,490	5,255,336	5,124,611	5,196,632
Total Assets	18,848,105	18,274,506	16,053,957	14,023,003	11,871,265	12,475,052
Trade and other Payables	3,654,800	3,619,653	3,599,739	2,467,179	1,794,516	1,783,757
Current Liabilities	11,760,214	11,260,285	10,445,019	8,873,174	7,398,333	7,468,539
Long term Finances	382,709	555,592	796,083	989,453	1,096,280	1,020,748
Non Current Liabilities	1,092,586	1,260,344	1,764,405	1,634,214	1,518,641	1,665,731
Total Liabilities	12,852,800	12,520,629	12,209,424	10,507,388	8,916,974	9,134,270
Paid Up Capital	1,219,334	1,219,334	1,219,334	1,219,334	1,219,334	1,016,112
Reserve for Capital Expenditure	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unappropriated Profit	1,302,223	1,060,795	1,625,199	1,296,281	734,957	1,324,670
Surplus on revaluation of leasehold land	2,473,748	2,473,748	-	-	-	-
Total Equity	5,995,305	5,753,877	3,844,533	3,515,615	2,954,291	3,340,782

## Statement of Cash Flow

--- Rupees in '000 ---

	2024	2023	2022	2021	2020	2019
Cash Flow from Operating Activities	89,144	728,395	603,392	(244,115)	476,638	(409,565)
Cash Flow from Investing Activities	(148,749)	(223,427)	(761,302)	(595,756)	(289,780)	(1,263,612)
Cash Flow from Financing Activities	(102,715)	(2,024,796)	606,111	1,392,424	(584,102)	(45,631)

## Financial Performance-Profitability

	2024	2023	2022	2021	2020	2019
Gross profit margin	15.96%	15.26%	13.20%	15.11%	11.93%	15.16%
EBIT margin	10.59%	7.32%	7.34%	9.30%	4.61%	7.98%
EBITDA margin	13.15%	10.76%	9.97%	12.74%	10.19%	11.85%
Pre tax margin	2.41%	(1.29%)	3.36%	5.73%	(5.08%)	2.42%
Net profit / (loss) margin	1.12%	(1.11%)	1.92%	4.11%	(3.78%)	1.17%
Return on equity-before taxation	8.27%	(3.37%)	16.23%	22.68%	(15.12%)	7.59%
Return on equity-after taxation	3.80%	(2.90%)	9.26%	16.29%	(11.24%)	3.68%



# FINANCIAL PERFORMANCE



## Operating Performance/Liquidity

		2024	2023	2022	2021	2020	2019
Total Assets Turnover	Times	<b>1.09</b>	0.82	1.16	0.99	0.74	0.84
Non Current Assets Turnover	Times	<b>2.78</b>	1.94	3.35	2.65	1.72	2.02
Debtors Turnover	Times	<b>6.19</b>	5.50	8.78	9.68	7.34	9.26
Debtors Turnover	Days	<b>66</b>	71	49	45	48	43
Stock Turnover	Times	<b>4.04</b>	3.12	3.5	2.88	2.65	2.82
Stock Turnover	Days	<b>90</b>	117	104	127	138	130
Creditors Turnover	Times	<b>4.75</b>	3.36	5.32	5.55	4.33	4.79
Creditors Turnover	Days	<b>77</b>	109	69	66	84	76
Cash Operating Cycle	Days	<b>79</b>	80	85	106	101	96
Current ratio		<b>0.98</b>	0.94	1.01	0.99	0.91	0.97
Quick / acid test ratio		<b>0.54</b>	0.51	0.50	0.44	0.46	0.48

## Capital Structure Analysis

		2024	2023	2022	2021	2020	2019
Breakup value / share ★	PKR	<b>49.17</b>	47.19	31.53	28.83	24.23	27.40
Earnings /(loss) per share (pre tax) ★	PKR	<b>4.07</b>	(1.59)	5.12	6.54	(3.66)	2.08
Earnings /(loss) per share (after tax) ★	PKR	<b>1.88</b>	(1.37)	2.92	4.70	(2.72)	1.01

## Debt Analysis

		2024	2023	2022	2021	2020	2019
Total Debt to Assets	%	<b>68%</b>	69%	76%	75%	75%	73%
Total Debt to Equity	%	<b>214%</b>	218%	318%	299%	302%	273%

## Distribution

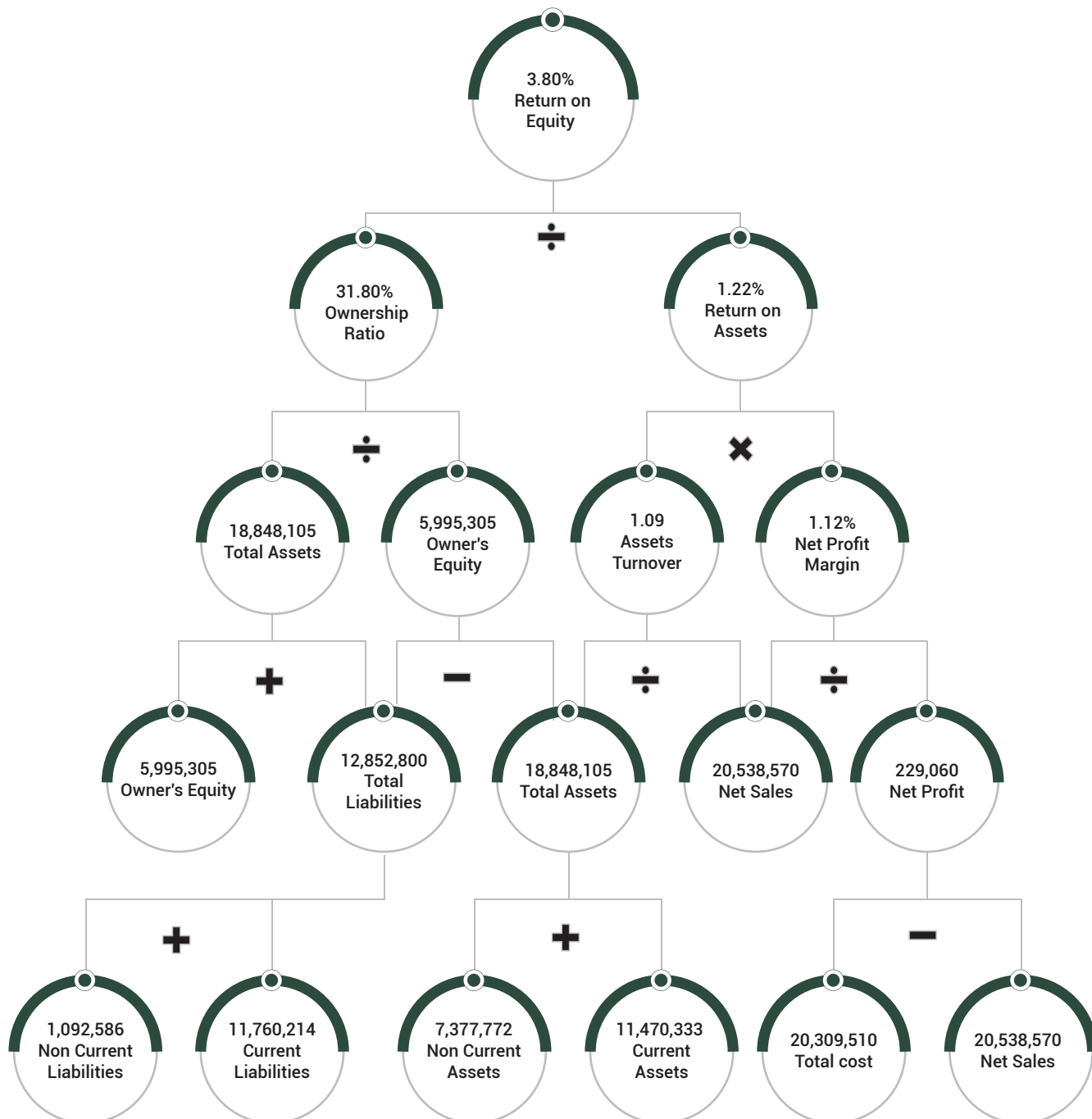
		2024	2023	2022	2021	2020	2019
Cash Dividend	%	<b>18.7%</b>	0%	30%	0%	5%	00%
Bonus	%	<b>0%</b>	0%	0%	0%	0%	20%

★ Comparatives have been restated on account of issuance of bonus shares.

# DUPONT ANALYSIS

As at June 30, 2024

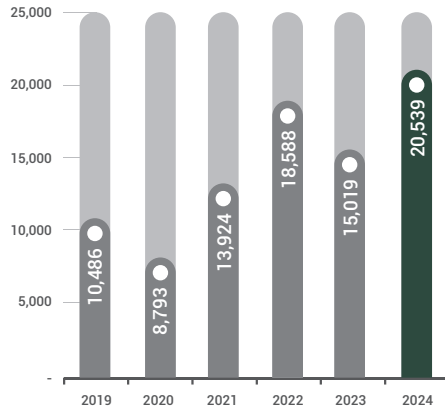
(Amount in '000)



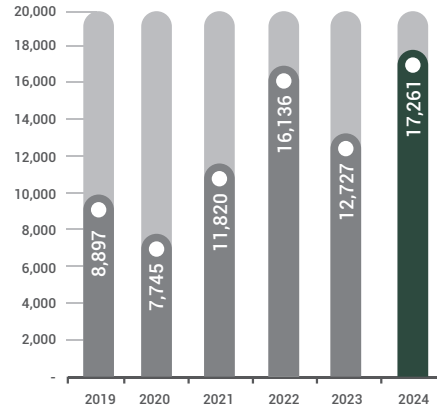
# GRAPHICAL PRESENTATION



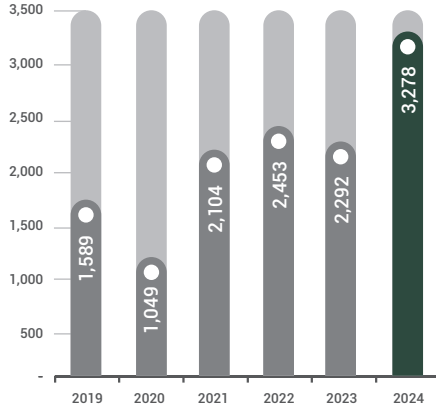
**Net Sales Revenue**  
(Rs. in Millions)



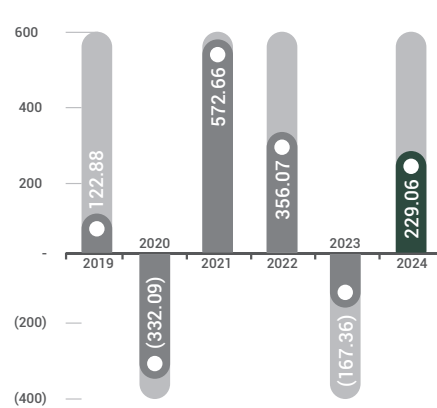
**Cost of Sales**  
(Rs. in Millions)



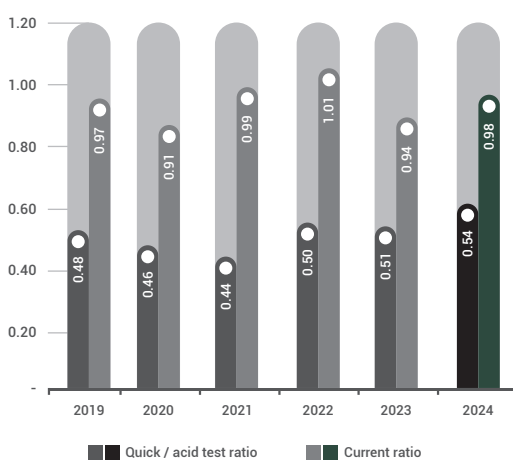
**Gross Profit**  
(Rs. in Millions)



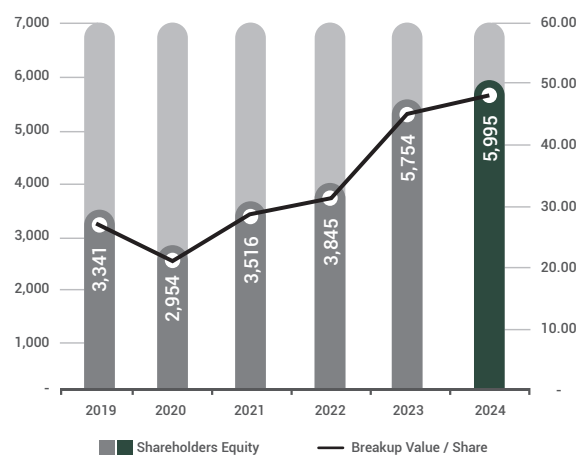
**Net Profit**  
(Rs. in Millions)



**Liquidity Ratio**  
(In Times)



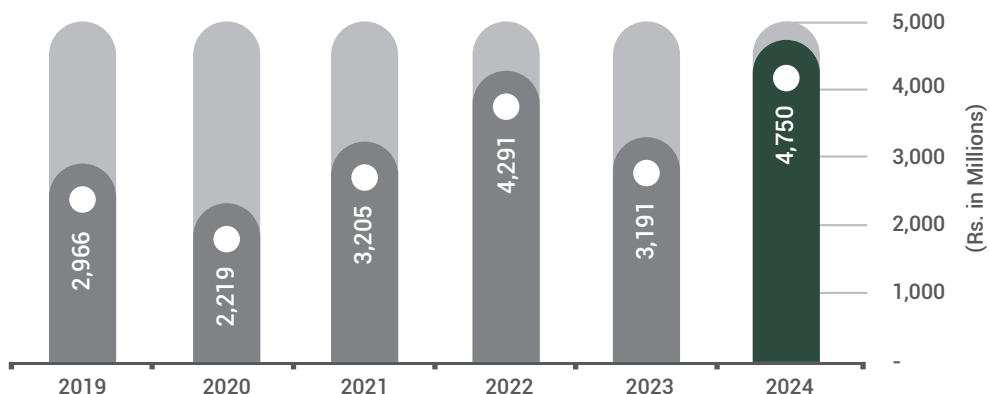
**Shareholders Equity**  
(Rs. in Millions) (Rupees)



