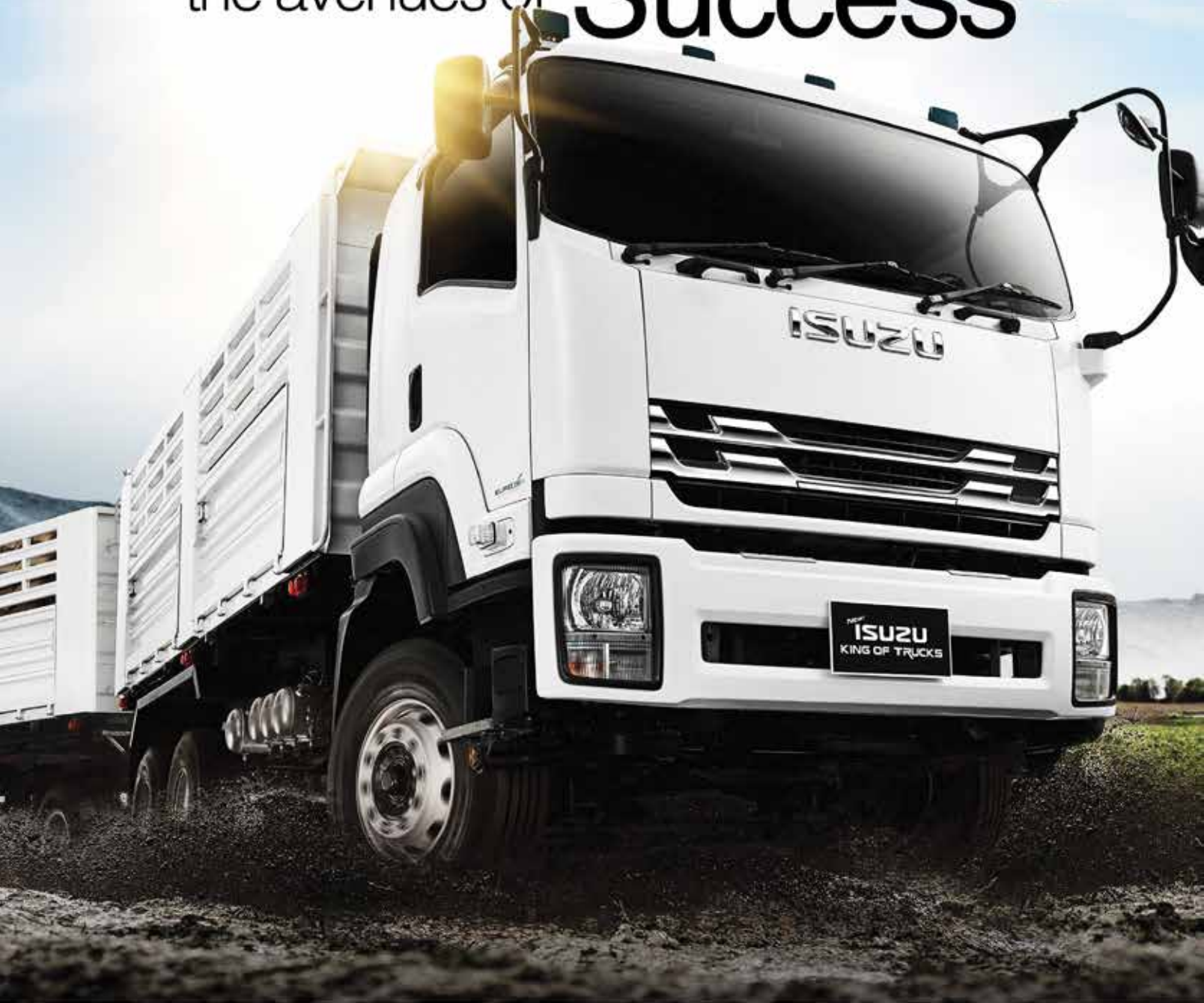


BROADENING

the avenues of Success



GHANDHARA
INDUSTRIES LIMITED



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Soaring to new heights of progress



Vision

“To acquire market leadership and contribute to the society by providing high quality and environment friendly ISUZU Vehicles in Pakistan’s Market.”

Mission

- To assist the society in the fight against pollution hazards by introducing environment friendly vehicles.
- To maximize share of ISUZU in Pakistan.
- To be a market & customer-oriented organization.
- To provide effective and efficient after sales services to the customers.
- To enhance performance in all operating areas, ensuring growth of the company and optimum return to the stakeholders.
- To create conducive operational environment for optimum productivity, job satisfaction, career development and well-being of Employees.

Core Values

To conduct our Business with Honesty, Integrity, and a Customer Focus.
Be Professional, Reliable, Passionate and Responsive.





Company Profile

Board of Directors

Lt. Gen. (R) Ali Kuli Khan Khattak
Mr. Ahmad Kuli Khan Khattak
Mrs. Shahnaz Sajjad Ahmad
Maj. (R) Muhammad Zia
Mr. Muhammad Kuli Khan Khattak
Mr. Shahid Kamal Khan
Mr. Sohail Hameed Khan

Chairman
Chief Executive
Director
Director
Director
Ind. Director
Ind. Director

Audit Committee

Mr. Sohail Hameed Khan
Maj. (R) Muhammad Zia
Mr. Shahid Kamal Khan
Mr. Shahnawaz Damji, ACA

Chairman
Member
Member
Secretary

Human Resource & Remuneration Committee

Mr. Shahid Kamal Khan
Mr. Ahmad Kuli Khan Khattak
Maj. (R) Muhammad Zia
Mr. Sohail Hameed Khan
Mr. Shahrukh Asghar

Chairman
Member
Member
Member
Secretary

Chief Financial Officer

Mr. Muhammad Aamir, FCA

Speeding towards advancement



Company Secretary

Mr. Talha Ahmed Zaidi, ACA

Auditors

M/s. ShineWing Hameed Chaudhri & Co.
Chartered Accountants
5th Floor, Karachi Chambers
Hasrat Mohani Road, Karachi

Legal Advisors

S. Abid Sherazi & Co.
Ahmed and Qazi
Hassan & Hassan (Advocates)

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.
4th Floor, Karachi Chamber,
Hasrat Mohani Road, Karachi.

Bankers

National Bank of Pakistan
Al-Baraka Bank (Pakistan) Ltd.
JS Bank Ltd.
Faysal Bank Ltd.
The Bank of Punjab
MCB Islamic
Bank Alfalah Ltd.
Meezan Bank Ltd.
Bank Al Habib Ltd.
Samba Bank Limited
Habib Metropolitan Bank Limited

Registered Office
F-3, Hub Chowki Road, S.I.T.E.
Post Box No. 2706, Karachi - 75730

Website: www.gil.com.pk
Email: info@gil.com.pk

Broadening the avenues of Success

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

Company Review

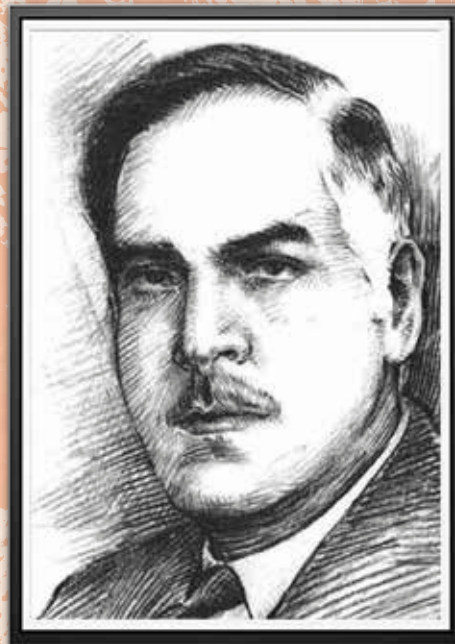
Ghandhara Industries Limited (GIL), is the exclusive distributor of ISUZU products in Pakistan, and is part of the Bibojee Group of Companies. At GIL, we are very proud of our performance in one of the world's most competitive truck markets in terms of loading capacity & fuel efficiency using leading edge engineering and manufacturing technologies, GIL has developed a reputation for reliability, conformability and cost efficient Trucks, Buses and Pickups.

With more than 55 years of history in Pakistan, GIL has been one of the top leading automobile companies. Our products range from pickups to heavy duty trucks and buses.

Our ISUZU truck consistently leads the way with superior specification & reliability. Our customers have come to depend upon the outstanding reliability and superb fuel economy of our trucks, which are often required to operate under very demanding conditions. GIL & ISUZU are concerned for the environment and their superior engineering capability which ensures compliance with the most stringent emissions regulations. Together with our dealership network, we are committed to provide the highest level of customer service availability.



Founder Chairman



Late General Habibullah Khan Khattak

Lt. General (R) M. Habibullah Khan Khattak was the Founder Chairman of the Bibojee Group of Companies. Today, the Group is an industrial empire with an extensive portfolio of businesses comprising of three cotton spinning mills, a woolen mill, two automobile plants, a general insurance company, Pakistan's largest tyre manufacturing company, a construction company and two Trusts for supporting education and wildlife protection.

Chairman



Lt. Gen. (R)
Ali Kuli Khan Khattak

Mr. Ali Kuli Khan Khattak graduated from the Royal Military Academy Sandhurst in 1964 and holds a Masters Degree from the Quaid-e-Azam University, Islamabad. He retired from the Pakistan Army as its Chief of General Staff in 1998, prior to this, apart from holding various offices, he also directed the Directorate General of Military Intelligence (DGMI). During his career he was awarded "Hilal-e-Imtiaz". After retirement he joined the Bibojee Group of Companies and served as Chairman for a number of its companies.

Chief Executive Officer



Mr. Ahmad Kuli Khan Khattak

Mr. Ahmad Kuli Khan Khattak graduated from the Pakistan Air Force (PAF) Academy Risalpur in 1969 and served PAF for nearly 21 years. He won different medals and honors including the coveted, 'Sword of Honour' and Sitara-e-Basalat. After a distinguished career as a Fighter Pilot, (which included a major role in the induction of F-16 Fighter Planes in the PAF) he joined the Family Business, 'Bibojee' Group of Companies. He has also served as chairman of All Pakistan Textile Manufacturers Association (APTMA) and Pakistan Automobile Association (PAMA) which are leading associations in Pakistan.

Directors' Profiles



**Mr. Muhammad
Kuli Khan Khattak**
DCEO / Executive Director

Mr. Muhammad Kuli Khan Khattak is an automotive management professional with a vast experience and proven management, sales, advertising, marketing and new business development skills. He is the Deputy Chief Executive Officer in Ghandhara Industries Limited. Mr. Khan was educated at Aitchison College Lahore and completed his Bachelors and Masters from Bahria University. He has also completed a business development course from London School of Economics. Mr. Muhammad Kuli Khan Khattak is a certified Director from The Institute of Chartered Accountants of Pakistan (ICAP). He also serves on the following board of directors: - Universal insurance Company Ltd. - Gammon Pakistan Ltd. - The General Tyre & Rubber Company of Pakistan Ltd. Recently Mr. Khan has been selected as the Vice Chairman of the Pakistan Automobile Association (PAMA).



Mr. Shahid Kamal Khan
Independent Director

Air Commodore (R) Shahid Kamal Khan was commissioned as a fighter pilot in the PAF in 1966. For his meritorious services, Air Cdre. Shahid was awarded both the Tamgha-e-Basalat and the Sitara-e-Basalat by the Government of Pakistan. He is a graduate of the Royal Air Force Academy, Cranwell and has also completed Systems Safety course conducted at the University of Southern California. He is the CEO of EXCLAIM FZC, a UAE based Limited Liability Company (LLC) and MTEC Enterprise, a Pakistan registered proprietorship.

Directors' Profiles



Mr. Sohail Hameed Khan
Independent Director

Mr. Sohail Hameed is a Fellow Chartered Accountant of Institute of Chartered Accountants of Pakistan, with diversified experience of over 40 years (26 years in the Middle East) in various industries including oil & gas, technology, automobile, textile, FMCG and construction.



Mrs. Shahnaz Sajjad Ahmad
Non-Executive Director

Mrs. Shahnaz Sajjad Ahmed got Bsc degree from University of Peshawar and joined her father's family Business serving the Bibojee Group Companies since 20 years. She is presently the CEO of Bannu Woollen Mills Limited, a Bibojee group Company.



Maj. (R) Muhammad Zia
Non-Executive Director

Mr. Muhammad Zia is retired Major of Pakistan Army. He has a vast experience of Automobile Industry and currently also serving on the Board of Ghandhara Nissan Limited.

Human Resource at Ghandhara Industries Limited:

***“To win the marketplace,
you must first win the workplace.”***
~Doug Conant

Ghandhara Industries is Aiming to **“Be the Best, Be the Market Leader”**

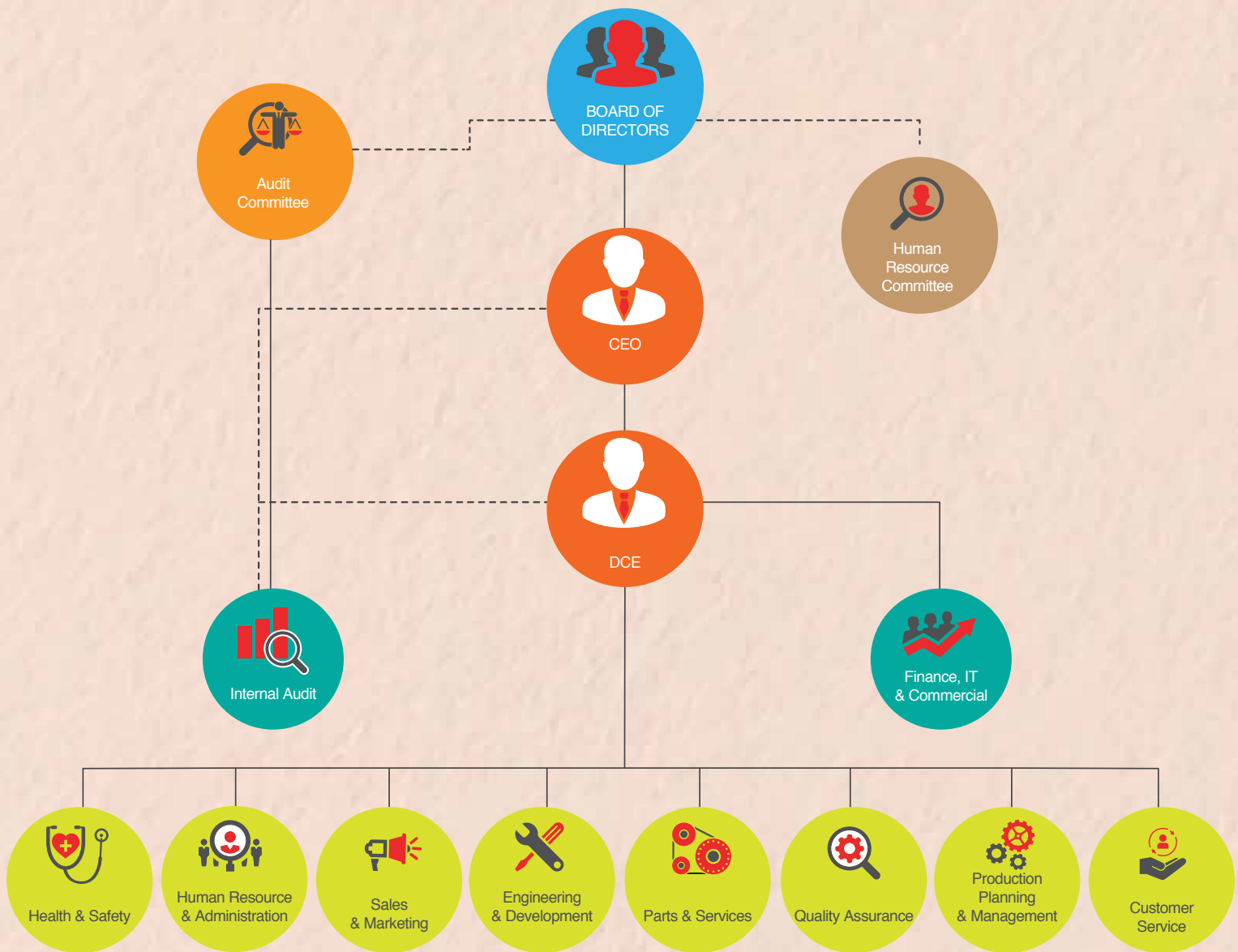
Effective recruitment, development, and the utilization of globally competitive human resources are the most important at the Ghandhara Industries Limited. This is the key to survive the current ever-changing business environment and achieve sustainable growth. Our concern is how we can ensure that each of our employees—our most important assets—will exercise their full potential in line with the business strategy.

***“Leadership is about giving people a
platform for spreading ideas that work.”***
~Seth Godin

For this reason, we are making continuous efforts toward training and fostering new employees and developing human resources. We use a combination of on-the-job training and off-the-job training to promote effective development of human resources, with the former based on job rotations and the later reflecting the characteristics of each business. Our policies are designed to bring the best out of the people in the most difficult circumstances. We proved this during COVID 19 when we continued to work remotely in spite of difficult working conditions.

***“If you want creative workers,
give them enough time to play.”***
~John Cleese

Organization Structure



CORPORATE SOCIAL RESPONSIBILITY (CSR)

“Corporate Social responsibility (CSR) is at the core of the activities of Ghandhara Industries Limited and the focus of the work is on community development.”

Corporate Social responsibility (CSR) is at the core of the activities of Ghandhara Industries Limited and the focus of the work is on community development. With its team of CSR champions, it works towards ensuring that it works towards improving the society and its community. Community work starts at home and the best way to contribute towards peace and harmony can best be achieved through providing rations to the people of Thar affected from COVID-19 by organizing a ration pack campaign on 30 April, 2020. “spread smiles amongst the deserving families”.



Covid 19 were trying times for the whole office however we did not leave anyone but stayed with our people to make a difference and the distribution of rations amongst the community members remains a regular feature.

Employee Development

Ghandhara Industries Limited has arranged a number of sports events such as cricket matches to work towards the betterment of its colleagues and has helped build a platform of team work. In the month of January, 2020 the cricket match was held between Ghandhara Industries Limited and others teams the objective was to create a sports person spirit amongst its team.



In house Training has been arranged by HR Department on October 15, 2019 on collaboration with ACCA which helps participants to understand the Future needs of Finance and the topic based on the "Embracing Robotic Automation in Finance"



Serving the People



GIL took initiative to help the children of SOS village in pursuing their education by making a small effort. As a part of this society we understands that it's our social responsibility to contribute towards the betterment of the society by helping and serving our children.

Fire Fighting Training Glimpse:



GIL is ambitious to provide safety to the employees working in organization, therefore, our HSE Department used to arrange safety awareness programme which help employees to take appropriate action as and when required.

Therefore, two programme were organized within GIL in the month of December, 2019 and in March, 2020.

Revisiting

Year 2019 - 2020

15th – 17th Nov' 19

1

D-Max Display @ COLOSSEUM XIX, Beacon House College, Gulberg, Lahore

Isuzu D-Max was a proud Gold Sponsor of COLOSSEUM XIX, held at Beacon House College. Our product D-Max was showcased in the event and was a center of attention throughout the event.



16th Nov' 19**2*****D-Max Display @ Corporate Briefing Session***

Keeping in line with the recommendation of PSX, GIL held its corporate briefing session on 16th Nov 2019.

CEO Ghandhara Industries Limited, Mr. Ahmad Kuli Khan Khattak, briefed relevant stakeholders and investors about company's future outlook and past performance.

**30th Nov' 19****3*****D-Max Display @ Jhal Magsi Rally – Pre Event Launch***

Ghandhara Industries Limited was one of the premier sponsor of Jhal Magsi Rally. Various celebrities and high profile Personalities visited our stall and were quite impressed by our product.

We received an overwhelming response from various visitors.



14th Dec' 19

4

D-Max Display @ Karachi Club

During the year we got an opportunity to showcase our products at one of the most prestigious clubs in Karachi that is Karachi Club. The event turned out to be a great success and received a great amount of appraisal from the members of the club.



21st Dec' 19

5

D-Max Display @ Dreamworld Resort– World Wrestling Championship

We at Ghandhara Industries Limited, believe in promoting sporting activities and thus sponsored various sporting events throughout the year. One of them was WWC held at dreamworld

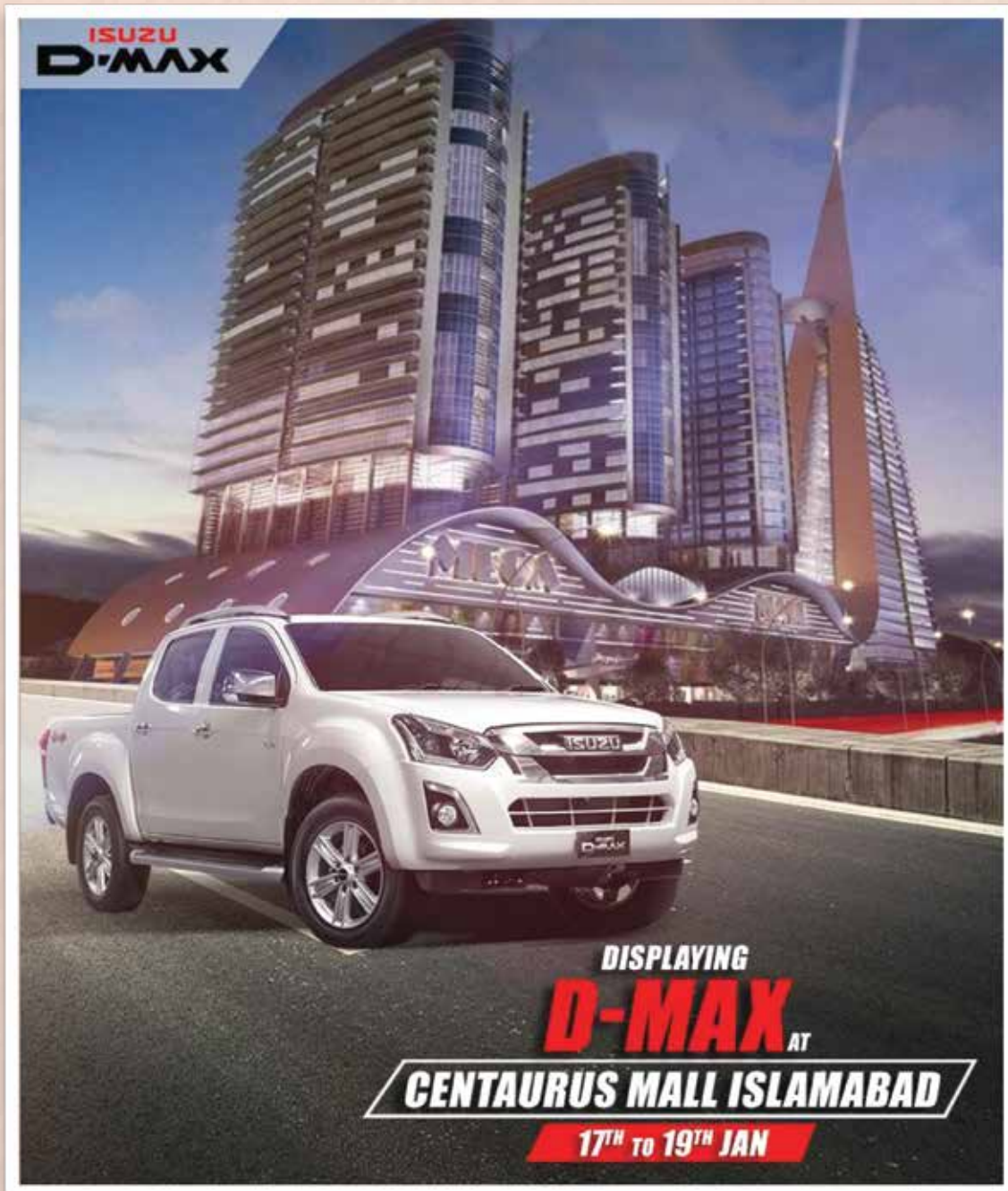


17th – 19th Jan'20

6

D-Max Display @ Centaurus Mall – Islamabad

Isuzu Federal Motors organized an exciting showcase for the astonishing D-Max at Centaurus Mall Islamabad on 17th & 19th of Jan 2020.



Momento by ISUZU Japan:



ISUZU Japan President Mr Katayama is presenting Momento to Mr Muhammad Kuli Khan Khattak Deputy CEO- Ghandhara Industries Limited for being No 1 in truck and bus sales for year 18 - 19 in the Pakistani market.

Mr. Ahmed Kuli Khan Khattak, CEO-Ghandhara Industries Limited can also be seen representing Ghandhara Industries Limited.

Ghandhara Industries Limited has shown great honesty in their day to day dealings, which has earned them the recognition and trust of consumers nationwide.

Chairman's Review

Dear Shareholders

"I welcome you to this 57th Annual General Meeting of your Company for the year ended June 30, 2020." During the year under consideration, government implemented various measures to improve economic indicators which showed some improvements during first half of the year, however the later period of FY2020 was quite challenging due to emergence of Covid-19 which was declared as pandemic by WHO and accordingly lockdowns were imposed all over the world to save and protect humanity and economies.

Due to lockdown, our economy encountered significant set-backs and overall growth went into negative territory, however during these tough times commendable efforts were made by the government to mitigate negative effects of the pandemic and accordingly various packages were introduced to stimulate businesses. The State Bank also offered refinance schemes along with easing policy rate to support the business community which was reduced by 625 basis points during the pandemic.

Keeping in view the truck and bus market, during the year overall market depleted by 46% mainly due to adverse foreign exchange parities, slow movement of CPEC projects, reduced purchasing power on account of increased inflation and higher interest rates during earlier part of the year.

Company's Performance

The Company sold 1,700 units of trucks and buses and 649 units of D-MAX pick-up as compared to 3,018 units of trucks and buses and 391 units of D-Max pick-up last year. Overall market conditions remained competitive and full of economic challenges, despite that the Company, with customer confidence and support, has sustained its market share. The Company will strive to provide state-of-the-art products and better quality services to all of its valuable customers for the years to come.

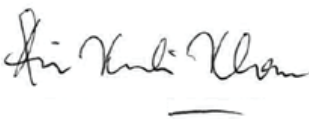
Future Outlook

By the grace of Almighty, the cases of Covid-19 have reduced in Pakistan, lockdown has also been lifted and the economic activity has been restored based on SOPs implemented by government to curb the spread of the disease. However, the pandemic is not yet over and the masses must ensure that SOPs are being followed in every walk of life.

Keeping in view the Government efforts in restoring the business confidence along with various policy adjustments by the State Bank, gradual economic recovery is expected in periods to come.

Acknowledgement

On behalf of the Board of Directors, I would like to express my gratitude to all the employees and the shareholders for their continued trust and confidence in the Company. The Board and I would also like to express thanks to Isuzu Motors Limited, Isuzu Motors Company (Thailand) Limited and Isuzu Motors International Operations (Thailand) Company Limited, Marubeni Corporation, Dealers, Customers and Vendors for their co-operation and the trust shown in our products. I would also like to record our gratitude to our bankers for their contribution and understanding shown to us and we look forward to mutual beneficial business relationships.



Lt. Gen (R) Ali Kuli Khan Khattak
Chairman

چیئر مین کا جائزہ

عزیز شیئر ہولڈرز

”میں 30 جون، 2020 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کے اس 57 ویں سالانہ اجلاس عام میں آپ کا خیر مقدم کرتا ہوں۔“
زیر غور سال کے دوران، حکومت نے معاشی اشاریوں کی بہتری کے لئے مختلف اقدامات نافذ کیے جن سے سال کے پہلے نصف حصے کے دوران کچھ بہتری آئی، تاہم مالی سال 2020 کا بعد الاصرہ کوڈ 19 کے ابھرنے کی وجہ سے کافی چیلنج سے بھرپور تھا جسے ڈبلیو ایچ او نے عالمی وبا قرار دیا تھا اور اسی کے مطابق انسانیت اور معیشتوں کو بچانے اور ان کے تحفظ کے لئے پوری دنیا میں لاک ڈاؤن لاگو کر دیے گئے تھے۔

لاک ڈاؤن کی وجہ سے ہماری معیشت کو خاصی رکاوٹوں سامنا کرنا پڑا اور مجموعی طور پر نمونہ خطے میں چلی گئی، تاہم ان مشکل ادوار میں حکومت کی طرف سے عالمی وبا کے منفی اثرات کو کم کرنے کے لئے قابل ستائش کوششیں کی گئیں اور اس کے مطابق کاروبار کو متحرک کرنے کے لئے مختلف پیکیج متعارف کروائے گئے۔ اسٹیٹ بینک نے کاروباری برادری کی مدد کے لئے پالیسی ریٹ میں نرمی کے ساتھ ساتھ ری فنانس اسکیموں کی بھی پیش کش کی جس میں وہابی امراض کے دوران 625 بنیاد پوائنٹس کی کمی کی گئی تھی۔ ٹرک اور بس مارکیٹ کو مد نظر رکھتے ہوئے، سال کے دوران مجموعی طور پر مارکیٹ میں 46 فیصد کمی واقع ہوئی جس کی بنیادی وجہ غیر ملکی زرمبادلہ کی غیر متناسب مساوات، CPEC پروڈیکٹس کی سست روی، بڑھتے افراط زر اور سال کے ابتدائی حصے کے دوران زیادہ سود کی شرح کی وجہ سے قوت خرید میں کمی ہے۔

کمپنی کی کارکردگی

گزشتہ سال ٹرک اور بسوں کے 3,018 یونٹ اور ڈی میکس پک اپ کے 391 یونٹ کے مقابلے میں کمپنی نے ٹرک اور بسوں کے 1,700 یونٹ اور ڈی میکس پک اپ کے 649 یونٹ فروخت کیے گئے۔ مجموعی طور پر مارکیٹ کی صورتحال مسابقتی اور معاشی چیلنجوں سے بھری رہی، اس کے باوجود کمپنی نے صارف کے اعتماد اور تعاون کے ساتھ، اپنا مارکیٹ شیئر برقرار رکھا ہے۔ کمپنی آنے والے سالوں میں اپنے تمام قابل قدر صارفین کو جدید ترین مصنوعات اور بہتر معیار کی خدمات فراہم کرنے کی کوشش کرے گی۔

مستقبل کی توقعات

اللہ سبحانہ تعالیٰ کے فضل و کرم سے پاکستان میں کوڈ-19 کے کیسز کم ہو گئے ہیں، لاک ڈاؤن بھی ختم کر دیا گیا ہے اور اس بیماری کے پھیلاؤ کو روکنے کے لئے حکومت کی جانب سے نافذ ایس او پیز کی بنیاد پر معاشی سرگرمی بحال کر دی گئی ہے۔ تاہم، عالمی وبا ابھی ختم نہیں ہوئی ہے اور عوام کو یہ یقینی بنانا ہوگا کہ زندگی کے ہر شعبے میں ایس او پیز کی پیروی رکھی جائے۔ اسٹیٹ بینک کی طرف سے پالیسیوں میں مختلف ایڈجسٹمنٹس کے ساتھ ساتھ کاروباری اعتماد کو بحال کرنے کے لئے حکومتی کوششوں کو مد نظر رکھتے ہوئے، آنے والے ادوار میں بتدریج معاشی بحالی متوقع ہے۔

اعتراف

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی پر مسلسل بھروسے اور اعتماد کے لئے تمام ملازمین اور شیئر ہولڈرز سے اظہار تشکر کرنا چاہتا ہوں۔ بورڈ اور میں اسوز و موٹرز لمیٹڈ، اسوز و موٹرز کمپنی (تھائی لینڈ) لمیٹڈ اور اسوز و موٹرز انٹرنیشنل آپریشنز (تھائی لینڈ) کمپنی لمیٹڈ، ماروبینی کارپوریشن، ڈیلرز، صارفین اور وینڈرز کے تعاون اور ہماری مصنوعات پر اعتماد کے اظہار کے لئے ان کا بھی شکریہ ادا کرنا چاہتا ہوں گا۔ میں ہمارے ٹیکروں کی خدمات اور ہم سے افہام و تفہیم کے اظہار کے لئے ہم ان کا شکریہ ادا کرنا چاہتے ہیں اور ہم باہمی فائدہ مند کاروباری تعلقات کے منتظر ہیں۔

Ali Khaliq Khan

لیفٹیننٹ جنرل (ر) علی قلی خان خٹک
چیئر مین

Directors' Report to Shareholders

The directors of your company take pleasure in presenting the 57th annual report & the Company's audited financial statements for the year ended June 30, 2020.

