

20
21

Annual
Report



— The Empowering Drive —

Contents

03	Vision, Mission & Core Values	
05	Company Profile	
07	Company Review	
09	Founder Chairman	
10	Board of Directors	67
13	Product Lineup	69
15	Towards a Sustainable Future	
18	Human Resource	70
20	Organization Structure	71
21	Activities	72
27	Chairman's Review	106
29	Directors' Report	
43	Notice of Meeting	108
53	Key Operating & Financial Data	
58	Pattern of Shareholding	113
60	Statement of Compliance with the Code of Corporate Governance	115
62	Review Report on Statement of Compliance	116
63	Auditors' Report to the Members	117
		118
		151
		152
	Statement of Financial Position	
	Statement of Profit or Loss Account and other Comprehensive Income	
	Statement of Changes in Equity	
	Statement of Cash Flows	
	Notes to the Financial Statements	
	Directors' Report on Consolidated Financial Statement	
	Auditors' Report Consolidated Financial Statement	
	Consolidated Statement of Financial Position	
	Consolidated Statement of Profit or Loss Account and other Comprehensive Income	
	Consolidated Statement of Changes in Equity	
	Consolidated Statement of Cash Flows	
	Notes to the Consolidated Financial Statements	
	Electronic Dividend Mandate Form	
	Proxy Form	





Vision / Mission / Core Value

Our Vision

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

Core Value

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

Our 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.



Company Profile

Board of Directors

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

Chairman
CEO/Director
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

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.
Moore Shekha Mufti
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.
Bank Islami Pakistan 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





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.



Late General Habibullah Khan Khattak

Founder Chairman



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.

Board of Directors



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

Mr. Ali Kuli Khan Khattak was educated at Aitchison College Lahore and graduated from the Royal Military Academy Sandhurst in 1964 and holds a Masters Degree from the Quaid-e-Azam University, Islamabad. He belongs to a prominent military family of Pakistan. 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 Family Business which includes, Tyre Manufacturing, Automobiles, Insurance, Cotton Spinning Mills, Woollen Textiles, Finance, Construction and Trading Services Companies.

Chairman



**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.

CEO/Director



**Mr. Raza Kuli Khan
Khattak**

Mr. Raza Kuli Khan Khattak, MA (Oxon) was educated at Aitchison College Lahore and Brasenose College Oxford from where he graduated with honors in 1961. He subsequently joined his father in the Family Business and is presently the Chairman of 'Bibojee' Group of Companies.

Director



**Mrs. Shahnaz Sajjad
Ahmad**

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.

Director



Maj. (R) Muhammad Zia

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.

Director



Mr. Sohail Hameed Khan

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.

Independent Director



Shahid Kamal Khan

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.

Independent Director



Product Lineup

N-Series

REWARD:

Light trucks for light work.

NHR | NKR | NPR66 | NLR | NMR
NPR71 | NPS71



F-Series

FORWARD:

Medium trucks to suit all applications.

FTR | FVR | FVZ | FXZ | FTS | FWV



C-Series

REWARD:

Pakistan's Heaviest Truck Range.
CYZ



BUSES

BUS CHASSIS:

Comfort & Durability Together.
NPR66 | MT133 | MT134 | LV452



D-MAX

Tough Enough For Anything.

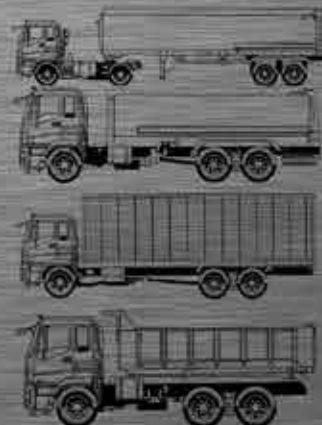
Hi-Spark 4x2 S/C DL | Hi-Spark 4x2 S/C STD
Hi-Lander 4x4 S/C | Hi-Lander 4x4 D/C
V-Cross MT 4x4 D/C (Luxury Grade)
V-Cross AT 4x4 D/C (Luxury Grade)



FABRICATION

Specialized Vehicles:

Committed to fulfil your business needs.
Troop Carrier | Fire Tender | Dump Truck
Water Bowser | Fuel Bowser
Road Sweeper | Containers | Mobile ATM
Mobile Ambulance & Laboratory etc.



Towards a Sustainable Future

In line with our promise to improve people's living standards, GIL is actively pursuing the strategies and objectives that are aligned with the fulfillment of Sustainable Development Goals (SDGs). Our measures to contribute towards the SDGs include:



The Company is consistently making efforts to promise a sustainable future by pursuing the achievement of maximum number of goals:



6

During this current year, about 2000 ft long Sewerage system was installed and connected to main sewerage system of the area.

We have planned, with the commissioning of Sewerage Treatment Plant (STP), waste water shall be recycled and shall be utilized for gardening and plantation.

6 CLEAN WATER AND SANITATION



7

Solar power system has already been installed in our Admin Block of the Company that cover 20% of our Admin Block energy needs. We have also upgraded our main distribution, hence reducing system losses.

7 AFFORDABLE AND CLEAN ENERGY



8

A proper framework is in place to ensure that same wages and benefits are provided to male and female staff doing the same level of job with similar qualifications.

8 DECENT WORK AND ECONOMIC GROWTH

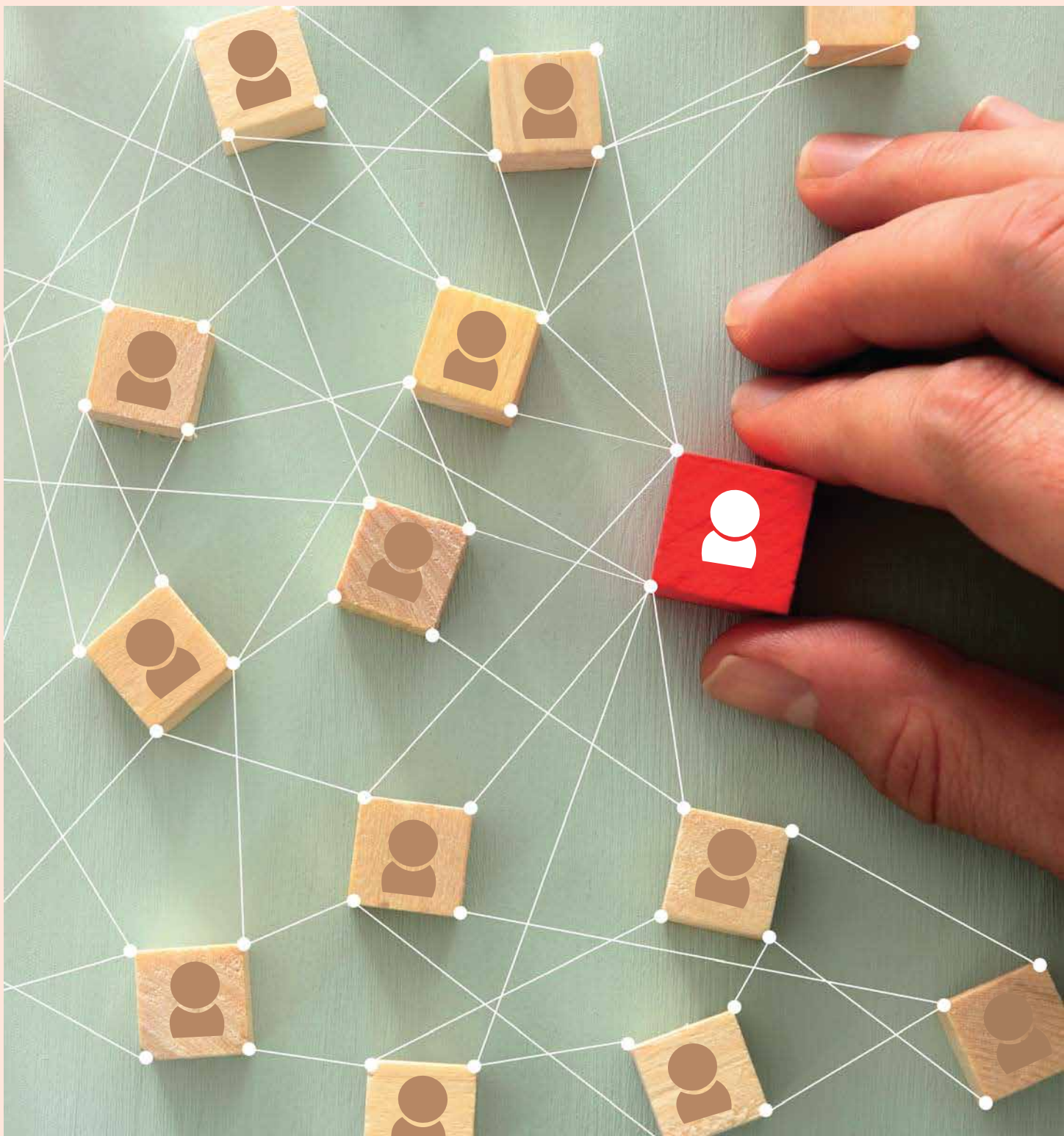


10

Duly adhere to all fiscal policies pertaining to labor wages and compensation. The composition of employees contains different ethnic groups including minority classes. The management strictly ensure that all workers and staff are older than 18 years of age and strongly discourages child labor.