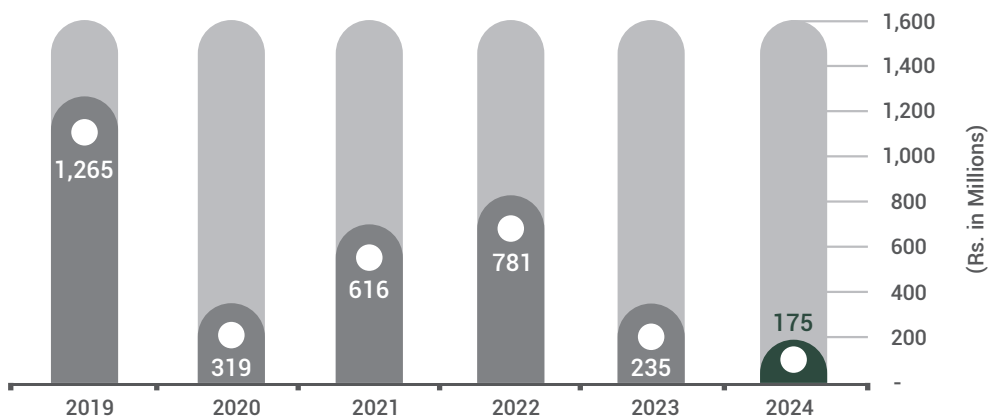


# GRAPHICAL PRESENTATION

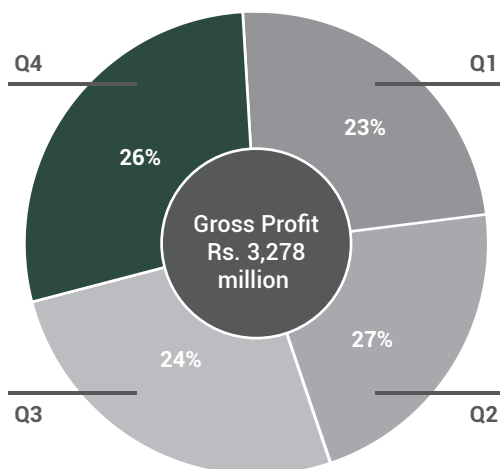
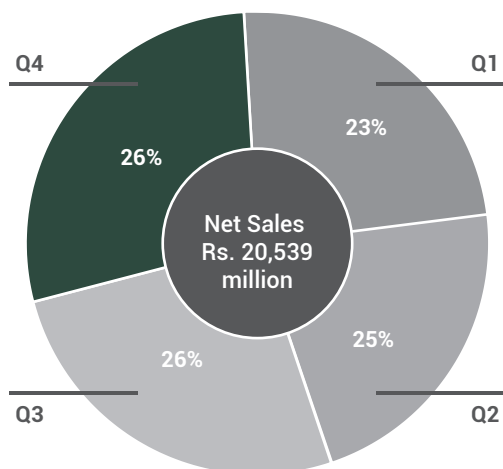
## Contribution to National Exchequer



## Capital Expenditure



## QUARTERLY PERFORMANCE ANALYSIS

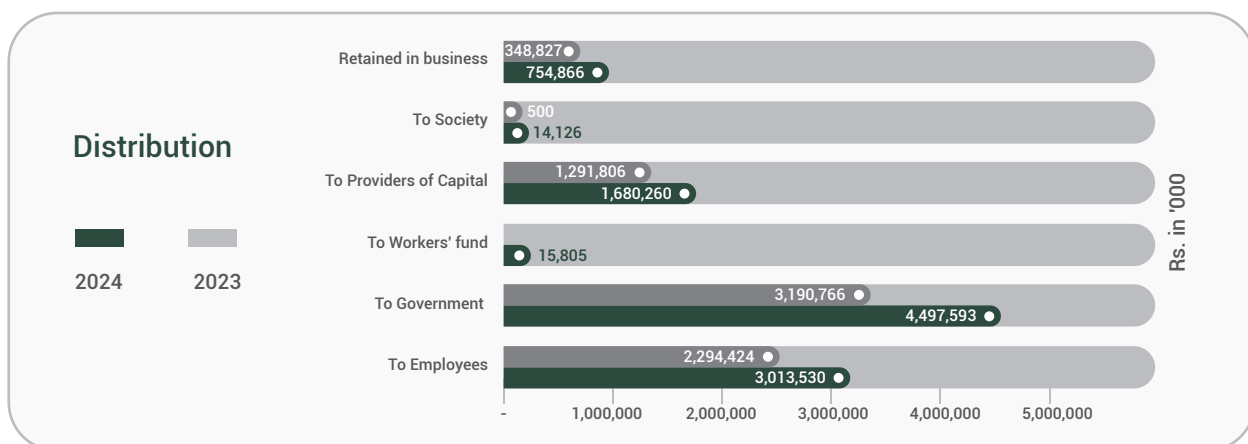


# STATEMENT OF VALUE ADDITION

For the year ended June 30, 2024



	2024		2023	
	Rupees in '000	%age	Rupees in '000	%age
<b>Value addition</b>				
Net sales including sales tax	24,412,254		17,753,591	
Other income including share of profit of an associated company	146,210		99,312	
Cost of materials and services	(14,582,284)		(10,726,580)	
	<b>9,976,180</b>	100	<b>7,126,323</b>	100
<b>Value distribution</b>				
<b>To Employees</b>				
Salaries, wages, benefits and staff welfare	3,013,530	30.21	2,294,424	32.20
<b>To Government</b>				
Income tax	352,512	3.53	243,831	3.42
Sales tax, excise and other duties	4,145,081	41.55	2,946,935	41.35
<b>To Workers' fund</b>				
Workers' profit participation fund	11,453	0.12	-	-
Workers' welfare fund	4,352	0.04	-	-
<b>To Providers of Capital</b>				
Mark up/ interest on borrowed money	1,680,260	16.84	1,291,806	18.13
<b>To Society</b>				
Donations	14,126	0.14	500	0.01
<b>Retained in business</b>				
Depreciation and Amortisation	525,806	5.27	516,191	7.24
Retained (Loss) / profit	229,060	2.30	(167,364)	(2.35)
	<b>9,976,180</b>	100	<b>7,126,323</b>	100



# DURABILITY

Our expertise lies in crafting tyres that excel across diverse terrains. Engineered for superior grip and lasting durability, GTR tyres promise an optimal balance of handling, extended tread life, and reduced rolling resistance. We're not just ensuring safety on wheels; we're making every journey a step closer to your dreams.







DRIVE  
**PAKISTAN**  
*Dil se*



# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Ghandhara Tyre and Rubber Company Limited  
Year Ending: June 30, 2024

This statement is being presented in compliance with the Code of Corporate Governance for Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are ten (10) as per the following:
  - a) Male : Nine(9)
  - b) Female : One (1)
  
2. The Company ensures representation of independent non-executive directors and directors representing minority on its Board of Directors. The composition of the Board is as follow:

Category	Names
Chairman BOD	Lt Gen (R) Ali Kuli Khan Khattak
Non-Executive Directors	Mr. Ahmad Kuli Khan Khattak Mr. Muhammad Kuli Khan Khattak Mr. Manzoor Ahmed Mr. Naeem A. Sattar Mr. Atif Anwar
Independent Directors	Syed Ahmad Iqbal Ashraf Mr. Ikram-ul-Majeed Sehgal Mrs. Nazia Qureshi
Executive Director	Mr. Hussain Kuli Khan - (CEO)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
  
4. 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 procedure;
  
5. The Board had 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;

6. 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;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and Regulations;
9. At present ten (10) directors on the Board. Wherein, the following (8) directors have acquired the Directors' Training Program (DTP) Certification from SECP approved institutions, and they are fully aware of their duties and responsibilities namely:

Syed Ahmad Iqbal Ashraf  
 Mr. Ikram-ul-Majeed Sehgal  
 Mrs. Nazia Qureshi  
 Mr. Manzoor Ahmed  
 Mr. Atif Anwar  
 Mr. Muhammad Kuli Khan Khattak  
 Mr. Naeem A. Sattar  
 Mr. Hussain Kuli Khan

Whereas, two (2) directors are exempted from DTP Certifications due to fulfilling the requirements of having a minimum of 14 years of education and 15 years of experience on the Board of a listed company.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, new Company Secretary, who meets the requisite qualifications and experience as prescribed by The Companies Regulation, 2024, was appointed on June 3, 2024.
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):**

<b>Board Audit Committee (BAC):</b>	
Syed Ahmad Iqbal Ashraf	Chairman
Lt Gen (R) Ali Kuli Khan Khattak	Member
Mr. Ahmad Kuli Khan Khattak	Member
Mr. Manzoor Ahmed	Member
Mr. Naeem Sattar	Member

**b) Board Human Resource & Remuneration Committee (BHR&RC):**

Name of Member	Category
Mr. Ikram-ul-Majeed Sehgal	Chairman
Lt Gen (R) Ali Kuli Khan Khattak	Member
Mr. Ahmad Kuli Khan Khattak	Member
Mr. Manzoor Ahmed	Member
Mrs. Nazia Qureshi	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 sub committees (quarterly / half yearly / yearly) were as following:
- Board Audit Committee: Eight (8) meetings were held during the year ended June 30, 2024.
  - Board Human Resource and Remuneration Committee: Six (6) meetings were held during the year ended June 30, 2024.
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure 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 guideline in this regard;
18. We confirm that all requirement of regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirement, other than 3,6,7,8,27,32,33 and 36 are below:

Sr. No	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the human resource and remuneration committee.	29(1)
2	<b>Risk Management Committee</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the board has not constituted a separately risk management committee and the audit committee performs the requisite functions and apprises the Board accordingly.	30(1)
3	<b>Disclosure of significant policies on website</b> The company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committee on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	<b>Representation of Minority Shareholders</b> The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No nomination was received to contest election as director representing minority shareholders.	5
5	Role of the Board and its members to address Sustainability Risks and Opportunities	As the amendment introduced on June 12, 2024, the Company is in process of analyzing and in due course will take an active approach to built transparent approach to sustainability, Risk and opportunities as described in these amendments.	10 A



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

Karachi  
 Dated: September 4, 2024



**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF  
GHANDHARA TYRE AND RUBBER COMPANY 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Ghandhara Tyre and Rubber Company Limited** (the Company) for the year ended June 30, 2024, 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 sufficient 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 requires 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, 2024.

*Shinewing Hameed Chaudhri & Co.*  
SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
KARACHI; 20 SEP 2024

UDIN: CR2024101051dZmfAMPh

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
GHANDHARA TYRE AND RUBBER COMPANY LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **Ghandhara Tyre and Rubber Company Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, 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, 2024 and of the profit 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.





**S.No. Key Audit Matter**

**How the matter was addressed in our audit**

**1. Contingencies**

Refer notes 18.1.3 to 18.1.18 to the financial statements which describes various tax related litigations pending before taxation authorities and Courts of law, the ultimate outcome of which cannot presently be determined. Management has engaged independent legal consultants on these matters. We identified this area as a key audit matter due to the magnitude of amount involved, inherent uncertainties with respect to the outcome of matters and significance of these contingencies in relation to Company's financial statements.

We performed following audit procedures in respect of this area:

Obtained and discussed documents relating to these litigations with the relevant department to understand the management's view point and obtained management's assessment regarding their implications on the Company;

Examined legal expense to assess any litigations or claims which may result in material misstatement of the financial statements;

Circularised and assessed confirmations from the Company's external legal and tax advisors for their views on the pending matters;

Involved internal tax expert to assess managements' conclusion on contingent tax matters, and

We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

**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 Company's Annual Report, but does not include the financial statements and our auditors' 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.

**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.
- 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

*Shinewing Hameed Chaudhri & Co.*  
SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
KARACHI; 20 SEP 2024  
UDIN: AR202410105BJLYcgDvU

# FINANCIAL STATEMENTS 2024



# QUALITY

As Pakistan's premier tyre manufacturer, our commitment to quality is unwavering. GTR's legacy is built upon harnessing top-tier materials, ensuring an unmatched driving experience. Our dedication to excellence is reflected in our esteemed ISO Certifications: 9001, 14001, and 45001.







DRIVE  
**PAKISTAN**  
*Dil se*



# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

		2024	2023
	Note	--- Rupees in '000 ---	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
125,000,000 (2023: 125,000,000) ordinary shares of Rs 10 each		1,250,000	1,250,000
Issued, subscribed and paid-up share capital	7.1	1,219,334	1,219,334
<b>Revenue reserve</b>			
Un-appropriated profit		1,302,223	1,060,795
<b>Capital reserve</b>			
Reserve for capital expenditure	7.3	1,000,000	1,000,000
Surplus on revaluation of leasehold lands	7.4	2,473,748	2,473,748
		3,473,748	3,473,748
<b>TOTAL EQUITY</b>		5,995,305	5,753,877
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Long term finances	8	382,709	555,592
Staff benefits	9	533,723	486,964
Deferred liabilities	10	116,803	157,402
Long term deposits from dealers	11	13,230	11,630
Deferred tax - net	12	46,121	48,756
		1,092,586	1,260,344
<b>CURRENT LIABILITIES</b>			
Current maturity of long term finances	8	205,563	273,579
Current maturity of deferred liabilities	10	37,441	38,549
Short term finances	13	2,004,431	1,824,575
Running finances under mark-up arrangements	14	4,673,327	4,426,247
Trade and other payables	15	3,654,800	3,619,653
Unclaimed dividend		19,367	19,332
Accrued mark-up	16	388,060	375,397
Provisions	17	777,225	682,953
		11,760,214	11,260,285
<b>TOTAL LIABILITIES</b>		12,852,800	12,520,629
<b>TOTAL EQUITY AND LIABILITIES</b>		18,848,105	18,274,506
Contingencies and commitments	18		

The annexed notes from 1 to 50 form an integral part of these financial statements.