ECONOMY AND MARKET REVIEW

Pakistan's economy in FY2020 witnessed various challenges in terms of fiscal deficit, current account balance and long term loan repayments and accordingly various policy and structural reforms were undertaken to manage the economic imbalances which showed slight improvement in trade and current account balances during the year however outbreak of COVID-19 pandemic created uncertainty which is expected to have lasting effects on the overall economy.

The pandemic paved crisis situation and the resultant lockdown measures implemented by the Government completely halted the economic activities of almost all sectors, resultantly overall economic growth was pushed in negative region. The pandemic has created risks of reduction in consumer demand vis-à-vis purchasing power which may pose effects in periods to come.

In these uncertain situations, your Company pro-actively followed the measures implemented by government to protect our people from negative outcomes and accordingly implemented various measures which include work from home, maintaining social distancing, sanitization, daily body temperature screening of all employees and workers, disinfection of working facilities, compulsory use of masks, etc.

Moving to the automobile industry highlights in the pandemic situation, the truck and bus industry as a whole posted a downward trajectory by 46% which stood at 3,647 units in FY 2020 as compared to 6,763 units sold during last year as reported by PAMA. This has been mainly due to adverse foreign exchange parities along with slow pace of China-Pakistan Economic Corridor (CPEC). Despite the comparative decrease by 44% in units sold, your Company outperformed and sustained its market leadership in truck segment with the market share of 47% in truck and bus category.

Principal Activities of the Company

Ghandhara Industries Limited (the Company) is incorporated in Pakistan as a Public Limited Company and is listed on the Pakistan Stock Exchange (PSX). The Company's principal activity is the assembly, progressive manufacture and marketing of ISUZU buses, trucks and pick-up trucks.

Principal Risks and Uncertainties

The Company's key risks include risks pertaining to market competition, exchange rate, interest rates, currency depreciation and overall economic conditions especially post Covid-19 effects on overall economy which may have an impact on financial position of the Company.

FINANCIAL PERFORMANCE

The financial results are summarized below:

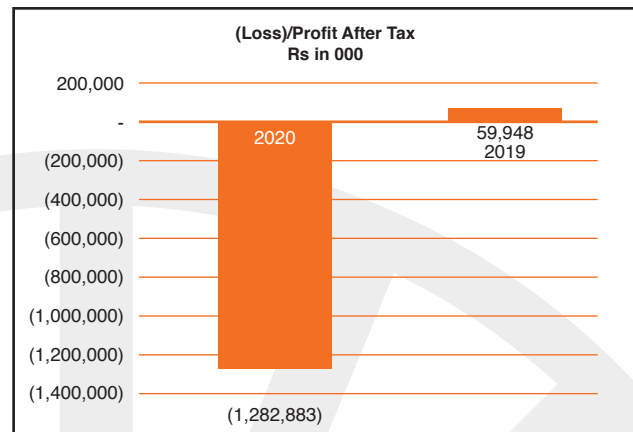
	2020	2019
	(Rupees in thousand)	
(Loss)/Profit from operations	(41,491)	889,989
Finance cost	(970,785)	(751,019)
(Loss)/Profit before tax	(1,012,276)	138,970
Taxation	(270,607)	(79,022)
(Loss)/Profit after tax	(1,282,883)	59,948

(Loss)/Earnings per Share

The Basic and Diluted (loss)/earnings per share after tax is Rs. (30.11) [2019: Rs. 1.41].

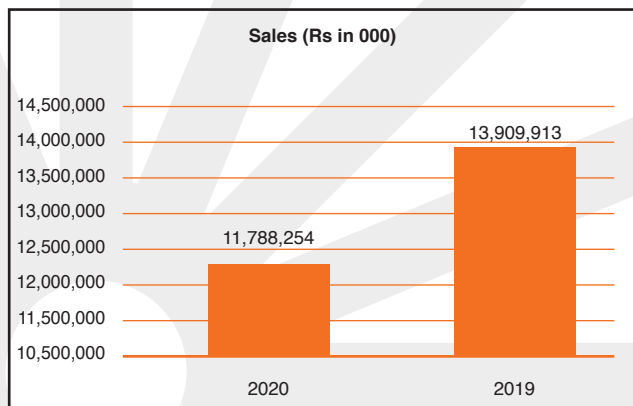
Reasons for Loss

The Company posted loss after tax of Rs. (1,282) million in current year, as compared to profit of Rs 59 Million in the year 2018-2019. Major reasons for loss are reduction in sales by 15%, significant currency devaluation, increase in material prices and significant hike in Company's borrowing and finance cost on account of rising interest rates pre Covid-19 which were gradually reduced during last quarter of FY2020.



Sales

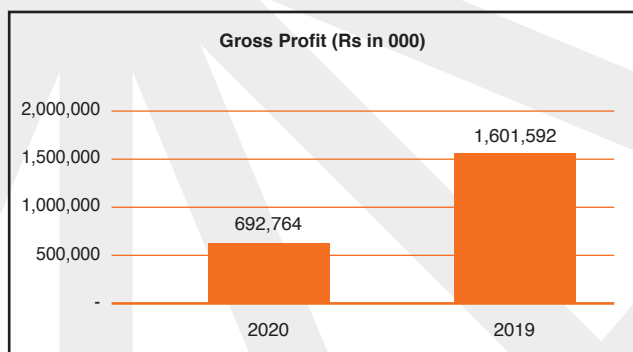
As highlighted above due to unfavorable market conditions and decreasing sales trend in overall truck and bus market, the Company's sales revenue decreased to Rs. 11.79 Billion as compared to Rs. 13.91 Billion last year. However, your Company has increased its market share in this segment to 47% as compared to 45% during last year. The Company is confident about sustainable recovery on account of its unmatched after sales service and customer oriented and reliable products, however it urges government to take appropriate measures amid Covid-19 to improve confidence of customers of auto industry which would ultimately help the Company to generate more revenues.



OPERATING RESULTS

Gross profit

The Company showed a decrease in gross profits by 57% mainly due to sharp increase in material prices along with currency depreciation.



Distribution and administrative Expenses

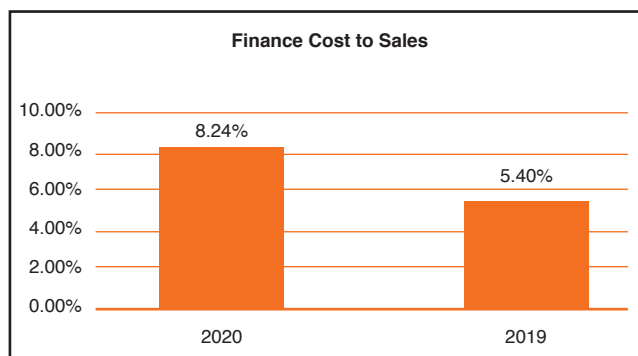
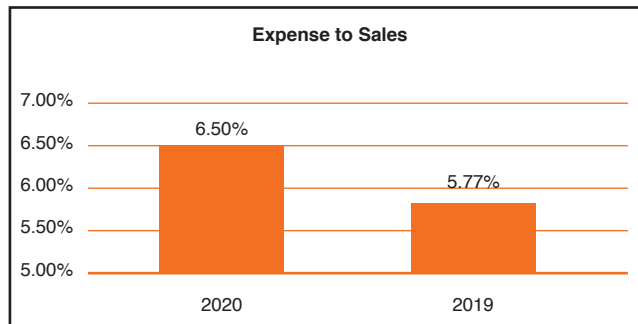
Distribution and Administration expenses have observed slight decrease due to efficient management, however the Company is aware of the impacts of upcoming economic challenges and is ready to combat them by better planning and negotiations.

Finance costs

Company witnessed a significant surge in finance cost mainly due to increase in borrowings coupled with hike in State Bank's base rate till March 2020. During COVID 19, the rates were gradually reduced however the same had insignificant impact on Company's finance cost due to nature of financing with banks. The management understands that the increased borrowings have created pressure on finance cost however, management is confident that it will decline during FY 2021 keeping in view stable or further reduction in interest rates.

Holding Company

Bibojee services (Private) Limited, incorporated in Pakistan, is our holding company by way of direct ownership of 39.16% shares and certain other indirect shareholding.

**Chairman Review**

Chairman Review on market and economy have been made part of these financial statements.

Dividend

Considering the financial position of the Company, the directors of the Company have decided not to pay any dividend, cash or otherwise.

Board of Directors and its Committees

The Board of Directors of the Company as at June 30, 2020 consists of:

Total Number of Directors:

Male	06
Female	01

Composition

Independent Directors	02
Non-Executive Directors	03
Executive Directors	02

The names of the directors as at June 30, 2020 are as follows

- Lt. Gen. (R) Ali Kuli Khan Khattak
- Mr. Ahmad Kuli Khan Khattak
- Mrs. Shahnaz Sajjad Ahmad
- Maj. (R) Muhammad Zia
- Mr. Muhammad Kuli Khan Khattak
- Mr. Shahid Kamal Khan
- Mr. Sohail Hameed Khan

There was no casual vacancy on the Board during the year.

Human Resource & Remuneration Committee (HR&R) committee

The committee consists of four members; consisting of non-executive directors including an independent director. The terms of reference of this Committee have been determined in accordance with guidelines provided in the Code of Corporate Governance, 2019, “the Code”. The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives’ remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The committee held one meeting during 2019-2020.

Audit Committee

The committee consists of three members including non-executive directors and head of internal audit as secretary to the committee, chairman of the committee is an independent director. The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The terms of reference of this committee have been determined in accordance with guidelines provided in the Code.

Board and its Committees’ meetings

During the year under review four meetings of Board of Directors (BoD), four meetings of Board Audit Committee (BAC) and one meeting of the Human Resource and Remuneration (HR&R) Committee were held. All the meetings were held in Pakistan. Attendance at the Board meetings is as follows:

Name of Director	Status	Attendance		
		BOD	BAC	HR&R
Lt. Gen. (R) Ali Kuli Khan Khattak	Re-Elected on April 10, 2018	4/4	-	-
Mr. Ahmad Kuli Khan Khattak	Re-Elected on April 10, 2018	4/4	-	1/1
Mr. Muhammad Kuli Khan Khattak	Appointed on February 21, 2019 to fill in casual vacancy	4/4	-	-
Maj. (R) Muhammad Zia	Re-Elected on April 10, 2018	3/4	4/4	0/1
Mr. Shahid Kamal Khan	Re-Elected on April 10, 2018	1/4	1/4	0/1
Mrs. Shahnaz Sajjad Ahmad	Elected on April 10, 2018	4/4	-	-
Mr. Sohail Hameed Khan	Elected on April 10, 2018	4/4	4/4	1/1

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

Performance Evaluation of Board of Directors and Committees of the Board

The evaluation of Board’s role of oversight and its effectiveness is appraised by the Board itself. The main areas of focus are:

- Achieving corporate goals and objectives as defined in the Company’s vision and mission statements.
- Strategy formulation and dissemination of directions to the management for sustainable planning and operation; and
- Evaluation of Board’s Committees performance in relation to discharging their responsibilities as per defined terms of reference.

Remuneration of Directors

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his/her own remuneration. The following are significant features of remuneration policy:

- The remuneration including incentives and other benefits of the Chief Executive Officer during the year amounts to Rs. 65million (2019: Rs.65 million).
- The remuneration of Executive director during the year amounts to Rs. 34.1 Million (2019: Rs. 15 Million).
- The Company does not pay remuneration to non-executive directors including independent directors except fee for attending the meetings.

For further details on remuneration of Directors and CEO in FY 2019-20, please refer note 39 to the Financial Statements.

Internal Audit Function

Ghandhara Industries Limited has an independent Internal Audit function which has designed internal controls to safeguard financial and operational reporting of the Company. The Board Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee 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 its findings functionally to the Board Audit Committee and administratively to the Chief Executive.

The Board understands its responsibility towards smooth functioning of internal financial controls and continuously strives to achieve the best practices through its regular governance.

Auditors

Present auditors, Messrs.'ShineWing Hameed Chaudhri & Co, Chartered Accountants have retired. Being eligible, Messrs. ShineWing Hameed Chaurdhri have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2021 to the shareholders for approval.

Pattern of shareholding

The pattern of shareholding as on 30th June 2020 & additional information thereabout required under Code of Corporate Governance are annexed.

Communication with Stakeholders

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the Company are updated on its web site at www.gil.com.pk , on timely basis.

Related Party Transactions

The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes to the Financial Statements. Other material transactions with related parties are disclosed in note 40 to the Financial Statements.

Responsibility towards environment and society

Ghandhara Industries Limited is well aware of its responsibility towards the environment and the society and makes its utmost possible efforts towards the betterment of the society in general and for its employees specifically. Various seminars were undertaken during the year regarding health, safety and education of its employees to develop a safe and environment friendly working practices.

Subsequent Events

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

Code of Corporate Governance

The Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. A statement of compliance is annexed on pages 59 and 60. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statement prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial and Reporting Standards, as applicable in Pakistan, and Companies Act, 2017 have been followed in preparation of financial statement.
- 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.
- Statement of pattern of Shareholding has been included as a part of this Annual Report.
- There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations (Rule book of Pakistan Stock Exchange).
- The highlights of operating and financial data for the last six years are annexed.
- Information about taxes and levies is given in notes to the accounts.
- During the year, no trading in shares of the Company was carried out by Directors, CFO, Company Secretary, their spouses and minor children.
- The Company operates a defined benefit gratuity fund for its employees. The value of investments as at June 30, 2020 was Rs. 90,390,575.

Future outlook

Covid-19 pandemic has affected overall world economy and accordingly businesses and public need to adapt various changes in way of doing business by strictly following standard operating procedures (SOPs) to combat direct effects of the pandemic.

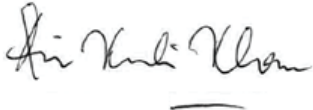
Due to lockdown situation, various businesses suffered huge losses and cash flow problems, however there was recovery in few sectors of the economy in late May 2020. Due to low purchasing power and increased cost of doing business, overall revival is expected to take some time. However, various measures taken by government in collaboration with State Bank of Pakistan to support businesses will have positive impacts on purchasing power vis-à-vis the demand.

Keeping in view the economic trends, the Company is also making all necessary efforts to improve its position based on enhanced product line and improved competitiveness, however during these tough times, government need to continue its support by devising favorable policies for consumers and business community.

Acknowledgement

The board acknowledges the trust and confidence on the Company and its products by the shareholders, valued suppliers, customers, dealers and bankers and thank them for their co-operation and support during these unusual circumstances. The Board is pleased to record its appreciation for the continued diligence and devotion of the employees. The Board takes the opportunity to thank the Company's principals Isuzu Motors Limited, Isuzu Motors Company (Thailand) Limited and Isuzu Motors International Operations (Thailand) Company Limited and the trading house Marubeni Corporation for their continued support and assistance.

On behalf of the Board of Directors



Lt. Gen. (R) Ali Kuli Khan Khattak
Chairman

On behalf of the Board of Directors



Ahmad Kuli Khan Khattak
Chief Executive

Karachi

Dated: September 30, 2020

- ☆ ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی اور رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، اوکینیڈا ایکٹ، 2017 کی پیروی ہے۔
- ☆ انٹرنل کنٹرول کا نظام اپنی ساخت کے اعتبار سے مستحکم ہے اور اس کا موثر انداز میں اطلاق اور نگرانی کی جاتی ہے۔
- ☆ کمپنی کا کاروبار دواں دواں رکھنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- ☆ لسٹنگ ریگولیشنز (پاکستان اسٹاک ایکسچینج کی رول بک) میں تفصیلاً درج کاروباری نظم و ضبط کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- ☆ گزشتہ چھ سال کے آپریشننگ اور فنانشل ڈیٹا کی جھلکیاں منسلک ہیں۔
- ☆ میکسز اور محصولات کے بارے میں معلومات اکاؤنٹس کے نوٹس میں دی گئی ہیں۔
- ☆ سال کے دوران، کمپنی کے ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری، ان کی شریک حیات اور نابالغ بچوں کی طرف کمپنی کے شیئرز کی کوئی خرید و فروخت نہیں کی گئی۔
- ☆ کمپنی اپنے ملازمین کے لئے ایک متعین کردہ بینیفٹ گریجویٹ فنڈ چلاتی ہے۔ بمطابق 30 جون، 2020 سرمایہ کاری کی مالیت 90,390,575 روپے تھی۔

مستقبل کی توقعات

کوڈ-19 عالمی وبا نے مجموعی طور پر عالمی معیشت کو متاثر کیا ہے اور اسی کے مطابق کاروباری اداروں اور عوام کو عالمی وبا کے براہ راست اثرات کا مقابلہ کرنے کے لئے معیاری عملی طریقہ کار (ایس او پیز) کی سختی سے پیروی کرتے ہوئے کاروبار کرنے کے طریقے میں مختلف تبدیلیوں کو اپنانے کی ضرورت ہے۔

لاک ڈاؤن کی صورتحال کی وجہ سے، مختلف کاروباری اداروں کو بڑے نقصانات اور کیش فلو کے مسائل کا سامنا کرنا پڑا، تاہم مئی 2020 کے آخر میں معیشت کے چند شعبوں میں بحالی ہوئی۔ کمزور قوت خرید اور کاروبار کرنے کی لاگت میں اضافے کی وجہ سے، مجموعی بحالی میں کچھ وقت لگنے کی توقع ہے۔ تاہم، کاروباری اداروں کی مدد کے لئے اسٹیٹ بینک آف پاکستان کے اشتراک سے حکومت کی طرف سے اٹھائے گئے مختلف اقدامات کے پیش نظر قوت خریداری اور طلب پر مثبت اثرات مرتب ہوں گے۔

معاشی رجحانات کو مد نظر رکھتے ہوئے، کمپنی، بہتر پروڈکٹ لائن اور بہتر مسابقت پر مبنی اپنی پوزیشن کو بہتر بنانے کے لئے تمام ضروری کوششیں کر رہی ہے، تاہم ان مشکل اوقات میں حکومت کو صارفین اور کاروباری برادری کے لئے سازگار پالیسیاں وضع کر کے اپنا تعاون جاری رکھنے کی ضرورت ہے۔

اعتراف

بورڈ، کمپنی اور اس کی مصنوعات پر شیئر ہولڈرز، قابل قدر سپلائرز، صارفین، ڈیلروں اور میٹکرز کے بھروسے اور اعتماد کا اعتراف کرتا ہے اور ان غیر معمولی حالات میں ان کے تعاون اور سرپرستی پر ان کا شکریہ ادا کرتا ہے۔ بورڈ اپنے ملازمین کی مستقل مزاجی اور لگن کے لئے اپنا خراج تحسین ریکارڈ پر لاتے ہوئے خوشی محسوس کرتا ہے۔

بورڈ اس موقع پر کمپنی کے پرنچلز اسوز و موٹرز لمیٹڈ، اسوز و موٹرز کمپنی (تھائی لینڈ) لمیٹڈ اور اسوز و موٹرز انٹرنیشنل آپریشنز (تھائی لینڈ) کمپنی لمیٹڈ اور ٹریڈنگ ہاؤس ماروبینی کارپوریشن سے ان کی مسلسل مدد اور معاونت پر اظہار تشکر کرتا ہے۔

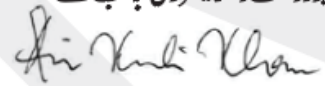
بورڈ آف ڈائریکٹرز کی جانب سے



احمد علی خان خٹک

چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کی جانب سے



ایسٹینٹ جنرل (ر) علی رaza خان خٹک

چیئر مین

کراچی

تاریخ: 30 ستمبر، 2020

انٹرنل آڈٹ فنکشن میں مالیاتی، آپریشنل اور کمپلائنس کنٹرولز کا جائزہ لیا جاتا ہے، اور اس کے نتائج کو بورڈ آڈٹ کمیٹی اور انتظامی طور پر چیف ایگزیکٹو کو رپورٹ کیا جاتا ہے۔ بورڈ انٹرنل فنکشنل کنٹرول کو ہموار طریقے سے چلانے کے لئے اپنی ذمہ داری کو سمجھتا ہے اور اپنی مستقل گورننس کے ذریعے بہترین طریق کار پر عمل پیرا ہونے کے لئے مستقل کوشاں ہے۔

آڈیٹر

موجودہ آڈیٹرز، میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ اہل ہونے کے ناطے، میسرز شائن ونگ حمید چوہدری نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ آف ڈائریکٹر 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹر کی حیثیت سے ان کی دوبارہ تقرری کے لئے شیئر ہولڈرز سے منظوری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے۔

شیئر ہولڈنگ پیٹرن

30 جون 2020 تک شیئر ہولڈنگ پیٹرن اور اس کے بارے میں کوڈ آف کارپوریٹ گورننس کے تحت درکار اضافی معلومات کو منسلک کیا گیا ہے۔

اسٹیک ہولڈرز کے ساتھ رابطے

کمپنی شیئر ہولڈرز کے ساتھ رابطے کی اہمیت پر توجہ مرکوز رکھتی ہے۔ کمپنی ایکٹ 2017 میں متعین وقت کے اندر سالانہ، نصف سالانہ اور سہ ماہی رپورٹس ان میں تقسیم کی جاتی ہیں۔ کمپنی اپنی سرگرمیوں کی اپنی ویب سائٹ www.gil.com.pk پر بروقت بنیاد پر تجدید کرتی ہیں۔

متعلقہ پارٹی سے لین دین

کمپنی مختلف عمومی کاروباری طریقہ کار کے مطابق متعلقہ فریقوں کے ساتھ لین دین کرتی ہے۔ متعلقہ فریقوں کی طرف واجب الادا رقم، ایگزیکٹوز سے قابل وصولی رقم اور ڈائریکٹرز اور ایگزیکٹوز کے معاوضے کا انکشاف مالیاتی اعداد و شمار کے متعلقہ نوٹ میں کیا جاتا ہے۔ متعلقہ فریقوں کے ساتھ دیگر اہم لین دین کا انکشاف مالیاتی اعداد و شمار کے نوٹ 40 میں کیا گیا ہے۔

ماحول اور معاشرے کی بابت ذمہ داری

گندھارا انڈسٹریز لمیٹڈ ماحولیات اور معاشرے کی بابت اپنی ذمہ داری سے بخوبی واقف ہے اور معاشرے کی بہتری کے لئے عمومی طور پر اور اپنے ملازمین کے لئے خاص طور پر اپنی پوری کوشش کرتی ہے۔ سال کے دوران کام کرنے کے محفوظ اور ماحول دوست طریقوں کو فروغ دینے کے لئے اپنے ملازمین کی صحت، حفاظت اور تعلیم کے سلسلے میں مختلف سیمینار منعقد کیے گئے۔

بعد کے واقعات

مالی سال کے اختتام اور رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلی یا معاہدے نہیں ہوئے ہیں۔

کارپوریٹ گورننس کوڈ

بورڈ یہ بیان کرتے ہوئے خوش محسوس کرتا ہے کہ کمپنی کا انتظام کارپوریٹ گورننس کے بہترین طریق کار کے مطابق ہے۔ کمپلائنس کا بیان صفحہ 59 اور 60 پر منسلک ہے۔ کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کے سلسلے میں بورڈ اپنی ذمہ داری کو تسلیم کرتا ہے اور اس طرح بیان کرتا ہے کہ:

☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی کیفیت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

☆ کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

☆ کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شمار یاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

بورڈ اور اس کی کمیٹیوں کے اجلاس

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز (BoD) کے چار، بورڈ آڈٹ کمیٹی (BAC) کے چار اجلاس ہوئے اور ہیومن ریسورس اینڈ ریونیویشن (HR&R) کمیٹی کا ایک اجلاس ہوا۔ تمام اجلاس پاکستان میں ہوئے۔ بورڈ کے اجلاسوں میں حاضری درج ذیل رہی۔

ڈائریکٹرز کے نام	کیفیت	حاضری		
		بورڈ آف ڈائریکٹرز	بورڈ آڈٹ کمیٹی	بورڈ آڈٹ کمیٹی
لفٹننٹ گورنر (ر) پنجاب	10 اپریل، 2018 کو دوبارہ انتخاب	4/4	-	-
جناب احمد فقی خان خٹک	10 اپریل، 2018 کو دوبارہ انتخاب	4/4	-	1/1
جناب محمد فقی خان خٹک	21 فروری، 2019 کو عدلیٰ طور پر خالی جگہ پر کرنے کے لئے تقرری کی گئی	4/4	-	-
میجر (ر) محمد ضیا	10 اپریل، 2018 کو دوبارہ انتخاب	3/4	4/4	0/1
جناب شاہد کمال خان	10 اپریل، 2018 کو دوبارہ انتخاب	1/4	-	0/1
محترمہ شہناز سجاد احمد	10 اپریل، 2018 کو دوبارہ انتخاب	4/4	-	-
جناب سہیل حمید	10 اپریل، 2018 کو دوبارہ انتخاب	4/4	4/4	1/1

ان ڈائریکٹرز کو غیر حاضری کی چھٹی دے دی گئی جو اجلاسوں میں شرکت نہیں کر سکے۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ

بورڈ کے گمرانی کے کردار اور اس کی اثر انگیزی کا تجزیہ خود بورڈ ہی کی طرف سے کیا جاتا ہے۔ توجہ کے اہم شعبے درج ذیل ہیں:

- کمپنی کے وژن اور مشن اسٹیٹمنٹ میں بیان کردہ کاروباری اہداف اور مقاصد حاصل کرنا۔
- پائیدار منصوبہ بندی اور آپریشنز کے لئے حکمت عملی تشکیل دینا اور انتظامیہ کو ہدایات پہنچانا، اور
- اپنی ذمہ داریوں کو نبھانے کے حوالے سے بورڈ کی کمیٹیوں کی کارکردگی کا تشریح کردہ مٹمز آف ریفرنس کے مطابق تجزیہ۔

ڈائریکٹرز کا معاوضہ

بورڈ ممبران کے معاوضے کی منظوری بورڈ خود ہی دیتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں حصہ نہیں لے گا۔ معاوضہ پالیسی کی اہم خصوصیات درج ذیل ہیں۔

- سال کے دوران چیف ایگزیکٹو آفیسر کے معاوضے بشمول مراعات اور دیگر فوائد کی مالیت 65 ملین روپے ہے۔ (2019: 65 ملین روپے)
- سال کے دوران ایگزیکٹو ڈائریکٹر کے معاوضے کی مالیت 34.1 ملین روپے ہے۔ (2019: 15 ملین روپے)
- کمپنی نان ایگزیکٹو ڈائریکٹرز کو، بشمول آزاد ڈائریکٹرز کو مساوائے اجلاسوں میں شرکت کے لیے فیس کے، معاوضے کی ادائیگی نہیں کرتی ہے۔
- مالی سال 2019-20 میں ڈائریکٹرز اور سی ای او کے معاوضے سے متعلق مزید تفصیلات کے لئے، مالیاتی اعداد و شمار میں نوٹ 39 دیکھیں۔

نٹزل آڈٹ فنکشن

گندھارا انڈسٹریز لمیٹڈ کا ایک آزاد نٹزل آڈٹ فنکشن ہے جس نے کمپنی کی مالیاتی اور آپریشنل رپورٹنگ کے تحفظ کے لئے اندرونی کنٹرول تیار کیے ہیں۔ بورڈ آڈٹ کمیٹی سہ ماہی بنیاد پر اس فنکشن کے وسائل اور اختیارات کی معقولیت کا جائزہ لیتی ہے۔ نٹزل آڈٹ کا سربراہ عملاً آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی آپریٹنگ ایریاز کی سالانہ اور سہ ماہی تشخیص کی بنیاد پر آڈٹ پلان کی منظوری دیتی ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں
30 جون، 2020 تک کمپنی کا بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹرز کی کل تعداد:

مرد	06
خواتین	01

ساخت

آزاد ڈائریکٹرز	02
نان ایگزیکٹو ڈائریکٹرز	03
ایگزیکٹو ڈائریکٹرز	02

30 جون 2020 تک ڈائریکٹرز کے نام درج ذیل ہیں

- لیفٹیننٹ جنرل (ر) علی فلی خان خٹک

- جناب احمد فلی خان خٹک

- مسز شہناز سجاد احمد

- میجر (ر) محمد ضیا

- جناب محمد فلی خان خٹک

- جناب شاہد کمال خان

- جناب سہیل حمید

سال کے دوران بورڈ میں کسی بھی طرح کی اتفاقہ جگہ خالی نہیں تھی۔

ہیومن ریسورس اینڈ ریمونیریشن کمیٹی (HR&R) کمیٹی

یہ کمیٹی ایک آزاد ڈائریکٹر سمیت چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ اس کمیٹی کی ٹرمز آف ریفرنس کا تعین کوڈ آف کارپوریٹ گورننس، 2019، "کوڈ" میں فراہم کردہ رہنما خطوط کے مطابق کیا گیا ہے۔ کمیٹی سینٹر ایگزیکٹوز کے معاوضے، تنظیم اور ملازمین کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے اور ایگزیکٹو ڈائریکٹرز اور انتظامی کمیٹی کے ممبران کے معاوضوں سے متعلق تمام امور کی منظوری کے لئے اجلاس کرتی ہے۔ کمیٹی نے 2019-2020 کے دوران ایک اجلاس کیا۔

آڈٹ کمیٹی

یہ کمیٹی تین اراکین پر مشتمل ہے جس میں نان ایگزیکٹو ڈائریکٹرز اور انٹرنل آڈٹ کے سربراہ بطور کمیٹی سیکرٹری شامل ہوتے ہیں، کمیٹی کا چیئر مین ایک آزاد ڈائریکٹر ہوتا ہے۔ بورڈ آڈٹ کمیٹی، بورڈ کو بنیادی طور پر مالیاتی اور غیر مالیاتی معلومات کا جائزہ لینے اور شیئر ہولڈرز کو ان کی رپورٹنگ کرنے، انٹرنل کنٹرول اور رسک مینجمنٹ کے نظام اور آڈٹ کے عمل کی نگرانی کی ذمہ داریوں کو پورا کرنے میں معاونت فراہم کرتی ہے۔ اسے جیسا مناسب سمجھے، انتظامیہ سے معلومات طلب کرنے اور بیرونی آڈیٹرز یا مشیروں کے ساتھ براہ راست مشورہ کرنے کی خود مختاری حاصل ہے۔ چیف فنانشل آفیسر باقاعدگی سے بورڈ آڈٹ کمیٹی کے اجلاسوں میں بذریعہ دعوت شریک ہوتے ہیں تاکہ اپنے اعداد و شمار پیش کر سکیں۔ ہر اجلاس کے بعد، کمیٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ اس کمیٹی کی ٹرمز آف ریفرنس ضابطہ اخلاق میں فراہم کردہ رہنما خطوط کے مطابق طے کی گئی ہیں۔