10 REDUCED INEQUALITIES





Human Resource at GIL



Businesses around the globe struggled with the global pandemic in 2020 and people had to adapt to new ways of working due to restrictions in movement. In response to the pandemic lockdowns and new working realities, the HR processes shifted to digital and virtual spaces, with greater focus on talent acquisition, employee engagement, employee health & wellness and learning & capability building

GIL believes that its employees are the driving force behind all its achievements and we foster a culture of teamwork and continuous improvement. With the continued support of employees GIL has been able to achieve goals in challenging times.

Responding to the new ways of learning, digital and virtual Learning and Capability building tools and content were made available in Office 365. Due to the pandemic, a greater focus was placed on fostering the e-learning culture.

EMPLOYEE ENGAGEMENT

A cricket tournament was organized for team building among the two companies where they played with full heart and exhibited a lot of energy. It was a memorable event with a lot of candid moments being experienced.

EMPLOYEE CARE

GIL carries exceptional quality of taking care of its employees in every possible way, whereas, this year a web portal has been created for the employees whereas, they are able to access their leaves, monthly salary slip, filled KPI, competencies, etc. at the click of button.

DIVERSITY & INCLUSION

A step towards change has been taken by GIL this year a gender sensitive policy has been approved from the board by stating the clear targets of 05 years which mentioned that 25% females at leadership level needs to be recruited. Under the Modern Employer Agenda two teams of CSR and Employee of the month has been formed.

ENVIRONMENT, HEALTH AND WELLBEING

Our purpose to help people do more, feel better, live longer starts with our employees, whereas, World Environment Day has been celebrated in which trees plantation has been carried out and all staff has been involved in this activity to foster a positive attitude.

Employee safety being the top most priority, GIL ensures the use of necessary Personal Protective Equipment (helmets, safety shoes, jackets etc.) for its employees to safeguard them from plant risks.

DEVELOPING OUR PEOPLE

Our continued commitment to developing and sustaining our talent pipeline, where, management of GIL has launched pilot run delegation of authority to improve ongoing processes of approval, we can directly facilitate our internal customers.

Implementation of KPI (Self-assessment portal) in ERP which provide opportunity to employees to share their achievement and encourage them to share their development plans.

RESILIENCE AND WORK-LIFE BALANCE

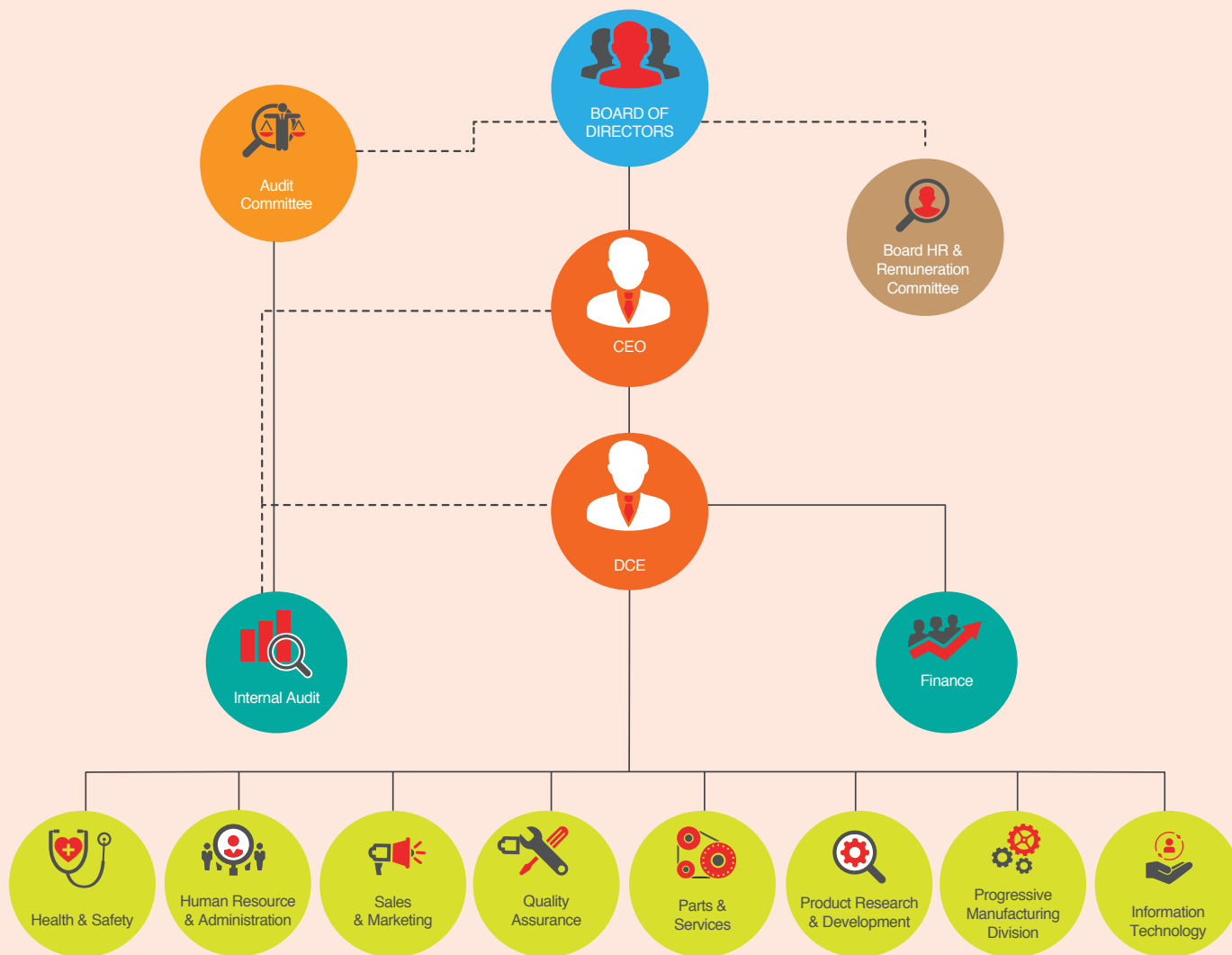
We at GIL focus to give our employees a congenial environment that makes them feel at ease, where their work is more valued than adherence to a strict work schedule.

Moreover, we designed certain communications to further facilitate this agenda and connected it to our value of Respect for People. An example is the launch of respect for work hours where employees were encouraged to be respectful of each other's personal and family time, make efforts to disconnect ourselves from work after business hours and reflect twice before contacting a fellow colleague via call, text or email unless there's an emergency to connect immediately.

“Engaging the hearts, minds, and hands of talent is the most sustainable source of competitive advantage.”
~Grey Harris

“Great leaders don't set out to be a leader, they set out to make a difference its never about the role always about the goal.”

Organization Structure



Tree Plantation Activity





**WORLD
ENVIRONMENT
DAY**





ISUZU D-MAX Display in Karachi



Gandhara Cricket Tournament 2021 at Dreamworld Resort





Chairman's Review

Dear Shareholders

I am pleased to present the 58th annual report of the Company for the year ended June 30, 2021. During the year under consideration, economic activity in Pakistan has normalized and overall business environment has improved backed by various fiscal and monetary measures of the government. Further it is anticipated that relaxation in Covid-19 restrictions and aggressive vaccination drive will result in revival of economic activities.

Reported figures in PAMA show that during the year overall truck and bus market regained customer confidence and sales volume increased by 19% from 3,647 in FY 2020 to 4,347 units in FY 2021. Rupee devaluation, congestion on international sea routes and overall inflation affected the performance of the automobile sector.

Company's Performance

During the FY 2021, the Company continued its legacy and retained its 1st position with 46% market share in truck and bus market as reported by Pakistan Automotive Manufacturers Association (PAMA), the Company sold 2,020 units of trucks and buses and 316 units of D-MAX pick-up as compared to 1,702 units of trucks and buses and 656 units of D-Max pick-up last year.

Despite continuous challenges, the Company with customer confidence and support, has sustained its market share and showed a turnaround in the bottom line with Rs. 604 million profit after tax. 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.

Performance and Effectiveness of the Board

The Board meets at least once every quarter to consider and approve the financial and operational results of the Company. During the financial year under review, the Board's evaluation was carried out to assess performance and effectiveness of the Board which was assessed as satisfactory. The Board further strives towards bringing in improvements keeping in view the vision, mission and values of the Company.

Future Outlook

With the blessings of Almighty, the customer base of the Company is expanding. The Company has concrete plans to enhance the sales volumes and revenues to consolidate its Market Leader position in FY 2022 through its dynamic innovative team.

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

معزز حصص یافتگان!