Hussain Kuli Khan  
Chief Executive



Naeem A. Sattar  
Director



Siraj A. Lawai  
Chief Financial Officer

**STATEMENT OF FINANCIAL POSITION**  
AS AT JUNE 30, 2024



	Note	2024	2023
--- Rupees in '000 ---			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	19	7,318,151	7,682,381
Intangible assets	20	1,621	2,335
Investment in an associated company	21	33,772	24,902
Long term loans and advances	22	4,793	4,987
Long term deposits	23	19,435	19,468
		<b>7,377,772</b>	<b>7,734,073</b>
<b>CURRENT ASSETS</b>			
Stores and spares	24	814,490	759,907
Stocks	25	5,078,079	4,811,895
Trade debts	26	3,693,470	2,941,341
Loans and advances	27	113,475	144,480
Deposits and prepayments	28	38,045	50,614
Other receivables	29	257,974	208,912
Taxation - net		1,250,365	1,483,609
Cash and bank balances	30	224,435	139,675
		<b>11,470,333</b>	<b>10,540,433</b>
<b>TOTAL ASSETS</b>		<b>18,848,105</b>	<b>18,274,506</b>

The annexed notes from 1 to 50 form an integral part of these financial statements.

Hussain Kuli Khan  
Chief Executive

Naeem A. Sattar  
Director

Siraj A. Lawai  
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
	Note	--- Rupees in '000 ---	
Sales - net	31	20,538,570	15,018,659
Cost of sales	32	(17,260,660)	(12,726,992)
<b>Gross profit</b>		<b>3,277,910</b>	2,291,667
Administrative expenses	33	(409,268)	(312,089)
Distribution cost	34	(808,987)	(626,172)
Other income	35	145,163	100,328
Other expenses	36	(29,931)	(354,530)
<b>Profit from operations</b>		<b>2,174,887</b>	1,099,204
Finance cost	37	(1,680,260)	(1,291,806)
		<b>494,627</b>	(192,602)
Share of profit / (loss) of an associated company	21	1,047	(1,016)
<b>Profit / (loss) before income taxation, revenue and final taxes</b>		<b>495,674</b>	(193,618)
Final taxes	38.1	(2,893)	(2,190)
Revenue tax	38.2	(73,098)	(183,940)
<b>Profit / (loss) before income taxation</b>		<b>419,683</b>	(379,748)
Taxation (charge) / reversal	38.3	(190,623)	212,384
<b>Profit / (loss) for the year</b>		<b>229,060</b>	(167,364)
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Staff retirement gratuity re-measurement - net	9.1.8	9,384	(33,287)
Share of other comprehensive income of an associated company		7,823	-
Impact of deferred tax		(4,839)	2,047
		<b>12,368</b>	(31,240)
Surplus on revaluation of leasehold lands	7.4	-	2,473,748
Other comprehensive income for the year		<b>12,368</b>	2,442,508
<b>Total comprehensive income for the year</b>		<b>241,428</b>	2,275,144
----- Rupees -----			
<b>Earnings / (Loss) per share</b> - basic and diluted	39	<b>1.88</b>	(1.37)

The annexed notes from 1 to 50 form an integral part of these financial statements.



Hussain Kuli Khan  
Chief Executive



Naeem A. Sattar  
Director



Siraj A. Lawai  
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED JUNE 30, 2024



	Capital Reserve			Revenue Reserve	Total
	Issued, subscribed and paid-up share capital	Reserve for capital expenditure	Surplus on revaluation of leasehold lands	Unappropriated profit	
----- Rupees in '000 -----					
<b>Balance as at July 1, 2022</b>	<b>1,219,334</b>	<b>1,000,000</b>	<b>-</b>	<b>1,625,199</b>	<b>3,844,533</b>
Transaction with owners, recognised directly in equity					
Final cash dividend for the year ended June 30, 2022 at the rate of Rs. 3 per share	-	-	-	(365,800)	(365,800)
Total comprehensive income for the year ended June 30, 2023					
Loss for the year	-	-	-	(167,364)	(167,364)
Other comprehensive income / (loss)	-	-	2,473,748	(31,240)	2,442,508
	-	-	2,473,748	(198,604)	2,275,144
<b>Balance as at June 30, 2023</b>	<b>1,219,334</b>	<b>1,000,000</b>	<b>2,473,748</b>	<b>1,060,795</b>	<b>5,753,877</b>
Total comprehensive income for the year ended June 30, 2024					
Profit for the year	-	-	-	229,060	229,060
Other comprehensive income	-	-	-	12,368	12,368
	-	-	-	241,428	241,428
<b>Balance as at June 30, 2024</b>	<b>1,219,334</b>	<b>1,000,000</b>	<b>2,473,748</b>	<b>1,302,223</b>	<b>5,995,305</b>

The annexed notes from 1 to 50 form an integral part of these financial statements.

Hussain Kuli Khan  
Chief Executive

Naeem A. Sattar  
Director

Siraj A. Lawai  
Chief Financial Officer

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
	Note	--- Rupees in '000 ---	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	40	1,891,362	2,141,101
Staff retirement gratuity paid	9.1.5	(90,121)	(74,827)
Compensated absences paid	9.2	(7,348)	(6,917)
Long term deposits from dealers - net		1,600	1,260
Finance cost paid		(1,667,597)	(1,095,118)
Taxes paid - net		(40,844)	(243,832)
Long term loans and advances - net		194	5,521
Long term deposits - net		33	(42)
Profit on bank deposits received		1,865	1,249
<b>Net cash generated from operating activities</b>		<b>89,144</b>	<b>728,395</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(174,633)	(233,315)
Purchase of intangible assets		(651)	(2,158)
Proceeds from sale of operating fixed assets		26,535	12,046
<b>Net cash used in investing activities</b>		<b>(148,749)</b>	<b>(223,427)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance - repaid	8.4	(282,606)	(489,801)
Lease rental paid - net		-	(2,613)
Short term finances - net		179,856	(1,166,452)
Dividend adjusted / (paid)		35	(365,930)
<b>Net cash used in financing activities</b>		<b>(102,715)</b>	<b>(2,024,796)</b>
Net decrease in cash and cash equivalents		(162,320)	(1,519,828)
Cash and cash equivalents - at beginning of the year		(4,286,572)	(2,766,744)
<b>Cash and cash equivalents - at end of the year</b>	<b>41</b>	<b>(4,448,892)</b>	<b>(4,286,572)</b>

The annexed notes from 1 to 50 form an integral part of these financial statements.



Hussain Kuli Khan  
Chief Executive



Naeem A. Sattar  
Director



Siraj A. Lawai  
Chief Financial Officer

**1. LEGAL STATUS AND OPERATIONS**

**1.1** Ghandhara Tyre and Rubber Company Limited (the Company) (formerly The General Tyre and Rubber Company of Pakistan Limited) 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. The Company's shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi with regional offices at Lahore, Multan and Islamabad. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.

**2. BASIS OF PREPARATION**

**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 (the Act) ;
- 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.

**3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

**3.1 Standards, amendments to approved accounting standards effective in current year**

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2023:

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

**(a) IAS 1 Disclosure of accounting policies** **Effective date: January 1, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

**(b) IAS 8 Definition of accounting estimates** **Effective date: January 1, 2023**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

**(c) IAS 12 Deferred tax** **Effective date: January 1, 2023**

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2023 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

### **3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2023 and have not been early adopted by the Company:

**(a) IAS 1 Classification of liabilities as current or non current** **Effective date: January 1, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance



and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

**(b) IAS 21 Lack of exchangeability**

**Effective date: January 1, 2024**

Amendments to IAS 21 'The effects of Changes in Foreign Exchange Rates' address situations where a currency may lack exchangeability, often due to government-imposed controls. In such cases, companies must estimate a spot exchange rate reflecting orderly transactions at the measurement date. The amendments provide flexibility, allowing the use of observable rates without adjustment or other estimation techniques, provided they meet the estimation objective. The assessment considers factors like the availability of multiple rates, purpose, nature, and update frequency. The amendments requires new disclosures, including the nature and financial impact of non-exchangeability, the spot exchange rate used, the estimation process, and associated risks.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

**4. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

**4.1 Staff retirement benefits**

**4.1.1 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 gratuity plan is fully funded by the Company.

The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in determining defined benefit liability. Employees are not required to contribute to the plan.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

### 4.1.2 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.

### 4.1.3 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.

## 4.2 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.

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.

### **4.3 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.

### **4.4 Property, plant and equipment**

#### **4.4.1 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 revalued amount as stated in note 7.4 of these financial statements. 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 19.1.

Depreciation on additions is charged from the month following the month in which an asset is available for use and on deletions upto the date of 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 THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Any surplus on revaluation of fixed assets is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

Any decrease in carrying amount arising on the revaluation of fixed assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on fixed assets relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders.

### **4.4.2 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.

### **4.5 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 20.

Amortisation on additions is charged from the month following in which an asset is available for 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.

### **4.6 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.

#### **4.7 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.

#### **4.8 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.

#### **4.9 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 4.10 Financial assets and financial liabilities

##### (a) 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.

##### (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.

**(b) 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.

**4.11 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.

**4.12 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. For other financial assets, the Company follows general approach to determine impairment under IFRS 9. The Company considers a financial asset in default risk when contractual payments are 90 days past due.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### (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.

### 4.13 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.

### 4.14 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. The payment terms for customers varies for different class of customers and normally ranges from advance payments to credit period mutually agreed.

(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.

### 4.15 Government grant

Government grants are recognised where there is a reasonable expectation that the grant will be received and the attached conditions will be complied with. It is recognised as income on a systematic basis over the periods in which the related cost, for which it is intended to compensate is recorded.



#### **4.16 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.

#### **4.17 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.

#### **4.18 Provisions 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 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

### **5. SUMMARY OF OTHER ACCOUNTING POLICIES**

#### **5.1 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.

#### **5.2 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.

#### **5.3 Dividend and appropriation to reserves**

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

### **6. 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) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 4.1 and 9.1];
- (ii) Estimates of current and deferred tax [note 4.2]
- (iii) Estimated useful life of property, plant and equipment and intangible assets [notes 4.4 and 4.5]
- (iv) Provision for slow moving inventories [notes 4.7 and 4.8];
- (v) Estimation of expected credit losses for trade receivables [note 4.12]
- (vi) Provision for tyre replacement allowance [note 4.17]
- (vii) Provisions and contingent liabilities [Note 4.18]

## 7. SHARE CAPITAL AND RESERVES

### 7.1 Issued, subscribed and paid-up share capital

2024		2023		2024		2023	
--- 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	114,613,350	Ordinary shares of Rs 10 each issued as fully paid bonus shares		1,146,134		1,146,134	
<b>121,933,350</b>	<b>121,933,350</b>			<b>1,219,334</b>		<b>1,219,334</b>	

#### 7.1.1 Ordinary shares held by the associated companies as at June 30,

Bibojee Services (Private) Limited

Pakistan Kuwait Investment Company (Private) Limited

2024		2023	
--- Number of shares ---			
33,881,772		33,881,772	
36,579,835		36,579,835	
<b>70,461,607</b>		<b>70,461,607</b>	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**7.2** The Company has one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.

### **7.3 Capital reserve**

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

### **7.4 Surplus on revaluation of leasehold lands**

The Company during the preceding year had changed the accounting policy related to valuation of leasehold lands from cost to revaluation model and consequently revalued its leasehold lands located at H-23/2, Landhi Industrial and Trading Estate, Karachi and B-30, Sindh Industrial Trading Estate (SITE), Sukkur. The revaluations were conducted by M/s. Joseph Lobo (Private) Limited (independent valuers and consultants) as at June 26, 2023. These revaluations resulted in a net surplus of Rs.2,473.75 million. Forced sale value of these lands at the time of revaluations were Rs. 1,884.9 million. Leasehold lands were revalued on the basis of current market values. The most significant input into the valuation approach was price per acre for land.

8. LONG TERM FINANCES - Secured	Note	2024	2023
		--- Rupees in '000 ---	
From banking companies			
- <b>Conventional</b>			
Term finance facility	8.1	72,380	217,140
Temporary economic refinance facility	8.2	350,939	395,384
- <b>Shariah compliant</b>			
Islamic temporary economic refinance facility	8.3	319,197	412,598
	8.4	742,516	1,025,122
Less grouped under:			
Current liabilities		(205,563)	(273,579)
Deferred income - Government grant	10	(154,244)	(195,951)
		<b>382,709</b>	<b>555,592</b>

**8.1** In order to finance the Company's on-going budgeted capital expenditure requirement, the Company obtained a term finance facility of Rs. 850 million from MCB Bank Limited. The 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. The Company during the year has repaid Rs 144.76 million.