آپریٹنگ نتائج کل منافع

کمپنی نے مجموعی منافع میں 57 فیصد کی کمی ظاہر کی ہے جس کی بنیادی وجہ کرنسی کی قدر میں کمی کے ساتھ ساتھ خام مال کی قیمتوں میں تیزی سے اضافہ تھا۔

ڈسٹری بیوٹن اور انتظامی اخراجات

موثر انتظام و انصرام کی وجہ سے ڈسٹری بیوٹن اور انتظامی اخراجات میں معمولی کمی دیکھنے میں آئی ہے، تاہم کمپنی آنے والے معاشی چیلنجوں کے اثرات سے بخوبی واقف ہے اور بہتر منصوبہ بندی اور مذاکرات کے ذریعے ان کا مقابلہ کرنے کے لئے تیار ہے۔

مالیاتی لاگت

کمپنی نے مالیاتی لاگت میں نمایاں اضافے کا سامنا کیا جس کی بنیادی وجہ مارچ

2020 تک اسٹیٹ بینک کے بنیادی ریٹ میں اضافے کے ساتھ ساتھ قرضوں میں اضافہ تھا۔ کووڈ-19 کے دوران ریٹس میں بتدریج کمی کی گئی تاہم بینکوں کے ساتھ فنانسنگ کی نوعیت کی وجہ سے کمپنی کی مالیاتی لاگت اس سے نمایاں طور پر متاثر ہوئی ہے، تاہم انتظامیہ سمجھتی ہے کہ بڑھتے ہوئے قرضوں نے مالیاتی لاگت پر دباؤ ڈالا ہے تاہم انتظامیہ پُر اعتماد کہ مالی سال 2021 کے دوران سود کی شرحوں میں استحکام یا مزید کمی کے پیش نظر اس میں کمی واقع ہوگی۔

ہولڈنگ کمپنی

پاکستان میں قائم شدہ بیو جی سروسز (پرائیویٹ) لمیٹڈ، 39.16 فیصد شیئرز کی براہ راست ملکیت اور کچھ دیگر بالواسطہ شیئرز ہولڈنگ کے ذریعے ہماری ہولڈنگ کمپنی ہے۔

چیئر مین کا جائزہ

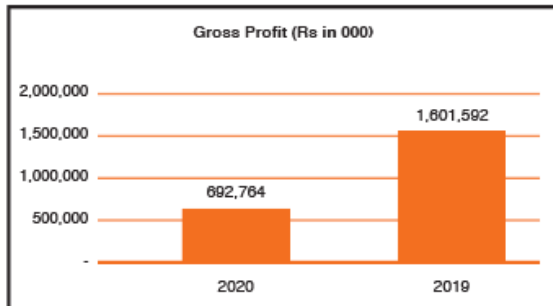
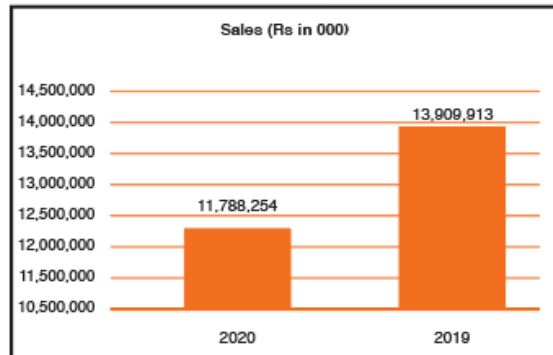
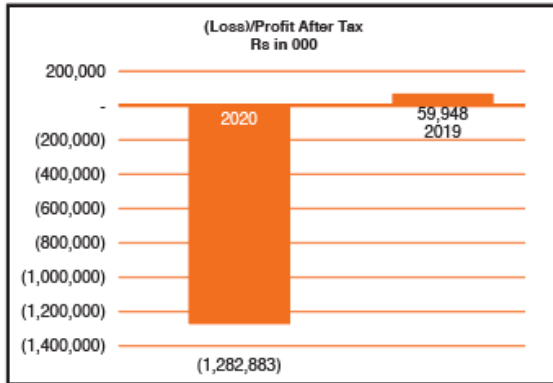
مارکیٹ اور معیشت کے بارے میں چیئر مین کے جائزے کو ان مالیاتی اعداد و شمار کا حصہ بنایا گیا ہے۔

ڈیویڈنڈ

کمپنی کی مالی حیثیت کو مد نظر رکھتے ہوئے، کمپنی کے ڈائریکٹرز نے نقد رقم یا کسی دوسری صورت میں کسی ڈیویڈنڈ کی ادائیگی نہ کرنے کا فیصلہ کیا ہے۔

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2019	2020	
ہزار روپوں میں		
889,989	(41,491)	آپریٹنگ سے (خسارہ)/ منافع
(751,019)	(970,785)	مالیاتی لاگت
138,970	(1,012,276)	قبل از ٹیکس (خسارہ)/ منافع
(79,022)	(270,607)	ٹیکس
59,948	(1,282,883)	بعد از ٹیکس (خسارہ)/ منافع



فی شیئر (نقصان)/ آمدنی

بنیادی اور تحلیل شدہ بعد از ٹیکس (نقصان)/ ٹیکس فی شیئر آمدنی (30.11) روپے
[2019: 1.41 روپے]

خسارے کی وجوہات

کمپنی نے سال 2018-2019 میں 59 ملین روپے کے منافع کے مقابلے میں رواں سال (1,282) ملین خسارہ درج کرایا۔ فروخت میں 15 فیصد تک کمی، کرنسی کی قدر میں نمایاں کمی، خام مال کی قیمتوں میں اضافہ اور کووڈ - 19 سے پہلے سود کی بڑھتی ہوئی شرح کی وجہ سے کمپنی کے قرض لینے کی اور مالیاتی لاگت میں نمایاں اضافہ خسارے کی بڑی وجہ ہیں جو مالی سال 2020 کی آخری سہ ماہی کے دوران آہستہ آہستہ کم ہو گئیں۔

فروخت

جیسا کہ اوپر توجہ دلائی گئی ہے، مارکیٹ کے ناسازگار حالات اور ٹرک اور بس مارکیٹ میں فروخت کے مجموعی کم رجحان کی وجہ سے، کمپنی کی فروخت کی آمدنی پچھلے سال میں 13.91 ملین روپے کے مقابلے میں کم ہو کر 11.79 ملین روپے ہو گئی۔ تاہم، آپ کی کمپنی نے اس شعبے میں اپنے مارکیٹ شیئر کو پچھلے سال کے دوران 45 فیصد کے مقابلے میں 47 فیصد تک بڑھا دیا ہے۔ کمپنی اپنی بے مثال آفر میلز سروس اور کسٹمر کی ضرورت سے ہم آہنگ اور قابل اعتماد مصنوعات کی بدولت پائیدار بحالی کے بارے میں پراعتماد ہے، تاہم، کمپنی نے حکومت سے آٹو انڈسٹری کے صارفین کے اعتماد کو بہتر بنانے کے لئے کووڈ - 19 کے درمیان مناسب اقدامات کرنے پر زور دیا ہے جس سے کمپنی کو بالآخر مزید محصولات پیدا کرنے میں مدد ملے گی۔

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کی 57 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی اعداد و شمار پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معیشت اور مارکیٹ کا جائزہ

مالی سال 2020 میں پاکستان کی معیشت مالی خسارے، کرنٹ اکاؤنٹ بیلنس اور طویل مدتی قرضوں کی ادائیگیوں کے سلسلے میں مختلف چیلنجوں کا مشاہدہ کرتی رہی اور اسی کے مطابق معاشی عدم توازن کو سنبھالنے کے لئے مختلف پالیسی اور ساختی اصلاحات کی گئیں جن سے سال کے دوران تجارت اور کرنٹ اکاؤنٹ بیلنس میں معمولی بہتری نظر آئی۔ تاہم کووڈ-19 عالمی دبانے غیر یقینی صورتحال پیدا کر دی جس کے مجموعی معیشت پر دیرپا اثرات مرتب ہونے کی توقع ہے۔

عالمی وبا کے نتیجے میں پیدا ہونے والی بحرانی صورت حال اور اس کے نتیجے میں حکومت کی طرف سے لاک ڈاؤن کے اقدامات نے تقریباً تمام شعبوں کی معاشی سرگرمیوں کو مکمل طور پر روک دیا، جس کا نتیجہ معاشی نمو کے منفی خطے میں دھکیلے جانے کی صورت میں سامنے آیا۔ عالمی وبا سے صارفین کی مانگ اور ساتھ ساتھ خریداری کی طاقت میں کمی کے خدشات پیدا ہو گئے ہیں جس کے آنے والے ادوار میں اثرات مرتب ہو سکتے ہیں۔

ان غیر یقینی حالات میں، آپ کی کمپنی نے اپنے لوگوں کو منفی نتائج سے بچانے کے لئے حکومت کی طرف سے نافذ کردہ اقدامات پر فعال طور پر عمل کیا اور اس کے مطابق مختلف اقدامات پر عمل درآمد کیا جس میں گھر سے کام، معاشرتی فاصلے کو برقرار رکھنا، صفائی ستھرائی، تمام ملازمین اور کارکنوں کے جسمانی درجہ حرارت کی روزانہ جانچ، کام کرنے والی سہولیات کا ڈس انفیکشن، ماسک کا لازمی استعمال وغیرہ شامل ہیں۔

جہاں تک عالمی وبا کی صورت حال میں آٹوموبائل انڈسٹری کے چیدہ چیدہ معاملات کا تعلق ہے، ٹرک اور بس انڈسٹری نے پستی کے رجحان کے ساتھ مجموعی طور پر 46 فیصد کی کمی ریکارڈ کی ہے جو گزشتہ سال کے دوران فروخت ہونے والے 6,763 یونٹس کے مقابلے میں مالی سال 2020 میں 3,647 یونٹ رہی تھی۔ اس کی بنیادی وجہ چین پاکستان اقتصادی راہداری (CPEC) کی سست رفتاری کے ساتھ غیر ملکی زرمبادلہ کی منفی مساواتیں ہیں۔ فروخت شدہ یونٹوں میں 44 فیصد مسابقتی کمی کے باوجود، آپ کی کمپنی نے ٹرک کے شعبے میں سب سے بہتر کارکردگی کا مظاہرہ کیا اور ٹرک اور بس کے زمرے میں 47 فیصد مارکیٹ شیئر کے ساتھ مارکیٹ میں اپنی قیادت کو برقرار رکھا۔

کمپنی کی اہم سرگرمیاں

گندھارا انڈسٹریز لمیٹڈ (کمپنی) پاکستان میں بطور پبلک لمیٹڈ کمپنی قائم شدہ اور پاکستان اسٹاک ایکسچینج (PSX) میں مندرج ہے۔ کمپنی کی اصل سرگرمی ISUZU بسوں، ٹرکوں اور پک اپ ٹرکوں کی اسمبلی، پروگریسیو مینوفیکچر اور مارکیٹنگ ہے۔

اہم خطرات اور غیر یقینی صورتحال

کمپنی کے اہم خطرات میں مارکیٹ میں مقابلہ، زرمبادلہ کی شرح سود، کرنسی کی قدر میں کمی اور مجموعی معاشی حالات سے متعلق خطرات شامل ہیں خاص طور پر کووڈ-19 کے بعد مجموعی معیشت پر اثرات مرتب ہو سکتے ہیں جس کا اثر کمپنی کی مالی حیثیت پر پڑ سکتا ہے۔

Ghandhara Industries Limited ***Notice of 57th Annual General Meeting***

Notice is hereby given that the 57th Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held at 04:45 P.M. on Wednesday October 28th, 2020 at F-3, Hub Chauki Road, S.I.T.E., Karachi to transact the following business:

Ordinary Business

- 1) To confirm the minutes of the Annual General Meeting of the Company held on October 25th, 2019.
- 2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2020, together with Directors' and Auditors' report thereon.
- 3) To appoint Auditors for the year ending June 30, 2021 and to fix their remuneration. The retiring auditors, Messers ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, have offered themselves for re-appointment for the year ending June 30, 2021.
- 4) Any other business with the permission of the Chair.

Special Business

- 1) To consider to pass the following ordinary resolutions:
 - a) "RESOLVED that the transactions carried out in normal course of business with related parties during the year ended June 30, 2020 be and are hereby ratified and approved."
 - b) "RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending June 30, 2021 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

By Order of the Board



(Talha Ahmed Zaidi)

Company Secretary

Karachi

October 7, 2020

A statement of material facts under section 134(3) of the Companies Act, 2017 pertaining to the Special Business is annexed to this notice of the meeting.

NOTES:**1. Coronavirus Contingency Planning for Annual General Meeting of Shareholders**

Considering the situation on the spread of the COVID-19, the Company has decided to facilitate its shareholders by also allowing the Shareholders to attend the meeting through video link for the safety and in the best interest of the shareholders. Therefore, shareholders who are interested in attending the AGM proceedings through video link are required to update their valid e-mail ID with the Share Registrar, latest by October 18, 2020. A detailed procedure shall be communicated through e-mail directly to the shareholders who have provided their valid e-mail IDs and same shall be placed at the Company's website <https://www.gil.com.pk> in the investor relations section.

The shareholders who have already updated their valid e-mail IDs with the Company or its Share Registrar and are interested to attend AGM online may send below information along with valid copy of both sides of CNIC with the subject "Registration for Ghandhara Industries Limited AGM" at shareholders@gil.com.pk for their appointed proxy's verification. Such information should be sent from their duly registered valid e-mail ID for the registration purposes latest by October 18, 2020.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address shareholders@gil.com.pk.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed for the period from October 22, 2020 to October 28, 2020 (both days inclusive) for the purpose of Annual General Meeting. Transfers received in order at our Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi at the close of business on October 21, 2020 shall be treated in time for the purpose of Annual General Meeting. No transfer will be accepted for registration during this period.

3. Participation in General Meeting

A member of the Company entitled to attend and vote at this meeting, may appoint another person as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

CDC shareholders entitled to attend and vote at the meeting must bring his/her Participant ID and Account/Sub-Account number along with original CNIC or original passport to authenticate his/her identity. In case of corporate entity, resolution of Board of Directors/Power of Attorney with specimen signature of the nominee along with his/her recent photograph shall be produced (unless it has been provided earlier) at the time of the meeting.

4. For appointing the proxy

CDC shareholders shall submit the proxy form as per above requirements together with attested copy of CNIC or Passport of the beneficial owner and proxy. In case of corporate entity, the Board of Directors'

resolution/power of attorney, along with the specimen signature of the nominee, shall be submitted along with the proxy form to the Company.

The proxy form shall be witnessed by two witnesses with their names, addresses, and CNIC numbers. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.

5. Change in Address and CNIC

Members are requested to notify/submit the following Information / documents, in case of book entry securities in CDS to their respective participants and in case of physical shares to the registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:

- Change in their address, if any
- Members, who have not yet submitted attested photocopy of their valid CNIC are requested to submit the same along with folio numbers at earliest, directly to the Company's Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi

6. Request for Video Conferencing Facility

If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least seven (07) days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.

To avail this facility please provide the following information to our Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited.

"I/We, _____ of _____, being a member of Ghandhara Industries Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

Signature of member

7. Availability of Audited Financial Statement on Company's Website:

The audited financial statements of the Company for the year ended 30 June 2020 have been made available on the Company's website www.gil.com.pk, at least 21 days before the date of Annual General Meeting.

8. Annual Report through CD/DVD

This is to inform that SECP in accordance with SRO 470(I)/2016 dated 31 May 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/ USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Annual General Meeting held on October 31, 2016. Accordingly, Annual Report of the Company for the year ended June 30, 2020 is dispatched to the shareholders through CD. However, if a shareholder requests for a hard copy of Annual Accounts, the same shall be provided free of cost within seven days of receipt of such request.

Further, SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desire to avail this facility. The members who desire to opt to receive aforesaid statements and notice of Annual General Meeting through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: www.gil.com.pk

9. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. Shareholders who have not yet submitted their banking details for dividends already declared by the Company are requested to fill in "Electronic Credit Mandate Form" as reproduced below and also available on Company's website and send it duly signed along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd (in case of shareholding in Physical Form) .

a) Shareholder's Details	
Name of the Shareholder (s)	
Folio # /CDSAccount No.(s)	
CNIC NO. (Copy attached)	
Mobile/Landline no.	
b) Shareholder's Bank Details	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch's name and address	

It is stated that the above mentioned information is correct and in case of any change herein I/we will immediately intimate the Share Registrar accordingly.

10. Unclaimed/Unpaid Dividend

As per provisions of Section 244 of the Companies Act, 2017, any dividend which has been declared by a company but has not been paid or claimed within time stipulated in Section 242 and Dividend Regulations, the Company shall within 15 days of the expiry of the said period transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account. In this regard, the Company is in the process of opening separate bank account to be termed as "UNPAID DIVIDEND ACCOUNT".

11. E-voting

Pursuant to the Companies (E-voting) Regulations, 2016, shareholders will be able to exercise their right to vote through e-voting by giving their consent in writing, at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

12. 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.

13. Deposit of Physical Shares in to CDC Account:

As per Section 72 of the Companies Act, 2017 every existing listed company shall be 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 commencement of this Act, i.e., May 30, 2017.

The Shareholders having physical shareholding 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, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

The following statement sets out the material facts pertaining to the special Business to be transacted at the Annual General Meeting of the Company to be held on October 28th, 2020.

Agenda Item # 1(a) of the Special Business – Transactions carried out with associated companies during the year ended June 30, 2020 to be passed as an Ordinary Resolution

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies Corporate Governance Regulations, 2019.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in this/these transaction(s) due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval of this/these transaction(s) which has/have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2020 with associated companies as shown in note no. 40 to the Audited Financial Statements for year ended June 30, 2020 are being placed before the shareholders for their consideration and approval/ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Agenda Item No. 1(b) of the Special Business - Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2021 to be passed as an Ordinary Resolution

The Company shall be conducting transactions with its related parties during the year ending June 30, 2021 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the associated companies.

In order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending June 30, 2021.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

13- دستاویزی حصص سی ڈی سی اکاؤنٹ میں جمع کرانا

کمپنیز ایکٹ 2017 کی شق 72 کے مطابق ہر موجودہ لسٹڈ کمپنی کے لیے ضروری ہے کہ کمیشن کے بتائے ہوئے طریقہ کار اور اس کی بتائی تاریخ سے دستاویزی حصص کو بک اسٹری کی شکل میں لائے جس کی اس ایکٹ کے نفاذ یعنی 30 مئی 2017 کے آغاز سے چار سال سے زیادہ نہیں ہوگی۔ دستاویزی حصص یافتگان کو ترغیب دی جاتی ہے کہ وہ کسی بھی بروکر کے پاس یا براہ راست سی ڈی سی کے انویسٹر اکاؤنٹ میں اپنا سی ڈی سی ذیلی اکاؤنٹ کھولالیں تاکہ ان کے دستاویزی حصص، غیر دستاویزی شکل میں آجائیں، اس سے کئی طریقوں سے سہولت ملے گی بشمول محفوظ تحویل اور جب چاہیں شیئر کی فروخت، جیسا کہ پاکستان اسٹاک ایکسچینج کے موجودہ ضوابط کے مطابق دستاویزی حصص کے لین دین کی اجازت نہیں ہے۔

کمپنیز ایکٹ 2017 کی شق (3) 134 کے تحت بیان

28 اکتوبر 2020 کو منعقدہ کمپنی کے سالانہ اجلاس عام میں سرانجام دی گئی خصوصی کارروائی کے اہم حقائق پر مشتمل بیان درج ذیل ہے:

خصوصی کارروائی کا ایجنڈا آئٹم نمبر (a) 1-30 جون 2020 کو ختم ہونے والے سال کے دوران ملحقہ کمپنیوں کے ساتھ کیے گئے سودوں کی منظوری کے لیے درج ذیل عمومی قرارداد منظوری کی جائے گی:

لسٹڈ کمپنیز کارپوریٹ گورننس ریگولیشنز 2019 کی شق 15 کے تحت ملحقہ کمپنیوں (ملحقہ پارٹیوں) کے ساتھ عمومی کاروباری طریقہ کے مطابق کیے گئے سودے آؤٹ کمپنی کی سفارش پر بورڈ نے سرمایہ بنیادوں پر منظور کیے جا رہے تھے۔

بورڈ اجلاس کے درمیان ڈائریکٹرز کی طرف سے نشاندہی کی گئی کہ کمپنی کے ڈائریکٹرز کی ایک بڑی تعداد کا مفاد ان کی مشترکہ ڈائریکٹر شپ اور ملحقہ کمپنیوں میں حصص داری کی وجہ سے ان سودوں سے وابستہ ہے، لہذا ان سودوں کی منظوری کے لیے ڈائریکٹرز کی مطلوبہ تعداد دستیاب نہ ہونے کی وجہ سے اجلاس عام میں حصص یافتگان کی طرف سے ان سودوں کی منظوری لینی پڑے گی۔

مذکورہ بالا صورت حال کے پیش نظر 30 جون 2020 کو ختم ہونے والے سال میں ملحقہ کمپنیوں کے ساتھ سودوں کو، جنہیں 30 جون 2020 کو ختم ہونے والے سال کے آؤٹ شدہ گوشواروں کے نوٹ 40 میں ظاہر کیا گیا ہے، انہیں غور و خوض اور منظوری کے لیے حصص یافتگان کے روبرو پیش کیا جائے گا۔

ڈائریکٹرز کی اس قرارداد سے دل چسپی ملحقہ کمپنیوں میں ان کی مشترکہ ڈائریکٹر شپ اور ان کی حصص داری تک محدود ہے۔

خصوصی کارروائی کا ایجنڈا آئٹم نمبر (b) 1- ملحقہ کمپنیوں کے ساتھ کیے گئے سودوں اور جو سودے 30 جون 2021 کو ختم ہونے والے سال کے دوران کیے جائیں گے، ان کے لیے چیف ایگزیکٹو کو مجاز بنانے کے لیے ایک عمومی قرارداد منظوری کی جائے گی۔

30 جون 2021 کو ختم ہونے والے سال کے دوران کمپنی اپنی ملحقہ کمپنیوں کے ساتھ سودے غیر جانب داری کے ساتھ ”ملحقہ پارٹیوں کے سودے“ کے سلسلے میں منظور شدہ کے مطابق عمومی طریقہ کار کے مطابق سرانجام دے گی۔ ڈائریکٹرز کی ایک بڑی تعداد ملحقہ کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ کی وجہ سے ان سودوں میں مفادات رکھتی ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شق 15 کی ذیلی شقوں کی پیروی میں حصص یافتگان ملحقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق کیے گئے سودوں اور جو سودے 30 جون 2021 کو ختم ہونے والے سال کے دوران کیے جائیں گے، ان کی منظوری کے لیے چیف ایگزیکٹو کو مجاز بنائیں گے۔ ڈائریکٹرز کی اس قرارداد سے دل چسپی ملحقہ کمپنیوں میں ان کی مشترکہ ڈائریکٹر شپ اور ان کی حصص داری تک محدود ہے۔

ممبران سے، جو مذکورہ بالا گوشوارے اور سالانہ اجلاس عام کی اطلاع ای میل کے ذریعے حاصل کرنے کے خواہش مند ہوں، اسٹینڈرڈ ریکویسٹ فارم پر تحریری رضامندی فراہم کرنے کی درخواست کی جاتی ہے جو کمپنی کی ویب سائٹ www.gil.com.pk پر دستیاب ہے۔

9- نقد کیش ڈیویڈنڈ کی برقی ذریعے سے ادائیگی (لازمی تقاضا)

کمپنیز ایکٹ 2017 کی شق 242 اوپینیز (ڈسٹری بیوٹن آف ڈیویڈنڈ) ریگولیشنز 2017 کی شقوں کے تحت کمپنی کے لیے لازم ہے کہ وہ اپنے حصص یافتہ کو اس کے مقرر کردہ اکاؤنٹ میں برقی ذریعے سے براہ راست کیش ڈیویڈنڈ بھیجے۔ حصص یافتگان سے درخواست ہے کہ ذیل میں درج ”الیکٹرونک کریڈٹ مینڈیٹ فارم“ پُر کریں جو کمپنی کی ویب سائٹ پر بھی دستیاب ہے اور براہ کرم اس پر باضابطہ دستخط کر کے اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (NTN) کی نقل کے ساتھ اپنے متعلقہ سی ڈی سی شریک کار / سی ڈی سی انویسٹر اکاؤنٹ سروسز (اگر حصص داری بک انٹری کی شکل میں ہو) کو بھجوادیں یا دستاویزی حصص کی صورت میں کمپنی کے شیئر رجسٹرار جمید مجید ایسوی ایٹس (پرائیویٹ) لمیٹڈ کو ارسال کریں۔

(a) حصص یافتہ (یا فنگان) کی تفصیلات	
حصص یافتہ (یا فنگان) کا نام	
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر (نقل منسلک ہے)	
موبائل / لینڈ لائن نمبر	
(b) حصص یافتہ کے بینک کی تفصیلات	
بینک اکاؤنٹ کا نام	
انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)	
بینک کا نام	
برانچ کا نام اور پتہ	

مذکورہ بالا معلومات درست ہیں اور ان میں کوئی تبدیلی ہوئی تو میں / ہم فوری طور پر شیئر رجسٹرار کو مطلع کروں گا / کریں گے۔

10- بلا دعویٰ حصص اور غیر ادا شدہ کیش ڈیویڈنڈ

کمپنیز آرڈیننس 2017 کی شق 244 کے تحت کمپنی کے کوئی بھی جاری کردہ حصص یا اعلان کردہ کیش ڈیویڈنڈ جو شق 242 اور ڈیویڈنڈ ریگولیشنز میں مقرر کردہ وقت کے اندر ادا نہیں کیا گیا یا اس کا دعویٰ نہیں کیا گیا، تو کمپنی مذکورہ مدت کے اختتام کے 15 دن کے اندر ڈیویڈنڈ کی غیر ادا شدہ یا بلا دعویٰ مجموعی رقم ایک الگ بامنافع اکاؤنٹ میں منتقل کر دے گی جسے غیر ادا شدہ ڈیویڈنڈ اکاؤنٹ کہا جائے گا۔ اس حوالے سے کمپنی ایک الگ بینک اکاؤنٹ کھولنے کے عمل میں ہے جسے ”غیر ادا شدہ ڈیویڈنڈ اکاؤنٹ“ کہا جائے گا۔

11- ای وونگ

کمپنیز (ای وونگ) ریگولیشنز 2016 کی پیروی میں حصص یافتگان تحریری رضامندی بھیج کر بذریعہ ای وونگ اپنا حق رائے دہی استعمال کر سکیں گے جو کمپنی کے اجلاس کی تاریخ سے کم از کم 10 دن پہلے موصول ہو جانی چاہیے تاکہ ثالث کی طرف ایگزیکوٹن آفیسر کی بطور پر کسی تفریق کی جاسکے۔

12- استفادہ کنندہ مالک کی تفصیلات

کاروباری اداروں / قانونی افراد کی توجہ ایس ای سی پی سرکلر نمبر 16 اور 20 کی طرف بھی مبذول کرائی جاتی ہے۔ متعلقہ حصص یافتگان (کاروباری ادارے / قانونی افراد) کو مشورہ دیا جاتا ہے کہ ایس ای سی پی کے مذکورہ سرکلرز کی ہدایات کے مطابق کمپنی کے شیئر رجسٹرار کو حتمی استفادہ کنندہ مالکان سے متعلق معلومات اور / یا دیگر معلومات فراہم کریں۔

4- نمائندے کی تقرری کے لیے

CDC حصص یافتگان درج بالا تقاضے کے مطابق مستفید مالک اور نمائندے کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نقل کے ہمراہ نمائندگی نامے کی نقل جمع کرائیں گے۔

نمائندگی نامہ دو گواہوں کی طرف سے ان نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبروں کے ساتھ گواہی کا حامل ہونا چاہیے۔ نمائندہ اجلاس کے موقع پر اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرے گا۔

5- پتے میں تبدیلی اور کمپیوٹرائزڈ قومی شناختی کارڈ

جن ممبران کے حصص CDS میں بک انٹری سیکورٹیز میں ہوں یا وہ دستاویزی حصص کے حامل ہوں، ان سے درخواست ہے کہ درج ذیل معلومات / دستاویزات سے اپنے فوئیو نمبر کے حوالے کے ساتھ درج بالا پتے پر کمپنی کے رجسٹرار کو مطلع کریں / کے پاس جمع کرا دیں، اگر پہلے ہی اطلاع نہ دی جا چکی ہو / جمع نہ کرائی جا چکی ہوں۔

☆ پتے میں تبدیلی، اگر کوئی ہو

☆ ایسے ممبران، جنہوں نے ابھی تک اپنے کارڈ کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول فراہم نہیں کی ہیں، ان سے درخواست ہے کہ انہیں اپنے فوئیو نمبر کے ہمراہ جلد از جلد براہ راست کمپنی کے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبرز، حسرت موہانی روڈ، کراچی کے پاس جمع کرا دیں۔

6- وڈیو کانفرنس کی سہولت کے لیے درخواست

کمپنی کو کم از کم 10 فیصد حصص رکھنے والے ممبران کی طرف سے، جو کسی دوسرے شہر میں مقیم ہوں، اجلاس کے انعقاد سے کم از کم سات (07) دن پہلے وڈیو لنک کے ذریعے اجلاس میں شرکت کی درخواست موصول ہو تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کی شرط پر وڈیو لنک کی سہولت کا بندوبست کرے گی۔

اس سہولت سے استفادے کے لیے درج ذیل معلومات ہمارے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو ارسال کریں:

میں ہم، برائے رجسٹریڈ فوئیو نمبر کے مطابق عام حصص کے مالک گندھارا انڈسٹریز لمیٹڈ کے ایک ممبر کی حیثیت سے بذریعہ ہدایہ مقام وڈیو کانفرنس کی سہولت سے استفادہ کرنا چاہتا ہوں / چاہتی ہوں۔

دستخط ممبر

7- آڈٹ شدہ مالیاتی گوشواروں کی کمپنی کی ویب سائٹ پر دستیابی

30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ گوشوارے سالانہ اجلاس عام کی تاریخ سے کم از کم ایکس (21) دن پہلے کمپنی کی ویب سائٹ www.gil.com.pk پر دستیاب ہوں گے۔

8- سالانہ رپورٹ بذریعہ سی ڈی / ڈی وی ڈی

اطلاع دی جاتی ہے کہ SECP کے SRO 470(I)/2016 کے تحت SECP نے کمپنیوں کو اپنے ممبران کو سالانہ مالیاتی گوشوارے دستاویزی شکل میں بھجوانے کے بجائے ان کے رجسٹریڈ پتے پر بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی ارسال کرنے کی اجازت عطا کر دی تھی جو حصص یافتگان کی رضامندی اور کچھ دیگر شرائط کی تعمیل سے مشروط تھی۔ کمپنی نے سالانہ اجلاس عام منعقدہ مورخہ 31 اکتوبر 2016 میں حصص یافتگان سے اس کی منظوری حاصل کر لی تھی۔ اسی کے مطابق 30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ حصص یافتگان کو بذریعہ سی ڈی بھیج دی گئی ہے۔ تاہم اگر کوئی حصص یافتہ سالانہ حسابات کی دستاویزی نقل کا تقاضا کرتا ہے تو ایسی درخواست کی وصولی کے ساتھ دن کے اندر اسے بلا معاوضہ فراہم کر دی جائے گی۔