30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کی 58 ویں سالانہ رپورٹ پیش کرنا میرے لیے باعث مسرت ہے۔
زیر جائزہ سال کے دوران، پاکستان میں معاشی سرگرمیاں معمول پر آئی ہیں اور حکومت کے مختلف مالیاتی اور زر سے متعلق اقدامات کی بدولت مجموعی طور پر کاروباری ماحول بہتر ہوا ہے۔ مزید توقع کی جاتی ہے کہ کوویڈ 19 کی پابندیوں میں نرمی اور جارحانہ ٹیکسینیشن مہم کے نتیجے میں معاشی سرگرمیاں بحال ہوں گی۔
PAMA میں رپورٹ کردہ اعداد و شمار سے پتہ چلتا ہے کہ سال کے دوران مجموعی طور پر ٹرک اور بس مارکیٹ پر صارفین کا اعتماد بحال ہوا ہے اور مالی سال 2020 میں 3,647 سے فروخت کا حجم 19 فیصد بڑھ کر مالی سال 2021 میں 4,347 یونٹس تک پہنچ گیا۔ روپے کی قدر میں کمی، بین الاقوامی سمندری راستوں پر ہجوم اور مجموعی افراط زر نے آٹوموبائل سیکٹر کی کارکردگی کو متاثر کیا ہے۔

کمپنی کی کارکردگی

مالی سال 2021 کے دوران، کمپنی نے اپنی روایت آگے بڑھائی اور ٹرک اور بس مارکیٹ میں 46 فیصد مارکیٹ شیئر کے ساتھ اپنی پہلی پوزیشن برقرار رکھی جیسا کہ پاکستان آٹوموٹو مینوفیکچررز ایسوسی ایشن (PAMA) کی رپورٹ کے مطابق، کمپنی نے گزشتہ سال میں ٹرکوں اور بسوں کے 1,702 یونٹس اور ڈی میکس پک اپ کے 656 یونٹس کے مقابلے میں ٹرکوں اور بسوں کے 2,020 یونٹس اور ڈی میکس پک اپ کے 316 یونٹس فروخت کیے۔
مسلح چیلنجوں کے باوجود، خریداروں کے اعتماد اور معاونت کے ساتھ، کمپنی نے اپنے مارکیٹ شیئر کو برقرار رکھا ہے اور 604 ملین روپے بعد از ٹیکس خالص منافع کمایا ہے۔ کمپنی آنے والے برسوں میں اپنے تمام قابل قدر صارفین کو جدید ترین مصنوعات اور بہتر معیار کی خدمات فراہم کرنے کی کوشش جاری رکھے گی۔

بورڈ کی کارکردگی اور افادیت

بورڈ کمپنی کے مالی اور آپریشنل نتائج پر غور و خوض اور منظوری کے لیے ہر سہ ماہی میں کم از کم ایک بار اجلاس کا انعقاد کرتا ہے۔ زیر جائزہ مالی سال کے دوران، بورڈ کی کارکردگی اور تاثیر کا جائزہ لینے کے لیے بورڈ کی تشخیص کی گئی جسے اطمینان بخش پایا گیا۔ بورڈ کمپنی کے وزن، مشن اور اقدار کو مد نظر رکھتے ہوئے مزید بہتری لانے کی کوشش ہے۔

مستقبل کا منظر نامہ

اللہ تعالیٰ کے فضل و کرم سے کمپنی کا کسٹمر بیس بڑھ رہا ہے۔ کمپنی اپنی متحرک جدت پسند ٹیم کے ذریعے مالی سال 2022 میں اپنی مارکیٹ لیڈر کی پوزیشن کو مستحکم کرنے کے لیے فروخت کے حجم اور آمدنی کو بڑھانے کے کٹھن منصوبے رکھتی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، کمپنی پر مسلسل اعتماد اور اطمینان کے اظہار کے لیے میں تمام ملازمین اور حصص یافتگان کا شکریہ ادا 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، ماروینی کارپوریشن، ڈیلرز، کسٹمرز اور وینڈرز کے تعاون اور ہماری مصنوعات پر اعتماد پر اظہار تشکر کرنا چاہوں گا۔ میں اپنے بینکرز کی اعانت اور مفاہمت پر ان کا شکریہ ادا کرنا چاہتا ہوں اور ہم مستقبل میں بھی باہمی فائدہ مند کاروباری تعلقات کی توقعات رکھتے ہیں۔



لیفٹیننٹ جنرل (ر) علی فاضل خان خٹک

چیئر مین

Directors' Report to Shareholders

The directors of your Company take pleasure in presenting the 58th annual report and audited financial statements of the Company for the year ended June 30, 2021.

ECONOMY AND MARKET REVIEW

Pakistan's economy in FY2021 witnessed improvements as against the negative impacts of Covid-19 pandemic and lockdown situation in the country last year. Drastic increase in raw material prices and higher costs of operations due to continuous rupee devaluation and disruption in international supply chain routes are hindering the businesses and the economic activities. We expect that efficient measures of the government with regard to mass vaccination, consistency of monetary policy, continuous inward remittance and strategic position of Pakistan in international political scenario will support the Pakistani economy and automobile sector.

Truck and bus market has shown remarkable recovery of 19% with 4,347 units sold in FY2021. Our Company retained its market share and with extensive planning and team work will continue to approach new customers and untapped markets to consolidate and further improve its position in FY 2022.

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 including effects of Covid-19 on overall economy which may have an impact on financial position of the Company.

FINANCIAL PERFORMANCE

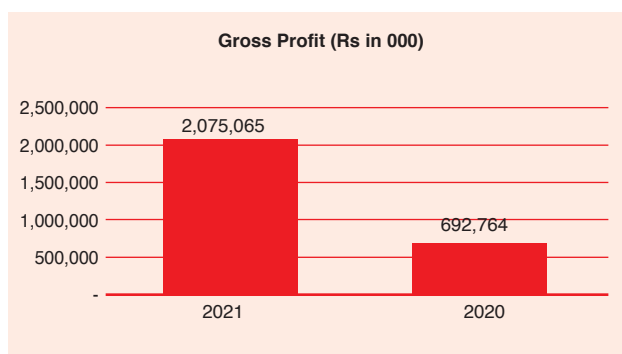
The financial results are summarized below:

	2021	2020
	(Rupees in thousand)	
Profit/(Loss) from operations	1,204,276	(41,491)
Finance cost	(466,220)	(970,785)
Profit/(Loss) before tax	738,056	(1,012,276)
Taxation	(133,843)	(270,607)
Profit/(Loss) after tax	604,213	(1,282,883)

OPERATING RESULTS

Gross profit

The Company's gross profits increased by 200% during the year mainly due to profitable sales mix and managed costs.

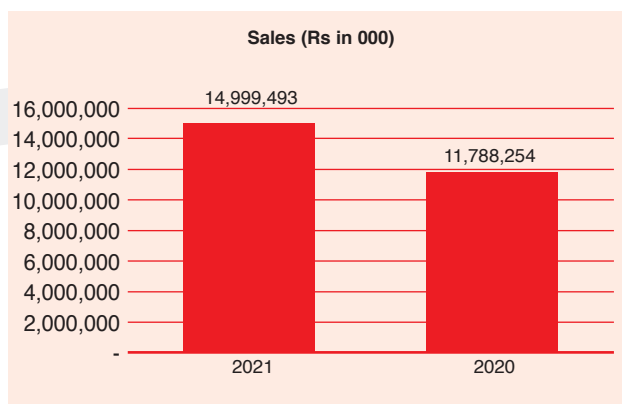


Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 14.18 [2020: LPS Rs. (30.11)].

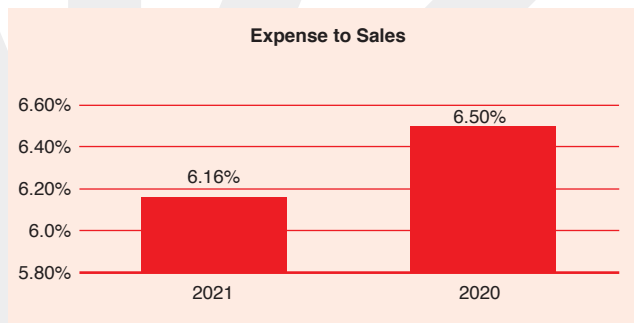
Sales

As highlighted above due to favorable market conditions and increasing sales trend in overall truck and bus market, the Company's sales revenue increased to Rs. 14.99 Billion as compared to Rs. 11.79 Billion last year. Besides, your Company has sustained its market share in this segment to 46%. The Company is confident to outperform on the basis of unmatched and affordable product line-up with reliable after sales service.



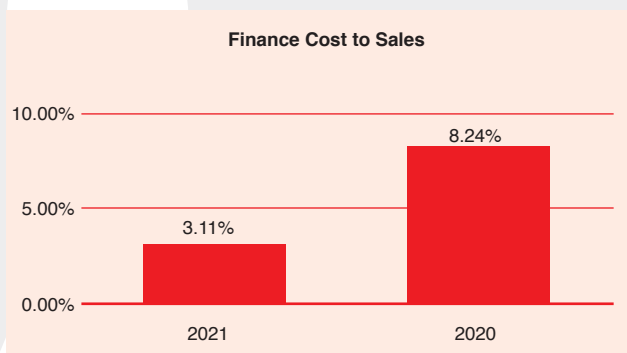
Distribution and administrative Expenses

Distribution and Administration expenses decreased as compared to sales, 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

Finance cost of the Company has halved due to efficient management of funds which reduced borrowings. Better negotiations with banks coupled with favorable KIBOR rate also assisted in reducing finance cost. The management is confident to efficiently manage these costs by further optimizing borrowings.