**8.2** The Company obtained a long term financing facility from Bank Alfalah Limited under State Bank of Pakistan's (SBP) Refinance Scheme for Temporary Economic Refinance Facility ('TERF'), recognised initially at fair value. The total facility available amounts to Rs. 400 million. The loan is repayable in ten years including one years grace period for principal repayments (principal repayments on semi-annual basis whereas markup servicing on quarterly basis). The said facility 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. 533.33 million. The Company during the year has repaid Rs 44.44 million.

**8.3** This represents long term financing facility obtained from Faysal Bank Limited under State Bank of Pakistan's (SBP) Refinance Scheme for Islamic Temporary Economic Refinance Facility ('ITERF'), recognised initially at fair value. The total facility available amounts to Rs. 444 million. The balance is repayable in 20 equal quarterly instalments after a grace period of two years from the date of each disbursement. The said facility 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. 592 million. The Company during the year has repaid Rs 93.4 million.

**8.4** Following are the changes in the long term finances:

		2024	2023
	Note	--- Rupees in '000 ---	
Balance at beginning of the year		1,025,122	1,514,923
Repayments		(282,606)	(489,801)
Balance at the end of the year		742,516	1,025,122
<b>9. STAFF BENEFITS</b>			
Staff retirement gratuity	9.1	444,564	411,145
Employees compensated absences	9.2	89,159	75,819
		533,723	486,964

### **9.1 Staff retirement gratuity**

**9.1.1** As stated in note 4.1.1, 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.

**9.1.2** Plan assets held in trust are governed by local regulations which mainly include the Sindh Trust Act, 2020, the Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust Deed of the Plan. The Board of Trustees are responsible for the governance of the plan assets, including investment decisions and contributions schedules. The Company appoints the trustees and all trustees are employees of the Company.

**9.1.3** The latest actuarial valuations of the schemes as at June 30, 2024 was carried out by an external actuary, using the 'Projected Unit Credit Method'. Details of the schemes as per the actuarial valuations are as follows:

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

Funded		Unfunded		Total	
2024	2023	2024	2023	2024	2023

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

**9.1.4 Balance sheet reconciliation**

Present value of defined benefit obligation - note 9.1.5	<b>262,310</b>	227,545	<b>514,079</b>	452,450	<b>776,389</b>	679,995
Fair value of plan assets - note 9.1.6	<b>(232,186)</b>	(160,805)	-	-	<b>(232,186)</b>	(160,805)
Liability at end of the year	<b>30,124</b>	66,740	<b>514,079</b>	452,450	<b>544,203</b>	519,190
Payable within next twelve months (note 15)	<b>(31,196)</b>	(43,473)	<b>(68,443)</b>	(64,572)	<b>(99,639)</b>	(108,045)
	<b>(1,072)</b>	23,267	<b>445,636</b>	387,878	<b>444,564</b>	411,145

**9.1.5 Movement in the present value of defined benefit obligation**

Balance at the beginning of the year	<b>227,545</b>	183,025	<b>452,450</b>	417,219	<b>679,995</b>	600,244
Current service cost	<b>16,424</b>	15,575	<b>31,047</b>	28,863	<b>47,471</b>	44,438
Interest cost	<b>34,037</b>	19,907	<b>70,143</b>	49,539	<b>104,180</b>	69,446
Benefits paid	<b>(36,171)</b>	(43,474)	<b>(41,621)</b>	(28,295)	<b>(77,792)</b>	(71,769)
Re-measurement on obligation	<b>9,457</b>	31,432	<b>13,078</b>	6,204	<b>22,535</b>	37,636
Transferred to managerial cadre	<b>11,018</b>	21,080	<b>(11,018)</b>	(21,080)	-	-
Balance at the end of the year	<b>262,310</b>	227,545	<b>514,079</b>	452,450	<b>776,389</b>	679,995

**9.1.6 Movement in the fair value of plan assets**

Balance at beginning of the year	<b>160,805</b>	136,491	-	-	<b>160,805</b>	136,491
Interest income	<b>27,133</b>	16,907	-	-	<b>27,133</b>	16,907
Contributions	<b>48,500</b>	46,532	-	-	<b>48,500</b>	46,532
Benefits paid	<b>(36,171)</b>	(43,474)	-	-	<b>(36,171)</b>	(43,474)
Re-measurement	<b>31,919</b>	4,349	-	-	<b>31,919</b>	4,349
Balance at the end of the year	<b>232,186</b>	160,805	-	-	<b>232,186</b>	160,805

	Funded		Unfunded		Total	
	2024	2023	2024	2023	2024	2023
----- Rupees in '000 -----						
<b>9.1.7 Charge for the year</b>						
Current service cost	16,424	15,575	31,047	28,863	47,471	44,438
Net interest cost	6,904	3,000	70,143	49,539	77,047	52,539
	<b>23,328</b>	<b>18,575</b>	<b>101,190</b>	<b>78,402</b>	<b>124,518</b>	<b>96,977</b>
<b>9.1.8 Re-measurement recognised in other comprehensive income</b>						
Re-measurement loss on obligation	9,457	31,432	13,078	6,204	22,535	37,636
Re-measurement gain on fair value of plan assets	(31,919)	(4,349)	-	-	(31,919)	(4,349)
	<b>(22,462)</b>	<b>27,083</b>	<b>13,078</b>	<b>6,204</b>	<b>(9,384)</b>	<b>33,287</b>
<b>9.1.9 Net recognised liability</b>						
Net liability at beginning of the year	66,740	46,534	452,450	417,219	519,190	463,753
Charge for the year	23,328	18,575	101,190	78,402	124,518	96,977
Benefits paid during the year	-	-	(41,621)	(28,295)	(41,621)	(28,295)
Contributions made during the year	(48,500)	(46,532)	-	-	(48,500)	(46,532)
Transferred to managerial cadre	11,018	21,080	(11,018)	(21,080)	-	-
Re-measurement recognised in other comprehensive income	(22,462)	27,083	13,078	6,204	(9,384)	33,287
Net liability at the end of the year	30,124	66,740	514,079	452,450	544,203	519,190
Payable within next twelve months	(31,196)	(43,473)	(68,443)	(64,572)	(99,639)	(108,045)
	<b>(1,072)</b>	<b>23,267</b>	<b>445,636</b>	<b>387,878</b>	<b>444,564</b>	<b>411,145</b>
<b>9.1.10 Plan assets comprise of:</b>						
Equity instruments - Quoted	70,120	36,908	-	-	70,120	36,908
T-bills / term deposit receipts	154,140	110,300	-	-	154,140	110,300
Cash at bank	7,926	13,597	-	-	7,926	13,597
	<b>232,186</b>	<b>160,805</b>	<b>-</b>	<b>-</b>	<b>232,186</b>	<b>160,805</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Funded		Unfunded	
	2024	2023	2024	2023
	----- % per anum -----			
<b>9.1.11 Actuarial assumptions used</b>				
Discount rate	14.75	16.25	14.75	16.25
Expected rate of increase in future salaries	14.75	16.25	14.75	16.25
Demographic assumptions - Mortality rates	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)
-Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

### 9.1.12 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%	(44,247)	49,641
Future salaries	1.00%	52,776	(47,810)
Withdrawal rates	10.00%	(1,459)	1,502

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.

**9.1.13** Based on actuary's advice, the expected charge for the year ending June 30, 2025 amounts to Rs 19.704 million and Rs 106.758 million for funded and unfunded gratuity schemes respectively.

**9.1.14** The weighted average duration of funded gratuity and un-funded gratuity is 5.41 and 6.37 years respectively.



### 9.1.15 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.

9.2	Employees compensated absences	Note	2024	2023
			--- Rupees in '000 ---	
	Balance at beginning of the year		84,507	69,874
	Charge for the year		20,001	21,550
	Encashed during the year		(7,348)	(6,917)
	Balance at the end of the year		97,160	84,507
	Payable within next twelve months		(8,001)	(8,688)
			<b>89,159</b>	<b>75,819</b>
<b>10.</b>	<b>DEFERRED LIABILITIES</b>			
	Deferred income - Government grant	10.1	154,244	195,951
	Current maturities of deferred liabilities		(37,441)	(38,549)
			<b>116,803</b>	<b>157,402</b>

**10.1** This represents deferred government grant recognised in respect of the benefit of below-market interest rate on long term finances as referred to in note 8. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans.

### 11. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

**12. DEFERRED TAXATION**

**2024**      **2023**  
--- Rupees in '000 ---

**Taxable temporary difference**

- accelerated tax depreciation allowance

**828,121**      749,539

**Deductible temporary difference**

- provision for expected credit loss  
- provision for doubtful custom duty rebates recoverable  
- provision for staff benefits  
- interest payable on custom duties  
- provision for tyre replacement allowance  
- minimum taxes  
- un-absorbed tax depreciation  
- others

<b>(24,216)</b>	(17,522)
<b>(33,434)</b>	(29,820)
<b>(190,209)</b>	(177,196)
<b>(11,075)</b>	(9,878)
<b>(47,038)</b>	(38,193)
<b>(259,287)</b>	(225,807)
<b>(214,678)</b>	(195,183)
<b>(2,063)</b>	(7,184)
<b>(782,000)</b>	(700,783)
<b>46,121</b>	48,756

**12.1** The Company has recognised deferred tax asset on minimum turnover tax amounting to Rs.259,287 million (2023: Rs: 225.807 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.

**13. SHORT TERM FINANCES - Secured**

**2024**      **2023**  
--- Rupees in '000 ---

Conventional

**335,627**      225,000

Shariah Compliant

**1,668,804**      1,599,575

**2,004,431**      1,824,575

**13.1** Short term finance facilities available from commercial and islamic banks aggregate Rs. 2,100 million (2023: Rs 1,825 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 range from KIBOR plus 0.65% to KIBOR plus 1% per annum. These facilities are expiring on various dates upto January 31, 2025.

**14. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured**

**Note**

**2024**      **2023**  
--- Rupees in '000 ---

Conventional

**4,673,327**      4,244,761

Shariah Compliant

-      181,486

**14.1**

**4,673,327**      4,426,247

- 14.1** The Company has arranged running finance facilities from commercial and islamic banks on mark-up basis to the extent of Rs 5,451 million (2023: Rs 5,575 million). The rates of mark-up on these arrangements range from KIBOR plus 0.50% to KIBOR plus 1.0% 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 January 31, 2025.
- 14.2** The facilities for opening letters of credit and guarantees as at June 30, 2024 aggregated Rs. 5,972 million (2023: Rs 5,200 million) of which the amount remaining unutilised at the year-end was Rs. 3,265.814 million (2023: Rs 2,492.4 million).

15.	TRADE AND OTHER PAYABLES	Note	2024	2023
			--- Rupees in '000 ---	
	Trade creditors		788,929	541,245
	Bills payable		1,292,909	1,999,819
	Accrued expenses		885,849	520,321
	Royalty fee payable		256,001	187,569
	Advances from customers	15.1	85,948	59,610
	Staff provident fund payable		7,064	5,264
	Staff retirement gratuity	9.1.4	99,639	108,045
	Short term deposits		2,946	1,106
	Workers' profits participation fund payable	15.2	11,453	-
	Workers' welfare fund payable		4,352	-
	Payable to Waqf-e-Kuli Khan		5,726	-
	Interest payable on custom duties	15.3 & 15.4	29,933	29,933
	Sales tax payable		121,967	115,154
	Others	15.5	62,084	51,587
			<b>3,654,800</b>	<b>3,619,653</b>

- 15.1** Represent advances from customers received against sale of tyres and tubes in the ordinary course of business. The advances outstanding as at June 30, 2023 amounting to Rs. 57.674 million have been fully recognized as revenue during the current year.

15.2	Workers' profits participation fund	Note	2024	2023
			--- Rupees in '000 ---	
	Balance at the beginning of the year		-	6,637
	Interest on funds utilised in the Company's business	37	-	258
	Allocation for the year	36	11,453	-
			11,453	258
	Payments made during the year		-	(6,895)
	Balance as at the end of the year		11,453	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**15.3** 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 Appraisalment 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, 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.

**15.4** 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. 4.93 million and Rs 4.07 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 15.3. The management is of the view that the above adjustments aggregating Rs. 13.99 million will be made against the amount of interest payable on custom duties, as more fully explained in note 15.3. However, pending a formal adjustment order, the amount of Rs 13.99 million is shown receivable as 'current account balances with statutory authorities (note 28).



**15.5** Others include vehicle deposits under the Company's vehicle policy aggregating Rs. 13.592 million (2023: Rs. 17.609 million) and withheld income tax payable of Rs. 36.027 million (2023: Rs. 20.524 million).

		2024	2023
		--- Rupees in '000 ---	
<b>16.</b>	<b>ACCRUED MARK-UP</b>		
	Mark-up accrued on:		
	Long term finances	8,625	14,334
	Short term finances	98,277	86,337
	Running finances	281,158	274,726
		<b>388,060</b>	<b>375,397</b>
<b>17.</b>	<b>PROVISIONS</b>		
	Provision for tyre replacement allowance	127,130	115,736
	Gas Infrastructure Development Cess (GIDC)	208,778	208,778
	Sindh government infrastructure fee	441,317	358,439
		<b>777,225</b>	<b>682,953</b>
<b>17.1</b>	<b>Provision for tyre replacement allowance</b>		
	Balance at beginning of the year	115,736	82,857
	Charge for the year	94,365	118,109
		<b>210,101</b>	<b>200,966</b>
	Claims paid / adjusted during the year	(82,971)	(85,230)
	Balance at the end of the year	<b>127,130</b>	<b>115,736</b>

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

**17.2** The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 ("GIDC Judgement") declared the Gas Infrastructure Development Cess Act, 2015 ("GIDC Act 2015") as valid and intra vires the Constitution of Pakistan 1973. It further allowed recovery of GIDC that has become due up to July 31, 2020, by the gas company from their consumers in 48 equal monthly installments.