علاوہ ازیں، ایس ای سی پی نے اپنے نوٹیفکیشن نمبر SRO.787(1)/2014، بتاریخ 08 ستمبر 2014 کے ذریعے کمپنیوں کو اپنے سالانہ آڈٹ شدہ مالیاتی گوشوارے ایسے ممبران کو سالانہ اجلاس عام کے ہمراہ ڈاک کے بجائے ای میل کے ذریعے بھیجنے کی اجازت دے دی جو یہ سہولیت حاصل کرنا چاہتے ہوں۔ ایسے

1- حصص یافتگان کے سالانہ اجلاس عام کے لیے کوآرڈینیشن سے متعلق ہنگامی منصوبہ بندی

کوڈ-19 کے پھیلاؤ کے پیش نظر کمپنی نے حصص یافتگان کی حفاظت اور بہترین مفاد میں اپنے حصص یافتگان کو ویڈیو لنک کی سہولت کے ذریعے اجلاس میں شرکت کی اجازت دینے کا فیصلہ کیا ہے۔ لہذا، جو حصص یافتگان ویڈیو لنک کے ذریعے سالانہ اجلاس عام کی کارروائی میں شرکت کرنے میں دلچسپی رکھتے ہیں، ان سے درخواست ہے کہ وہ زیادہ سے زیادہ 18 اکتوبر 2020 تک اپنی کارآمدی میل کی آئی ڈی شیئر رجسٹرار کے پاس تجدید کریں۔ ایسے حصص یافتگان کو جنہوں نے اپنی کارآمدی میل آئی ڈی فراہم کر دی ہے، انہیں ایک ای میل کے ذریعے براہ راست تفصیلی طریقہ کار سے آگاہ کر دیا جائے گا اور اسے کمپنی کی ویب سائٹ <https://www.gil.com.pk> پر بھی سرمایہ کاروں سے تعلقات کے سیکشن میں رکھ دیا جائے گا۔

ایسے حصص یافتگان جنہوں نے پہلے سے ہی کمپنی یا اس کے شیئر رجسٹرار کے پاس اپنے کارآمدی میل آئی ڈی کی تجدید کرائی ہے اور اجلاس عام میں آن لائن شرکت کرنے میں دلچسپی رکھتے ہیں وہ اپنے مقرر کردہ نمائندے کی تصدیق کے لیے کمپیوٹرائزڈ قومی شناختی کارڈ کے دونوں اطراف کی کارآمد نقل کے ہمراہ درج ذیل معلومات ”گندھارا انڈسٹریز لمیٹڈ کے سالانہ اجلاس عام کے لیے رجسٹریشن“ کے عنوان سے shareholders@gil.com.pk پر بھیج سکتے ہیں۔ رجسٹریشن کے مقاصد کے لیے ایسی معلومات ان کی باضابطہ رجسٹرڈ درست ای میل آئی ڈی سے 18 اکتوبر 2020 تک ارسال کی جائیں۔

حصص یافتگان سالانہ اجلاس عام کے ایجنڈا آن لائن کے لیے اپنے تھمرے اور سوالات ای میل ایڈریس shareholders@gil.com.pk پر بھیج سکتے ہیں۔

لہذا، اراکین کو ویڈیو لنک کے ذریعے سالانہ اجلاس عام میں شرکت یا نمائندوں کے ذریعے اپنی حاضری یقینی بنانے کی ترغیب دی جاتی ہے۔

2- حصص منتقلی کے کھاتوں کی بندش

کمپنی کے حصص منتقلی کے کھاتے سالانہ اجلاس عام کی غرض سے 22 اکتوبر تا 28 اکتوبر 2020 بند رہیں گے (دونوں ایام شامل ہیں)۔ کمپنی کے شیئر رجسٹرار میسرز جمید جمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی جمیز، حسرت موہانی روڈ، کراچی کو 21 اکتوبر 2020 کو کاروباری دن کے اختتام تک موصول ہونے والی منتقلی کی درخواستوں کو سالانہ اجلاس عام کے مقصد کے لیے بروقت تصویب کیا جائے گا۔ اس مدت کے دوران کوئی منتقلی رجسٹریشن کے لیے قبول نہیں کی جائے گی۔

3- اجلاس عام میں شرکت

اس سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا / کی اہل کوئی ممبر کسی دوسرے فرد کو اپنی جگہ اجلاس میں شریک ہونے اور ووٹ دینے کے لیے نمائندہ مقرر کرنے کا استحقاق رکھتا رکھتی ہے۔ نمائندگی ناموں کے مؤثر ہونے کے لیے ضروری ہے کہ وہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرار آفس میں موصول ہو چکے ہوں۔

اجلاس میں شرکت اور ووٹ دینے کے حق دار CDC حصص یافتگان کے لیے ضروری ہے اپنی شناخت کی تصدیق کے لیے اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ کے ہمراہ اپنی شراکتی آئی ڈی اور اکاؤنٹ / سب اکاؤنٹ نمبر بھی لازماً ساتھ لائیں۔ کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ کے ہمراہ نامزد فرد کے حالیہ فوٹو گراف اور دستخط کے نمونے اجلاس کے وقت پیش کرنے ہوں گے (ماسوائے اس کے کہ پہلے ہی فراہم کیے جا چکے ہوں)۔

4- نمائندے کی تقرری کے لیے

CDC حصص یافتگان درج بالا تقاضے کے مطابق مستفید مالک اور نمائندے کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نقل کے ہمراہ نمائندگی نامے کی نقل جمع کرائیں گے۔

نمائندگی نامہ دو گواہوں کی طرف سے ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبروں کے ساتھ گواہی کا حامل ہونا چاہیے۔ نمائندہ اجلاس کے موقع پر اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرے گا۔

گندھارا انڈسٹریز لمیٹڈ 57 ویں سالانہ اجلاس عام کانٹس

اطلاع دی جاتی ہے کہ گندھارا انڈسٹریز لمیٹڈ کے حصص یافتگان کا ستاواں سالانہ اجلاس عام بروز بدھ 28 اکتوبر 2020، بوقت شام 4:45 بجے، بمقام F-3، حب چوکی روڈ، سائٹ، کراچی، درج ذیل امور کی انجام دہی کے لیے منعقد ہوگا:

عمومی کارروائی

- (1) 25 اکتوبر 2019 کو منعقدہ کمپنی کے سالانہ اجلاس عام کی کارروائی کی توثیق
- (2) 30 جون، 2020 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ سالانہ حسابات کے ہمراہ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور و خوض اور منظوری۔
- (3) 30 جون 2021 کو ختم ہونے والے مالیاتی سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ ریٹائر ہونے والے آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنا پر خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔
- (4) چیئرمین کی اجازت سے مزید کسی معاملے کو اجلاس کی کارروائی کا حصہ بنانا۔

خصوصی کارروائی

- (1) درج ذیل عمومی قراردادوں کی منظوری پر غور و خوض:
- (a) "30 جون، 2020 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی طریقہ کار کے مطابق کیے گئے سودوں کی متفقہ طور پر توثیق کی جاتی ہے اور منظوری دی جاتی ہے۔"
- (b) "کمپنی کے چیف ایگزیکٹو کو بذریعہ ہذا متفقہ طور پر مجاز بنایا جاتا ہے کہ وہ 30 جون 2021 کو ختم ہونے والے سال کے دوران تمام لین دین اور متعلقہ کمپنیوں/متعلقہ فریقوں کے ساتھ معمول کے طریقہ کار کے تحت کیے جانے والے کاروبار کی منظوری دے۔ اس سلسلے میں چیف ایگزیکٹو کو بذریعہ ہذا یہ بھی اختیار دیا جاتا ہے کہ اس ضمن میں جس طرح کی ضرورت ہو کمپنی کی جانب سے کوئی بھی اور تمام ضروری کارروائیاں کرے اور اس حوالے سے جہاں درکار ہو تمام دستاویزات/اقرارناموں پر دستخط/عملدرآمد کرے۔"

بحکم بورڈ



طلحہ احمد زیدی

کمپنی سیکرٹری

کراچی: بتاریخ 7 اکتوبر 2020

کمپنیز ایکٹ 2017 کی شق (3) 134 کے تحت خصوصی کارروائی سے متعلق اہم حقائق کا ایک بیان اجلاس کے نوٹس کے ساتھ منسلک ہے۔

6 Years at a Glance

		2020	2019	2018	2017	2016	2015
Financial Performance-Profitability							
Gross profit margin	%	5.88	11.51	18.55	20.51	26.55	20.95
EBITDA margin to sales	%	1.08	7.42	13.33	14.04	21.63	15.74
Pre tax (loss)/ margin	%	(8.59)	1.00	11.71	11.61	18.85	15.74
Net (loss)/profit margin	%	(10.88)	0.43	8.12	7.41	12.80	6.79
Return on equity-before tax	%	(19.95)	2.99	41.58	33.78	35.33	14.54
Return on equity-after tax	%	(25.28)	1.29	28.84	21.57	23.99	9.95

Operating Performance / Liquidity

Total assets turnover	Times	0.62	0.87	1.39	1.25	1.13	0.98
Fixed assets turnover	Times	2.65	5.02	6.81	5.31	3.00	1.97
Debtors turnover	Times	32.43	151.49	57.77	28.83	38.54	25.00
Debtors turnover	Days	11.25	2.41	6.32	12.66	9.47	15
Inventory turnover	Times	1.24	1.43	2.56	3.16	3.83	3.12
Inventory turnover	Days	294.53	255.74	142.51	115.49	95.38	117
Creditors turnover	Times	22.88	24.15	32.11	29.45	25.46	14.11
Creditors turnover	Days	15.95	15.11	11.37	12.39	14.34	26
Operating cycle	Days	289.83	243.04	137.46	115.76	90.52	106
Current ratio		1.04	1.16	1.32	1.33	1.62	1.56
Quick / acid test ratio		0.49	0.23	0.36	0.55	0.78	0.95

Capital Structure Analyses

Breakup value / share	Rs	119.10	109.10	110.87	86.61	72.96	52.79
(Loss)/Earning per share (pre tax)	Rs	(23.76)	3.26	46.10	29.26	25.77	7.67
(Loss)/Earning per share (after tax)	Rs	(30.11)	1.41	31.98	18.68	17.51	5.25

Summary of Balance Sheet

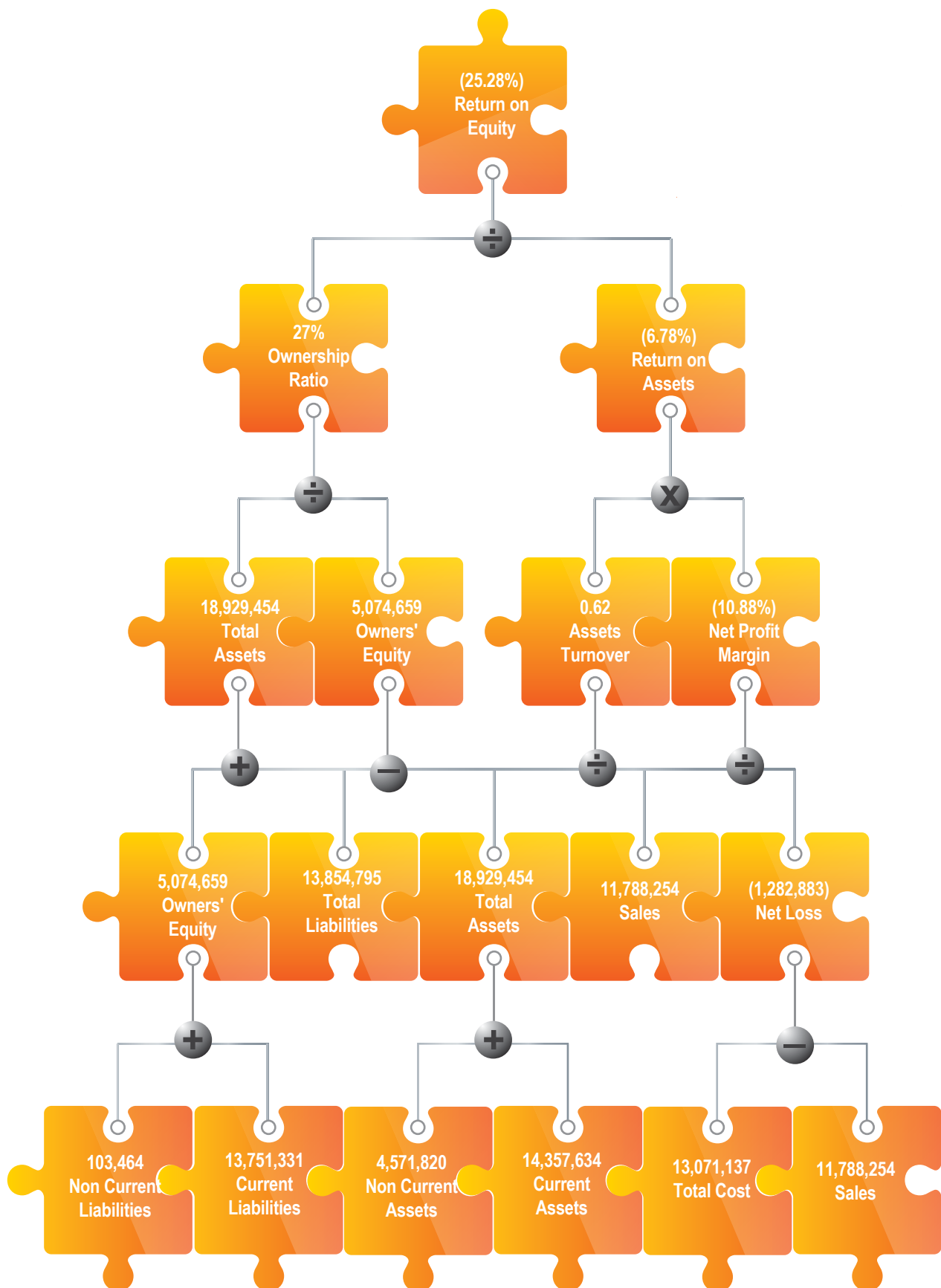
		Rupees '000				
Share capital	426,088	426,088	213,044	213,044	213,044	213,044
Reserves	897,105	2,172,735	2,651,071	1,612,010	1,022,517	365,002
Shareholder's fund / equity	5,074,659	4,648,384	4,724,129	3,690,168	3,108,553	2,249,388
Deferred liabilities	21,425	19,759	80,181	45,615	37,802	30,545
Property, plant & equipment	4,453,947	2,770,727	2,463,605	2,021,453	1,941,250	1,674,230
Long term assets	27,095	26,987	17,242	16,824	15,783	5,831
Net current assets / Working capital	606,303	1,759,388	2,278,947	1,612,645	1,194,481	568,524

Summary of Financial Position

	2020	2019	2018	2017	2016	2015
Rupees '000						
Summary of Profit & Loss						
Net sales	11,788,254	13,909,913	16,772,383	10,740,631	5,825,579	3,293,329
Gross profit	692,764	1,601,592	3,111,004	2,202,963	1,546,638	689,924
Operating (loss)/profit	(41,491)	889,989	2,186,464	1,471,262	1,211,178	494,131
(Loss)/Profit before tax	(1,012,276)	138,970	1,964,070	1,246,625	1,098,105	327,016
(Loss)/Profit after tax	(1,282,883)	59,948	1,362,420	796,013	745,861	223,788
EBITDA	127,472	1,031,647	2,235,433	1,471,268	1,238,493	518,222

Rupees '000						
Summary of Cash Flows						
Net cash flow from operating activities	(302,435)	(2,138,425)	(2,372,485)	(68,215)	588,679	1,002,281
Net cash flow from investing activities	(94,677)	(211,639)	(471,631)	(111,916)	(73,468)	(12,428)
Net cash flow from financing activities	15,795	(311,519)	(303,223)	(198,826)	(58,075)	(9,835)
Changes in cash & cash equivalents	(381,317)	(2,661,583)	(3,147,339)	(378,957)	457,136	980,018
Cash & cash equivalents	(6,177,490)	(5,796,173)	(3,134,590)	12,749	391,706	(65,430)

Dupont Analysis



* Amount are in Rupees '000

Vertical Analysis

Balance Sheet	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14
	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%
Assets												
Non-Current Assets												
Property, plant & equipment	4,453,947	23.53	2,770,727	17.40	2,463,605	20.47	2,021,453	23.52	1,941,250	37.62	1,674,230	50.02
Intangible assets	136	0.00	260	0.00	394	0.00	462	0.01	-	-	45	0.00
Investment properties	88,169	0.47	88,413	0.56	88,657	0.74	88,901	1.03	89,145	1.73	89,395	2.67
Long term investment	1,400	0.01	1,400	0.01	1,400	0.01	1,400	0.02	1,400	0.03	1,400	0.04
Long term loans	1,957	0.01	3,639	0.02	4,305	0.04	2,736	0.03	2,298	0.04	1,109	0.03
Long term deposits	23,738	0.13	21,948	0.14	11,537	0.10	12,688	0.15	12,085	0.23	3,322	0.10
Deferred taxation	2,473	0.01	87,158	0.55	845	0.01	21,134	0.25	-	-	-	-
	4,571,820	24	2,973,545	19	2,570,733	21	2,148,774	25	2,046,178	40	1,769,501	52.86
Current Assets												
Stores and spares parts	22,469	0.12	8,328	0.05	10,281	0.09	2,560	0.03	1980	0.04	2,009	0.06
Stock-in-trade	7,547,063	39.87	10,359,425	65.06	6,888,220	57.24	3,779,300	43.97	1,623,753	31.47	612,623	18.30
Trade debts	638,588	3.37	88,406	0.56	95,250	0.79	485,472	5.65	259,680	5.03	42,653	1.27
Loans and advances	150,547	0.80	133,759	0.84	168,661	1.40	143,340	1.67	142,349	2.76	255,449	7.63
Trade deposits and prepayments	4,260,928	22.51	542,834	3.41	721,213	5.99	707,242	8.23	339,626	6.58	301,657	9.01
Other receivables	9,263	0.05	6,981	0.04	741	0.01	2,683	0.03	18,518	0.36	16,292	0.49
Sales tax refundable/adjustable and taxation - payment less provision	1,387,870	7.33	1,308,983	8.22	1,081,869	8.99	520,298	6.05	142,380	2.76	211,533	6.32
Cash and bank balances	340,906	1.80	500,441	3.14	497,261	4.13	805,135	9.37	585,735	11.35	135,710	4.05
	14,357,634	76	12,949,157	81	9,463,476	79	6,446,030	75	3,114,021	60	1,577,926	47.14
	18,929,454	100.00	15,922,702	100.00	12,034,209	100.00	8,594,804	100.00	5,160,199	100.00	3,347,427	100.00
Equity And Liabilities												
Share Capital And Reserves												
Share capital	426,088	2.25	426,088	2.68	213,044	1.77	213,044	2.48	213,044	4.13	213,044	6.36
Unappropriated profit / (accumulated loss)	897,105	4.74	2,172,735	13.65	2,651,071	22.03	1,612,010	18.76	1,022,517	19.82	365,002	10.90
Surplus on revaluation of fixed assets	3,751,466	19.82	2,049,561	12.87	1,860,014	15.46	1,865,114	21.70	1,872,992	36.30	1,671,341	49.93
	5,074,659	27	4,648,384	29	4,724,129	39	3,690,168	43	3,108,553	60	2,249,387	67.20
Non-Current Liabilities												
Lease Liabilities	66,237	0.35	51,745	0.32	34,526	0.29	19,563	0.23	36,000	0.70	10,584	0.32
Compensated absences	15,802	0.08	13,045	0.08	10,844	0.09	6,073	0.07	6,409	0.12	-	-
Deferred liabilities	21,425	0.11	19,759	0.12	80,181	0.67	45,615	0.53	37,802	0.73	30,545	0.91
Deferred taxation	-	-	-	-	-	-	-	-	51,895	1.01	47,509	1.42
	103,464	1	84,549	1	125,551	1	71,251	1	132,106	3	88,638	2.65
Current Liabilities												
Trade and other payables	6,872,811	36.31	4,582,157	28.78	3,427,060	28.48	3,960,103	46.08	1,674,229	32.45	783,464	23.40
Unpaid dividends	78,959	0.42	78,959	0.50	44,271	0.37	24,604	0.29	11,493	0.22	-	-
Unclaimed dividends	21,973	0.12	22,151	0.14	24,814	0.21	14,092	0.16	5,379	0.10	-	-
Current maturity of lease liabilities	29,410	0.16	13,435	0.08	8,224	0.07	17,916	0.21	8,597	0.17	3,837	0.11
Accrued mark up	229,782	1.21	196,453	1.23	48,309	0.40	24,284	0.28	25,813	0.50	20,961	0.63
Short term borrowings	6,518,396	34.44	6,296,614	39.54	3,631,851	30.18	792,386	9.22	194,029	3.76	201,140	6.01
	13,751,331	73	11,189,769	70	7,184,529	60	4,833,385	56	1,919,540	37	1,009,402	30.15
	18,929,454	100.00	15,922,702	100.00	12,034,209	100.00	8,594,804	100.00	5,160,199	100.00	3,347,427	100.00

Horizontal Analysis

Balance Sheet	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14
	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%
Assets												
Non-Current Assets												
Property, plant & equipment	4,453,947	60.75	2,770,727	12.47	2,463,805	21.87	2,021,453	4.13	1,941,250	15.95	1,674,230	(0.26)
Intangible assets	136	(47.69)	260	(32.29)	384	(16.88)	462	100.00	-	(100.00)	45	(87.13)
Investment properties	88,169	(0.28)	88,413	(0.28)	88,657	(0.27)	88,901	(0.27)	89,145	(0.28)	89,395	(0.28)
Long term investment	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-
Long term loans	1,957	(46.22)	3,639	(15.47)	4,305	57.35	2,736	19.06	2,298	107.20	1,109	74.38
Long term deposits	23,738	8.16	21,948	90.24	11,537	(9.07)	12,688	4.99	12,085	263.79	3,322	20.93
Deferred taxation	2,473	(97.16)	87,158	10,214.56	845	(96.00)	21,134	100.00	-	-	-	(100.00)
	4,571,820	53.75	2,973,545	15.67	2,570,733	19.64	2,148,774	5.01	2,046,178	15.64	1,769,501	(1.24)
Current Assets												
Stores and spares parts	22,469	169.80	8,328	(19.00)	10,281	301.60	2,560	29.29	1,980	(1.42)	2,009	8.04
Stock-in-trade	7,547,063	(27.15)	10,359,425	50.39	6,888,220	82.26	3,779,300	132.75	1,623,753	165.05	612,623	(41.98)
Trade debts	638,588	622.34	88,406	(7.17)	95,230	(80.38)	485,472	86.95	259,680	508.82	42,653	(80.68)
Loans and advances	150,547	12.55	133,759	(20.69)	168,661	17.66	143,340	0.70	142,349	(44.28)	255,449	21.91
Trade deposits and prepayments	4,260,928	684.94	542,834	(24.73)	721,213	1.98	707,242	108.24	339,626	12.59	301,657	61.22
Other receivables	9,263	32.69	6,981	842.11	741	(72.38)	2,683	(85.51)	18,518	13.66	16,292	59.84
Sales tax refundable/adjustable and taxation - payment less provision	1,387,870	6.03	1,308,983	20.99	1,081,869	107.93	520,298	265.43	142,380	(32.69)	211,533	0.68
Cash and bank balances	340,906	(31.88)	500,441	0.64	497,261	(38.24)	805,135	37.46	585,735	331.61	135,710	292.26
	14,357,634	10.88	12,949,157	36.83	9,463,476	46.81	6,446,030	107.00	3,114,021	97.35	1,577,926	(18.24)
	18,929,454	18.88	15,922,702	32.31	12,034,209	40.02	8,594,804	66.56	5,160,199	54.15	3,347,427	(10.06)
Equity And Liabilities												
Share Capital And Reserves												
Share capital	426,088	-	426,088	100.00	213,044	-	213,044	-	213,044	-	213,044	0.00
Unappropriated profit / (accumulated loss)	897,105	(58.71)	2,172,735	(18.04)	2,651,071	64.46	1,612,010	57.65	1,022,517	180.14	365,002	172.41
Surplus on revaluation of fixed assets	3,751,466	83.04	2,049,561	10.19	1,860,014	(0.27)	1,865,114	(0.42)	1,872,992	12.07	1,671,341	(0.11)
	5,074,659	9.17	4,648,384	(1.60)	4,724,129	28.02	3,690,168	18.71	3,108,553	38.20	2,249,387	11.34
Non-Current Liabilities												
Lease Liabilities	66,237	28.01	51,745	49.87	34,526	76.49	19,563	(45.66)	36,000	240.14	10,584	33.32
Compensated absences	15,802	21.13	13,045	20.30	10,844	78.56	6,073	(5.24)	6,409	-	-	-
Deferred liabilities	21,425	8.43	19,759	(75.36)	80,181	75.78	45,615	20.67	37,802	23.76	30,545	22.84
Deferred taxation	-	-	-	-	-	-	-	(100.00)	51,895	9.23	47,509	100.00
	103,464	22.37	84,549	(32.66)	125,551	76.21	71,251	(46.07)	132,106	49.04	88,638	170.20
Current Liabilities												
Trade and other payables	6,872,811	49.99	4,582,157	33.71	3,427,060	(13.46)	3,960,103	136.53	1,674,229	113.70	783,464	42.32
Unpaid dividends	78,959	-	78,959	78.35	44,271	79.93	24,604	114.08	11,493	-	-	-
Unclaimed dividends	21,973	(0.80)	22,151	(10.73)	24,814	76.09	14,092	161.98	5,379	-	-	-
Current maturity of lease liabilities	29,410	118.91	13,435	63.36	8,224	(54.10)	17,916	108.40	8,597	124.06	3,837	(49.86)
Accrued mark up	229,782	16.97	196,453	306.66	48,309	98.93	24,284	(5.92)	25,813	23.15	20,961	(31.31)
Short term borrowings	6,518,396	3.52	6,296,614	73.37	3,631,851	358.34	792,386	308.39	194,029	(3.54)	201,140	(81.38)
	13,751,331	22.89	11,189,769	55.75	7,184,529	48.64	4,833,385	151.80	1,919,540	90.17	1,009,402	(39.51)
	18,929,454	18.88	15,922,702	32.31	12,034,209	40.02	8,594,804	66.56	5,160,199	54.15	3,347,427	(10.06)

Pattern of Shareholding

As at June 30, 2020

Number of Shareholders	Shareholding		Number of Shares Held	Percentage
	From	To		
3,542	1	100	105,473	0.25
1,744	101	500	509,655	1.20
865	501	1,000	741,811	1.74
948	1,001	5,000	2,296,129	5.39
172	5,001	10,000	1,248,662	2.93
65	10,001	15,000	799,667	1.88
37	15,001	20,000	661,388	1.55
18	20,001	25,000	411,062	0.96
9	25,001	30,000	249,300	0.59
7	30,001	35,000	226,246	0.53
6	35,001	40,000	229,100	0.54
8	40,001	45,000	341,156	0.80
7	45,001	50,000	342,454	0.80
2	50,001	55,000	108,000	0.25
4	55,001	60,000	237,100	0.56
4	60,001	65,000	251,648	0.59
2	70,001	75,000	143,000	0.34
2	85,001	90,000	177,500	0.42
1	90,001	95,000	94,200	0.22
1	105,001	110,000	105,732	0.25
1	120,001	125,000	125,000	0.29
1	140,001	145,000	140,200	0.33
1	150,001	155,000	154,300	0.36
2	190,001	195,000	384,600	0.90
1	200,001	205,000	201,400	0.47
1	230,001	235,000	234,554	0.55
1	760,001	765,000	760,900	1.79
1	865,001	870,000	866,100	2.03
1	2,365,001	2,370,000	2,368,296	5.56
1	3,275,001	3,280,000	3,277,852	7.69
1	4,515,001	4,520,000	4,516,484	10.60
1	8,125,001	8,130,000	8,129,565	19.08
1	12,170,001	12,175,000	12,170,310	28.56
7,458			42,608,844	100.00

* Note: The slabs representing nil holding have been omitted.

Categories of Shareholders

As at June 30, 2020

Shareholder's Category	Number of Shareholder's	Number of Shares Held	Percentage of Holding
Director's, CEO, Their Spouse and Minor Children	8	73,417	0.17
Associated Companies, Undertakings and Related Parties	7	27,431,642	64.38
NIT & ICP	2	241,982	0.57
Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds	37	3,684,200	8.65
Investment and Modaraba Companies	3	5,056	0.01
Insurance Companies	5	93,700	0.22
Joint Stock Companies	39	766,410	1.80
Other Companies, Corporate Bodies, Trust etc	33	444,806	1.04
General Public (Local)	7,324	9,867,631	23.16
	7,458	42,608,844	100.00

Categories of Shareholders

As at June 30, 2020

SR #	Categories of Shareholders	Category wise No. of Folios/CDC A/Cs	Category wise shares held
1	Director's, CEO, Their Spouse and Minor Children		
	Mr. Ahmad Kuli Khan Khattak (Chief Executive)	24,000	0.056
	Mr. Ali Kuli Khan Khattak (Director)	18	0.000
	Mr. Muhammad Kuli Khan Khattak (Director)	7	0.000
	Mr. Shahid Kamal (Independent Director)	16	0.000
	Mr. Muhammad Zia (Director)	200	0.000
	Mr. Sohail Hameed Khan (Independent Director)	2	0.000
	Mrs. Shahnaz Sajjad Ahmed (Director)	49,174	0.115
2	Associated Companies, Undertaking and Related Parties		
	Bibojee Services (Pvt) Limited	16,686,794	39.163
	Bibojee Investments (Pvt) Limited	42,816	0.100
	The General Tyre and Rubber Company of Pakistan Limited	201,400	0.473
	Ghandhara Nissan Limited	8,132,336	19.086
	The Universal Insurance Company Limited	2,368,296	5.558
3	NIT & ICP		
	Investment Corporation of Pakistan	7,428	0.017
	CDC- Trustee National Investment (Unit) Trust	234,554	0.550
4	Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds	3,684,200	8.647
5	Investment and Modaraba Companies	5,056	0.012
6	Insurance Companies	93,700	0.220
7	Joint Stock Companies	766,410	1.799
8	Other Companies, Corporate Bodies, Trust etc	444,806	1.044
9	General Public (Local)	9,867,631	23.159
		42,608,844	100.00
10	Shareholders Holding 05.00% Or More		
	Bibojee Services (Pvt) Limited	16,686,794	39.163
	Universal Insurance Co. Limited	2,368,296	5.558
	Ghandhara Nissan Limited	8,132,336	19.086
	Essar Asset Management	3,277,852	7.693
11	Trading In The Shares Of Company During The Year By The Directors Chief Executive Officer, Chief Financial Officer, Company Secretary And Their Spouses And Minor Children.	-	-
		Nil	

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

For the Year Ended June 30, 2020

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company has applied the principles contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 in the following manner:

1. The total number of directors are seven as per the following:

Male: 6	Female: 1
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2. The composition of Board is as follows:

Independent Directors	Mr. Shahid Kamal Khan Mr. Sohail Hameed Khan
Other Non-executive Director	Lt. Gen. (R) Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Maj. (R) Muhammad Zia
Executive Director	Mr. Ahmad Kuli Khan Khattak Mr. Muhammad Kuli Khan Khattak

Fraction (0.33) related to the requirement for number of independent directors is less than 0.5 and therefore, has not rounded up as one.