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's Review on market and economy is being endorsed by the Directors of the Company and has 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, 2021 consists of:

Total Number of Directors:

Male	06
Female	01

Composition

Independent Directors	02
Non-Executive Directors	04
Executive Directors	01

The names of the directors as at June 30, 2021 are as follows

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

Elections of Directors were held on April 10, 2021 to elect the directors of the Company in pursuance of provisions of the Companies Act, 2017. Mr. Raza Kuli Khan Khattak was elected in place of Mr. Muhammad Kuli Khan Khattak who retired from the position of director.

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 two meetings during 2020-2021.

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 six meetings of Board of Directors (BoD), four meetings of Board Audit Committee (BAC) and two meetings 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
Mr. Raza Kuli Khan Khattak	Elected on April 10, 2021	2/2	-	-
Lt. Gen. (R) Ali Kuli Khan Khattak	Re-Elected on April 10, 2021	6/6	-	-
Mr. Ahmad Kuli Khan Khattak	Re-Elected on April 10, 2021	6/6	-	2/2
Mr. Muhammad Kuli Khan Khattak	Retired on April 10, 2021	4/4	-	-
Maj. (R) Muhammad Zia	Re-Elected on April 10, 2021	6/6	4/4	2/2
Mr. Shahid Kamal Khan	Re-Elected on April 10, 2021	6/6	4/4	2/2
Mrs. Shahnaz Sajjad Ahmad	Re-Elected on April 10, 2021	6/6	-	-
Mr. Sohail Hameed Khan	Re-Elected on April 10, 2021	6/6	3/4	2/2

Leave of absence was granted to the directors who could not attend the meeting.

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. 85 Million (2020: Rs. 65 Million).
- The remuneration of Executive director during the year amounts to Rs. 37.84 Million (2020: Rs. 34.1 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 2020-21, please refer note 41 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 Officer.

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 Chaudhri 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, 2022 to the shareholders for approval.

Pattern of shareholding

The pattern of shareholding as on 30th June 2021 and 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 42 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. Further, keeping in view the dynamic changes in environment and to get better utilization from sources of energy, the Company has already installed solar panels in our admin block which will also help generate clean and affordable energy for the Company.

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 60 and 61. 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, 2021 was Rs. 125,289,349.

Future outlook

Forth wave of the Pandemic is underway and businesses have continued to suffer however, high customer demand has pulled the businesses and economy out of a difficult phase. Keeping in view the multipronged remedial actions by the government in collaboration with State Bank of Pakistan have yielded positive impacts on purchasing power of customers and aggregated demand.

In view of the economic trends coupled with the Company's strategy to expand its customer base through offering newer and quality products to existing and new customers is expected to contribute to Company's growth in FY 2022.

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 28, 2021

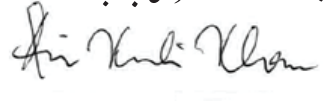
اعتراف

بورڈ کمپنی اور اس کی مصنوعات پر شیئر ہولڈرز، قابل قدر سپلائرز، صارفین، ڈیلرز اور بینکرز 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 مستقبل مزاجی اور لگن کے لیے اپنا خراج تحسین ریکارڈ پر لاتے ہوئے خوشی محسوس کرتا ہے۔ بورڈ اس موقع پر کمپنی کے پرنسپلز 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


جناب احمد علی خان خٹک
چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کی جانب سے


لیفٹیننٹ جنرل (ر) علی فاضل خان خٹک
چیئرمین

کراچی

تاریخ: 28 ستمبر 2021

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

کارپوریٹ گورننس کا 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 60 اور 61 پر

منسلک ہے۔ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے حوالے سے بورڈ اپنی ذمہ داری تسلیم کرتا ہے اور اس 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 شریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

☆ ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی 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 رکھنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

☆ شیئر ہولڈنگ کے پیٹرن کا بیان اس سالانہ رپورٹ کے ایک حصے کے طور پر شامل کر لیا گیا ہے۔

☆ 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 آپرٹنگ اور فنانشل ڈیٹا کی جھلکیاں منسلک ہیں۔

☆ ٹیکسز 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 سے کمپنی کے شیئرز کی کوئی خرید و فروخت نہیں کی گئی۔

☆ کمپنی اپنے ملازمین کے لیے ایک متعین کردہ بینیفٹ گریپجویٹ فنڈ چلاتی ہے۔ بمطابق 30 جون 2021، سرمایہ کاری کی مالیت 125,289,349 روپے تھی۔

مستقبل کی توقعات

عالمی وبا کی چوتھی لہر جاری ہے اور کاروباری اداروں کو ہونے والے نقصان کا سلسلہ جاری ہے، تاہم صارفین کی طرف سے زیادہ طلب نے کاروبار اور معیشت کو مشکل مرحلے سے نکال دیا ہے۔ حکومت کی جانب سے اس سٹیٹ بینک آف پاکستان کے ساتھ مل کر کیے گئے کثیر جہتی اصلاحی اقدامات کو مد نظر رکھتے ہوئے صارفین کی قوت خرید اور مجموعی طلب پر مثبت اثرات مرتب ہوئے ہیں۔

معاشی رجحانات اور کمپنی کی طرف سے موجودہ اور نئے صارفین کو نئی اور معیاری مصنوعات پیش کرنے کے ذریعے اپنی کسٹمر بیس کو وسیع کرنے کی حکمت عملی کے پیش نظر مالی سال 2022 میں کمپنی کی نمو میں اضافے کی توقع ہے۔

انٹرنل آڈٹ فنکشن

گندھارا انڈسٹریز لمیٹڈ کا ایک انٹرنل آڈٹ فنکشن ہے جس نے کمپنی کی مالیاتی آپریشنل رپورٹنگ کے تحفظ کے لیے اندرونی کنٹرول تیار کیے ہیں۔ بورڈ آڈٹ کمیٹی سہ ماہی بنیاد پر اس فنکشن کے وسائل اور اختیارات کی معقولیت کا جائزہ لیتی ہے۔ انٹرنل آڈٹ کا سربراہ عملاً آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی آپریشنل کے علاقوں کی سالانہ اور سہ ماہی تشخیص کی بنیاد پر آڈٹ پلان کی منظوری دیتی ہے۔ انٹرنل آڈٹ فنکشن میں مالیاتی، آپریشنل اور کمپلائنس کنٹرولز کا جائزہ لیا جاتا ہے اور اس کے نتائج کو عملی طور پر بورڈ آڈٹ کمیٹی اور انتظامی طور پر چیف ایگزیکٹو آفیسر کو رپورٹ کیا جاتا ہے۔ بورڈ انٹرنل فنکشنل کنٹرولز کو ہموار طریقے سے چلانے کے لیے اپنی ذمہ داری سمجھتا ہے اور اپنی مستقل گورننس کے ذریعے بہترین طریق کار پر عمل پیرا ہونے کے لیے مسلسل کوشاں ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرزڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ اہل ہونے کے ناطے شائن ونگ حمید چوہدری نے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے شیئر ہولڈرز سے منظوری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے۔

شیئر ہولڈنگ کا پیٹرن

30 جون 2021 تک شیئر ہولڈنگ کا پیٹرن اور اس کے بارے میں کوڈ آف کارپوریٹ گورننس کے تحت درکار اضافی معلومات کو منسلک کیا گیا ہے۔

اسٹیک ہولڈرز کے ساتھ رابطہ

کمپنی شیئر ہولڈرز کے ساتھ رابطے کی اہمیت پر توجہ مرکوز رکھتی ہے کمپنیز 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 ہے۔

متعلقہ پارٹی سے لین دین

کمپنی عمومی کاروباری طریقہ کار کے مطابق متعلقہ فریقوں سے 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 42 میں کیا گیا ہے۔

ماحول اور معاشرے کی بابت ذمہ داری

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

مزید برآں، ماحول میں ہونے والی متحرک تبدیلیوں کو مد نظر رکھتے ہوئے اور توانائی کے ذرائع سے بہتر استفادہ کرنے کے لیے، کمپنی نے ہمارے ایڈمن بلاک میں پہلے ہی سولر پینلز نصب کر دیے ہیں جو کہ کمپنی کے لیے صاف اور سستی توانائی پیدا کرنے میں بھی مددگار ثابت ہوں گے۔