The Company has filed a suit before High Court of Sindh on September 18, 2020 on the grounds that factual determination of the GIDC passed-on is to be carried out, which is pending adjudication. Meanwhile the High Court of Sindh granted the Company an interim stay dated September 19, 2020 restraining the gas companies from taking coercive action against the Company for non-payment of GIDC installments.

The Company has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan in this regard.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**17.3** This represents provision against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001 and later. The levy of infrastructure fee is disputed and various companies had filed appeals before the High Court of Sindh (SHC) and also had obtained stay from the SHC. The SHC, on June 4, 2021, upheld the infrastructure levy by declaring it within competence of provincial legislature. The Company has filed an appeal before the Honourable Supreme Court of Pakistan to challenge this judgement, which is pending adjudication.

### 18. CONTINGENCIES AND COMMITMENTS

#### 18.1 Contingencies

**18.1.1** 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.

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 29).

**18.1.2** 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. 40.627 million (2023: Rs 28.634 million). These cases are pending in various labour courts, appellate tribunals and High Court of Sindh. 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.

**18.1.3** Tax authorities passed orders dated October 18, 2016 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 on May 31, 2017, against the Company. The Company has filed references to the High Court against the order of ATIR.

Further, the Company has deposited Rs 59.575 million against abovementioned demands and has recognised this in other receivables (note 29) as 'Income tax paid under protest'. The Company, based on advise of its legal advisor, 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.

**18.1.4** 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, on August 20, 2018, 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 29) as 'Income tax paid under protest'. The Company, based on the advice of its tax consultant, 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.

**18.1.5** 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 the advice of its legal counsel, is confident that its submissions shall be accepted and has a fair chance of success in the appeal and accordingly no provision has been recognised in these financial statements.

**18.1.6** 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. On May 22, 2018 the concerned officer 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, on May 22, 2019, then 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 tax consultant, 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.

**18.1.7** DCIR through its order dated July 2, 2019 made certain additions / adjustments to the Company's taxable income for the tax year 2018 and reduced refund to Rs.351.368 million from Rs.513.531 million.



The Company has filed an appeal to CIR(A) on July 30, 2019, against the order made by the DCIR, which is pending to date. The Company, based on the advice of its tax consultants, 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.

- 18.1.8** 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 on February 14, 2019, before ATIR against the order of the CIR(A) which is pending for hearing. The Company, based on the advice of its tax consultant, 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.

- 18.1.9** 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. DCIR through its order dated October 31, 2019 and September 23, 2019, passed order for recovery of Rs 2.126 million and 2.917 million including default surcharge and penalty. The Company on, November 20, 2019 filed appeal before the CIR(A) against the said orders, however, hearing in appeal is pending. The Company, based on the advice of its tax consultant, 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.

- 18.1.10** 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 29) 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 tax consultant, 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 THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**18.1.11** 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 on September 13, 2019, against the order dated August 22, 2019 which is pending adjudication before the ATIR. The Company, based on the advice of its tax consultant, 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.

**18.1.12** ACIR through its order dated June 30, 2021, made certain additions and adjustment to the Company's taxable income for the tax year 2015 and raised a demand of Rs.251.402 million. The Company has filed an appeal before the CIR (A) against the above mentioned order.

CIR(A), through its order dated June 15, 2022, has partially granted relief in Company's favour and upheld ACIR decision on disallowance of tax credits and WWF paid under the provincial act. As a result demand has been reduced to Rs.32.842 million.

The Company has filed appeal before ATIR against the disallowance made by CIR(A) which is pending adjudication. The Company, based on the advice of its tax consultant, 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.

**18.1.13** On June 30, 2022, the Company received an order from the DCIR wherein the DCIR raised a demand of Rs.340.094 million, penalty of Rs.17.004 million and default surcharge to be computed at the time of payment. The demand is based on the comparison of the declarations in sales tax returns and income tax returns filed by the Company during tax period July 2016 to June 2017.

The Company filed an appeal before CIR(A) on July 28, 2022 against the above mentioned order, who vide its order dated February 28, 2023 has decided the case in favour of the Company. However, the CIR has filed an appeal before ATIR against order of CIR(A), which is sub-judice before ATIR.

**18.1.14** The Company's case was selected for sales tax audit for tax year 2018. The DCIR passed an order dated September 19, 2022 whereby the DCIR made a demand of Rs.276.047 million and also imposed a penalty of Rs.13.802 million.

The Company has filed an appeal against the said order before CIR(A) which through its order dated May 26, 2023 confirmed the demand of Rs. 9.260 million, deleted the demand of Rs. 60.030 million and remanded back the demand of Rs. 206.759 million for re-examination. The department has filed an appeal against the deletion and remand back before ATIR, which is pending adjudication. The Company, based on the advice of its tax consultant, 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.

**18.1.15** The ADCIR through its order dated April 29, 2023, made certain adjustment to the Company's taxable income for the tax year 2020 and reduced tax refund to Rs. 84.459 million from Rs.387.266 million. The Company on May 25, 2023, has filed an appeal before the CIR (A) against the said order which is pending adjudication. The Company, based on the advice of its tax consultant, 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.

**18.1.16** The ADCIR through its order dated October 16, 2023, made certain adjustment to the Company's taxable income for the tax year 2021 and reduced tax refund to Rs.123.681 million from Rs.345.878 million. The Company on November 8, 2023 has filed an appeal before the CIR (A) against the abovementioned order, which is pending adjudication.

The Company, based on the advice of its tax consultant, 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.

**18.1.17** The Company received certain notices from Pakistan Standards and Quality Control Authority (PSQCA) requiring the Company to submit application for grant of license and certification mark. The Company filed a suit against the notices before Honourable High Court of Sindh seeking declaration and permanent injunction. The Honourable High Court of Sindh on September 06, 2023 granted interim stay and barred PSQCA from taking any coercive action. The main Suit is currently fixed before Additional Registrar for filing of written statements on behalf of PSQCA. The Company based on advice of its legal consultant expects a favourable resolution of this matter.

**18.1.18** The Company's case was selected for sales tax audit for period from July 2018 to June 2019. The DCIR through its order dated June 29, 2024 has raise a demand of Rs.40.041 million. The Company on July 09, 2024 has filed an appeal before ATIR against the said order, which is pending adjudication.

The Company has paid Rs. 37.359 million, per the advice of its tax consultant, in order to avoid any coercive action by the department. The aforementioned amount has been recorded as sales tax paid under protest (note 29). The Company, based on the advice of its tax consultant, is of the view that it has a fair chance of success in the case and accordingly no provision has been recognised in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		--- Rupees in '000 ---	
Note			
18.1.19	Guarantees issued by commercial banks on behalf of the Company	<u>481,921</u>	<u>328,361</u>
18.1.20	Post dated cheques issued to the Collector of customs against duty on imported plant & machinery, raw materials and stores & spares	<u>41,928</u>	<u>41,928</u>
18.2	<b>Commitments</b>		
	<b>In respect of:</b>		
	Letters of credit for capital expenditure	<u>42,068</u>	<u>12,719</u>
	Letters of credit for purchase of raw materials and stores & spares	<u>2,181,997</u>	<u>2,366,535</u>
	Purchase orders issued to local suppliers for capital expenditure	<u>136,043</u>	<u>136,978</u>
	Sales contracts entered into by the Company	<u>301,120</u>	<u>379,045</u>
	Tentative schedules for supply of tyre	<u>2,485,107</u>	<u>2,019,414</u>
19.	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	19.1 <u>7,137,840</u>	7,434,108
	Capital work-in-progress	19.7 <u>180,311</u>	248,273
		<u>7,318,151</u>	<u>7,682,381</u>



### 19.1 Operating fixed assets

	Leasehold land	Buildings on leasehold land	Electrical installations	Plant & machinery	Boilers and accessories	Laboratory equipment	Moulds	Vehicles	Furniture and fixtures	Factory and office equipment	Computer equipment	Total
----- Rupees in '000 -----												
<b>At July 1, 2022</b>												
Cost	39,452	1,126,049	206,884	6,136,671	460,828	140,299	720,724	369,711	42,419	248,145	79,090	9,570,272
Accumulated depreciation	-	446,910	151,366	2,845,118	236,777	83,995	356,152	230,599	33,616	201,408	74,447	4,660,388
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	39,452	679,139	55,518	3,290,862	224,051	56,304	364,209	139,112	8,803	46,737	4,643	4,908,830
<b>Year ended June 30, 2023</b>												
Transfers from CWIP	-	10,886	2,475	482,349	8,077	-	-	58,075	-	9,394	3,154	574,410
Revaluation (note 7.4)	2,473,748	-	-	-	-	-	-	-	-	-	-	2,473,748
Disposals												
- cost	-	-	-	2,531	-	-	3,827	37,176	-	2,287	668	46,489
- accumulated depreciation	-	-	-	(2,531)	-	-	(3,827)	(28,224)	-	(2,287)	(668)	(37,537)
	-	-	-	-	-	-	-	8,952	-	-	-	8,952
Depreciation charge (note 19.4)	-	49,892	11,497	267,715	40,406	15,399	55,742	52,721	2,722	15,348	2,486	513,928
Closing net book value	2,513,200	640,133	46,496	3,505,496	191,722	40,905	308,467	135,514	6,081	40,783	5,311	7,434,108
<b>At June 30, 2023</b>												
Revaluation / cost	2,513,200	1,136,935	209,359	6,616,489	468,905	140,299	716,897	390,610	42,419	255,252	81,576	12,571,941
Accumulated depreciation	-	496,802	162,863	3,110,302	277,183	99,394	408,067	255,096	36,338	214,469	76,265	5,136,779
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	2,513,200	640,133	46,496	3,505,496	191,722	40,905	308,467	135,514	6,081	40,783	5,311	7,434,108
<b>Year ended June 30, 2024</b>												
Transfers from CWIP	-	12,437	2,947	70,488	24,959	3,506	84,496	15,290	2,310	14,224	11,938	242,595
Disposals												
- cost	-	-	-	-	-	-	-	52,960	-	1,862	178	55,000
- accumulated depreciation	-	-	-	-	-	-	-	(38,604)	-	(1,862)	(110)	(40,576)
	-	-	-	-	-	-	-	14,356	-	-	68	14,424
Depreciation charge (note 19.4)	-	50,668	11,000	286,827	41,820	11,995	57,535	44,876	1,984	15,321	2,413	524,439
Closing net book value	2,513,200	601,902	38,443	3,289,157	174,861	32,416	335,428	91,572	6,407	39,686	14,768	7,137,840
<b>At June 30, 2024</b>												
Revaluation / cost	2,513,200	1,149,372	212,306	6,686,977	493,864	143,805	801,393	352,940	44,729	267,614	93,336	12,759,536
Accumulated depreciation	-	547,470	173,863	3,397,129	319,003	111,389	465,602	261,368	38,322	227,928	78,568	5,620,642
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	2,513,200	601,902	38,443	3,289,157	174,861	32,416	335,428	91,572	6,407	39,686	14,768	7,137,840
Depreciation rate (% per annum)		5	10	5	10	15	10	20	10	15	25	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**19.2** Cost of items of operating fixed assets that are fully depreciated amounted to Rs.1,947.396 million (2023: Rs.1,705.273 million).

**19.3** 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	12,632	6,648

**19.4** Depreciation charge has been allocated as follows:

**Note**

**2024**      **2023**

--- Rupees in '000 ---

Cost of goods manufactured	<b>32.1</b>	<b>482,173</b>	468,246
Administrative expenses	<b>33</b>	<b>10,660</b>	17,027
Distribution cost	<b>34</b>	<b>31,606</b>	28,655
		<b>524,439</b>	<b>513,928</b>

**19.5** Had the operating fixed assets been recognised under the cost model, the carrying amount of leasehold lands would have been Rs. 39.452 million.

**19.6** The details of operating fixed assets disposed off during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to
<small>Assets having net book amount exceeding Rs. 500,000 each</small>							
<b>Vehicles</b>							
Suzuki Swift	3,234	539	2,695	3,234	539	Company policy	Mr. Waseem Siddiqui (Ex - Employee)
Toyota Yaris	2,675	1,025	1,650	1,895	245	Company policy	Mr. Sohail Azim (Ex - Employee)
Toyota Yaris	1,975	790	1,185	1,350	165	Company policy	Mr. Khurram (Ex - Employee)
Toyota Corolla	4,005	1,736	2,269	2,603	334	Company policy	Mr. Mussarat Ahmed (Ex - Employee)
Toyota Corolla	3,375	1,688	1,687	1,969	282	Company policy	Mr. Yasir Ali Qureshi (Ex - Employee)
Honda Civic	3,392	1,639	1,753	2,035	282	Company policy	Mr. Faheem Ahmed Khan (Ex - Employee)
Toyota Corolla	3,375	1,913	1,462	2,391	929	Company policy	Mr. M. Siddiqui Sheikh (Ex - Employee)
Toyota Corolla	3,375	2,025	1,350	2,306	956	Company policy	Mr. Masood Hussain (Ex - Employee)
	<b>25,406</b>	<b>11,355</b>	<b>14,051</b>	<b>17,783</b>	<b>3,732</b>		
<small>Various assets having net amount upto Rs 500,000</small>	29,594	29,221	373	8,752	8,379		
<b>June 30, 2024</b>	<b>55,000</b>	<b>40,576</b>	<b>14,424</b>	<b>26,535</b>	<b>12,111</b>		
June 30, 2023	46,489	37,535	8,954	12,048	3,094		

### 19.7 Capital work-in-progress

	As at July 1, 2023	Additions	Transfers	As at June 30, 2024
----- Rupees in '000 -----				
Buildings	1,824	17,598	12,437	6,985
Electrical installations	4,618	10,458	2,947	12,129
Plant and machinery	69,719	25,428	70,488	24,659
Boilers and accessories	28,485	70,380	24,959	73,906
Moulds	115,726	25,286	84,496	56,516
Vehicles	9,054	6,236	15,290	-
Factory and office equipment	17,519	60	14,224	3,355
Laboratory equipment	-	8,542	3,506	5,036
Computer equipment	1,920	10,018	11,938	-
Furniture and fixtures	1,683	627	2,310	-
	250,548	174,633	242,595	182,586
Provision for a doubtful advance	(2,275)	-	-	(2,275)
	248,273	174,633	242,595	180,311

**19.7.1** Capital work in progress includes Rs.51.418 million (2023: Rs.21.863 million) representing advance payments made to suppliers for procurement of operating fixed assets.