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 procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of 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 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 Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board of Directors have either obtained certificate of Directors' Training Program or are exempted from the requirements of Directors' Training Program as per Listed Companies Code of Corporate Governance Regulations 2019.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal

Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Sohail Hameed Khan – Chairman Maj. (R) Muhammad Zia - Member Mr. Shahid Kamal Khan - Member Mr. Shah Nawaz Damji - Secretary
HR and Remuneration Committee	Mr. Shahid Kamal Khan – Chairman Mr. Ahmad Kuli Khan Khattak - Member Maj. (R) Muhammad Zia - Member Mr. Sohail Hameed Khan - Member Mr. Shahrukh Asghar - Secretary

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 (quarterly/half yearly/ yearly) of the committee were as per following:

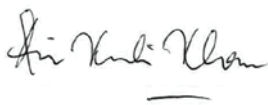
Audit Committee	Four quarterly meetings during FY ended 2020
HR and Remuneration Committee	One yearly meeting during FY ended 2020

15. The Board has set up an effective internal audit function which comprises of professionals who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Lt. Gen (R) Ali Kuli Khan Khattak
Chairman

September 30, 2020

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 Industries Limited (the Company) for the year ended June 30, 2020, in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems 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, 2020.

Shinewing Hameed Chaudhri & co.

SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS
KARACHI;

September 30, 2020

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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 Matters

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.

Following are the Key Audit Matters:

S.No. Key Audit Matter

How the matter was addressed in our audit

1. Capitalization / revaluation of property, plant and equipment

As disclosed in notes 5 and 19 to the financial statements, the Company, during the year revalued its leasehold land and building on leasehold land that resulted in net surplus / gain of Rs.1,751,086 thousand. Also the Company incurred capital expenditure with additions of Rs.114,630 thousand made to its operating fixed assets.

We identified the above matters as a key audit matter as these represents significant transactions and involves certain estimates and judgements.

Our audit procedures in respect of this area included:

Obtained an understanding of the management controls over capitalization and on a sample basis, test relevant controls over authorization and recording in the system;

On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;

Evaluated the nature of costs on a sample basis to ensure capitalization criteria of relevant accounting and reporting standards;

Reviewed revaluation report of independent valuer for revaluation of leasehold land and building on leasehold land. Also, recalculated the computation for revaluation surplus / gain; and

Considered the adequacy of the disclosures made in the financial statements in relation to the above.

2. Stock-in-trade

Refer note 4.7 and 12 to the financial statements, the Company has stock-in-trade aggregating Rs.7,547,063 thousand (2019: Rs.10,359,425 thousand) comprising raw materials, finished goods including trading goods and work in process. We identified this area as a key audit matter because stock-in-trade constitutes 39.87% of the total assets of the Company as at June 30, 2020 and determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.

Our audit procedures in respect of this area included:

Observed physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;

Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;

Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and

Considered the adequacy of the disclosures made in the financial statements in relation to the above.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Osman Hameed Chaudhri.

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS
KARACHI;

September 30, 2020

Financial Statements

For the year ended June 30, 2020

Statement of Financial Position

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,453,947	2,770,727
Intangible assets	6	136	260
Investment property	7	88,169	88,413
Long term investment	8	1,400	1,400
Long term loans	9	1,957	3,639
Long term deposits	10	23,738	21,948
Deferred taxation	11	2,473	87,158
		4,571,820	2,973,545
Current assets			
Stores		22,469	8,328
Stock-in-trade	12	7,547,063	10,359,425
Trade debts	13	638,588	88,406
Loans and advances	14	150,547	133,759
Trade deposits and prepayments	15	4,260,928	542,834
Other receivables	16	9,263	6,981
Sales tax refundable / adjustable		162,303	390,789
Taxation - payments less provision		1,225,567	918,194
Cash and bank balances	17	340,906	500,441
		14,357,634	12,949,157
Total assets		18,929,454	15,922,702

Ahmad Kuli Khan Khattak
Chief Executive

Maj. (R) Muhammad Zia
Director

Muhammad Aamir
Chief Financial Officer

Statement of Financial Position

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	18	426,088	426,088
Revenue reserves			
Unappropriated profit		897,105	2,172,735
Capital reserve			
Surplus on revaluation of fixed assets	19	3,751,466	2,049,561
Total equity		<u>5,074,659</u>	<u>4,648,384</u>
Non current liabilities			
Lease liabilities	20	66,237	51,745
Compensated absences	21	15,802	13,045
Deferred liabilities	22	21,425	19,759
		<u>103,464</u>	<u>84,549</u>
Current liabilities			
Trade and other payables	23	6,872,811	4,582,157
Unpaid dividends	24	78,959	78,959
Unclaimed dividends		21,973	22,151
Accrued mark-up / interest	25	229,782	196,453
Short term borrowings	26	6,518,396	6,296,614
Current maturity of lease liabilities	20	29,410	13,435
		<u>13,751,331</u>	<u>11,189,769</u>
Total liabilities		<u>13,854,795</u>	<u>11,274,318</u>
Contingencies and commitments	27		
Total equity and liabilities		<u>18,929,454</u>	<u>15,922,702</u>

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

Ahmad Kuli Khan Khattak
Chief Executive

Maj. (R) Muhammad Zia
Director

Muhammad Aamir
Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
Sales	28	11,788,254	13,909,913
Cost of sales	29	(11,095,490)	(12,308,321)
Gross profit		692,764	1,601,592
Distribution cost	30	(493,750)	(534,954)
Administrative expenses	31	(272,309)	(267,664)
Other expenses	32	(22,852)	(26,368)
Other income	33	54,656	117,383
(Loss) / profit from operations		(41,491)	889,989
Finance cost	34	(970,785)	(751,019)
(Loss) / profit before taxation		(1,012,276)	138,970
Taxation	35	(270,607)	(79,022)
(Loss) / profit after taxation		(1,282,883)	59,948
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(1,040)	(1,242)
Impact of deferred tax		302	360
		(738)	(882)
Surplus on revaluation of fixed assets		1,751,086	200,903
Impact of deferred tax		(41,190)	(3,365)
		1,709,896	197,538
Other comprehensive income for the year - net of tax		1,709,158	196,656
Total comprehensive income for the year		426,275	256,604
		(Rupees)	
Basic and diluted (loss) / earnings per share	36	(30.11)	1.41

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



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Revenue Reserve - Unappropriated profit	Capital Reserve - Surplus on revaluation of fixed assets	Total
	(Rupees in thousand)			
Balance as at July 1, 2018	213,044	2,651,071	1,860,014	4,724,129
Transaction with owners, recognised directly in equity				
Final dividend for the year ended June 30, 2018 at the rate of Rs.15.6 per share	-	(332,349)	-	(332,349)
Bonus shares issued	213,044	(213,044)	-	-
Total comprehensive income for the year ended June 30, 2019				
Profit for the year	-	59,948	-	59,948
Other comprehensive (loss) / income	-	(882)	197,538	196,656
	-	59,066	197,538	256,604
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,991	(7,991)	-
Balance as at June 30, 2019	426,088	2,172,735	2,049,561	4,648,384
Transaction with owners, recognised directly in equity				
Total comprehensive income for the year ended June 30, 2020				
Loss for the year	-	(1,282,883)	-	(1,282,883)
Other comprehensive (loss) / income	-	(738)	1,709,896	1,709,158
	-	(1,283,621)	1,709,896	426,275
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,991	(7,991)	-
Balance as at June 30, 2020	426,088	897,105	3,751,466	5,074,659

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



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	37	1,174,186	(833,004)
Gratuity paid		(18,866)	(84,447)
Compensated absences paid		(502)	(457)
Finance cost paid		(922,962)	(599,548)
Income tax paid		(534,183)	(611,224)
Long term loans - net		1,682	666
Long term deposits - net		(1,790)	(10,411)
Net cash used in operating activities		(302,435)	(2,138,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(106,315)	(232,011)
Sale proceeds from disposal of operating fixed assets		8,223	17,032
Interest received		3,415	3,340
Net cash used in investing activities		(94,677)	(211,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities - net		15,973	(11,195)
Dividend paid		(178)	(300,324)
Net cash generated from / (used in) financing activities		15,795	(311,519)
Net decrease in cash and cash equivalents		(381,317)	(2,661,583)
Cash and cash equivalents at beginning of the year		(5,796,173)	(3,134,590)
Cash and cash equivalents at end of the year	38	(6,177,490)	(5,796,173)

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



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2020

1. CORPORATE INFORMATION

Ghandhara Industries Limited (the Company) was incorporated on February 23, 1963. The Company'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 the Company are located at S.I.T.E., Karachi with regional offices at Lahore, Multan, Rawalpindi and Peshawar.

2. BASIS OF PREPARATION

2.1 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees unless otherwise specified.

2.3 New and amended standards and interpretations

2.3.1 Standards and amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2019:

- (a) The Company has adopted IFRS 16 'Leases' from July 1, 2019. IFRS 16 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application to be recognized in retained earnings at July 1, 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Company recognizes right of use assets and lease liabilities for leases - i.e. these leases are on the statement of financial position. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

The accounting policies relating to Company's right of use asset and related lease liabilities are disclosed in note 4.2, details pertaining to right of use assets are disclosed in note 5.10 and related leases are disclosed in note 20.

- (b) Amendment to IAS 12, 'Income taxes' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity.
- (c) Amendments to IAS 23, 'Borrowing Costs' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The other new standards, amendments to approved accounting standards that are mandatory for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.3.2 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, 2019 and have not been early adopted by the Company:

- (a) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- (b) Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors. The amendments does not expect to have a material impact on the Company's financial statements.
- (c) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous'

when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

- (d) Amendment to IAS 16 ‘Property, plant and Equipment’ is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.
- (e) Amendments to IAS 1 ‘Presentation of Financial Statements’ is applicable on accounting periods beginning on or after January 1, 2023. 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.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and staff retirement benefit which has been recognised at present value as determined by the Actuary.
- 3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company’s financial statements or where judgement was exercised in application of accounting policies are as follows:

- (i) Estimate of residual values and useful lives of depreciable and intangible assets (note 4.1, 4.2 and 4.3)
- (ii) Lease term and discount rate for calculation of lease liabilities (note 4.2)
- (iii) Provision for taxation (note 4.10)
- (iv) Provision for staff benefits (note 4.12)
- (v) Provisions (note 4.19)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Leasehold land is stated at revalued amount and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss (if any). Other classes of operating fixed assets are stated at cost less accumulated depreciation and impairment loss (if any). Capital work-in-progress is stated at cost less impairment loss (if any). All expenditure connected to the specific assets

incurred during the installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when the assets are available for use.

Plant and machinery were revalued in the year 1995 by independent valuers, and were presented at their revalued amount. The Company subsequently adopted the cost model for plant and machinery, and the revalued amounts were treated as deemed costs. The surplus on revaluation of these assets, however, were recognised in accordance with section 235 of the repealed Companies Ordinance, 1984 applicable at that time.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenances are charged to the profit or loss as and when incurred.

Depreciation on all operating fixed assets is charged using the straight line method in accordance with the rates specified in note 5.1 to these financial statements and after taking into account their residual values. The depreciation method, residual values and useful lives of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposals depreciation is charged upto the month of disposal.

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

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. Each year, the incremental depreciation charged on the revalued assets (net of deferred taxation) is reclassified from surplus on revaluation of fixed assets to unappropriated profit. The revaluation reserve is not available for distribution to the Company's shareholders.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit or loss except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.2 Right of use assets and related liabilities

The Company generally leases regional offices, ware houses and related properties. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.3 Intangible assets - computer software

Computer software licenses acquired by the Company are stated at cost less accumulated amortization. Cost represents the cost incurred to acquire the software licenses and bringing them to use. The cost of computer software is amortized over the estimated useful life i.e. 5 years using straight-line method.

Costs associated with maintaining computer software are charged to profit or loss as and when incurred.

4.4 Investments

4.4.1 Investment property

Property held for capital appreciation and rental yield, which is not in use of the Company is classified as investment property. Investment property comprise of leasehold land and buildings.

Investment property are carried at cost or valuation (i.e. deemed cost) less accumulated amortization / depreciation and impairment, if any.

Investment property were revalued in 1996 by independent valuers and showed at revalued amounts. The Company subsequently adopted cost model for investments property and the revalued amounts were treated as deemed costs. The surplus on revaluation of these assets, however was recognised in accordance with section 235 of the repealed Companies Ordinance, 1984.

Leasehold land and buildings are amortized / depreciated on straight line method at the rates stated in note 7.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and repairs are capitalised.

4.4.2 Long term investment

Investment in Subsidiary Company is carried at cost less impairment, if any.

4.5 Long term deposits

These are stated at cost which represents the fair value of the consideration given.

4.6 Stores

These are valued at cost determined on a first-in-first-out basis. Items in transit are stated at invoice value plus other charges thereon accumulated upto the reporting date.

Provision for obsolete and slow moving stores is determined based on management's estimate regarding their future usability.

4.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value except for goods in transit which are stated at invoice values plus other charges thereon accumulated upto the reporting date. Cost in relation to raw materials, components and trading stock (except for parts and accessories included in trading stock which are valued on average basis) is arrived at principally on first in first out basis. Cost of work in process and finished stocks including components include direct wages and applicable manufacturing overheads.

Net realizable value represents the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.8 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

Trade and other debts are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and short term borrowings under mark-up arrangements.

4.10 Taxation

Current

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

Deferred

The Company accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

4.11 Finance lease / Assets subject to finance lease

Leases that transfer substantially all the risk and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to statement of profit or loss and is included under finance cost.

4.12 Retirement benefit obligations

4.12.1 Defined benefit plan

The Company operates a funded gratuity scheme. The scheme defines the amounts of benefits that an employee will receive on or after retirement subject to a minimum qualifying period of service under the scheme. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets. Contributions under the schemes are made on the basis of actuarial valuation. The valuation of scheme is carried out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2020.

The amounts arising as a result of re-measurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

4.12.2 Defined contribution plan

The Company operates defined contribution plan (i.e. recognised provident fund scheme) for all its permanent employees. The Company and the employees make equal monthly contributions to the fund at the rate of 8.33% of the basic salary. The assets of the fund are held separately under the control of trustees. The Company during the year have decided to close the Fund with effect from January 1, 2020.

4.12.3 Compensated absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees upto the reporting date.

4.13 Trade and other payables

Trade and other payables are measured at cost which is the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.14 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer when the goods are being invoiced and delivered to customers. Revenue is measured at the fair value of consideration received or receivable, and represents amount receivable for goods supplied and sales tax.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

4.15 Borrowings and their cost

Borrowings are recorded at the proceeds received. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.16 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. Exchange gains and losses are taken to profit or loss.

4.17 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities

when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit or loss for the year. All 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 measured at fair value, amortised cost or cost as the case may be. The particular measurement methods adopted are disclosed in individual policy statement associated with each item.

4.18 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.20 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognised in the period in which they are approved.

4.21 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss after taxation attributable to ordinary shareholders of the Company by weighted average numbers of ordinary shares outstanding during the year.

4.23 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by 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. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in thousand)	
Operating fixed assets	5.1	4,319,229	2,681,578
Capital work in progress	5.8	56,178	89,149
Right of use assets	5.10	78,540	-
		<u>4,453,947</u>	<u>2,770,727</u>

5.1 Operating fixed assets

At July 1, 2018

Revaluation / cost
Accumulated depreciation

Net book value

Year ended June 30, 2019

Opening net book value
Additions
Revaluation adjustments
- revaluation
- accumulated depreciation

Write offs

- cost
- accumulated depreciation

Disposals

- cost
- accumulated depreciation

Transfer from leased to owned

- cost
- accumulated depreciation

Depreciation charge

Closing net book value

At June 30, 2019

Revaluation / cost
Accumulated depreciation

Net book value

Year ended June 30, 2020

Opening net book value
Additions
Revaluation adjustments
- revaluation
- accumulated depreciation

Disposals

- cost
- accumulated depreciation

Transfer to right of use asset

- cost
- accumulated depreciation

Depreciation charge

Closing net book value

At June 30, 2020

Revaluation / cost
Accumulated depreciation

Net book value

Annual rates of depreciation

Leasehold land	OWNED										Leased Cars	Total
	Buildings on leasehold land	Plant and machinery	Permanent tools	Furniture and fixture	Motor vehicles	Trucks / lift trucks	Office machines & equipment	Computers	Jigs and special tools			
1,609,050	247,685	164,877	10,345	11,605	95,981	30,815	21,397	21,160	56,822	60,267	2,330,004	
-	28,850	69,081	5,378	3,907	60,157	26,320	15,046	10,208	42,636	22,992	284,575	
1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429	
1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429	
-	131,436	71,094	16,262	1,388	32,133	20,923	10,400	2,769	274,633	30,298	591,336	
189,300	11,603	-	-	-	-	-	-	-	-	-	200,903	
189,300	11,603	-	-	-	-	-	-	-	-	-	200,903	
-	-	45,543	3,024	934	-	-	3,320	813	-	-	53,634	
-	-	(45,543)	(3,024)	(934)	-	-	(3,320)	(813)	-	-	(53,634)	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	11,406	11,232	538	-	-	(7,807)	-	
-	-	-	-	-	(7,268)	(936)	(538)	-	-	5,575	-	
-	-	-	-	-	4,138	10,296	-	-	-	-	14,434	
-	-	-	-	-	-	7,807	-	-	-	-	-	
-	-	-	-	-	-	(5,575)	-	-	-	-	-	
-	13,075	16,006	2,275	713	14,762	3,584	2,060	2,967	74,757	11,457	141,656	
1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578	
1,798,350	390,724	190,428	23,583	12,059	116,708	48,313	27,939	23,116	331,455	82,758	3,045,433	
-	41,925	39,544	4,629	3,686	67,651	34,543	13,248	12,362	117,393	28,874	363,855	
1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578	
1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578	
-	44,375	3,997	2,696	831	34,528	1,755	2,447	2,253	21,748	-	114,630	
1,609,050	142,036	-	-	-	-	-	-	-	-	-	1,751,086	
1,609,050	142,036	-	-	-	-	-	-	-	-	-	1,751,086	
-	-	-	-	-	8,198	-	-	-	-	-	8,198	
-	-	-	-	-	(2,980)	-	-	-	-	-	(2,980)	
-	-	-	-	-	5,218	-	-	-	-	-	5,218	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	(82,758)	(82,758)	
-	20,620	18,894	2,748	794	17,019	3,461	2,489	3,389	99,549	28,874	(53,884)	
3,407,400	514,590	135,987	18,902	8,410	61,348	12,064	14,649	9,618	136,261	-	168,963	
3,407,400	577,135	194,425	26,279	12,890	143,038	50,068	30,386	25,369	353,203	-	4,820,193	
-	62,545	58,438	7,377	4,480	81,690	38,004	15,737	15,751	216,942	-	500,964	
3,407,400	514,590	135,987	18,902	8,410	61,348	12,064	14,649	9,618	136,261	-	4,319,229	
-	5%	10%	12.50%	6.25%	20%	20%	12.50%	20%	33%	20%		

5.2 Depreciation charge has been allocated as follows:	Note	2020	2019
		(Rupees in thousand)	
Cost of goods manufactured	29.1	145,613	110,548
Distribution cost	30	6,958	5,426
Administrative expenses	31	16,392	25,682
		<u>168,963</u>	<u>141,656</u>

- 5.3 Leasehold land and buildings on leasehold land of the Company had previously been revalued in June 2010, June 2013, June 2016 and June 2019. Those revaluation exercises resulted in net surplus of Rs.437.28 million, Rs.259.448 million, Rs.218.20 million and Rs.200.904 million respectively. Leasehold land and buildings on leasehold land of the Company were again revalued in June 2020 by Harvester Services (Private) Limited (Approved valuers of Pakistan Banks' Association) on the basis of present market value and depreciated market value (level 2 of fair value hierarchy). Different levels of fair value have been defined in IFRS 13 and are mentioned in note 42.4.

The latest revaluation exercise resulted in a net surplus of Rs.1,751.09 million. At the time of latest revaluation, forced sale value of this land was Rs.3,137.59 million. Out of the revaluation surplus resulting from all the revaluations carried-out to date, an amount of Rs.3,918.584 million (2019: Rs.2,143.483 million) remains un-depreciated as at June 30, 2020.

- 5.4 Leasehold land of the Company is located at S.I.T.E. Karachi with an area of 18.93 acres.
- 5.5 Had the operating fixed assets been recognised under the cost model, the carrying amount of building on leasehold land would have been Rs.185.62 million (2019: Rs.150.61 million).
- 5.6 Operating fixed assets includes certain plant and machinery, permanent tools and jigs & special tools with cost aggregating Rs.460.835 million (2019: Rs.384.354 million) and net book value of Rs.227.677 million (2019: Rs.259.333 million) which is held by Ghandhara Nissan Limited - a related party as these fixed assets are used for assembling of the Company's products.

- 5.7 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	(Loss) / gain	Deferred Gain	Net (loss) / gain on disposal	Mode of disposal	Particulars of buyers
Item having book value more than Rs. 500,000 each									
Motor Vehicle	4,503	901	3,602	4,400	798	(798)	-	Sale and lease back	Orix Modaraba
Mobile work shop	3,000	1,500	1,500	3,500	2,000	-	2,000	Negotiation	Logistica
	<u>7,503</u>	<u>2,401</u>	<u>5,102</u>	<u>7,900</u>	<u>2,798</u>	<u>(798)</u>	<u>2,000</u>		
Item having book value less than Rs. 500,000 each									
	695	579	116	323	207	-	207	Company policy	Hadi Anwar ul Haq - Employee
June 30, 2020	<u>8,198</u>	<u>2,980</u>	<u>5,218</u>	<u>8,223</u>	<u>3,005</u>	<u>(798)</u>	<u>2,207</u>		
June 30, 2019	<u>23,176</u>	<u>8,742</u>	<u>14,434</u>	<u>17,032</u>	<u>2,598</u>	<u>(673)</u>	<u>1,925</u>		

5.8 Capital work in progress	2020	2019
	(Rupees in thousand)	
Advances made for:		
- Buildings on leasehold land	8,163	47,312
- Plant and machinery	44,214	36,388
- Vehicles	-	1,653
- Computer software	3,801	3,796
	<u>56,178</u>	<u>89,149</u>

- 5.9 Capital work in progress include items with aggregating Rs.Nil (2019: Rs.5.26 million) which are located at the plant of Ghandhara Nissan Limited - a related party. Once capitalized, the assets will be used for assembling of the Company's products.

5.10 Right of use assets

	Note	2020	2019
		(Rupees in thousand)	
Transfer from operating fixed assets costing Rs.82.758 million		53,884	-
Transition effect on initial application of IFRS 16		32,380	-
Addition / transfer from owned		19,609	-
Depreciation charged during the year	5.11	(27,333)	-
Net book value at end of the year		78,540	-

5.11 Depreciation expense relating to right of use asset - properties of Rs.2.064 million has been charged in 'Cost of sales', Rs.11.313 million in 'Distribution cost' and Rs.13.956 million in 'Administrative expenses'.

6. INTANGIBLE ASSETS

	Note	2020	2019
		(Rupees in thousand)	
These represent computer software licenses.			
Cost			
At June 30,		2,130	2,130
Accumulated amortization			
At beginning of the year		1,870	1,746
Add: charge for the year	6.1	124	124
At end of the year		1,994	1,870
Net book value		136	260
Annual rate of amortization		20%	20%

6.1 Amortization charge for the year has been grouped under administrative expenses (note 31).

7. INVESTMENT PROPERTY

	Leasehold land	Buildings on leasehold land	Total
	(Rupees in thousand)		
At July 1, 2018			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,745	406	9,151
Net book value	88,647	10	88,657
Year ended June 30, 2019			
Opening net book value	88,647	10	88,657
Amortization / depreciation charge	243	1	244
Closing net book value	88,404	9	88,413
At June 30, 2019			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,988	407	9,395
Net book value	88,404	9	88,413
Year ended June 30, 2020			
Opening net book value	88,404	9	88,413
Amortization / depreciation charge	243	1	244
Closing net book value	88,161	8	88,169
At June 30, 2020			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	9,231	408	9,639
Net book value	88,161	8	88,169
Amortization / depreciation rate - per annum	0.25%	2.5%	

7.1 Amortization / depreciation charge for the year has been grouped under administrative expenses (note 31).

7.2 In the opinion of the directors, the market value of investment property at the reporting date has not changed materially from last year.

8. LONG TERM INVESTMENT - at cost

Note	2020	2019
	(Rupees in thousand)	
Subsidiary Company - Unquoted Marghzar Industries (Private) Limited 140,000 (2019: 140,000) fully paid ordinary shares of Rs.10 each. Equity held: 70% (2019: 70%)	1,400	1,400

9. LONG TERM LOANS - Secured, considered good

Loans due from:

Related parties - Key Management Personnel

Other employees

9.1

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

Related parties - Key Management Personnel

Other employees

14

	110	340
	3,656	6,156
	3,766	6,496
	110	240
	1,699	2,617
	1,809	2,857
	1,957	3,639

9.1 Interest free loans have been provided to employees under their terms of employment. These are repayable in monthly instalments over a period of one to five years. These are secured against their respective vested retirement benefit.

9.2 Maximum aggregate amount of loans due from key management personnel at the end of any month during the year was Rs.0.44 million (2019: Rs.0.38 million).

10. LONG TERM DEPOSITS - Considered good

Deposit held with / for:

- Leasing companies

- Utilities and rental agreements

- Others

2020	2019
(Rupees in thousand)	
13,599	11,809
8,587	8,594
1,552	1,545
23,738	21,948

11. DEFERRED TAXATION - Net

This is composed of following:

- accelerated tax depreciation allowance

- surplus on revaluation of fixed assets

- liabilities against assets subject to finance lease

- gain on sale and lease back of fixed assets

- provision for gratuity

- provision for workers profit participation fund

- provision for doubtful balances

- unabsorbed tax depreciation / unused tax losses

- others

(16,564)	(35,826)
(90,817)	(52,891)
4,961	3,276
358	259
5,856	5,471
-	2,150
11,861	6,986
85,131	156,046
1,687	1,687
2,473	87,158

11.1 As at June 30, 2020, the Company has unused tax losses aggregating Rs.1,397.012 million. Deferred tax asset on un-used losses has not been recognised on prudent basis.

12. STOCK-IN-TRADE

Raw materials and components
 - In hand
 - In transit
 Work-in-process
 Finished goods including components
 Trading stocks

2020	2019
(Rupees in thousand)	
4,170,587	6,969,265
396,519	330,902
4,567,106	7,300,167
116,438	153,698
2,100,456	2,295,343
763,063	610,217
7,547,063	10,359,425

- 12.1** Stock-in-trade includes stock of Rs.3,641.64 million (2019: Rs.8,559.17 million) held with third parties out of which stock of Rs.3,210.75 million (2019: Rs.7,880.86 million) is held with Ghandhara Nissan Limited (an Associated Company) for assembly.

13. TRADE DEBTS - Unsecured

Note

Considered good
 Government and semi-government agencies
 Others
Consider doubtful - others
 Less: provision for expected credit losses

2020	2019
(Rupees in thousand)	
1,287	2,072
637,301	86,334
638,588	88,406
7,950	3,242
646,538	91,648
7,950	3,242
638,588	88,406

13.3

- 13.1** The ageing of trade debts at reporting date is as follows:

	2020	2019	2020	2019
	Associated Company		Others	
	(Rupees in thousand)			
Upto 30 days	-	-	164,457	27,584
31 - 180 days	-	-	147,578	15,646
Over 180 days	-	-	334,503	48,418
	-	-	646,538	91,648

- 13.2** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.Nil (2019: Rs.0.013 million).

13.3 Provision for expected credit loss

Balance at beginning of the year
 Provision for the year
 Balance at end of the year

2020	2019
(Rupees in thousand)	
3,242	2,267
4,708	975
7,950	3,242

14. LOANS AND ADVANCES - Unsecured

Note

Considered good

Current portion of long term loans to employees

9

Advances due from:

- employees

- suppliers, contractors and dealers

14.1

Considered doubtful

Advance to suppliers

Less: provision for doubtful advances

2020	2019
(Rupees in thousand)	
1,809	2,857
5,537	2,290
143,201	128,612
148,738	130,902
5,274	5,359
5,274	5,359
-	-
150,547	133,759

- 14.1** Advances are given to employees to meet business expenses and are settled when expenses are incurred.

15. TRADE DEPOSITS AND PREPAYMENTS

2020	2019
(Rupees in thousand)	
192,659	170,160
25,112	12,925
167,547	157,235
4,092,366	371,121
330	330
4,092,036	370,791
-	12,734
1,345	2,074
4,260,928	542,834

16. OTHER RECEIVABLES - Unsecured

This amount is receivable from Isuzu Motors Limited, Japan on account of commission / claims.

17. CASH AND BANK BALANCES

Note

Cash in hand

Cash with banks on:

- current accounts

- saving accounts

- foreign currency accounts

17.1

17.2

Less: provision for a doubtful bank account

17.3

2020	2019
(Rupees in thousand)	
2,652	2,264
292,571	466,927
47,874	33,441
42	42
340,487	500,410
2,233	2,233
340,906	500,441

- 17.1** Saving accounts carry mark-up ranging from 2.46% to 2.61% (2019: 2.61% to 5.50%) per annum.
- 17.2** Foreign currency accounts include Japanese Yen (JPY) 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million (2019: JPY 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million).
- 17.3** This represents provision made against balances held with Indus Bank Limited under liquidation.

18. SHARE CAPITAL**18.1 Authorized capital**

100,000,000 (2019: 50,000,000) ordinary shares of Rs.10 each

2020	2019
(Rupees in thousand)	
<u>1,000,000</u>	<u>500,000</u>

18.2 Issued, subscribed and paid-up capital

2020	2019			
(No. of shares)				
17,650,862	17,650,862	Ordinary shares of Rs.10 each fully paid in cash	176,509	176,509
358,206	358,206	Ordinary shares of Rs.10 each issued for consideration other than cash	3,582	3,582
24,599,776	24,599,776	Ordinary shares of Rs.10 each issued as fully paid bonus shares	245,997	245,997
<u>42,608,844</u>	<u>42,608,844</u>		<u>426,088</u>	<u>426,088</u>

18.3 Movement in issued, subscribed and paid-up capital

2020	2019			
(No. of shares)				
42,608,844	21,304,422	Balance at beginning of the year	426,088	213,044
-	21,304,422	Ordinary shares of Rs.10 each issued as fully paid bonus shares	-	213,044
<u>42,608,844</u>	<u>42,608,844</u>		<u>426,088</u>	<u>426,088</u>

18.4 At June 30, 2020 and June 30, 2019 Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (2019: 16,686,794) ordinary shares of Rs.10 each.