بورڈ اور اس کی کمیٹیوں کے اجلاس

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز (BoD) کے چھ، بورڈ آڈٹ کمیٹی (BAC) کے چار اور ہیومن ریسورس اینڈ ریمیو نیلشن (HR&R) کے دو اجلاس ہوئے۔ بورڈ کے اجلاسوں میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام	کیفیت	حاضری		
		BOD	BAC	HR&R
جناب رضا قلی خان خٹک	10 اپریل 2021 کو انتخاب	2/2	-	-
لیفٹیننٹ جنرل (ر) علی قلی خان خٹک	10 اپریل 2021 کو دوبارہ انتخاب	6/6	-	2/2
جناب احمد قلی خان خٹک	10 اپریل 2021 کو دوبارہ انتخاب	6/6	-	-
جناب محمد قلی خان خٹک	10 اپریل 2021 کو ریٹائرڈ	4/4	-	-
میجر (ر) محمد ضیا	10 اپریل 2021 کو دوبارہ انتخاب	6/6	4/4	2/2
جناب شاہد کمال خان	10 اپریل 2021 کو دوبارہ انتخاب	6/6	4/4	2/2
محترمہ شہناز سجاد احمد	10 اپریل 2021 کو دوبارہ انتخاب	6/6	-	-
جناب سہیل حمید	10 اپریل 2021 کو دوبارہ انتخاب	6/6	3/4	2/2

ان ڈائریکٹرز کو رخصت مرحمت کر دی گئی جو اجلاس میں شریک نہیں ہو سکے۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کا تجزیہ

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

☆ کمپنی کے وژن اور مشن اسٹیمینٹس میں بیان کردہ کاروباری اہداف اور مقاصد حاصل کرنا۔

☆ پائیدار منصوبہ بندی اور آپریشنز کے لیے حکمت عملی ترتیب دینا اور انتظامیہ کو ہدایات پہنچانا، اور

☆ اپنی ذمہ داریوں کو نبھانے کے حوالے سے بورڈ کی کمیٹیوں کا تشریح کردہ ٹرمز 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 85 ملین روپے ہے۔ (2020: 65 ملین روپے)

☆ سال کے دوران ایگزیکٹو آفیسر کے معاوضے بشمول مراعات اور دیگر فوائد کی مالیت 37.84 ملین روپے ہے۔ (2020: 34.1 ملین روپے)

☆ کمپنی نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو ماسوائے اجلاسوں میں شرکت کے لیے فیس کے، معاوضے کی ادائیگی نہیں کرتی ہے۔

مالی سال 2020-2021 میں ڈائریکٹرز اور سی ای او کے معاوضے سے متعلق مزید تفصیلات کے لیے مالیاتی اعداد و شمار میں نوٹ 41 دیکھیں۔

بمطابق 30 جون 2021 ڈائریکٹرز کے نام درج ذیل ہیں:

- جناب رضاقی خان خٹک

- لیفٹیننٹ جنرل (ر) علی قلی خان خٹک

- جناب احمد قلی خان خٹک

- محترمہ شہناز سجاد احمد

- میجر (ر) محمد ضیا

- جناب شہد کمال خان

- جناب سہیل حمید

کمپنیز ایکٹ 2017 کی شقوں کی پیروی میں کمپنی کے ڈائریکٹرز کے انتخاب کے لیے 10 اپریل 2021 کو ڈائریکٹرز کے انتخابات منعقد ہوئے۔ جناب محمد قلی خان خٹک کی جگہ جناب رضاقی خان کو منتخب کیا گیا جو ڈائریکٹر کے عہدے سے ریٹائر ہو گئے ہیں۔

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

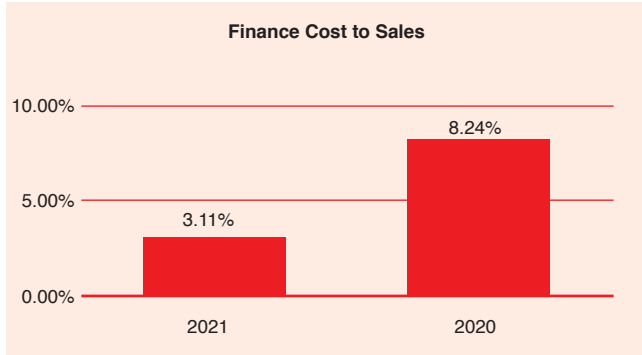
ہیومن ریسورس اینڈ ریمو نیویشن کمیٹی (HR&R)

یہ کمیٹی ایک آزاد ڈائریکٹر سمیت چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ اس کی ٹرمز آف ریفرنس کا تعین کوڈ آف کارپوریٹ گورننس، 2019، ”کوڈ“ میں فراہم کردہ رہنما خطوط کے مطابق کیا گیا ہے۔ کمیٹی سینیئر ایگزیکٹوز کے معاوضے، تنظیم اور ملازمت کی ترقی سے متعلق پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے اور ایگزیکٹو ڈائریکٹرز سے متعلق تمام امور کی منظوری کے لیے اجلاس کرتی ہے۔ 2020-2021 کے دوران میں کمیٹی کے دو اجلاس ہوئے۔

آڈٹ کمیٹی

یہ کمیٹی تین اراکین پر مشتمل ہے جس میں نان ایگزیکٹو ڈائریکٹرز اور انٹرنل آڈٹ کے سربراہ بطور سیکریٹری شامل ہوتے ہیں، کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہوتا ہے۔ بورڈ آڈٹ کمیٹی، بورڈ کو اپنی نگرانی کی ذمہ داریوں، بنیادی طور پر مالیاتی اور غیر مالیاتی معلومات کا جائزہ لینے اور شیئر ہولڈرز کو ان کی رپورٹنگ کرنے، انٹرنل کنٹرول اور رسک منیجمنٹ کے نظام اور آڈٹ کے عمل کی نگرانی میں معاونت فراہم کرتی ہے۔ اسے انتظامیہ سے معلوم طلب کرنے اور جیسا مناسب سمجھے، ایکسٹرنل آڈیٹرز یا مشیروں کے ساتھ براہ راست مشاورت کی خود مختاری حاصل ہے۔ چیف فنانشل آفیسر حسابات پیش کرنے کے لیے بذریعہ دعوت باقاعدگی سے بورڈ آڈٹ کمیٹی کے اجلاسوں میں شریک ہوتے ہیں۔ ہر اجلاس کے بعد کمیٹی کے چیئرمین بورڈ کو رپورٹ پیش کرتے ہیں۔ اس کمیٹی کی ٹرمز آف ریفرنس ضابطہ اخلاق میں فراہم کردہ خطوط کے مطابق طے کی گئی ہیں۔

مالیاتی لاگت



فنانڈز کے موثر انتظام کی وجہ سے کمپنی کی مالیاتی لاگت آدھی رہ گئی ہے جس سے قرضے کم ہوئے۔ بینکوں کے ساتھ بہتر مذاکرات اور سازگار KIBOR شرح کے ساتھ مالیاتی لاگت کو کم کرنے میں بھی مدد ملی۔ انتظامیہ قرضوں کے مزید بہتر انتظام کے ساتھ ان اخراجات کو موثر انداز میں قابو میں رکھنے کے لیے پراعتماد ہے۔

ہولڈنگ کمپنی

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

چیئر مین کا جائزہ

مارکیٹ اور معیشت پر چیئر مین کے جائزے کی کمپنی کے ڈائریکٹرز کی طرف سے توثیق کی جارہی ہے اور اسے 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۔

بورڈ ڈائریکٹرز اور اس کی کمیٹیاں

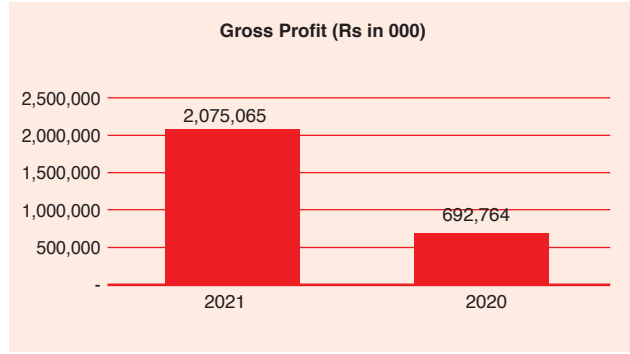
30 جون 2021 تک کمپنی کا بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹرز کی مجموعی تعداد	
06	مرد
01	خواتین

ساخت

02	آزاد ڈائریکٹرز
04	نان ایگزیکٹو ڈائریکٹرز
01	ایگزیکٹو ڈائریکٹرز

مجموعی منافع



آپریٹنگ نتائج

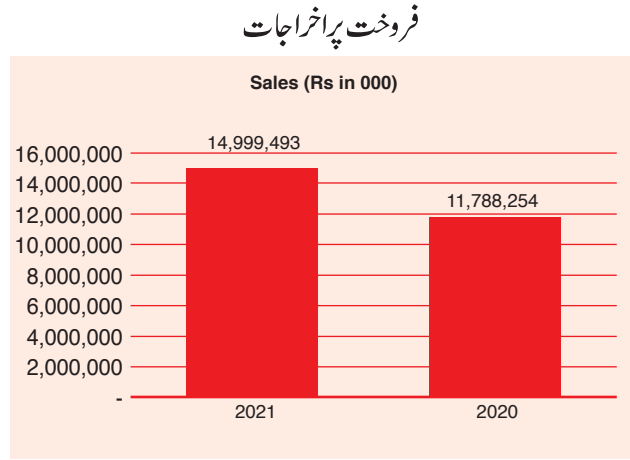
مجموعی منافع

سال کے دوران میں کمپنی کا مجموعی منافع 200% سے بڑھا جس کی بنیادی وجہ فروخت کا منافع بخش امتزاج اور لاگتوں کو قابو میں رکھنا ہے۔