**19.7.2** During the year, the Company has capitalised borrowing costs amounting to Rs: Nil (2023: Rs.21.433 million) on its qualifying assets at the current year's weighted average rate of its general borrowings of Nil (2023: 18.16% per annum).

20. INTANGIBLE ASSETS	Note	2024	2023
--- Rupees in '000 ---			
<b>Cost</b>			
At beginning of the year		85,870	83,712
Additions during the year		651	2,158
At the end of the year	20.1	86,521	85,870
<b>Accumulated amortisation</b>			
At beginning of the year		83,535	82,589
Amortisation charge for the year	20.2	1,365	946
At the end of the year		84,900	83,535
<b>Net book value</b>		1,621	2,335
<b>Amortisation rate (% per annum)</b>		33.33	33.33

**20.1** Intangible assets represents software licenses and implementation cost.

**20.2** The amortisation charge for the year has been allocated to administrative expenses (note 33).

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

21.	INVESTMENT IN AN ASSOCIATED COMPANY - quoted	Note	2024	2023
			--- Rupees in '000 ---	
	<b>Ghandhara Industries Limited</b>			
	<b>- Equity accounted investment</b>			
	Balance at beginning of the year		24,902	25,918
	Share of profit / (loss) for the year		1,047	(1,016)
	Share of other comprehensive income for the year		7,823	-
	Balance at the end of the year	21.1	<u>33,772</u>	<u>24,902</u>

**21.1** Investment in Ghandhara Industries Limited (GIL) represents 201,400 (2023: 201,400) fully paid ordinary shares of Rs 10 each representing 0.473% (2023: 0.473%) of its issued, subscribed and paid-up share capital as at June 30, 2024. GIL was incorporated on February 23, 1963. GIL's shares are quoted on Pakistan Stock Exchange Limited. The principal activity is the assembly, progressive manufacturing and sale of Isuzu trucks, buses and pick ups. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E, Karachi. The manufacturing facilities of GIL are located at S.I.T.E., Karachi with regional offices at Lahore, Multan, Rawalpindi and Peshawar.

**21.2** The Company considers GIL as its associate and follows equity accounting as it has significant influence over GIL based on common directorship.

**21.3** The summary of financial information / reconciliation of GIL as at March 31, 2024 is as follows:

	Un-audited As at March 31 2024	Un-audited As at March 31 2023
	--- Rupees in '000 ---	
<b>Summarised statement of financial position</b>		
Non current assets	6,073,161	4,391,714
Current assets	10,760,169	12,316,752
	<u>16,833,330</u>	<u>16,708,466</u>
Non current liabilities	175,297	142,685
Current liabilities	8,133,036	9,916,074
	<u>8,308,333</u>	<u>10,058,759</u>
Net assets	<u>8,524,997</u>	<u>6,649,707</u>
<b>Reconciliation to carrying amount</b>		
Net assets at beginning of the year	6,649,707	6,864,488
Profit / (loss) for the year	221,469	(214,781)
Other comprehensive income	1,653,821	-
Net assets at the end of the year	<u>8,524,997</u>	<u>6,649,707</u>
Company's share (Percentage)	0.473%	0.473%
Company's share	40,323	31,453
Pre-acquisition profits	(6,551)	(6,551)
Carrying amount of investment	<u>33,772</u>	<u>24,902</u>



**Nine months period ended**

**March 31, 2024**      **March 31, 2023**

--- Rupees in '000 ---

**Summarised profit or loss**

Revenue	9,809,175	12,750,910
Profit before tax	512,735	476,433
Profit after tax	302,862	260,817

**21.4** The above figures are based on unaudited condensed interim financial information of GIL for the nine months period ended March 31, 2024. The latest financial statements of GIL as at June 30, 2024 are not presently available. Accordingly, results of operations of first three quarters of financial year 2024 and last quarter of financial year 2023 have been considered for accounting purpose.

**21.5** The market value of investment as at June 30, 2024 was Rs. 55.061 million (2023: Rs. 16.221 million).

		2024	2023
		--- Rupees in '000 ---	
<b>22.</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
	<b>Considered good - secured</b>		
	Loans and advances due from:		
	Related Parties - Key management personnel	111	278
	Other employees	9,671	9,943
		<b>9,782</b>	10,221
	<b>22.1</b>		
	Less: recoverable within one year		
	Related Parties - Key management personnel	111	167
	Other employees	4,878	5,067
		<b>4,989</b>	5,234
	<b>27</b>	<b>4,793</b>	4,987

**22.1** These represent interest free loans and advances provided to key management personnel and 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.

**22.2** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2024 from key management personnel against loans and advances aggregated Rs. 0.264 million (2023: Rs 0.431 million).

**22.3** 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.

**22.4** 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 THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		--- Rupees in '000 ---	
<b>23</b>	<b>LONG TERM DEPOSITS</b>		
	Considered good - unsecured and interest free		
	Security deposits for:		
	Utilities	6,993	6,996
	Others	12,878	12,908
		19,871	19,904
	Provision for doubtful deposit	(436)	(436)
		19,435	19,468
<b>24.</b>	<b>STORES AND SPARES</b>		
	In hand	865,179	791,168
	Provision for slow moving stores	(50,689)	(31,261)
		814,490	759,907

		2024	2023
		--- Rupees in '000 ---	
<b>25.</b>	<b>STOCKS</b>		
	Raw materials		
	In hand	1,550,469	1,607,009
	In transit	623,385	727,300
		2,173,854	2,334,309
	Work-in-process	366,579	368,897
	Finished goods - in hand	2,537,646	2,108,689
		5,078,079	4,811,895

**25.1** Finished goods include items costing Rs. 254.215 million (2023 : Rs. 163.132 million) which are stated at their net realisable values aggregating Rs. 196.386 million (2023: Rs 103.308 million). The aggregate amount (reversed) / charged to profit or loss in respect of stocks written down to their net realisable value is Rs (1.862) million (2023: Rs. 13.708 million).

		2024	2023
--- Rupees in '000 ---			
<b>26. TRADE DEBTS - unsecured</b>	<b>Note</b>		
<b>Considered good</b>			
Associated Companies			
Gandhara Industries Limited		6,470	20,347
Gandhara Automobiles Limited		3,203	-
Gandhara DF (Private) Limited		1,757	-
Gammon Pakistan Limited		631	460
		12,061	20,807
<b>Others</b>			
Considered good		3,681,409	2,920,534
Considered doubtful		65,448	53,096
		3,758,918	2,994,437
Provision for expected credit loss	26.1	(65,448)	(53,096)
		3,693,470	2,941,341

#### 26.1 Provision for expected credit loss

Balance at beginning of the year		53,096	46,302
Provision made during the year - net	33	12,352	6,794
Balance at the end of the year		65,448	53,096

**26.2** The maximum aggregate amount due from related parties at the end of any month during the year was Rs.91.481 million (2023: Rs. 102.555 million).

**26.3** The ageing analysis of aggregate trade debts at reporting date is as follows:

	Associated Companies		Others	
	2024	2023	2024	2023
----- Rupees in '000 -----				
0 to 30 days	11,269	13,814	3,149,509	2,788,449
31 to 180 days	792	6,993	493,726	129,639
181 to 270 days	-	-	45,715	5,879
271 to 360 days	-	-	4,126	49,663
Over one year	-	-	53,781	-
	12,061	20,807	3,746,857	2,973,630
Provision for expected credit loss	-	-	(65,448)	(53,096)
	12,061	20,807	3,681,409	2,920,534

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		--- Rupees in '000 ---	
<b>27.</b>	<b>LOANS AND ADVANCES - considered good</b>		
	<b>Secured</b>		
	Current portion of long term loans and advances	<b>22</b>	5,234
	<b>Unsecured</b>		
	Loans and advances due from:		
	- employees	<b>27.1</b>	19,714
	- suppliers, contractors and others		120,856
	Less: provision for doubtful advance		(1,324)
		<b>108,486</b>	139,246
		<b>113,475</b>	144,480

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

		2024	2023
		--- Rupees in '000 ---	
<b>28.</b>	<b>DEPOSITS AND PREPAYMENTS</b>		
	<b>Considered good and unsecured</b>		
	Trade deposits - interest free	<b>11,819</b>	17,646
	Call deposit receipts	<b>28.1</b>	3,000
	Prepayments		15,975
	Current account balances with statutory authorities	<b>15.4</b>	13,993
		<b>38,045</b>	50,614

**28.1** These represent interest free call deposit receipts issued from a commercial bank in favour of respective commandants of various spares depots of the Pakistan Army against supply of tyres.



		2024	2023
		--- Rupees in '000 ---	
<b>29.</b>	<b>OTHER RECEIVABLES - unsecured</b>		
			<b>Note</b>
	Export benefit receivable (duty drawback)	658	658
	Provision for doubtful export benefit receivable	(658)	(658)
		-	-
	Sales tax paid under protest	72,062	34,703
			<b>18.1.1, 18.1.10 &amp; 18.1.18</b>
	Custom duty rebates recoverable	89,705	89,705
	Provision for custom duty rebates recoverable	(89,705)	(89,705)
		-	-
	Margin and deposits against bank guarantees	22,542	18,768
	Income tax paid under protest	121,361	121,361
			<b>18.1.3, 18.1.4 &amp; 29.1</b>
	Others	43,546	35,617
	Provision for doubtful receivables	(1,537)	(1,537)
		42,009	34,080
		<b>257,974</b>	<b>208,912</b>

**29.1** 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. 41.123 million which the Company had deposited and recognised as 'Income tax paid under protest'. After due process of appeals, ATIR on April 25, 2022 has decided the case in favour of the Company and an appeal effect ATIR order is pending.

		2024	2023
		--- Rupees in '000 ---	
<b>30.</b>	<b>CASH AND BANK BALANCES</b>		
			<b>Note</b>
	With banks in:		
	- current accounts	203,437	129,688
	- deposit account	9,793	8,639
			<b>30.1</b>
		<b>213,230</b>	138,327
	Cash and cheques in-hand	11,205	1,348
		<b>224,435</b>	<b>139,675</b>

**30.1** Deposit account carries mark-up at the weighted average rate of 20.5% (2023: 15.31%) per annum.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		--- Rupees in '000 ---	
<b>31.</b>	<b>SALES - net</b>		
	<b>Manufactured goods</b>		
	Local	24,896,346	17,912,581
	Export	295,355	219,015
		<b>25,191,701</b>	18,131,596
	<b>Trading goods</b>	<b>3,953</b>	90,385
		<b>25,195,654</b>	18,221,981
	Less:		
	- sales tax	3,873,684	2,734,932
	- discounts	691,747	315,224
	- commission and allowances	91,653	153,166
		<b>4,657,084</b>	3,203,322
		<b>20,538,570</b>	15,018,659
<b>32.</b>	<b>COST OF SALES</b>		
	Opening stock of finished goods	2,108,689	1,907,017
	Cost of goods manufactured	17,689,617	12,885,973
	Finished goods purchased	-	42,691
		<b>17,689,617</b>	12,928,664
	Closing stock of finished goods	(2,537,646)	(2,108,689)
		<b>17,260,660</b>	12,726,992
<b>32.1</b>	<b>Cost of goods manufactured</b>		
	Opening work-in-process	368,897	333,240
	Raw materials consumed	11,053,568	8,229,223
	Stores and spares consumed	511,355	318,378
	Salaries, wages and benefits	2,512,751	1,897,152
	Royalty fee	315,741	225,856
	Travelling, conveyance and entertainment	5,894	5,762
	Vehicles running expenses	39,788	34,792
	Legal and professional charges	4,876	6,096
	Power and fuel	2,148,189	1,229,108
	Rent, rates and taxes	41,037	46,122
	Insurance	79,751	53,610
	Repairs and maintenance	117,812	99,144
	Tyre replacement allowance	94,365	118,109
	Depreciation on property, plant and equipment	482,173	468,246
	Printing and stationery	5,230	4,205
	Postage and telephone	3,419	3,259
	Transportation	221,954	150,328
	Fees and subscriptions	1,716	1,233
	Security and maintenance	29,358	21,809
	Other manufacturing expenses	18,322	9,198
		<b>18,056,196</b>	13,254,870
	Closing work-in-process	(366,579)	(368,897)
		<b>17,689,617</b>	12,885,973

**32.2** The royalty fee pertains to Continental Tire The Americas, LLC with registered address 1830 MacMillan Park Drive Fort Mill, South Carolina 29707, United States of America.

		2024	2023
<b>32.3</b>	<b>Raw materials consumed</b>	<b>--- Rupees in '000 ---</b>	
	Opening stock	2,334,309	3,059,163
	Purchases during the year	10,893,113	7,504,369
		13,227,422	10,563,532
	Closing stock	25 (2,173,854)	(2,334,309)
		11,053,568	8,229,223

**32.4** Salaries, wages and benefits include Rs. 81.622 million (2023: Rs. 76.665 million) and Rs. 18.677 million (2023: Rs. 17.118 million) in respect of staff retirement benefits gratuity and provident fund respectively.