18.5 Ordinary shares held by related parties other than the ultimate Holding Company as at June 30,

	2020	2019
	(Rupees in thousand)	
Ghandhara Nissan Limited	8,132,336	8,132,336
Universal Insurance Company Limited	2,368,296	2,368,296
The General Tyre and Rubber Company of Pakistan Limited	201,400	201,400
Bibojee Investments (Private) Limited	42,816	42,816
	<u>10,744,848</u>	<u>10,744,848</u>

18.6 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets.

19. SURPLUS ON REVALUATION OF FIXED ASSETS

Note

		2020	2019
		(Rupees in thousand)	
Balance at the beginning of the year		2,102,452	1,912,804
Add: surplus arisen on revaluation carried-out during the year	5.3	1,751,086	200,903
Less: transferred to unappropriated profit on account of incremental depreciation for the year		11,255	11,255
		3,842,283	2,102,452
Less: related deferred tax of:			
- opening balance		52,891	52,790
- revaluation exercise for the year		41,190	3,365
- incremental depreciation for the year		(3,264)	(3,264)
- closing balance		90,817	52,891
Balance at end of the year		3,751,466	2,049,561

20. LEASE LIABILITIES

Balance at beginning of the year		65,180	42,750
Impact of initial application of IFRS 16	20.1	32,380	-
Additions during the year		17,896	30,298
Interest accrued		14,494	3,327
Repaid / adjusted during the year		(34,303)	(11,195)
		95,647	65,180
Current portion grouped under current liabilities		(29,410)	(13,435)
Balance at end of the year		66,237	51,745

20.1 These represent lease contract for show room having estimated lease term of 4 years. These are discounted using incremental borrowing rate (16.32%) of the Company.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2020			2019		
	Minimum lease payments	Finance cost allocated to future period	Present value of minimum lease payments	Minimum lease payments	Finance cost allocated to future period	Present value of minimum lease payments
	(Rupees in thousand)					
Not later than one year	35,570	6,160	29,410	20,019	6,584	13,435
Later than one year but not later than five years	73,044	6,807	66,237	61,258	9,513	51,745
Total minimum lease payments	108,614	12,967	95,647	81,277	16,097	65,180

20.2 The Company has acquired motor vehicles under finance lease arrangements from leasing companies and a modaraba. The arrangements are secured by title of leased assets in the name of the lessor. Rentals are payable in monthly instalments. Repair and insurance cost are borne by the Company. The rates of financial charges applied, during the year, ranged from 8.85% to 17.59% (2019: 8.85% to 16.51%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the Company against the security deposits paid.

21. COMPENSATED ABSENCES

Note	2020	2019
	(Rupees in thousand)	
Balance at beginning of the year	13,045	10,844
Provision for the year	3,259	2,658
	16,304	13,502
Encashed during the year	(502)	(457)
Balance at end of the year	15,802	13,045

- 21.1** Includes liability in respect of key management personnel aggregating to Rs.5.74 million (2019: Rs.3.60 million).

22. DEFERRED LIABILITIES

Note	2020	2019
	(Rupees in thousand)	
Gain on sale and lease back of fixed assets	1,233	893
Staff retirement benefit - gratuity	20,192	18,866
	21,425	19,759

22.1 Gain on sale and lease back of fixed assets

Balance at beginning of the year	893	555
Add: vehicle sale and lease back during the year	798	673
Less: amortization for the year	458	335
Balance at end of the year	1,233	893

The Company entered into sale and leaseback transaction during the preceding years which resulted in finance leases. The excess of sale proceeds over the net book value of motor vehicle under sale and leaseback arrangement has been recognised as deferred income and amortized over the period of the lease term.

22.2 Staff retirement benefit - gratuity

- 22.2.1** As stated in note 4.12.1, the Company operates an approved funded gratuity scheme for its staff.

- 22.2.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, the Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Company appoints the trustees.

- 22.2.3** The latest actuarial valuations of the Scheme as at June 30, 2020 was carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

22.2.4 Statement of financial position - reconciliation

2020	2019
(Rupees in thousand)	
Present value of defined benefit obligation	127,076
Fair value of plan assets	(106,884)
	20,192

22.2.5 Movement in the present value of defined benefit obligation

Balance at beginning of the year	98,571	79,626
Current service cost	16,959	16,309
Interest cost	13,898	6,950
Re-measurement	(273)	506
Benefits paid	(2,079)	(4,820)
Balance at end of the year	127,076	98,571

22.2.6 Movement in the fair value of plan assets

	2020	2019
	(Rupees in thousand)	
Balance at beginning of the year	79,705	-
Contributions	18,866	84,447
Benefits paid	(2,079)	(4,820)
Interest income	11,705	814
Re-measurements	(1,313)	(736)
Balance at end of the year	106,884	79,705

22.2.7 Expense recognised in statement of profit or loss

Current service cost	16,959	16,309
Interest cost - net	2,193	6,136
	19,152	22,445

22.2.8 Re-measurement recognised in other comprehensive income

Remeasurement loss on plan asset	1,313	736
Experience adjustments	(273)	506
	1,040	1,242

22.2.9 Plan assets comprise of:

Term deposit receipts	90,391	79,078
Cash and cash equivalent	16,493	627
	106,884	79,705

22.2.10 Actuarial assumptions used

	(% per annum)	
Discount rate	8.50	14.25
Expected rate of increase in future salaries	7.50	13.25
Mortality rates (for death in service)	SLIC	SLIC
	2001-2005	2001-2005

22.2.11 Sensitivity analysis for actuarial assumptions

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

		Impact on define benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1.00%	115,610	140,492
Increase in future salaries	1.00%	140,492	115,411

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.

22.2.12 Based on actuary's advice, the expected charge for the year ending June 30, 2021 amounts to Rs.20.75 million.

22.2.13 The weighted average duration of the scheme is 11 years.

22.2.14 Historical information

	2020	2019	2018	2017	2016
	(Rupees in thousand)				
Present value of defined benefit obligation	127,076	98,571	79,626	44,592	36,169
Experience adjustment	(273)	506	16,676	1,934	521

22.2.15 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousand)				
At June 30, 2020	4,015	6,783	37,994	293,629	342,421

23. TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in thousand)	
Creditors		452,497	517,496
Accrued liabilities		185,168	250,474
Contract liabilities - advances from customers	23.1	5,454,130	3,163,734
Advance against sale of investment in immovable property		5,000	5,000
Payable to trustees' provident fund		-	200
Royalty payable		44,190	36,445
Retention money		20	20
Withholding tax		30,938	26,627
Custom duty payable		537,594	445,011
Due to related parties	23.2	145,672	117,751
Due to the Subsidiary Company		2,526	2,454
Workers' Profit Participation Fund	23.3	-	7,413
Workers' welfare fund	23.4	-	-
Others		15,076	9,532
		6,872,811	4,582,157

23.1 These represent advances from customers against sale of vehicle and carry no mark-up.

23.2 Due to related parties

	2020	2019
	(Rupees in thousand)	
Ghandhara Nissan Limited	93,745	94,650
The General Tyre & Rubber Company of Pakistan Limited	39,959	13,637
Rahman Cotton Mills Limited	5,400	3,600
Gammon Pakistan Limited	-	26
Waqf-e-Kuli Khan	5,818	5,818
Ghandhara DF (Private) Limited	750	20
	145,672	117,751

23.3 Workers' profit participation fund

Balance at beginning of the year
 Add: allocation for the year
 Add: interest on funds utilised in the
 Company's business
 Less: payments made during the year
 Balance at end of the year

2020	2019
(Rupees in thousand)	
7,413	105,162
-	7,314
2,443	9,829
9,856	122,305
9,856	114,892
-	7,413

23.4 Workers' welfare fund

Balance at beginning of the year
 Less: paid during the year
 Balance at end of the year

-	34,007
-	34,007
-	-

- 24.** Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Pvt.) Limited has been withheld in view of the restraining order dated November 16, 2018 passed by the Hon'ble High Court of Sindh in Suit No. 2149 of 2018.

25. ACCRUED MARK-UP / INTEREST

Note

Mark-up / interest accrued on:
 - short term borrowings - secured
 - long term loans - unsecured

2020	2019
(Rupees in thousand)	
225,268	191,939
4,514	4,514
229,782	196,453

26. SHORT TERM BORROWINGS - Secured

Finance against imported merchandise
 Istisna
 Murabaha
 Running finance / Musharakah

26.1	2,691,056	2,941,765
26.2	2,396,073	1,440,727
26.2	10,313	160,888
26.4	1,420,954	1,753,234
	6,518,396	6,296,614

- 26.1** The Company has arranged facilities aggregating Rs.9,807 million (2019: Rs.11,750 million) for opening of letters of credit from banks. These facilities are secured against cash margin and consignment of import documents in bank's favour. Finance against import merchandise (FIM) / musawamah aggregating Rs.4,650 million (2019: Rs.7,050 million) are also available as sub-limit of abovementioned facilities. FIM is secured against pledge of goods. Mark-up on FIM is payable on quarterly basis at rate ranging from Matching KIBOR plus 0.5% to 1.70% per annum (2019: at rate ranging from Matching KIBOR plus 0.7% to 1.70 % per annum). Profit on import Murabaha is payable on 180 days basis at the rate ranging from 3 months KIBOR plus 0.70% to 1.2% per annum (2019: at rate ranging from matching matching KIBOR plus 0.6% to 1.75% per annum). These facilities are maturing on various dates latest by February 28, 2021.

- 26.2** The Istisna facility of Rs.2,582 million (2019: Rs.2,450 million) with a tenor of 180 days (2019: 180 days) and Murabaha facility of Rs.2,232 million (2019: Rs.4,500 million) are available from Banks. Profit on both facilities ranges from KIBOR (matching) plus 0.7% to 2.25% (2019: KIBOR (matching) plus 0.6% to 1.75%) and is payable along with the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs.4,667 million (2019: Rs.6,468 million). The facilities are available upto February 28, 2021.

- 26.3** The Company has foreign / inland bills discounting facility of Rs.150 million (2019: Rs.150 million). The facility is secured against lien over accepted bills under LCs. The facility has a maximum tenor of 180 days on roll over basis. The facility has one year validity on roll over basis and is due for renewal on December 31, 2020.

26.4 The Company has facilities for short-term running finance amounting Rs.1,440 million (2019: Rs.1,650 million) from banks. Mark-up is based on rates ranging from 1 month KIBOR plus 1.25% to 3 months KIBOR plus 0.75% to 1.10% per annum (2019: rates ranging from 1 month KIBOR plus 0.6% to 3 months KIBOR plus 1.10% per annum) payable on quarterly basis. The facilities are primarily secured against first pari passu charge by way of hypothecation over stocks and book debts aggregating Rs.1,468 million (2019: Rs.2,200 million). These facilities are collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2019: Rs.300 million). These facilities have one year validity on roll over basis and is due for renewal on December 31, 2020.

26.5 The facility for bank guarantees of Rs.9,841 million including sublimit of Rs.1,600 million of running finance (2019: Rs.6,209 million including sublimit of Rs.1,250 million of running finance) is also available from banks. These facilities are secured against cash margin and equitable mortgage over immovable assets of the Company to an extent of Rs.3,972 million (2019: Rs.6,697 million). The facilities shall be available latest by December 31, 2020.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

- (i) Suit against the Company by the supplier for the recovery of Rs.25.87 million as compensation for breach of agreement. The suit is being defended by the Company on a number of legal grounds. The suit is at present in evidence stage and the Company has plausible defence.
- (ii) Various demands have been raised by the Central Excise and Sales Tax Departments aggregating Rs.4.90 million. The Company filed Sales Tax Reference in High Court of Sindh against the order of Customs, Excise and Sales Tax Appellate Tribunal (the Tribunal). The Sales Tax Reference had been decided vide order dated January 21, 2009 wherein the High Court of Sindh has set aside the order of the Tribunal and remanded back the case to the Tribunal to pass order in accordance with law. The Tribunal through order dated October 9, 2015, disposed off the matter by remanding the case to Assessing officer. No provision has been made in these financial statements as the management believes that it will have a favourable decision.

27.2 Commitments

Bank guarantees
Letters of credit

2020	2019
(Rupees in thousand)	
7,547,916	3,943,290
663,298	1,453,626

28. SALES - Net

Manufactured goods

Gross sales

- local

- export

Less: sales tax

Trading goods

Gross sales - local

Less: sales tax

13,029,371	15,431,767
43,501	30,015
13,072,872	15,461,782
1,893,059	2,244,585
11,179,813	13,217,197
729,153	814,608
120,712	121,892
608,441	692,716
11,788,254	13,909,913

29. COST OF SALES

Note

2020**2019**

(Rupees in thousand)

Manufactured goods

Stocks at beginning of year

Cost of goods manufactured

Stocks at end of year

Trading goods

Stocks at beginning of year

Purchases

Stocks at end of year

29.1 Cost of goods manufactured

Raw materials and components consumed

Stores consumed

Salaries, wages and other benefits

Fuel and power

Rent, rates and taxes

Insurance

Research and development

Repair and maintenance

Travelling and entertainment

Vehicle running and maintenance

Printing, stationery and office supplies

Communication

Royalty expense

Outside assembly charges

Depreciation on operating fixed asset

Depreciation on right of use assets

Freight and handling

Other expenses

Work-in-process adjustment

29.2 Raw materials and components consumed

Stocks at beginning of year

Add : purchases including duties, taxes and other charges

Stocks at end of year

29.3 Salaries, wages and other benefits include Rs.9.89 million (2019: Rs.13.22 million) in respect of staff retirement benefits.

29.4 Royalty charged in these financial statement pertains to Isuzu Motors Limited, Japan having registered office at 6-26-1 Minami-Oi, Shinagawa-ku, Tokyo 140-8722 Japan and Isuzu Motor Co. (Thailand) Limited having registered office at 38 Kor., Moo 9, Poochaosamingprai Rd., Samrong-Tai, Phrapradaeng, Samutprakan 10130.

30. DISTRIBUTION COST

	Note	2020	2019
		(Rupees in thousand)	
Salaries and benefits	30.1	86,429	111,168
Commission		208,614	257,782
Rent, rates and taxes		23,622	11,641
Insurance		1,091	2,184
Repair and maintenance		1,636	9,274
Utilities		1,861	520
Travelling and entertainment		11,566	18,515
Vehicle running and maintenance		2,374	1,892
Printing, stationery and office supplies		6,121	5,376
Communication		1,873	1,024
After sale services		31,695	13,283
Advertisement		33,801	46,143
Legal and professional charges		325	758
Late delivery charges		34,026	2,562
Depreciation on operating fixed asset	5.2	6,958	5,426
Depreciation on right of use assets	5.11	11,313	-
Freight forwarding and handling		21,466	43,141
Other expenses		8,979	4,265
		<u>493,750</u>	<u>534,954</u>

30.1 Salaries and benefits include Rs.10.14 million (2019: Rs.12.01 million) in respect of staff retirement benefits.

31. ADMINISTRATIVE EXPENSES

	Note	2020	2019
		(Rupees in thousand)	
Salaries and benefits	31.1	149,582	147,179
Staff training and ancillary cost		3,527	2,684
Rent, rates and taxes		9,502	6,417
Insurance		10,905	9,035
Repair and maintenance		9,649	13,180
Utilities		477	384
Travelling and entertainment		18,326	24,439
Vehicle running and maintenance		5,377	5,302
Printing, stationery and office supplies		10,045	6,901
Communication		1,862	2,490
Legal and professional charges		5,761	9,277
Fee and subscriptions		5,398	3,132
Depreciation on operating fixed asset	5.2	16,392	25,682
Depreciation on right of use assets	5.11	13,956	-
Amortization of intangible assets	6.1	124	124
Amortization / depreciation of investment property	7.1	244	244
Security expenses		11,182	10,599
Other expenses		-	595
		<u>272,309</u>	<u>267,664</u>

31.1 Salaries and benefits include Rs.11.28 million (2019: Rs.16.41 million) in respect of staff retirement benefits.

32. OTHER EXPENSES

	Note	2020	2019
		(Rupees in thousand)	
Auditors' remuneration			
- audit fee		1,000	1,000
- certification charges		72	185
- out of pocket expenses		35	25
		1,107	1,210
Workers' profits participation fund	23.3	-	7,314
Donation and charities	32.1	4,935	1,860
Provision for doubtful debts, deposits and advance	13.3, 14 & 15	16,810	15,984
		22,852	26,368

- 32.1** Include donation amounting Rs.2.62 million made to Indus Hospital and Rs.2.23 million to Higher Education Commission Department, Azad Jammu & Kashmir (2019: Rs.1.59 million made to Indus Hospital). None of the directors or their spouses had any interest in the donees.

33. OTHER INCOME

	Note	2020	2019
		(Rupees in thousand)	
Income from financial assets			
Profit on saving accounts and term deposit receipts		3,415	3,340
Exchange gain (loss) / gain - net		(47)	1,650
Income from other than financial assets			
Gain on sale of operating fixed assets	5.7	2,207	1,925
Commission		10,986	74,767
Scrap sales - net of sales tax		31,194	32,484
Amortization of gain on sale and lease back of fixed assets	22.1	458	335
Rental income		6,443	2,882
		54,656	117,383

34. FINANCE COST

Mark-up / interest on:			
- lease finances		14,494	3,327
- finance against imported merchandise		374,604	535,698
- istisna / running finances / murabaha		542,451	181,445
- loan from Subsidiary Company		369	357
- workers' profit participation fund	23.3	2,443	9,829
Bank charges and others		36,424	20,363
		970,785	751,019

35. TAXATION

Current tax			
- for the year	35.1	226,810	169,900
- for prior year		-	(1,560)
		226,810	168,340
Deferred tax - origination and reversal of temporary differences		43,797	(89,318)
		270,607	79,022

- 35.1** No numeric tax rate reconciliation for the period is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 148 and 233 of the Ordinance.

36. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

Net (loss) / profit for the year

Weighted average ordinary shares
outstanding during the year

(Loss) / earnings per share

2020	2019
(Rupees in thousand)	
(1,282,883)	59,948
(Number of shares)	
42,608,844	42,608,844
(Rupees)	
(30.11)	1.41

36.1 A diluted earnings per share has not been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

37. CASH GENERATED FROM / (USED IN) OPERATIONS

Note

(Loss) / profit before taxation

Adjustment for non cash charges and other items:

Depreciation / amortization on:

- property, plant and equipment

- intangible assets

- investment property

Provision for compensated absences

Gain on sale of operating fixed assets

Amortization of gain on sale and

lease back of fixed asset

Exchange loss / (gain) - net

Finance cost

Profit on saving accounts and term deposit receipts

Provision for doubtful debts, deposits and advance

Provision for gratuity

Working capital changes - net

37.1

2020	2019
(Rupees in thousand)	
(1,012,276)	138,970
168,963	141,656
124	124
244	244
3,259	2,658
(2,207)	(1,925)
(458)	(335)
47	(1,650)
970,785	751,019
(3,415)	(3,340)
16,810	15,984
19,152	22,445
161,028	1,065,850
1,013,158	(1,898,854)
1,174,186	(833,004)

37.1 Working capital changes

Decrease / (increase) in current assets:

Stores

Stock-in-trade

Trade debts

Loans and advances

Trade deposits and prepayments

Other receivables

Sales tax refundable / adjustable

Increase in trade and other payables

(14,141)	1,953
2,812,362	(3,471,205)
(566,992)	(9,160)
(16,788)	34,902
(3,718,094)	178,379
(2,329)	(4,590)
228,486	215,770
(1,277,496)	(3,053,951)
2,290,654	1,155,097
1,013,158	(1,898,854)

38. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short term borrowings

17

26

340,906	500,441
(6,518,396)	(6,296,614)
(6,177,490)	(5,796,173)

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Director		Executives	
	2020	2019	2020	2019	2020	2019
(Rupees in thousand)						
Managerial remuneration and allowances	60,000	60,000	31,500	12,500	78,318	97,508
Retirement benefit	5,000	5,000	2,688	2,500	7,387	5,256
Others	-	-	-	-	4,976	4,831
	<u>65,000</u>	<u>65,000</u>	<u>34,188</u>	<u>15,000</u>	<u>90,681</u>	<u>107,595</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>30</u>	<u>30</u>

39.1 Certain employees are provided with free use of car maintained by the Company in accordance with their terms of employment.

39.2 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.3.50 million (2019: Rs.3.30 million).

40. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of the Ultimate Holding Company, the Subsidiary Company, Associated Companies / undertaking, technological suppliers, directors and executives. The Company in the normal course of business carries out transactions with various related parties at agreed terms and conditions. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

Name of related party and nature of relationship	Nature of transactions	2020	2019
		(Rupees in thousand)	
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited	Dividend paid	-	130,157
(ii) Subsidiary Company			
Marghzar Industries (Private) Limited	Financial charges	369	357
	Reimbursement of expenses	297	265
(iii) Associated Companies / Undertaking			
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	125,815	210,008
	Sale of parts	335	452
	Dividend paid	-	1,571
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	439,452	578,138
	Sales of parts	183	32
	Rental income	3,221	2,882
	Re-imbursement of expenses	444	24
	Dividend paid	-	63,432
Universal Insurance Company Limited (Common Directorship)	Dividend paid	-	18,473
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	-	3,600
	Re-imbursement of expenses	1,800	-
Gammon Pakistan Limited (Common Directorship)	Rent paid	3,000	3,000
	Re-imbursement of expenses	34	275
Ghandhara DF (Private) Limited (Common Directorship)	Sales of parts	-	8
	Purchase of parts	6	22
	Rental income	3,221	-
Bibojee Investments (Private) Limited (Common Directorship)	Dividend paid	-	334
Janana De Malucho Textile Mills Limited (Common Directorship)	Re-imbursement of expenses	2,058	1,806
	Sale of pickup truck	6,135	-
(iv) Other related parties			
Gratuity fund	Contribution paid	18,866	84,447
Provident fund	Contribution paid	8,896	16,460
Key management personnel	Remuneration, bonus and other benefits	138,560	148,729
	Sale of pick up truck	12,887	-

41. PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends upon the mix of assembly of trucks, buses and fabrication of commercial bodies.

The Company has outsourced the assembly of trucks, buses and pick ups to Ghandhara Nissan Limited (an Associated Company) therefore figures for the actual production for the current year has not been given.

42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 Financial assets and liabilities by category and their respective maturities

	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in thousand)						
Financial assets as per balance sheet							
Investments - at cost							
Long term investment	-	-	-	-	1,400	1,400	1,400
Amortised cost							
Loans and advances	-	-	-	1,809	1,957	3,766	3,766
Deposits	-	-	-	4,259,583	23,738	4,283,321	4,283,321
Trade debts	-	-	-	638,588	-	638,588	638,588
Other receivables	-	-	-	9,263	-	9,263	9,263
Cash and bank balances	47,874	-	47,874	293,032	-	293,032	340,906
June 30, 2020	47,874	-	47,874	5,202,275	27,095	5,229,370	5,277,244
June 30, 2019	33,441	-	33,441	1,106,004	26,987	1,132,991	1,166,432
Financial liabilities as per balance sheet							
At amortised cost							
Trade and other payables	-	-	-	1,382,743	-	1,382,743	1,382,743
Accrued mark-up / interest	-	-	-	229,782	-	229,782	229,782
Short term borrowings	6,518,396	-	6,518,396	-	-	-	6,518,396
Liabilities against assets subject to finance lease	29,410	66,237	95,647	-	-	-	95,647
June 30, 2020	6,547,806	66,237	6,614,043	1,612,525	-	1,612,525	8,226,568
June 30, 2019	6,310,049	51,745	6,361,794	1,583,249	-	1,583,249	7,945,043
On Balance Sheet Gap							
June 30, 2020	(6,499,932)	(66,237)	(6,566,169)	3,589,750	27,095	3,616,845	(2,949,324)
June 30, 2019	(6,276,608)	(51,745)	(6,328,353)	(477,245)	26,987	(450,258)	(6,778,611)
Off Balance Sheet							
Letters of credit							663,298
Letters of guarantee							7,547,916
						June 30, 2020	8,211,214
						June 30, 2019	5,396,916

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

42.2 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk and interest / mark-up rate risk). The Company's overall risk management program focuses on having cost effective funding as well as manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(a) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparties failed to perform as contracted. Credit risk mainly arises from loans & advances, deposits, trade debts, other receivables and bank balances. The financial assets exposed to credit risk aggregate to Rs.5,273.19 million (2019: Rs.1,174.94 million).

The Company believe that it is not materially exposed to credit risk as; (i) trade debts mainly represent receivables from government, semi-government agencies and dealers, (ii) deposits mainly include margin against letters of credit and bank guarantees held with banks having good credit ratings and (iii) balances placed with banks having good credit ratings assigned by credit rating agencies.

The Company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Company's liabilities based on maturities is disclosed in note 42.1 of these financial statements.

(c) Market risk

Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. At June 30, 2020, payables and receivables exposed to foreign exchange risk are Rs.44.19 million (2019: Rs.41.02 million) and Rs.0.23 million (2019: Rs.3.291 million) respectively. The liability and receivable are denominated in Japanese Yen / US Dollars.

At June 30, 2020 if Pak Rupee had weakened / strengthened by 13% against Japanese Yen and US Dollars with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.5.48 million and Rs.0.024 million (2019: Rs.2.64 million), mainly as a result of foreign exchange loss / gain on translation of Japanese Yen and dollars denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company as at the reporting date. The volatility percentage for movement in foreign exchange rates has been used due to the fact that historically (5 years) rate has moved on average basis by the mentioned percentage per annum.

Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. At June 30, 2020, the Company's interest bearing financial liabilities of Rs.6,614.04 million (2019: Rs.6,361.79 million) represent the short term borrowings at floating rate to manage the working capital requirements of the Company and obligation under assets subject to finance lease. These liabilities are re-priced at a maximum period of six months. The effective mark-up rates for financial assets and liabilities are mentioned in respective notes to the financial statements.

Had the interest rates varied by 100 basis points with all other variables held constant, (loss) / profit before tax for the year would have been approximately higher / lower by Rs.64.14 million (2019: Rs.63.62 million).

The sensitivity of 100 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 basis per annum.

42.3 Price risk

The Company is not exposed to any price risk as it does not hold any investments exposed to price risk.

42.4 Fair values of financial assets and liabilities

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 repriced.

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.

43. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 dividends paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year. The Company monitors capital on the basis of gearing ratio calculated as follows:

	2020	2019
	(Rupees in thousand)	
Total borrowings	6,518,396	6,296,614
Cash and bank balances	(340,906)	(500,441)
Net debt	6,177,490	5,796,173
Total Equity	5,074,659	4,648,384
Total Capital	11,252,149	10,444,557
Gearing ratio	55%	55%

44. OPERATING SEGMENTS

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

- (a) All non-current assets of the Company at June 30, 2020 are located in Pakistan.
- (b) Export sales are made to Republic of Mauritius and Australia. Result of the Company's revenue from external customers in Pakistan is Rs.11,744.75 million (2019: Rs.13,789.90 million) and total revenue from external customers from other countries is Rs.43.50 million (2019: Rs.30.02 million).
- (c) The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue as at June 30, 2020.

45. IMPACT OF COVID-19 (CORONAVIRUS) ON FINANCIAL STATEMENTS

The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the production and sale volumes of the Company due to closure of plant during the lock down period. The management has assessed the accounting implications of these developments on the financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on the asset and liabilities in these financial statements. Further, as per relaxation given by Authorities, the Company have resumed its operations with effect from June 2, 2020 with all precautionary measures aimed at preventing pandemic spread.

46. NUMBER OF EMPLOYEES

The number of employees (including contractual employee) at June 30, 2020 were 621 (2019: 611) and average number of employees during the year were 616 (2019: 706).

47. SHAHRIAH SCREENING DISCLOSURE

	2020		2019	
	Convent-ional	Shariah Compliant	Convent-ional	Shariah Compliant
	(Rupees in thousand)			
Bank balances	168,925	171,562	172,208	328,202
Accrued mark-up	119,888	109,894	131,663	64,790
Short term borrowings	3,448,751	3,069,645	4,049,615	2,246,999
Revenue	-	11,788,254	-	13,909,913
Other income				
a) Profit on saving accounts and term deposit receipts	2,042	1,373	685	2,655
d) Others including exchange gain on actual currency	-	51,241	-	114,043
Mark-up / interest expense	488,277	446,084	487,717	242,939

48. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 30, 2020 by the Board of Directors of the Company.



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Directors' Report on Consolidated Financial Statements

The Directors are pleased to present their report together with consolidated financial statements of Ghandhara Industries Limited and its subsidiary Marghazar Industries (Pvt.) Limited for the year ended June 30, 2020.

The Company has annexed consolidated financial statements along with its standalone financial statements in accordance with the requirements of the International Financial Reporting Standard – 10 (Consolidated Financial Statements).

There is no running business in Marghazar Industries Limited apart from interest income drawn from Ghandhara Industries Limited (the Holding Company).

For detailed report on the financial statements, the Director Report on the audited financial statements of Ghandhara Industries Limited can be referred.

On behalf of the Board of Directors



Lt. Gen. (R) Ali Kuli Khan Khattak
Chairman

On behalf of the Board of Directors



Ahmad Kuli Khan Khattak
Chief Executive

Karachi

Dated: September 30, 2020

مشترکہ مالیاتی اعداد و شمار پر ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کے لیے 30 جون 2020 کو ختم ہونے والے سال کی بابت گندھارا انڈسٹریز لمیٹڈ اور اس کی ذیلی کمپنی مرغزار انڈسٹریز (پرائیویٹ) لمیٹڈ کے مشترکہ مالیاتی اعداد و شمار کے ساتھ اپنی رپورٹ پیش کرنا باعث مسرت ہے۔

کمپنی نے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ-10 (مشترکہ مالیاتی اعداد و شمار) کے تقاضوں کے مطابق اپنے مشترکہ مالیاتی اعداد و شمار کو اپنے انفرادی مالیاتی اعداد و شمار کے ساتھ منسلک کر دیا ہے۔

ماسوائے گندھارا انڈسٹریز لمیٹڈ (ہولڈنگ کمپنی) سے حاصل کردہ سود کی آمدنی کے، مرغزار انڈسٹریز لمیٹڈ میں کوئی جاری کاروبار نہیں ہے۔


مالیاتی اعداد و شمار سے متعلق تفصیلی رپورٹ کے لیے، گندھارا انڈسٹریز لمیٹڈ کے آڈٹ شدہ مالیاتی اعداد و شمار سے متعلق ڈائریکٹرز رپورٹ سے رجوع جاسکتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



احمد علی خان خٹک
چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کی جانب سے



ایفینینٹ جنرل (ر) علی قلی خان خٹک
چیئرمین

کراچی

تاریخ: 30 ستمبر، 2020

Report on Audit of the Consolidated Financial Statements

To the members of Ghandhara Industries Limited

Opinion

We have audited the annexed consolidated financial statements of Ghandhara Industries Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 Matters

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

Following are the Key Audit Matters:

S.No. Key Audit Matter

How the matter was addressed in our audit

1. Capitalization / revaluation of property, plant and equipment

As disclosed in notes 5 and 18 to the consolidated financial statements, the Group, during the year revalued its leasehold land and building on leasehold land that resulted in net surplus / gain of Rs.1,751,086 thousand. Also the Company incurred capital capital expenditure with additions of Rs.114,630 thousand made to its operating fixed assets.

We identified the above matters as a key audit matter as these represents significant transactions and involves certain estimates and judgements.

Reviewed revaluation report of independent valuer for revaluation of leasehold land and building on leasehold land. Also, recalculated the computation for revaluation surplus / gain; and

Considered the adequacy of the disclosures made in the financial statements in relation to the above.