فی شیئر آمدنی

بعد از ٹیکس بنیادی اور تحلیل شدہ آمدنی 14.18 روپے ہے [2020: فی شیئر نقصان (30.11)]۔

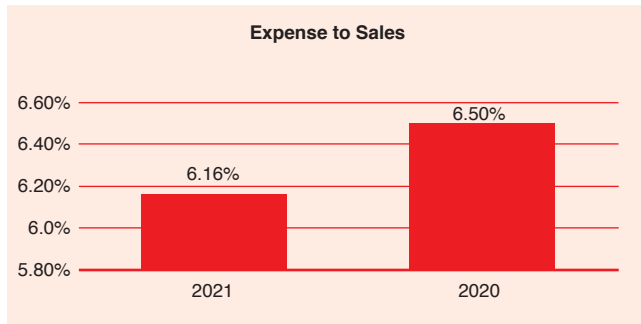
فروخت



جیسا کہ اوپر روشنی ڈالی گئی ہے، مارکیٹ کے سازگار حالات اور مجموعی طور پر ٹرک اور بس مارکیٹ میں فروخت کے رجحان میں اضافے کی وجہ سے، کمپنی کی فروخت کی آمدنی پچھلے سال میں 11.79 بلین روپے کے مقابلے میں بڑھ کر 14.99 بلین روپے تک پہنچ گئی۔ اس کے علاوہ، آپ کی کمپنی نے اس شعبے میں اپنا مارکیٹ شیئر 46 فیصد پر برقرار رکھا ہے۔ کمپنی اپنی قابل اعتماد فروخت سروس کے ساتھ بے مثال اور باکفایت پروڈکٹ لائن اپ کی بنیاد پر سب سے بہتر کارکردگی کا مظاہرہ کرنے کے لیے پُر اعتماد ہے۔

تقسیم اور انتظامی اخراجات

فروخت اور مالیاتی لاگت کا موازنہ



فروخت کے مقابلے میں ڈسٹری ورنٹظامی اخراجات میں کمی آئی ہے، تاہم کمپنی آنے والے معاشی چیلنجز کے اثرات سے آگاہ ہے اور بہتر منصوبہ بندی اور مذاکرات کے ذریعے ان کا مقابلہ کرنے کے لیے تیار ہے۔

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی 58 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی اعداد و شمار پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معیشت اور مارکیٹ کا جائزہ

پاکستان کی معیشت نے مالی سال 2021 میں کوویڈ 19 عالمی وبا کے منفی اثرات اور گزشتہ سال ملک میں لاک ڈاؤن کی صورتحال کے مقابلے میں بہتری دکھائی۔ روپے کی قدر میں مسلسل کمی اور بین الاقوامی سپلائی چین کے راستوں میں رکاوٹ کی وجہ سے خام مال کی قیمتوں میں زبردست اضافہ اور آپریشن کے زیادہ اخراجات کاروبار اور معاشی سرگرمیوں میں رکاوٹ ہیں۔ ہم توقع کرتے ہیں کہ بڑے پیمانے پر ویکسینیشن کے حوالے موثر حکومتی اقدامات، مالیاتی پالیسی کی مستقل مزاجی، مسلسل اندرونی ترسیلات زر اور بین الاقوامی سیاسی منظر نامے میں پاکستان کی اسٹریٹجک پوزیشن پاکستانی معیشت اور آٹوموبائل سیکٹر کو سہارا دیں گے۔

ٹرک اور بس مارکیٹ نے مالی سال 2021 میں فروخت ہونے والے 4,347 یونٹس کے ساتھ 19 فیصد کی نمایاں بحالی دکھائی ہے۔ ہماری کمپنی نے اپنا مارکیٹ شیئر برقرار رکھا ہے اور وسیع منصوبہ بندی اور ٹیم ورک کے ساتھ نئے گاہکوں اور غیر استعمال شدہ مارکیٹوں تک رسائی کا سلسلہ رکھا جائے گا تاکہ مالی سال 2022 میں اپنی پوزیشن کو مزید مستحکم اور بہتر بنایا جاسکے۔

کمپنی کی اہم سرگرمیاں

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

اہم خطرات اور غیر یقینی صورت حال

کمپنی کے اہم خطرات مارکیٹ میں مقابلہ، زرمبادلہ کی شرح، شرح سود، کرنسی کی قدر میں کمی اور مجموعی معاشی حالات سے متعلق خطرات بشمول مجموعی معیشت پر کوویڈ 19 کے اثرات شامل ہیں جو کمپنی کی مالی حیثیت متاثر کر سکتے ہیں۔

مالیاتی کارکردگی

مالی نتائج کا خلاصہ درج ذیل ہے:

2020	2021	
ہزار روپوں میں		
(41,491)	1,204,276	آپریشنز سے منافع / (خسارہ)
(970,785)	(466,220)	مالیاتی لاگت
(1,012,276)	738,056	قبل از ٹیکس منافع / (خسارہ)
(270,607)	(133,843)	ٹیکس
(1,282,883)	604,213	بعد از ٹیکس منافع / (خسارہ)

Ghandhara Industries Limited

Notice of 58th Annual General Meeting



Notice is hereby given that the 58th Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held on Thursday, October 28th, 2021 at 04:15 P.M at F-3, Hub Chauki Road, S.I.T.E., Karachi to transact the following business:

Ordinary Business

- 1) To receive, consider and adopt the annual audited financial statements of the Company for the year ended June 30, 2021, together with Directors' and Auditors' report thereon.
- 2) To appoint Auditors for the year ending June 30, 2022 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, 2022.
- 3) 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, 2021 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, 2022 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, 2021

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 and in the light of the relevant guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 4 of 2021 dated February 15, 2021, 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 20, 2021. 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 20, 2021.

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, 2021 to October 28, 2021 (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, 2021 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 June 30, 2021 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, 2021 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 # /CDSAaccount 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 Shares and Dividend

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company’s website: <https://gil.com.pk/page-Unclaimed-dividend-and-shares>. Any member affected by this notice is advised to write to or call at the office of the Company’s share registrar M/s Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi during normal working hours.

11. Postal Ballot

Pursuant to the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

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 date of the promulgation of the Companies Act 2017.

Pursuant to the SECP letter no. CSD/ED/Misc./2016-639-640 dated March 26, 2021, the Company is following up with all shareholders holding shares in physical form with the request to convert their shares in Book-Entry Form in order to comply with the provisions of the Companies Act, 2017. Shareholders may contact the Company's Share Registrar to understand the process and benefits of conversion of shares held in physical form into Book-Entry Form.

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, 2021.

Agenda Item # 1(a) of the Special Business – Transactions carried out with associated companies during the year ended June 30, 2021 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, 2021 with associated companies as shown in note no. 42 to the Audited Financial Statements for year ended June 30, 2021 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, 2022 to be passed as an Ordinary Resolution.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2022 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, 2022.

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

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۔

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 انٹری کی شکل میں لائے جس کی اس ایکٹ کے نفاذ یعنی 30 مئی 2017 کے آغاز سے چار سال سے زیادہ نہیں ہوگی۔

ایس ای سی پی لیٹر نمبر CSD/ED/Misc./2016-639-640 بتاریخ 26 مارچ 2021 کی پیروی میں کمپنی دستاویزی شکل میں حصص رکھنے والے تمام حصص یافتگان سے درخواست کے ساتھ پیروی کر رہی ہے کہ کمپنیز ایکٹ 2017 کی شقوں کی تعمیل میں اپنے دستاویزی حصص یافتگان کو بک انٹری کی شکل میں لائیں۔ حصص یافتہ اپنی تحویل میں موجود دستاویزی حصص کو بک انٹری کی شکل میں لانے کا طریقہ کار اور حصص کی تبدیلی کے فوائد سمجھنے کے لیے کمپنی کے شیئر رجسٹرار سے رابطہ کریں۔

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

28 اکتوبر 2021 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 2021 کو ختم ہونے والے سال کے دوران ملحقہ کمپنیوں کے ساتھ کیے گئے سودوں کی منظوری کے لیے درج ذیل عمومی قرارداد منظور 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 آڈٹ کمیٹی کی سفارش پر بورڈ کی طرف سے سہ ماہی 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 2021 کو ختم ہونے والے سال میں ملحقہ کمپنیوں کے ساتھ سودوں کو، جنہیں 30 جون 2021 کو ختم ہونے والے سال کے آڈٹ شدہ گوشواروں میں نوٹ 42 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 2022 کو ختم ہونے والے سال کے دوران کیے جائیں گے، ان کے لیے چیف ایگزیکٹو کو مجاز بنانے کے لیے ایک عمومی قرارداد منظور کی جائے گی۔