**32.5** Expense in respect of short term leases amounted to Rs. 41.037 million (2023: Rs. 46.122 million).

		2024	2023
<b>33.</b>	<b>ADMINISTRATIVE EXPENSES</b>	<b>--- Rupees in '000 ---</b>	
	Salaries and benefits	33.1 266,567	211,606
	Travelling and conveyance	9,173	4,323
	Vehicles running expenses	11,752	10,436
	Legal and professional charges	31,605	7,366
	Auditors' remuneration	33.2 2,600	2,600
	Rent, rates and taxes	-	68
	Insurance	3,834	2,811
	Repairs and maintenance	974	771
	Depreciation on property, plant and equipment	19.4 10,660	17,027
	Amortisation	20.2 1,365	946
	Printing and stationery	2,001	1,860
	Postage and telephone	938	965
	Provision for expected credit loss - net	26.1 12,352	6,794
	Computer expenses	31,544	25,300
	Directors' fee	33.3 14,700	11,500
	Fees and subscriptions	3,303	3,558
	Other expenses	5,900	4,158
		409,268	312,089

**33.1** Salaries and benefits include Rs 25.44 million (2023: Rs 10.424 million) and Rs 6.445 million (2023: Rs 6.008 million) in respect of staff retirement benefits gratuity and provident fund respectively.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		--- Rupees in '000 ---	
<b>33.2</b>	<b>Auditors' remuneration</b>		
	Fee for audit, half yearly review and Code of Corporate Governance review	2,000	2,000
	Statutory certifications	350	350
		2,350	2,350
	Out-of-pocket expenses	250	250
		2,600	2,600

**33.3 Directors' fee**

Aggregate amount charged in these financial statements amounts to Rs 14.70 million (2023: Rs 11.50 million) for meetings fee to 10 (2023: 8) directors.

		2024	2023
		--- Rupees in '000 ---	
<b>34.</b>	<b>DISTRIBUTION COST</b>		
		<b>Note</b>	
	Salaries and benefits	34.1	234,212
	Travelling, conveyance and entertainment		72,050
	Vehicle running expenses		9,709
	Legal and professional charges		149
	Advertisement and sales promotion		111,072
	Rent, rates and taxes	34.2	43,022
	Insurance		1,919
	Repairs and maintenance		2,021
	Depreciation on property, plant and equipment	19.4	31,606
	Depreciation on right-of-use assets		-
	Printing and stationery		1,369
	Postage and telephone		3,128
	Freight and insurance		270,315
	Gas and electricity		7,320
	Fees and subscriptions		538
	Security and maintenance		15,343
	Other expenses		5,214
			808,987
			626,172

**34.1** Salaries and benefits include Rs. 17.456 million (2023: Rs 9.881 million) and Rs. 2.682 million (2023: Rs 2.265 million) in respect of staff retirement benefits gratuity and provident fund respectively.

**34.2** Expense in respect of short term leases amounted to Rs. 43.022 million (2023: Rs 35.91 million).

		2024	2023
		--- Rupees in '000 ---	
<b>35.</b>	<b>OTHER INCOME</b>	<b>Note</b>	
	Profit on bank deposits - conventional bank		1,865
	Sale of scrap - net of sales tax		87,385
	Gain on sale of operating fixed assets		12,111
	Exchange gain - net		38,513
	Advances from customers - written back		5,124
	Others		165
			<u>145,163</u>
			<u>100,328</u>
<b>36.</b>	<b>OTHER EXPENSES</b>		
	Workers' profit participation fund	15.2	11,453
	Workers' welfare fund	15	4,352
	Exchange loss - net		-
	Donations	36.1	14,126
			<u>29,931</u>
			<u>354,530</u>
<b>36.1</b>	Donations during the year are as follows:		
	<b>Donee</b>		
	Waqf-e-Kuli Khan	36.1.1	5,726
	The Citizens Foundation		3,400
	Al Khidmat Welfare Society		5,000
	Pakistan Eye Bank Society Hospital		-
			500
			<u>14,126</u>
			<u>500</u>
<b>36.1.1</b>	Lt Gen (R) Ali Kuli Khan Khattak and Mr. Ahmad Kuli Khan Khattak, Directors of the Company, are trustees of Waqf-e-Kuli Khan.		
<b>37.</b>	<b>FINANCE COST</b>	<b>Note</b>	
	Mark-up on:		
	- long term finances		56,093
	- short term finances		462,190
	- running finances		1,122,403
	Interest on workers' profit participation fund	15.2	-
	Interest cost on GIDC liability		-
	Bank charges and guarantee commission		39,574
			<u>1,680,260</u>
			<u>1,291,806</u>
<b>38.</b>	<b>LEVIES AND INCOME TAXATION</b>		
<b>38.1</b>	This represents final taxes paid under section 154 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.		
<b>38.2</b>	This represents portion of minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.		



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		--- Rupees in '000 ---	
<b>38.3</b>	<b>TAXATION</b>		
	<b>Current tax</b>		
	for the year including super taxes	245,118	4,195
	Prior year tax	(47,021)	(4,463)
	<b>Deferred tax</b>		
	Origination and reversal of temporary differences	(64,413)	(212,116)
	Impact of change in tax rate	56,939	-
		(7,474)	(212,116)
	Tax charge / (reversal) for the year	<u>190,623</u>	<u>(212,384)</u>

**38.4 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:**

		2024	2023
		--- Rupees in '000 ---	
	Current tax liability for the year as per applicable tax laws	321,109	190,325
	Portion of current tax liability as per tax laws, representing income tax under IAS 12	(245,118)	(4,195)
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	(75,991)	(186,130)
		<u>-</u>	<u>-</u>

**38.5** This represents amount which has been netted off against the tax charge for the year and do not impact the total tax charge of Rs.190.623 million (2023: reversal of Rs.212.384 million) as a similar adjustment has been made to the deferred tax.

**38.6** In accordance with the Finance Act, 2024, super tax at the rate upto 10% has been levied in addition to the corporate tax rate of 29%. Accordingly, the Company has recorded deferred tax at 37% (2023 : 33%) in accordance with applicable accounting and reporting standards.

		2024	2023
		--- Rupees in '000 ---	
<b>39.</b>	<b>EARNINGS / (LOSS) PER SHARE</b>		
<b>39.1</b>	<b>Basic earnings / (loss) per share</b>		
	Profit / (loss) after taxation	<u>229,060</u>	<u>(167,364)</u>
		--- Number of shares ---	
	Weighted average number of ordinary shares	<u>121,933,350</u>	<u>121,933,350</u>
		--- Rupees ---	
	Earnings / (loss) per share	<u>1.88</u>	<u>(1.37)</u>

**39.2 Diluted earnings per share**

There are no dilutive potential ordinary shares outstanding as at June 30, 2024 and 2023.

		2024	2023
		--- Rupees in '000 ---	
<b>40.</b>	<b>CASH GENERATED FROM OPERATIONS</b>	<b>Note</b>	
	Profit / (loss) before income taxation,		495,674
	<b>Adjustments for non-cash charges and other items</b>		(193,618)
	Depreciation on property, plant and equipment	19.1	524,439
	Amortisation	20	1,365
	Depreciation on right-of-use assets		-
	Provision for staff retirement gratuity	9.1.7	124,518
	Employees compensated absences	9.2	20,001
	Net realisable value (reversal) / charge	25.1	(1,862)
	Provision for expected credit loss - net	26.1	12,352
	Profit on bank deposits	35	(1,865)
	Gain on sale of operating fixed assets	35	(12,111)
	Finance cost	37	1,680,260
	Share of net (profit) / loss of an associate	21	(1,047)
	Working capital changes	40.1	(950,362)
			<b>1,891,362</b>
			<b>2,141,101</b>
<b>40.1</b>	<b>Working capital changes (increase) / decrease in current assets:</b>		
	- Stores and spares		(54,583)
	- Stocks		(264,322)
	- Trade debts		(764,481)
	- Loans and advances		31,005
	- Deposits and prepayments		12,569
	- Other receivables		(49,062)
			<b>(1,088,874)</b>
	<b>Increase in current liabilities:</b>		
	- Trade and other payables and provision		138,512
			<b>(950,362)</b>
<b>41.</b>	<b>CASH AND CASH EQUIVALENTS</b>		

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

		2024	2023
		--- Rupees in '000 ---	
	Running finances under mark-up arrangements	Note 14	(4,673,327)
	Cash and bank balances	30	224,435
			<b>(4,448,892)</b>
			<b>(4,286,572)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### 42. 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	
	2024	2023	2024	2023
	----- Rupees in '000 -----			
Managerial remuneration and allowances	69,545	59,440	231,953	163,339
Meeting fee	1,300	1,200	-	-
Bonus	7,000	-	22,773	-
Company's contribution to provident fund and gratuity scheme	18,698	6,930	35,638	12,731
Medical	263	370	18,162	12,407
Leave passage	3,500	3,920	6,296	7,282
Others	5,757	6,392	38,343	25,759
	<u>106,063</u>	<u>78,252</u>	<u>353,165</u>	<u>221,518</u>
Number of persons	<u>1</u>	<u>1</u>	<u>45</u>	<u>30</u>

42.1 The Chief Executive and some of the executives are provided with free use of the Company maintained cars in accordance with the terms of the employment.

42.2 The Company considers its chief executive and directors as key management personnel.

42.3 No remuneration is being paid / payable to the directors of the Company other than meeting fee as disclosed in note 33.3 to these financial statements.

### 43. PLANT CAPACITY AND ACTUAL PRODUCTION

Capacity: Tyre sets

Production: Tyre sets

	2024	2023
	--- Number of units ---	
Capacity	<u>4,420,344</u>	<u>4,342,399</u>
Production	<u>2,008,491</u>	<u>1,673,111</u>

43.1 Actual production was sufficient to meet the demand.

### 44. 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 at agreed terms approved by the Board of Directors of the Company. Significant transactions with related parties are as follows:

	2024	2023
	--- Rupees in '000 ---	
<b>With associated companies / undertaking</b>		
- Sales	359,451	330,872
- Purchases	-	754
- Sharing of expenses	-	126
- Rent expense	900	1,800
- Donation	5,726	-
<b>With other related parties</b>		
- Salaries and benefits		Note 42
- Meeting fees		Note 33.3
Contributions to;		
- Staff provident fund	27,804	25,391
- Staff retirement benefits - Gratuity		Note 9.1

Amounts due from and to related parties are shown under, trade and other payables (note 15), investment in an associated company (note 21), long term loans and advances (note 22), trade debts (note 26).

#### 44.1 Names of the related parties with whom the Company had transactions during the year:

Name	Nature of relationship	Basis of relationship	Aggregate % of shareholding in the Company
Gandhara Industries Limited (also see note 21.2)	Associated company	Common directors	N/A
Gandhara Automobiles Limited	Associated company	Common directors	N/A
Gandhara DF (Private) Limited	Associated company	Common directors	N/A
Bibojee Services (Private) Limited	Associated company	Common directors	27.79
Gammon Pakistan Limited	Associated company	Common directors	N/A
Pakistan Kuwait Investment Company (Private) Limited	Associated company	Common directors	30
Waqf-e-Kuli Khan	Associated undertaking	Common directors	N/A
Staff provident fund	Employee benefit scheme	Employee benefit scheme	N/A
Staff gratuity schemes	Employee benefit scheme	Employee benefit scheme	N/A
Lt Gen (R) Ali Kuli Khan Khattak	Key management personnel	Director	0.40
Mr. Ahmad Kuli Khan Khattak	Key management personnel	Director	1.75
Mr. Hussain Kuli Khan	Key management personnel	Chief Executive	0.00017
Mr. Muhammad Kuli Khan Khattak	Key management personnel	Director	0.000008
Mr. Atif Anwar	Key management personnel	Director	N/A
Mr. Ikram-ul-Majeed Sehgal	Key management personnel	Director	0.000011
Mr. Manzoor Ahmed	Key management personnel	Director	N/A
Mr. Naeem A. Sattar	Key management personnel	Director	N/A
Mrs. Nazia Qureshi	Key management personnel	Director	N/A
Syed Ahmed Iqbal Ashraf	Key management personnel	Director	0.000008

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### 45. PROVIDENT FUND RELATED DISCLOSURES

Based on un-audited draft financial statements of the Fund, the investments out of the provident fund for the year ended June 30, 2024, have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 46. FINANCIAL INSTRUMENTS

#### 46.1 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 4,034.492 million (2023: Rs 3,203.915 million) as detailed in note 46.3 below, those that are subject to credit risk aggregate Rs 4,032.287 million (2023: Rs 3,202.567 million), details of which are as follows:

	2024	2023
	--- Rupees in '000 ---	
Long term loans and advances	4,793	4,987
Long term deposits	19,435	19,468
Trade debts	3,693,470	2,941,341
Loans and advances	24,989	24,948
Deposits	11,819	20,646
Other receivables	64,551	52,848
Bank balances	213,230	138,327
	<u>4,032,287</u>	<u>3,202,565</u>



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.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. 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:

	2024	2023
	--- Rupees in '000 ---	
Original equipment manufacturers	917,154	706,907
Government institutions	310,851	659,624
Replacement market	<b>2,530,913</b>	1,627,906
	<b>3,758,918</b>	2,994,437
Provision for expected credit losses	<b>(65,448)</b>	(53,096)
	<b>3,693,470</b>	2,941,341

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. 213.23 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 THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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 & two years	Maturity above three years
----- Rupees in '000 -----					
<b>June 30, 2024</b>					
Long term finances	742,516	817,125	232,131	294,176	290,818
Long term deposits					
from dealers	13,230	13,230	-	-	13,230
Short term finances	2,004,431	2,112,570	2,112,570	-	-
Running finances	4,673,327	4,928,530	4,928,530	-	-
Trade and other payables	3,310,249	3,310,249	3,310,249	-	-
Unclaimed dividend	19,367	19,367	19,367	-	-
Accrued mark-up	388,060	388,060	388,060	-	-
	<b>11,151,180</b>	<b>11,589,131</b>	<b>10,990,907</b>	<b>294,176</b>	<b>304,048</b>
<b>June 30, 2023</b>					
Long term finances	1,025,122	1,156,014	327,569	286,058	542,387
Long term deposits					
from dealers	11,630	11,630	-	-	11,630
Short term finances	1,824,575	1,875,807	1,875,807	-	-
Running finances	4,426,247	4,426,247	4,426,247	-	-
Trade and other payables	3,660,086	3,660,086	3,660,086	-	-
Unclaimed dividend	19,332	19,332	19,332	-	-
Accrued mark-up	375,397	375,397	375,397	-	-
	<b>11,342,389</b>	<b>11,524,513</b>	<b>10,684,438</b>	<b>286,058</b>	<b>554,017</b>

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, 2024.