2. Stock-in-trade

Refer note 4.7 and 11 to the consolidated financial statements, the Group has stock-in-trade aggregating Rs.7,547,063 thousand (2019: Rs.10,359,425 thousand) comprising raw materials, finished goods including trading goods and work in process. We identified this area as a key audit matter because stock-in-trade constitutes 39.87% of the total assets of the Company as at June 30, 2020 and determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.

Our audit procedures in respect of this area included:

Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;

Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;

Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and

Considered the adequacy of the disclosures made in the consolidated financial statements in relation to the above.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- . Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- . Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

Shinewing Hameed Chaudhri & co.

SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS
KARACHI;

September 30, 2020

Consolidated Financial Statements

For the year ended June 30, 2020

Consolidated Statement of Financial Position

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,453,947	2,770,727
Intangible assets	6	136	260
Investment property	7	88,169	88,413
Long term loans	8	1,957	3,639
Long term deposits	9	23,738	21,948
Deferred taxation	10	2,473	87,158
		4,570,420	2,972,145
Current assets			
Stores		22,469	8,328
Stock-in-trade	11	7,547,063	10,359,425
Trade debts	12	638,588	88,406
Loans and advances	13	150,547	133,759
Trade deposits and prepayments	14	4,260,928	542,834
Other receivables	15	9,263	6,981
Sales tax refundable / adjustable		162,303	390,789
Taxation - payments less provision		1,225,549	918,170
Cash and bank balances	16	340,906	500,441
		14,357,616	12,949,133
Total assets		18,928,036	15,921,278

Ahmad Kuli Khan Khattak
Chief Executive

Maj. (R) Muhammad Zia
Director

Muhammad Aamir
Chief Financial Officer

Consolidated Statement of Financial Position

AS AT JUNE 30, 2020

	Note	2020	2019
(Rupees in thousand)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	426,088	426,088
Revenue reserves			
Unappropriated profit		898,109	2,173,691
Capital reserve			
Surplus on revaluation of fixed assets	18	3,751,466	2,049,561
Equity Attributable to shareholders of the holding company		5,075,663	4,649,340
Non - controlling interest		5	5
Total equity		5,075,668	4,649,345
Non current liabilities			
Lease liabilities	19	66,237	51,745
Compensated absences	20	15,802	13,045
Deferred liabilities	21	21,425	19,759
		103,464	84,549
Current liabilities			
Trade and other payables	22	6,870,384	4,579,772
Unpaid dividends	23	78,959	78,959
Unclaimed dividends		21,973	22,151
Accrued mark-up / interest	24	229,782	196,453
Short term borrowings	25	6,518,396	6,296,614
Current maturity of lease liabilities	19	29,410	13,435
		13,748,904	11,187,384
Total liabilities		13,852,368	11,271,933
Contingencies and commitments			
	26		
Total equity and liabilities		18,928,036	15,921,278

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Ahmad Kuli Khan Khattak
Chief Executive

Maj. (R) Muhammad Zia
Director

Muhammad Aamir
Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
Sales	27	11,788,254	13,909,913
Cost of sales	28	(11,095,490)	(12,308,321)
Gross profit		692,764	1,601,592
Distribution cost	29	(493,750)	(534,954)
Administrative expenses	30	(272,581)	(267,907)
Other expenses	31	(22,882)	(26,398)
Other income	32	54,656	117,383
(Loss) / profit from operations		(41,793)	889,716
Finance cost	33	(970,416)	(750,662)
(Loss) / profit before taxation		(1,012,209)	139,054
Taxation	34	(270,626)	(78,961)
(Loss) / profit after taxation		(1,282,835)	60,093
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(1,040)	(1,242)
Impact of deferred tax		302	360
		(738)	(882)
Surplus on revaluation of fixed assets		1,751,086	200,903
Impact of deferred tax		(41,190)	(3,365)
		1,709,896	197,538
Other comprehensive income for the year - net of tax		1,709,158	196,656
Total comprehensive income for the year		426,323	256,749
		Rupees	
Basic and diluted (loss) / earnings per share	35	(30.11)	1.41

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Revenue Reserve - Unappropriated profit	Capital Reserve - Surplus on revaluation of fixed assets	Total	Non - controlling interest
(Rupees in thousand)					
Balance as at July 1, 2018	213,044	2,651,882	1,860,014	4,724,940	5
Transaction with owners, recognised directly in equity					
Final dividend for the year ended June 30, 2018 at the rate of Rs.15.6 per share	-	(332,349)	-	(332,349)	-
Bonus shares issued	213,044	(213,044)	-	-	-
Total comprehensive income for the year ended June 30, 2019					
Profit for the year	-	60,093	-	60,093	-
Other comprehensive (loss) / income	-	(882)	197,538	196,656	-
	-	59,211	197,538	256,749	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,991	(7,991)	-	-
Balance as at June 30, 2019	426,088	2,173,691	2,049,561	4,649,340	5
Transaction with owners, recognised directly in equity					
Total comprehensive income for the year ended June 30, 2020					
Loss for the year	-	(1,282,835)	-	(1,282,835)	-
Other comprehensive (loss) / income	-	(738)	1,709,896	1,709,158	-
	-	(1,283,573)	1,709,896	426,323	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,991	(7,991)	-	-
Balance as at June 30, 2020	426,088	898,109	3,751,466	5,075,663	5

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Ahmad Kuli Khan Khattak
Chief Executive

Maj. (R) Muhammad Zia
Director

Muhammad Aamir
Chief Financial Officer

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	36	1,173,842	(833,339)
Gratuity paid		(18,866)	(84,447)
Compensated absences paid		(502)	(457)
Finance cost paid		(922,593)	(599,191)
Income tax paid		(534,208)	(611,246)
Long term loans - net		1,682	666
Long term deposits - net		(1,790)	(10,411)
Net cash used in operating activities		(302,435)	(2,138,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(106,315)	(232,011)
Sale proceeds from disposal of operating fixed assets		8,223	17,032
Interest received		3,415	3,340
Net cash used in investing activities		(94,677)	(211,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities - net		15,973	(11,195)
Dividend paid		(178)	(300,324)
Net cash generated from / (used in) financing activities		15,795	(311,519)
Net decrease in cash and cash equivalents		(381,317)	(2,661,583)
Cash and cash equivalents at beginning of the year		(5,796,173)	(3,134,590)
Cash and cash equivalents at end of the year	37	(6,177,490)	(5,796,173)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2020

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Ghandhara Industries Limited (the Holding Company) Marghazar Industries (Private) Limited (the Subsidiary Company).

1.2 Ghandhara Industries Limited

Ghandhara Industries Limited (the Holding Company) was incorporated on February 23, 1963. The Company'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 the Company are located at S.I.T.E., Karachi with branches at Lahore, Multan, Rawalpindi and Peshawar.

1.3 Marghazar Industries (Private) Limited

Marghazar Industries (Private) Limited (the Subsidiary Company) was incorporated as a private limited company on March 7, 1969. The registered office of the Company is located at Gardee Trust Building, Napier Road, Lahore. The Company is subsidiary of Ghandhara Industries Limited; which holds 140,000 ordinary shares representing 99.79% of the total capital of the Company.

2. BASIS OF PREPARATION

2.1 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Group and figures are rounded off to the nearest thousand of Rupees unless otherwise specified.

2.3 New and amended standards and interpretations

2.3.1 Standards and amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2019:

- (a) The Group has adopted IFRS 16 'Leases' from July 1, 2019. IFRS 16 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for

virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application to be recognized in retained earnings at July 1, 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Group recognizes right of use assets and lease liabilities for leases - i.e. these leases are on the statement of financial position. On initial application, the Group has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Group are extendable through mutual agreement between the Group and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that such contracts are short-term in nature. The Group recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

The accounting policies relating to Group's right of use asset and related lease liabilities are disclosed in note 4.2, details pertaining to right of use assets are disclosed in note 5.10 and related leases are disclosed in note 19.

- (b) Amendment to IAS 12, 'Income taxes' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity.
- (c) Amendments to IAS 23, 'Borrowing Costs' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The other new standards, amendments to approved accounting standards that are mandatory for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2019 and have not been early adopted by the Group:

- (a) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

- (b) Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors. The amendments does not expect to have a material impact on the Group's financial statements.
- (c) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.
- (d) Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a Group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, a Group will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments.
- (e) Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. 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.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Group and, therefore, have not been presented here.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and staff retirement benefit which has been recognised at present value as determined by the Actuary.
- 3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Group's financial statements or where judgement was exercised in application of accounting policies are as follows:

- (i) Estimate of residual values and useful lives of depreciable and intangible assets (note 4.1, 4.2 and 4.3)
- (ii) Lease term and discount rate for calculation of lease liabilities (note 4.2)
- (iii) Provision for taxation (note 4.10)
- (iv) Provision for staff benefits (note 4.12)
- (v) Provisions (note 4.19)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Leasehold land is stated at revalued amount and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss (if any). Other classes of operating fixed assets are stated at cost less accumulated depreciation and impairment loss (if any). Capital work-in-progress is stated at cost less impairment loss (if any). All expenditure connected to the specific assets incurred during the installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when the assets are available for use.

Plant and machinery were revalued in the year 1995 by independent valuers, and were presented at their revalued amount. The Holding Company subsequently adopted the cost model for plant and machinery, and the revalued amounts were treated as deemed costs. The surplus on revaluation of these assets, however, were recognised in accordance with section 235 of the repealed Companies Ordinance, 1984 applicable at that time.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenances are charged to the profit or loss as and when incurred.

Depreciation on all operating fixed assets is charged using the straight line method in accordance with the rates specified in note 5.1 to these financial statements and after taking into account their residual values. The depreciation method, residual values and useful lives of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposals depreciation is charged upto the month of disposal.

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

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. Each year, the incremental depreciation charged on the revalued assets (net of deferred taxation) is reclassified from surplus on revaluation of fixed assets to unappropriated profit. The revaluation reserve is not available for distribution to the Group's shareholders.

The Group assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit or loss except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.2 Right of use assets and related liabilities

The Group generally leases regional offices, ware houses and related properties. At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different

terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Group's incremental borrowing rate. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.3 Intangible assets - computer software

Computer software licenses acquired by the Group are stated at cost less accumulated amortization. Cost represents the cost incurred to acquire the software licenses and bringing them to use. The cost of computer software is amortized over the estimated useful life i.e. 5 years using straight-line method.

Costs associated with maintaining computer software are charged to profit or loss as and when incurred.

4.4 Investments

4.4.1 Investment property

Property held for capital appreciation and rental yield, which is not in use of the Group is classified as investment property. Investment property comprise of leasehold land and buildings.

Investment property are carried at cost or valuation (i.e. deemed cost) less accumulated amortization / depreciation and impairment, if any.

Investment property were revalued in 1996 by independent valuers and showed at revalued amounts. The Holding Company subsequently adopted cost model for investments property and the revalued amounts were treated as deemed costs. The surplus on revaluation of these assets, however was recognised in accordance with section 235 of the repealed Companies Ordinance, 1984.

Leasehold land and buildings are amortized / depreciated on straight line method at the rates stated in note 7.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and repairs are capitalised.

4.5 Long term deposits

These are stated at cost which represents the fair value of the consideration given.

4.6 Stores

These are valued at cost determined on a first-in-first-out basis. Items in transit are stated at invoice value plus other charges thereon accumulated upto the reporting date.

Provision for obsolete and slow moving stores is determined based on management's estimate regarding their future usability.

4.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value except for goods in transit which are stated at invoice values plus other charges thereon accumulated upto the reporting date. Cost in relation to raw materials, components and trading stock (except for parts and accessories included in trading stock which are valued on average basis) is arrived at principally on first in first out basis. Cost of work in process and finished stocks including components include direct wages and applicable manufacturing overheads.

Net realizable value represents the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.8 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

Trade and other debts are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off. The Group uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and short term borrowings under mark-up arrangements.

4.10 Taxation

Current

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

Deferred

The Group accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

4.11 Finance lease / Assets subject to finance lease

Leases that transfer substantially all the risk and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to statement of profit or loss and is included under finance cost.

4.12 Retirement benefit obligations

4.12.1 Defined benefit plan

The Holding Company operates a funded gratuity scheme. The scheme defines the amounts of benefits

that an employee will receive on or after retirement subject to a minimum qualifying period of service under the scheme. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets. Contributions under the schemes are made on the basis of actuarial valuation. The valuation of scheme is carried out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2020.

The amounts arising as a result of re-measurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

4.12.2 Defined contribution plan

The Holding Company operates defined contribution plan (i.e. recognised provident fund scheme) for all its permanent employees. The Holding Company and their employees make equal monthly contributions to the fund at the rate of 8.33% of the basic salary. The assets of the fund are held separately under the control of trustees. The Holding Company during the year have decided to close the Fund with effect from January 1, 2020.

4.12.3 Compensated absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees upto the reporting date.

4.13 Trade and other payables

Trade and other payables are measured at cost which is the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.14 Revenue recognition

The Group recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those good and services. The Group recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

Revenue from sale of goods is recognized when the Group satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are invoiced and delivered to customers. Revenue is measured at the fair value of consideration received or receivable, and represents amount receivable for goods supplied and sales tax.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

4.15 Borrowings and their cost

Borrowings are recorded at the proceeds received. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.16 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. Exchange gains and

losses are taken to profit or loss.

4.17 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit or loss for the year. All 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 measured at fair value, amortised cost or cost as the case may be. The particular measurement methods adopted are disclosed in individual policy statement associated with each item.

4.18 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

4.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.20 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognised in the period in which they are approved.

4.21 Impairment loss

The carrying amounts of the Group's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

4.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss after taxation attributable to ordinary shareholders of the Group by weighted average numbers of ordinary shares outstanding during the year.

4.23 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by 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 Group considers itself to be a single reportable segment.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in thousand)	
Operating fixed assets	5.1	4,319,229	2,681,578
Capital work in progress	5.8	56,178	89,149
Right of use assets	5.10	78,540	-
		<u>4,453,947</u>	<u>2,770,727</u>

1.5

Leasehold land	OWNED								Leased Cars	Total	
	Buildings on leasehold land	Plant and machinery	Permanent tools	Furniture and fixture	Motor vehicles	Trucks / lift trucks	Office machines & equipment	Computers			Jigs and special tools
1,609,050	247,685	164,877	10,345	11,605	95,981	30,815	21,397	21,160	56,822	60,267	2,330,004
-	28,850	69,081	5,378	3,907	60,157	26,320	15,046	10,208	42,636	22,992	284,575
1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
-	131,436	71,094	16,262	1,388	32,133	20,923	10,400	2,769	274,633	30,298	591,336
189,300	11,603	-	-	-	-	-	-	-	-	-	200,903
189,300	11,603	-	-	-	-	-	-	-	-	-	200,903
-	-	45,543	3,024	934	-	-	3,320	813	-	-	53,634
-	-	(45,543)	(3,024)	(934)	-	-	(3,320)	(813)	-	-	(53,634)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	11,406	11,232	538	-	-	-	23,176
-	-	-	-	-	(7,288)	(936)	(538)	-	-	-	(8,742)
-	-	-	-	-	4,138	10,296	-	-	-	-	14,434
-	-	-	-	-	-	7,807	-	-	-	(7,807)	-
-	-	-	-	-	-	(5,575)	-	-	-	5,575	-
-	-	13,075	2,275	713	14,762	3,584	2,060	2,967	74,757	(2,232)	141,656
1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578
1,798,350	390,724	190,428	23,583	12,059	116,708	48,313	27,939	23,116	331,455	82,758	3,045,433
-	41,925	39,544	4,629	3,686	67,651	34,543	13,248	12,362	117,393	28,874	363,855
1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578
1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578
-	44,375	3,997	2,696	831	34,528	1,755	2,447	2,253	21,748	-	114,630
1,609,050	142,036	-	-	-	-	-	-	-	-	-	1,751,086
1,609,050	142,036	-	-	-	-	-	-	-	-	-	1,751,086
-	-	-	-	-	8,198	-	-	-	-	-	8,198
-	-	-	-	-	(2,980)	-	-	-	-	-	(2,980)
-	-	-	-	-	5,218	-	-	-	-	-	5,218
-	-	-	-	-	-	-	-	-	-	(82,758)	(82,758)
-	-	-	-	-	-	-	-	-	-	28,874	28,874
-	-	-	-	-	-	-	-	-	-	(53,884)	(53,884)
3,407,400	514,590	135,987	18,902	8,410	61,348	12,064	14,649	9,618	136,261	-	4,319,229
3,407,400	577,135	194,425	26,279	12,880	143,038	50,068	30,386	25,369	353,203	-	4,820,193
-	62,545	58,438	7,377	4,480	81,690	38,004	15,737	15,751	216,942	-	500,964
3,407,400	514,590	135,987	18,902	8,410	61,348	12,064	14,649	9,618	136,261	-	4,319,229
-	-	5%	10%	6.25%	20%	20%	12.50%	20%	33%	20%	

5.2 Depreciation charge has been allocated as follows:	Note	2020	2019
		(Rupees in thousand)	
Cost of goods manufactured	28.1	145,613	110,548
Distribution cost	29	6,958	5,426
Administrative expenses	30	16,392	25,682
		<u>168,963</u>	<u>141,656</u>

- 5.3 Leasehold land and buildings on leasehold land of the Holding Company had previously been revalued in June 2010, June 2013, June 2016 and June 2019. Those revaluation exercises resulted in net surplus of Rs.437.28 million, Rs.259.448 million, Rs.218.20 million and Rs.200.904 million respectively. Leasehold land and buildings on leasehold land of the Holding Company were again revalued in June 2020 by Harvester Services (Private) Limited (Approved valuers of Pakistan Banks' Association) on the basis of present market value and depreciated market value (level 2 of fair value hierarchy). Different levels of fair value have been defined in IFRS 13 and are mentioned in note 41.4.

The latest revaluation exercise resulted in a net surplus of Rs.1,751.09 million. At the time of latest revaluation, forced sale value of this land was Rs.3,137.59 million. Out of the revaluation surplus resulting from all the revaluations carried-out to date, an amount of Rs.3,918.584 million (2019: Rs.2,143.483 million) remains un-depreciated as at June 30, 2020.

- 5.4 Leasehold land of the Holding Company is located at S.I.T.E. Karachi with an area of 18.93 acres.
- 5.5 Had the operating fixed assets been recognised under the cost model, the carrying amount of building on leasehold land would have been Rs.185.62 million (2019: Rs.150.61 million).
- 5.6 Operating fixed assets includes certain plant and machinery, permanent tools and jigs & special tools with cost aggregating Rs.460.835 million (2019: Rs.384.354 million) and net book value of Rs.227.677 million (2019: Rs.259.333 million) which is held by Ghandhara Nissan Limited - a related party as these fixed assets are used for assembling of the Group's products.

- 5.7 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	(Loss) / gain	Deferred Gain	Net (loss) / gain on disposal	Mode of disposal	Particulars of buyers
Item having book value more than Rs. 500,000 each									
Motor Vehicle	4,503	901	3,602	4,400	798	(798)	-	Sale and lease back	Orix Modaraba
Mobile work shop	3,000	1,500	1,500	3,500	2,000	-	2,000	Negotiation	Logistica
	<u>7,503</u>	<u>2,401</u>	<u>5,102</u>	<u>7,900</u>	<u>2,798</u>	<u>(798)</u>	<u>2,000</u>		
Item having book value less than Rs. 500,000 each									
	695	579	116	323	207	-	207	Company policy	Hadi Anwar ul Haq - Employee
June 30, 2020	<u>8,198</u>	<u>2,980</u>	<u>5,218</u>	<u>8,223</u>	<u>3,005</u>	<u>(798)</u>	<u>2,207</u>		
June 30, 2019	<u>23,176</u>	<u>8,742</u>	<u>14,434</u>	<u>17,032</u>	<u>2,598</u>	<u>(673)</u>	<u>1,925</u>		

5.8 Capital work in progress	2020	2019
	(Rupees in thousand)	
Advances made for:		
- Buildings on leasehold land	8,163	47,312
- Plant and machinery	44,214	36,388
- Vehicles	-	1,653
- Computer software	3,801	3,796
	<u>56,178</u>	<u>89,149</u>

- 5.9 Capital work in progress include items with aggregating Rs.Nil (2019: Rs.5.26 million) which are located at the plant of Ghandhara Nissan Limited - a related party. Once capitalized, the assets will be used for assembling of the Group's products.

5.10 Right of use assets

	Note	2020	2019
		(Rupees in thousand)	
Transfer from operating fixed assets costing Rs.82.758 million		53,884	-
Transition effect on initial application of IFRS 16		32,380	-
Addition / transfer from owned		19,609	-
Depreciation charged during the year	5.11	(27,333)	-
Net book value at end of the year		78,540	-

5.11 Depreciation expense relating to right of use asset - properties of Rs.2.064 million has been charged in 'Cost of sales', Rs.11.313 million in 'Distribution cost' and Rs.13.956 million in 'Administrative expenses'.

6. INTANGIBLE ASSETS

	Note	2020	2019
		(Rupees in thousand)	
These represent computer software licenses.			
Cost			
At June 30,		2,130	2,130
Accumulated amortization			
At beginning of the year		1,870	1,746
Add: charge for the year	6.1	124	124
At end of the year		1,994	1,870
Net book value		136	260
Annual rate of amortization		20%	20%

6.1 Amortization charge for the year has been grouped under administrative expenses (note 30).

7. INVESTMENT PROPERTY

	Leasehold land	Buildings on leasehold land	Total
	(Rupees in thousand)		
At July 1, 2018			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,745	406	9,151
Net book value	88,647	10	88,657
Year ended June 30, 2019			
Opening net book value	88,647	10	88,657
Amortization / depreciation charge	243	1	244
Closing net book value	88,404	9	88,413
At June 30, 2019			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,988	407	9,395
Net book value	88,404	9	88,413
Year ended June 30, 2020			
Opening net book value	88,404	9	88,413
Amortization / depreciation charge	243	1	244
Closing net book value	88,161	8	88,169
At June 30, 2020			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	9,231	408	9,639
Net book value	88,161	8	88,169
Amortization / depreciation rate - per annum	0.25%	2.5%	

- 7.1 Amortization / depreciation charge for the year has been grouped under administrative expenses (note 30).
- 7.2 In the opinion of the directors, the market value of investment property at the reporting date has not changed materially from last year.

8. LONG TERM LOANS - Secured, considered good

Note	2020	2019
	(Rupees in thousand)	
Loans due from:		
Related parties - Key Management Personnel	110	340
Other employees	3,656	6,156
8.1	3,766	6,496
Less: amounts recoverable within one year and grouped under current assets		
Related parties - Key Management Personnel	110	240
Other employees	1,699	2,617
13	1,809	2,857
	1,957	3,639

- 8.1 Interest free loans have been provided to employees under their terms of employment. These are repayable in monthly instalments over a period of one to five years. These are secured against their respective vested retirement benefit.
- 8.2 Maximum aggregate amount of loans due from key management personnel at the end of any month during the year was Rs.0.44 million (2019: Rs.0.38 million).

9. LONG TERM DEPOSITS - Considered good

	2020	2019
	(Rupees in thousand)	
Deposit held with / for:		
- Leasing companies	13,599	11,809
- Utilities and rental agreements	8,587	8,594
- Others	1,552	1,545
	23,738	21,948

10. DEFERRED TAXATION - Net

This is composed of following:

- accelerated tax depreciation allowance	(16,564)	(35,826)
- surplus on revaluation of fixed assets	(90,817)	(52,891)
- liabilities against assets subject to finance lease	4,961	3,276
- gain on sale and lease back of fixed assets	358	259
- provision for gratuity	5,856	5,471
- provision for workers profit participation fund	-	2,150
- provision for doubtful balances	11,861	6,986
- unabsorbed tax depreciation / unused tax losses	85,131	156,046
- others	1,687	1,687
	2,473	87,158

- 10.1 As at June 30, 2020, the Holding Company has unused tax losses aggregating Rs.1,397.012 million. Deferred tax asset on un-used losses has not been recognised on prudent basis.

11. STOCK-IN-TRADE

Raw materials and components

- In hand
- In transit

Work-in-process

Finished goods including components

Trading stocks

2020	2019
(Rupees in thousand)	
4,170,587	6,969,265
396,519	330,902
4,567,106	7,300,167
116,438	153,698
2,100,456	2,295,343
763,063	610,217
7,547,063	10,359,425

- 11.1** Stock-in-trade includes stock of Rs.3,641.64 million (2019: Rs.8,559.17 million) held with third parties out of which stock of Rs.3,210.75 million (2019: Rs.7,880.86 million) is held with Ghandhara Nissan Limited (an Associated Company) for assembly.

12. TRADE DEBTS - Unsecured

Note

Considered good

Government and semi-government agencies

Others

Consider doubtful - others

Less: provision for expected credit losses

2020	2019
(Rupees in thousand)	
1,287	2,072
637,301	86,334
638,588	88,406
7,950	3,242
646,538	91,648
7,950	3,242
638,588	88,406

12.3

- 12.1** The ageing of trade debts at reporting date is as follows:

	2020	2019	2020	2019
	Associated Company		Others	
	(Rupees in thousand)			
Upto 30 days	-	-	164,457	27,584
31 - 180 days	-	-	147,578	15,646
Over 180 days	-	-	334,503	48,418
	-	-	646,538	91,648

- 12.2** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.Nil (2019: Rs.0.013 million).

12.3 Provision for expected credit loss

Balance at beginning of the year

Provision for the year

Balance at end of the year

2020	2019
(Rupees in thousand)	
3,242	2,267
4,708	975
7,950	3,242

13. LOANS AND ADVANCES - Unsecured

Note

Considered good

Current portion of long term loans to employees

8

Advances due from:

- employees

- suppliers, contractors and dealers

13.1

Considered doubtful

Advance to suppliers

Less: provision for doubtful advances

2020	2019
(Rupees in thousand)	
1,809	2,857
5,537	2,290
143,201	128,612
148,738	130,902
5,274	5,359
5,274	5,359
-	-
150,547	133,759

- 13.1** Advances are given to employees to meet business expenses and are settled when expenses are incurred.

14. TRADE DEPOSITS AND PREPAYMENTS

2020	2019
(Rupees in thousand)	
192,659	170,160
25,112	12,925
167,547	157,235
4,092,366	371,121
330	330
4,092,036	370,791
-	12,734
1,345	2,074
4,260,928	542,834

15. OTHER RECEIVABLES - Unsecured

This amount is receivable from Isuzu Motors Limited, Japan on account of commission / claims.

16. CASH AND BANK BALANCES

Note

Cash in hand

Cash with banks on:

- current accounts

- saving accounts

- foreign currency accounts

16.1

16.2

Less: provision for a doubtful bank account

16.3

2020	2019
(Rupees in thousand)	
2,652	2,264
292,571	466,927
47,874	33,441
42	42
340,487	500,410
2,233	2,233
340,906	500,441

- 16.1** Saving accounts carry mark-up ranging from 2.46% to 2.61% (2019: 2.61% to 5.50%) per annum.
- 16.2** Foreign currency accounts include Japanese Yen (JPY) 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million (2019: JPY 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million).
- 16.3** This represents provision made against balances held with Indus Bank Limited under liquidation.

17. SHARE CAPITAL**17.1 Authorized capital**

100,000,000 (2019: 50,000,000) ordinary shares of Rs.10 each

2020	2019
(Rupees in thousand)	
1,000,000	500,000

17.2 Issued, subscribed and paid-up capital

2020	2019			
(No. of shares)				
17,650,862	17,650,862	Ordinary shares of Rs.10 each fully paid in cash	176,509	176,509
358,206	358,206	Ordinary shares of Rs.10 each issued for consideration other than cash	3,582	3,582
24,599,776	24,599,776	Ordinary shares of Rs.10 each issued as fully paid bonus shares	245,997	245,997
42,608,844	42,608,844		426,088	426,088

17.3 Movement in issued, subscribed and paid-up capital

2020	2019			
(No. of shares)				
42,608,844	21,304,422	Balance at beginning of the year	426,088	213,044
-	21,304,422	Ordinary shares of Rs.10 each issued as fully paid bonus shares	-	213,044
42,608,844	42,608,844		426,088	426,088

17.4 At June 30, 2020 and June 30, 2019 Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (2019: 16,686,794) ordinary shares of Rs.10 each.

17.5 Ordinary shares held by related parties other than the ultimate Holding Company as at June 30,

Note	2020	2019
	Number of Shares	
Ghandhara Nissan Limited	8,132,336	8,132,336
Universal Insurance Company Limited	2,368,296	2,368,296
The General Tyre and Rubber Company of Pakistan Limited	201,400	201,400
Bibojee Investments (Private) Limited	42,816	42,816
	10,744,848	10,744,848

17.6 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Holding Company. All shares rank equally with regard to Group's residual assets.

18. SURPLUS ON REVALUATION OF FIXED ASSETS

Note

		2020	2019
		(Rupees in thousand)	
Balance at the beginning of the year		2,102,452	1,912,804
Add: surplus arisen on revaluation carried-out during the year	5.3	1,751,086	200,903
Less: transferred to unappropriated profit on account of incremental depreciation for the year		11,255	11,255
		3,842,283	2,102,452
Less: related deferred tax of:			
- opening balance		52,891	52,790
- revaluation exercise for the year		41,190	3,365
- incremental depreciation for the year		(3,264)	(3,264)
- closing balance		90,817	52,891
Balance at end of the year		3,751,466	2,049,561

19. LEASE LIABILITIES

Balance at beginning of the year		65,180	42,750
Impact of initial application of IFRS 16	19.1	32,380	-
Additions during the year		17,896	30,298
Interest accrued		14,494	3,327
Repaid / adjusted during the year		(34,303)	(11,195)
		95,647	65,180
Current portion grouped under current liabilities		(29,410)	(13,435)
Balance at end of the year		66,237	51,745

- 19.1** These represent lease contract for show room having estimated lease term of 4 years. These are discounted using incremental borrowing rate (16.32%) of the Company.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2020			2019		
	Minimum lease payments	Finance cost allocated to future period	Present value of minimum lease payments	Minimum lease payments	Finance cost allocated to future period	Present value of minimum lease payments
	(Rupees in thousand)					
Not later than one year	35,570	6,160	29,410	20,019	6,584	13,435
Later than one year but not later than five years	73,044	6,807	66,237	61,258	9,513	51,745
Total minimum lease payments	108,614	12,967	95,647	81,277	16,097	65,180

- 19.2** The Holding Company has acquired motor vehicles under finance lease arrangements from leasing companies and a modaraba. The arrangements are secured by title of leased assets in the name of the lessor. Rentals are payable in monthly instalments. Repair and insurance cost are borne by the Holding Company. The rates of financial charges applied, during the year, ranged from 8.85% to 17.59% (2019: 8.85% to 16.51%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the Holding Company against the security deposits paid.

20. COMPENSATED ABSENCES

Note	2020	2019
	(Rupees in thousand)	
Balance at beginning of the year	13,045	10,844
Provision for the year	3,259	2,658
	16,304	13,502
Encashed during the year	(502)	(457)
Balance at end of the year	15,802	13,045

20.1 Includes liability in respect of key management personnel aggregating to Rs.5.74 million (2019: Rs.3.60 million).

21. DEFERRED LIABILITIES

Note	2020	2019
	(Rupees in thousand)	
Gain on sale and lease back of fixed assets	1,233	893
Staff retirement benefit - gratuity	20,192	18,866
	21,425	19,759

21.1 Gain on sale and lease back of fixed assets

Balance at beginning of the year	893	555
Add: vehicle sale and lease back during the year	798	673
Less: amortization for the year	458	335
Balance at end of the year	1,233	893

The Holding Company entered into sale and leaseback transaction during the preceding years which resulted in finance leases. The excess of sale proceeds over the net book value of motor vehicle under sale and leaseback arrangement has been recognised as deferred income and amortized over the period of the lease term.