30 جون 2022 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 تعمیل میں حصص یافتگان ملحقہ کمپنیوں / متعلقہ پارٹیوں کے ساتھ عمومی طریقہ کار کے مطابق کیے گئے سودوں اور جو سودے 30 جون 2022 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۔

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

کمپنیز ایکٹ 2017 کی شق 242 اوکمیٹیز (ڈسٹری بیوشن 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 صرف برقی ذریعے سے براہ راست کیش ڈیویڈنڈ بھیجے۔ ایسے حصص یافتگان سے، جنہوں نے ابھی تک کمپنی کی طرف سے پہلے ہی اعلان کردہ ڈیویڈنڈز کے لیے اپنی بینکاری کی تفصیلات جمع نہیں کرائیں، 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 بھجوا دیں یا (دستاویزی حصص کی صورت میں) کمپنی کے شیئر رجسٹرار حمید مجید ایسوی ایٹس (پرائیویٹ) لمیٹڈ کو ارسال کریں۔

(a) حصص یافتہ (یا فنگان) کی تفصیلات	
حصص یافتہ (یا فنگان) کا نام	
فولیو نمبر/CDS اکاؤنٹ نمبر (ز)	
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر (نقل منسلک ہے)	
موبائل/لینڈ لائن نمبر	
(b) حصص یافتہ کے بینک کی تفصیلات	
بینک اکاؤنٹ کا ٹائٹل	
انٹرنیشنل بینک اکاؤنٹ نمبر (ABAN)	
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 قابل ادا ہونے کی تاریخ سے تین سال کی مدت کے اندر بلا دعویٰ ہو یا ادا نہیں کیا گیا تو کمپنی ایکٹ 2017 کے تحت مقررہ طریقہ کار کی تعمیل کے بعد وفاقی حکومت کے پاس جمع کرائے جائیں گے۔

شیئر ہولڈرز کو بذریعہ بلا مطالعہ کیا جاتا ہے کہ کمپنی کی ویب سائٹ <https://gil.com.pk/page-Unclaimed-dividend-and-shares> پر تمام بلا دعویٰ ڈیویڈنڈز کی فہرست شامل کر دی گئی ہے۔ اس نوٹس سے متاثر ہونے والے کسی بھی ممبر کو مشورہ دیا جاتا ہے کہ وہ معمول کے اوقات کار کے دوران کمپنی کے شیئر رجسٹرار حمید مجید ایسوی ایٹس (پرائیویٹ) لمیٹڈ، چوتھی منزل، کراچی چیمبرز، حسرت موہانی روڈ، کراچی کو لکھیں یا کال کریں۔

11- پوسٹل بیلٹ

کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی پیروی میں کمپنیز ایکٹ 2017 کی شق 143 اور 144 کے تقاضوں سے مشروط کسی ایجنڈا آئٹم کے لیے ممبران کو مذکورہ بالا ضوابط کے تقاضوں اور طریقہ کار کے مطابق پوسٹل بیلٹ کے ذریعے یعنی بذریعہ ڈاک یا کسی برقی طریقے کے ذریعے ووٹ کے ذریعے اپنا حق رائے وہی استعمال کرنے کی اجازت ہوگی۔

12- استفادہ کنندہ مالک کی تفصیلات

کاروباری اداروں / قانونی افراد کی توجہ ایس ای سی پی سرکل نمبر 16 اور 20 کی طرف بھی مبذول کرائی جاتی ہے۔ متعلقہ حصص یافتگان (کاروباری ادارے / قانونی

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 اصل سپورٹ پیش کرے گا۔

5- پتے میں تبدیلی اور کمپیوٹرائزڈ قومی شناختی کارڈ

ممبران سے درخواست ہے درج ذیل معلومات، CDS میں بک انٹری سیکورٹیز کی صورت میں اپنے متعلقہ شرکا کے پاس اور دستاویزی حصص کی صورت میں اپنے فلیو نمبرز اور اپنی کمپنی کے نام 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 کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول فراہم نہیں کی ہیں، ان سے درخواست ہے کہ انہیں اپنے فلیو نمبرز 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 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 رجسٹرڈ فلیو نمبر کے مطابق عام حصص کے مالک گندھارا انڈسٹریز لمیٹڈ کے ایک ممبر کی حیثیت سے بذریعہ ہذا بمقام وڈیو کانفرنس کی سہولت سے استفادہ کرنا چاہتا ہوں / چاہتے ہیں۔

دستخط ممبر

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

30 جون 2021 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 اڈی وی ڈی

اطلاع دی جاتی ہے کہ SECP کے SRO 470/(I)/2016 کے تحت 31 مئی 2016 کے تحت SECP نے کمپنیوں کو اپنے ممبران کو سالانہ مالیاتی گوشوارے دستاویزی شکل میں بھجوانے کے بجائے ان کے رجسٹرڈ پتوں پر بذریعہ سی ڈی اڈی 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 2021 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ حصص یافتگان کو بذریعہ سی ڈی اڈی وی 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 سات 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 کمپنیز کو اپنے سالانہ آڈٹ شدہ مالیاتی گوشوارے ایسے ممبران کو سالانہ اجلاس عام کی اطلاع کے ہمراہ ڈاک کے بجائے ای میل کے ذریعے بھیجنے کی اجازت دے دی جو یہ سہولت حاصل کرنا چاہتے ہوں۔ ایسے 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۔

نوٹس:

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

کووڈ-19 کے پھیلاؤ کے پیش نظر اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے بذریعہ سرکولر نمبر 4 آف 2021، بتاریخ 15 فروری 2021، کمپنی نے حصص یافتگان کی حفاظت اور بہترین مفاد میں اپنے حصص یافتگان کو ویڈیولنک کی سہولت کے ذریعے اجلاس میں شرکت کی اجازت دینے کا فیصلہ کیا ہے۔ لہذا، جو حصص یافتگان ویڈیولنک کے ذریعے سالانہ اجلاس عام کی کارروائی میں شرکت کرنے میں دلچسپی رکھتے ہیں، ان سے درخواست ہے کہ وہ زیادہ سے زیادہ 20 اکتوبر 2021 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 20 اکتوبر 2021 تک ارسال کی جائیں۔ حصص یافتگان سالانہ اجلاس عام کے ایجنڈا آئٹمز کے لیے اپنے تبصرے اور سوالات ای میل ایڈریس shareholders@gil.com.pk پر بھی فراہم کر سکتے ہیں۔

لہذا، اراکین کو ویڈیولنک 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 2021 بند رہیں گے (دونوں ایام شامل ہیں)۔ ہمارے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی جیمبرز، حسرت موہانی روڈ، کراچی کو 21 اکتوبر 2021 کو کاروباری دن کے اختتام تک موصول ہونے والی منتقلی کی درخواستوں کو سالانہ اجلاس عام کے مقصد کے لیے بروقت تصور کیا جائے گا۔ اس مدت کے دوران کوئی منتقلی رجسٹریشن کے لیے قبول نہیں کی جائے گی۔

3- اجلاس عام میں شرکت

اس اجلاس میں شرکت اور ووٹ دینے کا / کی اہل کوئی کمپنی ممبر کسی دوسرے فرد کو اپنی جگہ اجلاس میں شریک ہونے اور ووٹ دینے کے لیے نمائندہ مقرر کر سکتا ہے۔ نمائندگی ناموں کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ 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 شرکتی 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۔ کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ کے ہمراہ نامزد فرد کے دستخط کے نمونے نمائندگی نامے کے ہمراہ کمپنی کے پاس جمع کرانے ہوں گے۔

گندھارا انڈسٹریز لمیٹڈ

58 ویں سالانہ اجلاس عام کانوٹس

اطلاع دی جاتی ہے کہ گندھارا انڈسٹریز لمیٹڈ کے حصص یافتگان کا اٹھانواں سالانہ اجلاس عام بروز جمعرات 28 اکتوبر 2021، بوقت سہ پہر 4:15 بجے، بمقام F-3، جب چوکی روڈ، سائٹ، کراچی، درج ذیل امور کی انجام دہی کے لیے منعقد ہوگا:

عمومی کارروائی

- (1) 30 جون، 2021 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۔
- (2) 30 جون 2022 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 30 جون 2022 کو ختم ہونے والے سال کے لیے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔
- (3) 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، 2021 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 مجاز بنایا جاتا ہے کہ وہ 30 جون 2022 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 2021