(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.

(i) **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 US Dollar and Euro. The Company's exposure to foreign exchange risk at the reporting date is as follows:

	June 30, 2024			June 30, 2023		
	Rupees	US Dollar	Euro	Rupees	US Dollar	Euro
	----- in '000 -----			----- in '000 -----		
Trade and other payables	1,292,909	4,604	31.20	1,999,819	6,933	30.00

The following significant exchange rates have been applied:

	Reporting date rate	
	2024	2023
US Dollar to Rupee	278.80	287.10
Euro to Rupee	298.41	314.27

At June 30, 2024, if Rupee had strengthened / weakened by 10% against US Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher / lower by the amount shown below mainly as a result of foreign exchange gain / loss on translation of denominated financial currency balances:

	2024	2023
	--- Rupees in '000 ---	
<b>Effect on profit before taxation for the year:</b>		
US Dollar to Rupee	128,421	199,120
Euro to Rupee	870	862
	<u>129,291</u>	<u>199,982</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### (ii) 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, 2024, the interest rate profile of the Company's significant financial instruments is as follows:

	2024	2023
	--- Rupees in '000 ---	
<b>Fixed rate instrument</b>		
Financial asset	9,793	8,639
<b>Variable rate instruments</b>		
Financial liabilities	6,996,955	6,663,420

At June 30, 2024, if the interest rate on the Company's borrowings had been higher / lower by 100 basis point with all other variables held constant, profit before tax for the year would have been lower / higher by Rs 69.970 million (2023: Rs 66.634 million) mainly as a result of higher / lower interest expense.

### (iii) 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.

## 46.2 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.

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.

#### 46.3 Financial instruments by category

2024 2023

--- Rupees in '000 ---

##### Financial assets as per the statement of financial position

###### At amortised cost

Long term loans and advances	4,793	4,987
Long term deposits	19,435	19,468
Trade debts	3,693,470	2,941,341
Loans and advances	24,989	24,948
Deposits	11,819	20,646
Other receivables	64,551	52,848
Cash and bank balances	224,435	139,675
	<b>4,043,492</b>	<b>3,203,913</b>

##### Financial liabilities as per the statement of financial position

###### At amortised cost

Long term finances*	588,272	829,171
Long term deposits from dealers	13,230	11,630
Short term finances	2,004,431	1,824,575
Running finances under mark-up arrangements	4,673,327	4,426,247
Trade and other payables	3,177,193	3,567,324
Unclaimed dividend	19,367	19,332
Accrued mark-up	388,060	375,397
	<b>10,863,880</b>	<b>11,053,676</b>

\* Includes the impact of government grant amounting to Rs. 154.244 million (2023: Rs. 195.951 million).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### 47. 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.

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.

### 48. ENTITY- WIDE INFORMATION

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

#### 48.1 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:

	2024	2023
	%	%
Original equipment manufacturers	36.34	38.43
Replacement market	57.14	52.95
Government institutions	5.35	7.39
Exports	1.17	1.23
	<u>100.00</u>	<u>100.00</u>

#### 48.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2024 are located in Pakistan.

#### 48.3 Information about major customers

Sales to two major original equipment manufacturer aggregating to Rs. 4,307.01 million (2023: one major original equipment manufacturer aggregating to Rs. 1,579.512 million) account for 20.2% (2023: 10.52%) of net sales.

### 49. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2024 and 2023 respectively are as follows:

	2024	2023
	No of employees	
Average number of employees during the year	1,096	1,088
Number of employees as at June 30	1,099	1,078

## 50. GENERAL

### 50.1 Shahriah Screening Disclosure

	-----2024-----		-----2023-----	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	----- Rupees in '000 -----			
Long term finances	423,319	319,197	612,524	412,598
Short term borrowings	335,627	1,668,804	225,000	1,599,575
Running finances under mark-up arrangements	4,673,327	-	4,244,761	181,486
Accrued mark-up	294,084	93,976	276,720	98,677
Investment in an associated company	-	33,772	-	24,902
Bank balances	206,641	6,587	128,999	9,328
Revenue	-	20,538,570	-	15,018,659
Share of profit / (loss) of an associated company	-	1,047	-	(1,016)
Share of other comprehensive income of an associated company	-	7,823	-	-
Other income				
a) Profit on bank deposits	1,865	-	1,249	-
b) Sale of scrap	-	87,385	-	95,497
c) Gain on sale of operating fixed assets	-	12,111	-	3,094
d) Exchange gain on actual currency	38,513	-	-	-
e) Others	-	5,289	-	488
Mark-up on running finances under mark-up arrangements	1,107,158	15,245	707,262	33,081
Mark-up on short term finances	70,454	391,736	163,737	277,460
Mark-up on long term finances	45,171	10,922	68,946	12,905

The Company have banking relation with the following shariah-compliant financial institutions:

- Al Baraka Bank Pakistan Limited
- Dubai Islamic Bank Pakistan Limited
- Faysal Bank Limited

- 50.2** These financial statements were authorised for issue on September 04, 2024 by the Board of Directors of the Company. The directors have the power to amend and reissue the financial statements.
- 50.3** Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.
- 50.4** 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.
- 50.5** Subsequent to year ended June 30, 2024, the Board of Directors in its meeting held on September 4, 2024 has proposed a final cash dividend of Rs 1.87 per share amounting to Rs 228.015 million for approval of the 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, 2025.



Hussain Kuli Khan  
Chief Executive



Naeem A. Sattar  
Director



Siraj A. Lawai  
Chief Financial Officer

# INNOVATION

With over 60 years of expertise, GTR's innovation is deeply rooted in our legacy. Harnessing advanced International Technology and rigorous testing in Japan & Europe, we continuously redefine tyre performance and safety. Our commitment ensures every journey is empowered by superior grip, making each drive not only safer but also an experience closer to one's dreams.





DRIVE  
**PAKISTAN**  
*Dil se*

# PATTERN OF SHAREHOLDING

## AS OF JUNE 30, 2024

of Shareholders	Shareholdings' Slab			Total Shares Held
73	1	to	100	22,850
1037	101	to	500	348,527
702	501	to	1000	608,330
1574	1001	to	5000	3,998,571
372	5001	to	10000	2,861,297
175	10001	to	15000	2,138,648
72	15001	to	20000	1,270,078
67	20001	to	25000	1,512,038
42	25001	to	30000	1,159,351
29	30001	to	35000	947,565
22	35001	to	40000	836,302
10	40001	to	45000	426,896
18	45001	to	50000	883,076
9	50001	to	55000	480,751
4	55001	to	60000	229,972
6	60001	to	65000	370,543
4	65001	to	70000	273,278
5	70001	to	75000	362,117
3	75001	to	80000	232,408
9	80001	to	85000	753,146
1	85001	to	90000	85,170
9	95001	to	100000	895,000
6	100001	to	105000	613,181
1	105001	to	110000	110,000
1	110001	to	115000	115,000
1	115001	to	120000	120,000
2	120001	to	125000	245,800
2	130001	to	135000	262,384
2	135001	to	140000	275,068
2	145001	to	150000	298,000
1	160001	to	165000	162,000
2	170001	to	175000	342,843
1	185001	to	190000	186,252
1	195001	to	200000	199,056
3	205001	to	210000	621,698



# PATTERN OF SHAREHOLDING

## AS OF JUNE 30, 2024

of Shareholders	Shareholdings' Slab		Total Shares Held	
1	215001	to	220000	216,580
1	220001	to	225000	224,000
2	240001	to	245000	486,530
3	245001	to	250000	747,741
1	295001	to	300000	300,000
1	300001	to	305000	303,477
3	305001	to	310000	924,000
2	330001	to	335000	668,520
1	340001	to	345000	344,000
1	345001	to	350000	350,000
2	395001	to	400000	798,000
1	430001	to	435000	435,000
1	450001	to	455000	455,000
2	470001	to	475000	945,588
1	485001	to	490000	486,525
1	490001	to	495000	490,452
1	495001	to	500000	500,000
2	625001	to	630000	1,257,356
1	635001	to	640000	636,000
1	700001	to	705000	702,373
1	730001	to	735000	731,300
1	740001	to	745000	742,356
1	850001	to	855000	854,408
1	880001	to	885000	884,500
1	965001	to	970000	966,859
1	1195001	to	1200000	1,200,000
1	1515001	to	1520000	1,515,720
1	1565001	to	1570000	1,569,644
1	1845001	to	1850000	1,850,000
1	4500001	to	4505000	4,501,464
1	5635001	to	5640000	5,638,618
1	29380001	to	29385000	29,380,308
1	36575001	to	36580000	36,579,835
4972				121,933,350

# CATEGORIES OF SHAREHOLDERS

## AS OF JUNE 30, 2024

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer. and their spouse(s) and minor children</b>			
Ahmad Kuli Khan Khattak	4	2,127,847	1.75
Lt Gen (R) Ali Kuli Khan Khattak	1	486,525	0.40
Ikram-ul-majeed Shegal	1	13	0.00
Muhammad Kuli Khan Khattak	1	10	0.00
Hussain Kuli Khan	1	204	0.00
Syed Ahmad Iqbal Ashraf	1	10	0.00
<b>Associated Companies, undertakings and related parties</b>	3	70,461,607	57.79
<b>NIT &amp; ICP</b>	2	5,638,648	4.62
<b>Banks Development Financial Institutions, Non Banking Financial Financial Institutions.</b>	6	2,716,824	2.23
<b>Insurance Companies</b>	3	450,500	0.37
<b>Modarabas and Mutual Funds</b>	3	944,532	0.77
<b>General Public</b>			
a. Local	4,809	31,758,583	26.04
b. Foreign	70	1,938,659	1.59
<b>Foreign Companies</b>	4	20,481	0.02
<b>Others</b>	63	5,388,907	4.42
<b>Totals</b>	<b>4,972</b>	<b>121,933,350</b>	<b>100.00</b>
<b>Shareholders holding 10% or more</b>			
Bibojee Services (Pvt.) Limited		33,881,772	27.79
Pakistan Kuwait Investment Co. (Pvt.) Ltd.		36,579,835	30.00



# FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ (full address) being a member of Ghandhara Tyre and Rubber Company Limited and holder of \_\_\_\_\_ ordinary shares as per Registered Folio No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (full address) or failing him \_\_\_\_\_ of \_\_\_\_\_ (full address) as my/our proxy to attend and vote for me/us on my/our behalf at the 61st Annual General Meeting of the Company to be held on Monday, October 28, 2024, at 11:00 am at ICAP Auditorium Hall, Chartered Accountant Avenue, Clifton, Karachi and at any adjournment thereof.

Signed by me/us this \_\_\_\_ day of \_\_\_\_\_ 2024.

Name of Shareholder -----

Witnesses:

Name -----

NIC No. -----

Signature-----

Name -----

NIC No. -----

Signature-----

Please affix Revenue Stamp of Rs. 5

Signature of Member

(Signature should agree with the specimen signature registered with the Company)

**AFFIX  
POSTAGE**

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

# پراکسی فارم

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_

(مکمل پتہ) گندھارا ٹائر اینڈ ربر کمپنی لمیٹڈ کے ممبر کی حیثیت سے \_\_\_\_\_

عمومی شیئرز کی تحویل رکھتا ہوں/ رکھتے ہیں، رجسٹرڈ فولیو نمبر \_\_\_\_\_ کے مطابق اور / یا سی ڈی سی شریک آئی ڈی نمبر \_\_\_\_\_

اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ ہے

میں/ہم بذریعہ ہذا جناب/محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_

(مکمل پتہ) یا ان کی جگہ جناب/محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_

(مکمل پتہ)

کا تقرر کرتا/کرتی ہوں/کرتے ہیں کہ وہ بروز پیر 28 اکتوبر 2024 کو صبح 11:00 بجے (ICAP آڈیٹوریم ہال، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن کراچی) یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 61 ویں سالانہ اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ہماری طرف سے \_\_\_\_\_ 2024 کو دستخط کئے گئے۔

گواہان:

(1) دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

(2) دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

5 روپے کا  
ٹکٹ چسپاں کریں

ممبر کے دستخط

(یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)



**AFFIX  
POSTAGE**

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





EVERY **JOURNEY**  
HAS A **DESTINATION**



**GHANDHARA TYRE AND RUBBER COMPANY LIMITED**

HEAD OFFICE/FACTORY

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