21.2 Staff retirement benefit - gratuity

21.2.1 As stated in note 4.12.1, the Holding Company operates an approved funded gratuity scheme for its staff.

21.2.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, the Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Holding Company appoints the trustees.

21.2.3 The latest actuarial valuations of the Scheme as at June 30, 2020 was carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

21.2.4 Statement of financial position - reconciliation

2020	2019
(Rupees in thousand)	
Present value of defined benefit obligation	127,076
Fair value of plan assets	(106,884)
	20,192

21.2.5 Movement in the present value of defined benefit obligation

Balance at beginning of the year	98,571	79,626
Current service cost	16,959	16,309
Interest cost	13,898	6,950
Re-measurement	(273)	506
Benefits paid	(2,079)	(4,820)
Balance at end of the year	127,076	98,571

21.2.6 Movement in the fair value of plan assets

	2020	2019
	(Rupees in thousand)	
Balance at beginning of the year	79,705	-
Contributions	18,866	84,447
Benefits paid	(2,079)	(4,820)
Interest income	11,705	814
Re-measurements	(1,313)	(736)
Balance at end of the year	106,884	79,705

21.2.7 Expense recognised in statement of profit or loss

Current service cost	16,959	16,309
Interest cost - net	2,193	6,136
	19,152	22,445

21.2.8 Re-measurement recognised in other comprehensive income

Remeasurement loss on plan asset	1,313	736
Experience adjustments	(273)	506
	1,040	1,242

21.2.9 Plan assets comprise of:

Term deposit receipts	90,391	79,078
Cash and cash equivalent	16,493	627
	106,884	79,705

21.2.10 Actuarial assumptions used

	(% per annum)	
Discount rate	8.50	14.25
Expected rate of increase in future salaries	7.50	13.25
Mortality rates (for death in service)	SLIC	SLIC
	2001-2005	2001-2005

21.2.11 Sensitivity analysis for actuarial assumptions

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

		Impact on define benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1.00%	115,610	140,492
Increase in future salaries	1.00%	140,492	115,411

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.

21.2.12 Based on actuary's advice, the expected charge for the year ending June 30, 2021 amounts to Rs.20.75 million.

21.2.13 The weighted average duration of the scheme is 11 years.

21.2.14 Historical information

	2020	2019	2018	2017	2016
	(Rupees in thousand)				
Present value of defined benefit obligation	127,076	98,571	79,626	44,592	36,169
Experience adjustment	(273)	506	16,676	1,934	521

21.2.15 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousand)				
At June 30, 2020	4,015	6,783	37,994	293,629	342,421

22. TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in thousand)	
Creditors		452,497	517,496
Accrued liabilities		185,207	250,474
Contract liabilities - advances from customers	22.1	5,454,130	3,163,734
Advance against sale of investment in immovable property		5,000	5,000
Payable to trustees' provident fund		-	200
Royalty payable		44,190	36,445
Retention money		20	20
Withholding tax		30,938	26,627
Custom duty payable		537,594	445,011
Due to related parties	22.2	145,672	117,751
Workers' Profit Participation Fund	22.3	-	7,413
Workers' welfare fund	22.4	-	-
Others		15,076	9,532
		6,870,384	4,579,772

22.1 These represent advances from customers against sale of vehicle and carry no mark-up.

22.2 Due to related parties

	2020	2019
	(Rupees in thousand)	
Ghandhara Nissan Limited	93,745	94,650
The General Tyre & Rubber Company of Pakistan Limited	39,959	13,637
Rahman Cotton Mills Limited	5,400	3,600
Gammon Pakistan Limited	-	26
Waqf-e-Kuli Khan	5,818	5,818
Ghandhara DF (Private) Limited	750	20
	145,672	117,751

22.3 Workers' profit participation fund

Balance at beginning of the year
 Add: allocation for the year
 Add: interest on funds utilised in the
 Holding Company's business
 Less: payments made during the year
 Balance at end of the year

2020	2019
(Rupees in thousand)	
7,413	105,162
-	7,314
2,443	9,829
9,856	122,305
9,856	114,892
-	7,413

22.4 Workers' welfare fund

Balance at beginning of the year
 Less: paid during the year
 Balance at end of the year

-	34,007
-	34,007
-	-

- 23.** Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Pvt.) Limited has been withheld in view of the restraining order dated November 16, 2018 passed by the Hon'ble High Court of Sindh in Suit No. 2149 of 2018.

24. ACCRUED MARK-UP / INTEREST

Note

Mark-up / interest accrued on:
 - short term borrowings - secured
 - long term loans - unsecured

2020	2019
(Rupees in thousand)	
225,268	191,939
4,514	4,514
229,782	196,453

25. SHORT TERM BORROWINGS - Secured

Finance against imported merchandise
 Istisna
 Murabaha
 Running finance / Musharakah

25.1	2,691,056	2,941,765
25.2	2,396,073	1,440,727
25.2	10,313	160,888
25.4	1,420,954	1,753,234
	6,518,396	6,296,614

- 25.1** The Holding Company has arranged facilities aggregating Rs.9,807 million (2019: Rs.11,750 million) for opening of letters of credit from banks. These facilities are secured against cash margin and consignment of import documents in bank's favour. Finance against import merchandise (FIM) / musawamah aggregating Rs.4,650 million (2019: Rs.7,050 million) are also available as sub-limit of abovementioned facilities. FIM is secured against pledge of goods. Mark-up on FIM is payable on quarterly basis at rate ranging from Matching KIBOR plus 0.5% to 1.70% per annum (2019: rate ranging from Matching KIBOR plus 0.7% to 1.70 % per annum). Profit on import Murabaha is payable on 180 days basis at the rate ranging from 3 months KIBOR plus 0.70% to 1.2% per annum (2019: rate ranging from matching KIBOR plus 0.6% to 1.75% per annum). These facilities are maturing on various dates latest by February 28, 2021.

- 25.2** The Istisna facility of Rs.2,582 million (2019: Rs.2,450 million) with a tenor of 180 days (2019: 180 days) and Murabaha facility of Rs.2,232 million (2019: Rs.4,500 million) are available from Banks. Profit on both facilities ranges from KIBOR (matching) plus 0.7% to 2.25% (2019: KIBOR (matching) plus 0.6% to 1.75%) and is payable along with the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs.4,667 million (2019: Rs.6,468 million). The facilities are available upto February 28, 2021.

- 25.3** The Holding Company has foreign / inland bills discounting facility of Rs.150 million (2019: Rs.150 million). The facility is secured against lien over accepted bills under LCs. The facility has a maximum tenor of 180 days on roll over basis. The facility has one year validity on roll over basis and is due for renewal on December 31, 2020.

25.4 The Holding Company has facilities for short-term running finance amounting Rs.1,440 million (2019: Rs.1,650 million) from banks. Mark-up is based on rates ranging from 1 month KIBOR plus 1.25% to 3 months KIBOR plus 0.75% to 1.10% per annum (2019: rates ranging from 1 month KIBOR plus 0.6% to 3 months KIBOR plus 1.10% per annum) payable on quarterly basis. The facilities are primarily secured against first pari passu charge by way of hypothecation over stocks and book debts aggregating Rs.1,468 million (2019: Rs.2,200 million). These facilities are collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2019: Rs.300 million). These facilities have one year validity on roll over basis and is due for renewal on December 31, 2020.

25.5 The facility for bank guarantees of Rs.9,841 million including sublimit of Rs.1,600 million of running finance (2019: Rs.6,209 million including sublimit of Rs.1,250 million of running finance) is also available from banks. These facilities are secured against cash margin and equitable mortgage over immovable assets of the Holding Company to an extent of Rs.3,972 million (2019: Rs.6,697 million). The facilities shall be available latest by December 31, 2020.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

- (i) Suit against the Holding Company by the supplier for the recovery of Rs.25.87 million as compensation for breach of agreement. The suit is being defended by the Holding Company on a number of legal grounds. The suit is at present in evidence stage and the Holding Company has plausible defence.
- (ii) Various demands have been raised by the Central Excise and Sales Tax Departments aggregating Rs.4.90 million. The Holding Company filed Sales Tax Reference in High Court of Sindh against the order of Customs, Excise and Sales Tax Appellate Tribunal (the Tribunal). The Sales Tax Reference had been decided vide order dated January 21, 2009 wherein the High Court of Sindh has set aside the order of the Tribunal and remanded back the case to the Tribunal to pass order in accordance with law. The Tribunal through order dated October 9, 2015, disposed off the matter by remanding the case to Assessing officer. No provision has been made in these financial statements as the management believes that it will have a favourable decision.

26.2 Commitments

Bank guarantees
Letters of credit

2020	2019
(Rupees in thousand)	
7,547,916	3,943,290
663,298	1,453,626

27. SALES - Net

Manufactured goods

Gross sales

- local

- export

13,029,371	15,431,767
43,501	30,015
13,072,872	15,461,782

Less: sales tax

1,893,059	2,244,585
11,179,813	13,217,197

Trading goods

Gross sales - local

Less: sales tax

729,153	814,608
120,712	121,892
608,441	692,716
11,788,254	13,909,913

28. COST OF SALES

Note

2020**2019**

(Rupees in thousand)

Manufactured goods

Stocks at beginning of year

Cost of goods manufactured

Stocks at end of year

Trading goods

Stocks at beginning of year

Purchases

Stocks at end of year

28.1 Cost of goods manufactured

Raw materials and components consumed

Stores consumed

Salaries, wages and other benefits

Fuel and power

Rent, rates and taxes

Insurance

Research and development

Repair and maintenance

Travelling and entertainment

Vehicle running and maintenance

Printing, stationery and office supplies

Communication

Royalty expense

Outside assembly charges

Depreciation on operating fixed asset

Depreciation on right of use assets

Freight and handling

Other expenses

Work-in-process adjustment

28.2 Raw materials and components consumed

Stocks at beginning of year

Add : purchases including duties, taxes and other charges

Stocks at end of year

28.3 Salaries, wages and other benefits include Rs.9.89 million (2019: Rs.13.22 million) in respect of staff retirement benefits.

28.4 Royalty charged in these financial statement pertains to Isuzu Motors Limited, Japan having registered office at 6-26-1 Minami-Oi, Shinagawa-ku, Tokyo 140-8722 Japan and Isuzu Motor Co. (Thailand) Limited having registered office at 38 Kor., Moo 9, Poochaosamingprai Rd., Samrong-Tai, Phrapradaeng, Samutprakan 10130.

29. DISTRIBUTION COST

	Note	2020	2019
		(Rupees in thousand)	
Salaries and benefits	29.1	86,429	111,168
Commission		208,614	257,782
Rent, rates and taxes		23,622	11,641
Insurance		1,091	2,184
Repair and maintenance		1,636	9,274
Utilities		1,861	520
Travelling and entertainment		11,566	18,515
Vehicle running and maintenance		2,374	1,892
Printing, stationery and office supplies		6,121	5,376
Communication		1,873	1,024
After sale services		31,695	13,283
Advertisement		33,801	46,143
Legal and professional charges		325	758
Late delivery charges		34,026	2,562
Depreciation on operating fixed asset	5.2	6,958	5,426
Depreciation on right of use assets	5.11	11,313	-
Freight forwarding and handling		21,466	43,141
Other expenses		8,979	4,265
		<u>493,750</u>	<u>534,954</u>

29.1 Salaries and benefits include Rs.10.14 million (2019: Rs.12.01 million) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2020	2019
		(Rupees in thousand)	
Salaries and benefits	30.1	149,822	147,419
Staff training and ancillary cost		3,527	2,684
Rent, rates and taxes		9,502	6,417
Insurance		10,905	9,035
Repair and maintenance		9,649	13,180
Utilities		477	384
Travelling and entertainment		18,326	24,439
Vehicle running and maintenance		5,377	5,302
Printing, stationery and office supplies		10,045	6,901
Communication		1,862	2,490
Legal and professional charges		5,793	9,280
Fee and subscriptions		5,398	3,132
Depreciation on operating fixed asset	5.2	16,392	25,682
Depreciation on right of use assets	5.11	13,956	-
Amortization of intangible assets	6.1	124	124
Amortization / depreciation of investment property	7.1	244	244
Security expenses		11,182	10,599
Other expenses		-	595
		<u>272,581</u>	<u>267,907</u>

30.1 Salaries and benefits include Rs.11.28 million (2019: Rs.16.41 million) in respect of staff retirement benefits.

31. OTHER EXPENSES

	Note	2020	2019
		(Rupees in thousand)	
Auditors' remuneration			
- audit fee		1,030	1,030
- certification charges		72	185
- out of pocket expenses		35	25
		1,137	1,240
Workers' profits participation fund	22.3	-	7,314
Donation and charities	31.1	4,935	1,860
Provision for doubtful debts, deposits and advance	12.3, 13 & 14	16,810	15,984
		22,882	26,398

- 31.1** Include donation amounting Rs.2.62 million made to Indus Hospital and Rs.2.23 million to Higher Education Commission Department, Azad Jammu & Kashmir (2019: Rs.1.59 million made to Indus Hospital). None of the directors or their spouses had any interest in the donees.

32. OTHER INCOME

	Note	2020	2019
		(Rupees in thousand)	
Income from financial assets			
Profit on saving accounts and term deposit receipts		3,415	3,340
Exchange gain (loss) / gain - net		(47)	1,650
Income from other than financial assets			
Gain on sale of operating fixed assets	5.7	2,207	1,925
Commission		10,986	74,767
Scrap sales - net of sales tax		31,194	32,484
Amortization of gain on sale and lease back of fixed assets	21.1	458	335
Rental income		6,443	2,882
		54,656	117,383

33. FINANCE COST

Mark-up / interest on:			
- lease finances		14,494	3,327
- finance against imported merchandise		374,604	535,698
- istisna / running finances / murabaha		542,451	181,445
- workers' profit participation fund	22.3	2,443	9,829
Bank charges and others		36,424	20,363
		970,416	750,662

34. TAXATION

Current tax			
- for the year	34.1	226,829	169,924
- for prior year		-	(1,645)
		226,829	168,279
Deferred tax - origination and reversal of temporary differences		43,797	(89,318)
		270,626	78,961

- 34.1** No numeric tax rate reconciliation for the period is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 148 and 233 of the Ordinance.

35. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

Net (loss) / profit for the year

Weighted average ordinary shares
outstanding during the year

(Loss) / earnings per share

2020	2019
(Rupees in thousand)	
(1,282,835)	60,093
(Number of shares)	
42,608,844	42,608,844
(Rupees)	
(30.11)	1.41

35.1 A diluted earnings per share has not been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

36. CASH GENERATED FROM / (USED IN) OPERATIONS

Note

(Loss) / profit before taxation

Adjustment for non cash charges and other items:

Depreciation / amortization on:

- property, plant and equipment

- intangible assets

- investment property

Provision for compensated absences

Gain on sale of operating fixed assets

Amortization of gain on sale and

lease back of fixed asset

Exchange loss / (gain) - net

Finance cost

Profit on saving accounts and term deposit receipts

Provision for doubtful debts, deposits and advance

Provision for gratuity

Working capital changes - net

36.1

2020	2019
(Rupees in thousand)	
(1,012,209)	139,054
168,963	141,656
124	124
244	244
3,259	2,658
(2,207)	(1,925)
(458)	(335)
47	(1,650)
970,416	750,662
(3,415)	(3,340)
16,810	15,984
19,152	22,445
160,726	1,065,577
1,013,116	(1,898,854)
1,173,842	(833,277)

36.1 Working capital changes

Decrease / (increase) in current assets:

Stores

Stock-in-trade

Trade debts

Loans and advances

Trade deposits and prepayments

Other receivables

Sales tax refundable / adjustable

Increase in trade and other payables

(14,141)	1,953
2,812,362	(3,471,205)
(566,992)	(9,160)
(16,788)	34,902
(3,718,094)	178,379
(2,329)	(4,590)
228,486	215,770
(1,277,496)	(3,053,951)
2,290,612	1,155,097
1,013,116	(1,898,854)

37. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short term borrowings

16

25

340,906	500,441
(6,518,396)	(6,296,614)
(6,177,490)	(5,796,173)

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Director		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Managerial remuneration and allowances	60,000	60,000	31,500	12,500	78,318	97,508
Retirement benefit	5,000	5,000	2,688	2,500	7,387	5,256
Others	-	-	-	-	4,976	4,831
	<u>65,000</u>	<u>65,000</u>	<u>34,188</u>	<u>15,000</u>	<u>90,681</u>	<u>107,595</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>30</u>	<u>30</u>

38.1 Certain employees are provided with free use of car maintained by the Holding Company in accordance with their terms of employment.

38.2 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.3.50 million (2019: Rs.3.30 million).

39. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of the Ultimate Holding Company, Associated Companies / undertaking, technological suppliers, directors and executives. The Group in the normal course of business carries out transactions with various related parties at agreed terms and conditions. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

	Name of related party and nature of relationship	Nature of transactions	2020	2019
			(Rupees in thousand)	
(i)	Ultimate Holding Company			
	Bibojee Services (Private) Limited	Dividend paid	-	130,157
(ii)	Associated Companies / Undertaking			
	The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	125,815	210,008
		Sale of parts	335	452
		Dividend paid	-	1,571
	Ghandhara Nissan Limited (Common Directorship)	Assembly charges	439,452	578,138
		Sales of parts	183	32
		Rental income	3,221	2,882
		Re-imbursement of expenses	444	24
		Dividend paid	-	63,432
	Universal Insurance Company Limited (Common Directorship)	Dividend paid	-	18,473
	Rehman Cotton Mills Limited (Common Directorship)	Rent paid	-	3,600
		Re-imbursement of expenses	1,800	-
	Gammon Pakistan Limited (Common Directorship)	Rent paid	3,000	3,000
		Re-imbursement of expenses	34	275
	Ghandhara DF (Private) Limited (Common Directorship)	Sales of parts	-	8
		Purchase of parts	6	22
		Rental income	3,221	-
	Bibojee Investments (Private) Limited (Common Directorship)	Dividend paid	-	334
	Janana De Malucho Textile Mills Limited (Common Directorship)	Re-imbursement of expenses	2,058	1,806
		Sale of pickup truck	6,135	-
(iii)	Other related parties			
	Gratuity fund	Contribution paid	18,866	84,447
	Provident fund	Contribution paid	8,896	16,460
	Key management personnel	Remuneration, bonus and other benefits	138,560	148,729
		Sale of pick up truck	12,887	-

40. PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends upon the mix of assembly of trucks, buses and fabrication of commercial bodies.

The Holding Company has outsourced the assembly of trucks, buses and pick ups to Ghandhara Nissan Limited (an Associated Company) therefore figures for the actual production for the current year has not been given.

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**41.1 Financial assets and liabilities by category and their respective maturities**

	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in thousand)						
Financial assets as per balance sheet							
Investments - at cost							
Long term investment	-	-	-	-	1,400	1,400	1,400
Amortised cost							
Loans and advances	-	-	-	1,809	1,957	3,766	3,766
Deposits	-	-	-	4,259,583	23,738	4,283,321	4,283,321
Trade debts	-	-	-	638,588	-	638,588	638,588
Other receivables	-	-	-	9,263	-	9,263	9,263
Cash and bank balances	47,874	-	47,874	293,032	-	293,032	340,906
June 30, 2020	47,874	-	47,874	5,202,275	27,095	5,229,370	5,277,244
June 30, 2019	33,441	-	33,441	1,106,004	26,987	1,132,991	1,166,432
Financial liabilities as per balance sheet							
At amortised cost							
Trade and other payables	-	-	-	1,380,316	-	1,380,316	1,380,316
Accrued mark-up / interest	-	-	-	229,782	-	229,782	229,782
Short term borrowings	6,518,396	-	6,518,396	-	-	-	6,518,396
Liabilities against assets subject to finance lease	29,410	66,237	95,647	-	-	-	95,647
June 30, 2020	6,547,806	66,237	6,614,043	1,610,098	-	1,610,098	8,224,141
June 30, 2019	6,310,049	51,745	6,361,794	1,583,249	-	1,583,249	7,945,043
On Balance Sheet Gap							
June 30, 2020	(6,499,932)	(66,237)	(6,566,169)	3,592,177	27,095	3,619,272	(2,946,897)
June 30, 2019	(6,276,608)	(51,745)	(6,328,353)	(477,245)	26,987	(450,258)	(6,778,611)
Off Balance Sheet							
Letters of credit							663,298
Letters of guarantee							7,547,916
						June 30, 2020	8,211,214
						June 30, 2019	5,396,916

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

41.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk and interest / mark-up rate risk). The Group's overall risk management program focuses on having cost effective funding as well as manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(a) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparties failed to perform as contracted. Credit risk mainly arises from loans & advances, deposits, trade debts, other receivables and bank balances. The financial assets exposed to credit risk aggregate to Rs.5,273.19 million (2019: Rs.1,174.94 million).

The Group believe that it is not materially exposed to credit risk as; (i) trade debts mainly represent receivables from government, semi-government agencies and dealers, (ii) deposits mainly include margin against letters of credit and bank guarantees held with banks having good credit ratings and (iii) balances placed with banks having good credit ratings assigned by credit rating agencies.

The Group attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Group's liabilities based on maturities is disclosed in note 41.1 of these financial statements.

(c) Market risk

Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. At June 30, 2020, payables and receivables exposed to foreign exchange risk are Rs.44.19 million (2019: Rs.41.02 million) and Rs.0.23 million (2019: Rs.3.291 million) respectively. The liability and receivable are denominated in Japanese Yen / US Dollars.

At June 30, 2020 if Pak Rupee had weakened / strengthened by 13% against Japanese Yen and US Dollars with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.5.48 million and Rs.0.024 million (2019: Rs.2.64 million), mainly as a result of foreign exchange loss / gain on translation of Japanese Yen and dollars denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Group as at the reporting date. The volatility percentage for movement in foreign exchange rates has been used due to the fact that historically (5 years) rate has moved on average basis by the mentioned percentage per annum.

Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. At June 30, 2020, the Group's interest bearing financial liabilities of Rs.6,614.04 million (2019: Rs.6,361.79 million) represent the short term borrowings at floating rate to manage the working capital requirements of the Group and obligation under assets subject to finance lease. These liabilities are re-priced at a maximum period of six months. The effective mark-up rates for financial assets and liabilities are mentioned in respective notes to the financial statements.

Had the interest rates varied by 100 basis points with all other variables held constant, (loss) / profit before tax for the year would have been approximately higher / lower by Rs.64.14 million (2019: Rs.63.62 million).

The sensitivity of 100 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 basis per annum.

41.3 Price risk

The Group is not exposed to any price risk as it does not hold any investments exposed to price risk.

41.4 Fair values of financial assets and liabilities

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 Group 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 repriced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the Group 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.

42. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group 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 Group may adjust the amount of dividends paid to shareholders and / or issue new shares. There was no change to the Group's approach to capital management during the year. The Group monitors capital on the basis of gearing ratio calculated as follows:

	2020	2019
	(Rupees in thousand)	
Total borrowings	6,518,396	6,296,614
Cash and bank balances	(340,906)	(500,441)
Net debt	6,177,490	5,796,173
Total Equity	5,075,668	4,649,345
Total Capital	11,253,158	10,445,518
Gearing ratio	55%	55%

43. OPERATING SEGMENTS

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

- (a) All non-current assets of the Group at June 30, 2020 are located in Pakistan.
- (b) Export sales are made to Republic of Mauritius and Australia. Result of the Holding Company's revenue from external customers in Pakistan is Rs.11,744.75 million (2019: Rs.13,789.90 million) and total revenue from external customers from other countries is Rs.43.50 million (2019: Rs.30.02 million).
- (c) The Group's customer base is diverse with no single customer accounting for more than 10% of net revenue as at June 30, 2020.

44. IMPACT OF COVID-19 (CORONAVIRUS) ON FINANCIAL STATEMENTS

The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the production and sale volumes of the Group due to closure of plant during the lock down period. The management has assessed the accounting implications of these developments on the financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on the asset and liabilities in these financial statements. Further, as per relaxation given by Authorities, the Group have resumed its operations with effect from June 2, 2020 with all precautionary measures aimed at preventing pandemic spread.

45. NUMBER OF EMPLOYEES

The number of employees (including contractual employee) at June 30, 2020 were 621 (2019: 611) and average number of employees during the year were 616 (2019: 706).

46. SHAHRIAH SCREENING DISCLOSURE

	2020		2019	
	Convent- ional	Shariah Compliant	Convent- ional	Shariah Compliant
	(Rupees in thousand)			
Bank balances	168,925	171,562	172,208	328,202
Accrued mark-up	119,888	109,894	131,663	64,790
Short term borrowings	3,448,751	3,069,645	4,049,615	2,246,999
Revenue	-	11,788,254	-	13,909,913
Other income				
a) Profit on saving accounts and term deposit receipts	2,042	1,373	685	2,655
d) Others including exchange gain on actual currency	-	51,241	-	114,043
Mark-up / interest expense	488,277	446,084	487,717	242,939

47. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 30, 2020 by the Board of Directors of the Holding Company.



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Electronic Dividend Mandate Form

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Shareholders are requested to send the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s. Hameed Majeed Associates (Pvt.) Limited, 4th Floor, Karchi Chamber, Hasrat Mohani Road, Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/CDC.

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder : -----
 Folio Number/CDC Account No. : -----of Ghandhara Industires Limited
 Contact number of shareholder : -----
 Title of Account : -----
 IBAN (*) : -----
 Name of Bank : -----
 Bank branch : -----
 Mailing Address of Branch : -----
 CNIC No. (attach attested copy) : -----
 NTN (in case of corporate entity) : -----

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

 Shareholder's Signature

 Date

NOTES:

- * Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.

Proxy Form

I/We _____
 being a Shareholder of Ghandhara Industries Limited and holding _____ Ordinary Shares as per
 Register Folio No _____ or CDC Participant's I.D. No. _____ A/c No. _____ hereby appoint
 Mr / Mrs _____ of _____ or failing him/her
 Mr / Mrs _____ of _____ as my/our Proxy in
 my/our absence to attend and vote for me/us and on my/our behalf at the 57th Annual General Meeting of the
 Company to be held on Wednesday, 28th October, 2020 at 4:45 P.M. and any adjournment thereof.

Affix Revenue Stamp(s) of Rupees five
 Executant's Signature on Revenue Stamp(s)
 (Signature should agree with the Specimen Signature registered with the Company).

Executant's Computerized National identity Card Number (CNIC or Passport Number)

<p>_____ First Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ Computerized National Identity Card Number or Passport Number of Witness</p>	<p>_____ Second Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ Computerized National Identity Card Number or Passport Number of Witness</p>
---	--

Proxy's Signature

Proxy's Signature

Proxy's CNIC Number or Passport Number

Proxy's CNIC Number or Passport Number

NOTES:

1. A shareholder entitled to attend and vote at the Annual General Meeting of the Company may appoint any person as his/her proxy to attend and vote instead of him/her. The proxy shall have the right to attend, speak and vote in place of the shareholder appointing him/her at the meeting.
2. The instrument appointing a proxy should be signed by the Shareholder or by his/her Attorney, duly authorized in writing and person appointed proxy. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.
3. The Proxy Form duly completed, must be deposited at the Company's Registered Office at F-3, Hub Chauki Road S.I.T.E, Karachi not less than 48 hours before the time of holding the meeting.
4. Shareholders whose holdings are in the Central Depository System (CDS) and their proxies both, should attach with this form, attested copies of their Computerized National Identity Card or (attested copies of first four pages of their passport). To facilitate identification at the AGM, the proxy should bring his/her original Computerized National Identity Card or passport. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

پراکسی فارم

میں / ہم _____
 ساکن _____
 بحیثیت ممبر (ز) گندھارا انڈسٹریز لمیٹڈ اور حق ملکیت رکھتے ہوئے _____
 عمومی شیئرز جس کا اندراج رجسٹر فلیو نمبر _____ اور سینٹرل ڈپازٹری کمپنی _____ اکاؤنٹ نمبر _____ کو اپنی جانب سے
 نامزد کرتا ہوں _____
 ساکن _____
 اور ان کے ناجائز پر مسمیٰ / مسماء _____
 ساکن _____ بطور پراکسی مقرر کرنا / کرتے ہیں تاکہ وہ میری / ہماری طرف سے کمپنی کے 57 ویں سالانہ عام اجلاس میں شرکت کرے اور ووٹ ڈالے۔
 2020 بوقت 4:45 P.M. بجے منعقد ہو رہا ہے، اس میں یا اس کے کسی ملوثی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

5 روپے کے ریونیو ٹکٹ لگائیں
 ریونیو ٹکٹ پر تکمیل کنندہ کے دستخط
 (یہ دستخط کمپنی میں رجسٹر شدہ دستخط جیسے ہونے چاہئیں)

تکمیل کنندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

پہلے گواہ کے دستخط	دوسرے گواہ کے دستخط
نام اور پتہ	نام اور پتہ
گواہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر	گواہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نمائندہ کے دستخط

نمائندہ کے دستخط

نمائندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نمائندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نوٹس:








1. کمپنی کی سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا اہل کسی بھی فرد کو اپنا نائب نامزد کر سکتا ہے تاکہ وہ اس کی غیر موجودگی میں شرکت کرے اور ووٹ ڈالے۔ نائب کو اختیار حاصل ہے کہ وہ شیئر ہولڈر کے بدلے میٹنگ میں شرکت کرے، بولے اور ووٹ دے۔
2. نائب کی نامزدگی کی درخواست پر شیئر ہولڈر یا اس مرد / عورت کے اٹارنی کے دستخط ہونے چاہئیں جس پر اس فرد نے نمائندہ نامزد کرنے والے کا لکھا ہوا اجازت نامہ ہو۔ کسی اجتماعی ادارے کی صورت میں کمپنی کو بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ دستخط نمائندگی کے فارم کے ساتھ جمع کروانے چاہئیں گے۔
3. اس نمائندگی فارم کو پوری طرح مکمل اور دستخط شدہ ہونا چاہیے اور میٹنگ منعقد ہونے کے بعد 48 گھنٹوں سے کم نہ ہونے والی مدت میں کمپنی کے رجسٹرڈ آفس F-3، حب چوک روڈ، سائٹ میں جمع کیا جانا چاہیے۔
4. ایسے شیئر ہولڈرز جن کی ہولڈنگز سینٹرل ڈپازٹری سسٹم میں ہو اور ان کے دونوں نمائندگان اس فارم کے ساتھ تصدیق شدہ کمپیوٹر انڈز قومی شناختی کارڈ (پاسپورٹ کے پہلے چار صفحات کی تصدیق شدہ نقول) منسلک ہونی چاہئیں۔ سالانہ جنرل میٹنگ میں ان کی شناخت کے لیے نمائندہ فرد کو اپنے ساتھ اصل کمپیوٹر انڈز قومی شناختی کارڈ یا پاسپورٹ لانا ضروری ہے۔ کسی اجتماعی ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ دستخط نمائندہ پیش کی جانی چاہیے۔










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