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۔

Key Operating & Financial Data

6 Years at a Glance

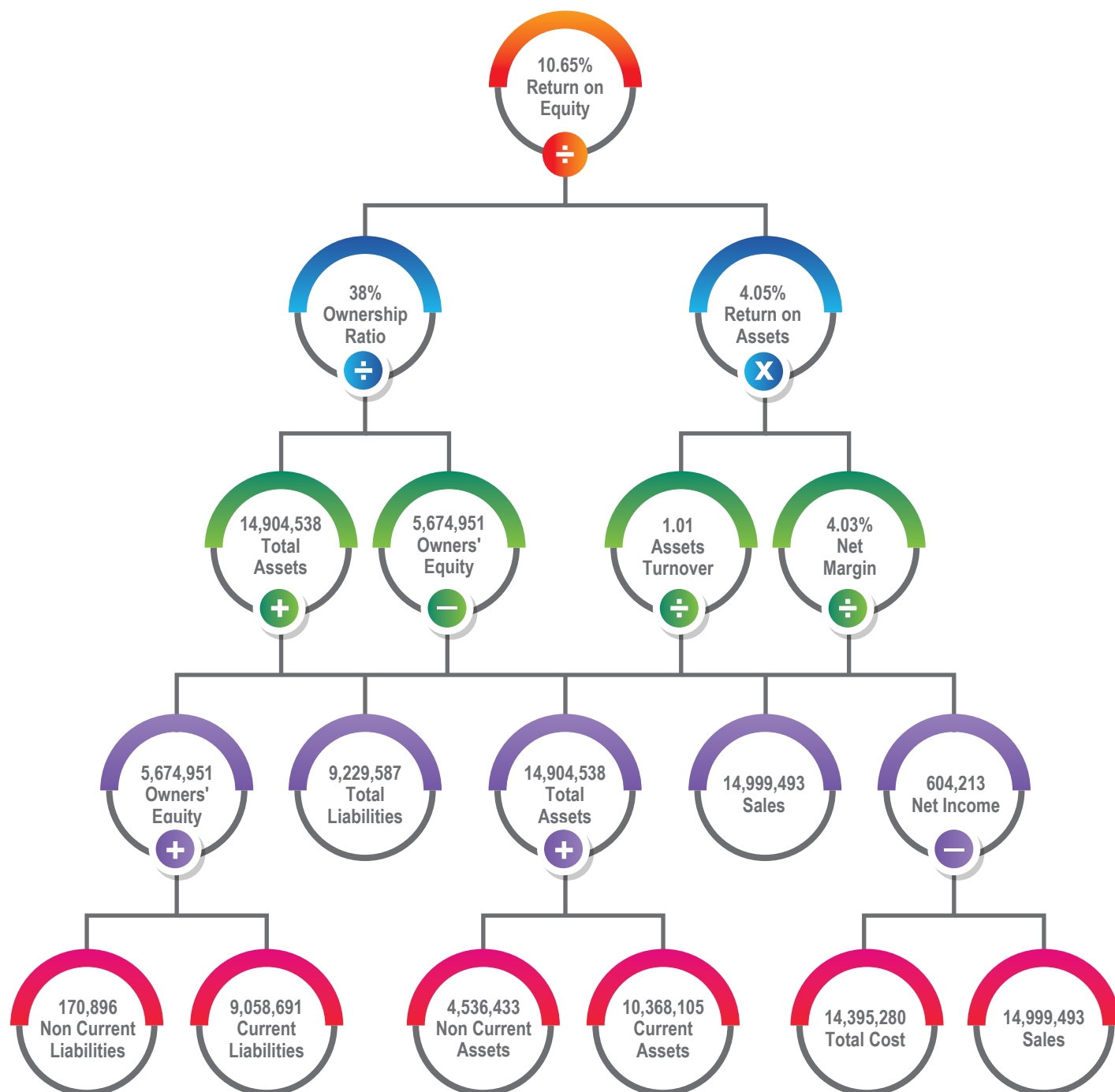
		2021	2020	2019	2018	2017	2016
Financial Performance-Profitability							
Gross profit margin	%	13.83	5.88	11.51	18.55	20.51	26.55
EBITDA margin to sales	%	9.43	1.08	7.42	13.33	14.04	21.63
Pre tax margin/(loss)	%	4.92	(8.59)	1.00	11.71	11.61	18.85
Net profit margin/(loss)	%	4.03	(10.88)	0.43	8.12	7.41	12.80
Return on equity-before tax	%	13.01	(19.95)	2.99	41.58	33.78	35.33
Return on equity-after tax	%	10.65	(25.28)	1.29	28.84	21.57	23.99
Operating Performance / Liquidity							
Total assets turnover	Times	1.01	0.62	0.87	1.39	1.25	1.13
Fixed assets turnover	Times	3.47	2.65	5.02	6.81	5.31	3.00
Debtors turnover	Times	24.60	32.43	151.49	57.77	28.83	38.54
Debtors turnover	Days	14.84	11.25	2.41	6.32	12.66	9.47
Inventory turnover	Times	1.85	1.24	1.43	2.56	3.16	3.83
Inventory turnover	Days	197.38	294.53	255.74	142.51	115.49	95.38
Creditors turnover	Times	24.19	22.88	24.15	32.11	29.45	25.46
Creditors turnover	Days	15.09	15.95	15.11	11.37	12.39	14.34
Operating cycle	Days	197.13	289.83	243.04	137.46	115.76	90.52
Current ratio		1.14	1.04	1.16	1.32	1.33	1.62
Quick / acid test ratio		0.43	0.49	0.23	0.36	0.55	0.78
Capital Structure Analyses							
Breakup value / share	Rs	133.19	119.10	109.10	110.87	86.61	72.96
Earning / (Loss) per share (pre tax)	Rs	17.32	(23.76)	3.26	46.10	29.26	25.77
Earning / (Loss) per share (after tax)	Rs	14.18	(30.11)	1.41	31.98	18.68	17.51
Summary of Balance Sheet							
		Rupees '000					
Share capital		426,088	426,088	426,088	213,044	213,044	213,044
Reserves		1,509,076	897,105	2,172,735	2,651,071	1,612,010	1,022,517
Shareholder's fund / equity		5,674,951	5,074,659	4,648,384	4,724,129	3,690,168	3,108,553
Deferred liabilities		27,326	21,425	19,759	80,181	45,615	37,802
Property, plant & equipment		4,321,244	4,453,947	2,770,727	2,463,605	2,021,453	1,941,250
Long term assets		27,932	27,095	26,987	17,242	16,824	15,783
Net current assets / Working capital		1,309,414	606,303	1,759,388	2,278,947	1,612,645	1,194,481

Summary of Financial Position

	2021	2020	2019	2018	2017	2016
Rupees '000						
Summary of Profit & Loss						
Net sales	14,999,493	11,788,254	13,909,913	16,772,383	10,740,631	5,825,579
Gross profit	2,075,065	692,764	1,601,592	3,111,004	2,202,963	1,546,638
Operating (loss)/profit	1,204,276	(41,491)	889,989	2,186,464	1,471,262	1,211,178
Profit/(Loss) before tax	738,056	(1,012,276)	138,970	1,964,070	1,246,625	1,098,105
Profit/(Loss) after tax	604,213	(1,282,883)	59,948	1,362,420	796,013	745,861
EBITDA	1,414,989	127,472	1,031,647	2,235,433	1,471,268	1,238,493

Rupees '000						
Summary of Cash Flows						
Net cash flow from operating activities	3,919,646	(302,435)	(2,138,425)	(2,372,485)	(68,215)	588,679
Net cash flow from investing activities	31,966	(94,677)	(211,639)	(471,631)	(111,916)	(73,468)
Net cash flow from financing activities	104,311	15,795	(311,519)	(303,223)	(198,826)	(58,075)
Changes in cash & cash equivalents	4,055,923	(381,317)	(2,661,583)	(3,147,339)	(378,957)	457,136
Cash & cash equivalents	(2,121,567)	(6,177,490)	(5,796,173)	(3,134,590)	12,749	391,706

Dupont Analysis



* Amount are in Rupees '000

Vertical Analysis

Balance Sheet	2021	2020	2019	2018	2017	2016
	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	28.99	4,453,947	2,770,727	2,463,605	2,021,453	1,941,250
Intangible assets	0.02	136	260	384	462	-
Investment properties	0.59	88,169	88,413	88,657	88,901	89,145
Long term Investment	0.01	1,400	1,400	1,400	1,400	1,400
Long term loans	0.01	1,957	3,639	4,305	2,736	2,298
Long term deposits	0.17	23,738	21,948	11,537	12,688	12,085
Deferred taxation	0.65	2,473	87,158	845	21,134	-
	30	4,571,820	2,973,545	2,570,733	2,148,774	2,046,178
Current Assets						
Stores	0.14	22,469	8,328	10,281	2,560	1,980
Stock-in-trade	43.15	7,547,063	10,359,425	6,888,220	3,779,300	1,623,753
Trade debts	3.90	638,588	88,406	95,230	485,472	259,680
Loans and advances	1.66	150,547	133,759	168,661	143,340	142,349
Trade deposits and prepayments	5.56	4,260,928	542,834	721,213	707,242	339,626
Other receivables	0.03	9,263	6,981	741	2,683	18,518
Accrued mark up	0.00	-	-	-	-	-
Sales tax refundable/adjustable and taxation - payment/less provision	10.22	1,387,870	1,308,983	1,081,869	520,298	142,380
Cash and bank balances	4.91	340,906	500,441	497,261	805,135	585,735
	70	14,357,634	12,949,157	9,463,476	6,446,030	3,114,021
	100.00	18,929,454	15,922,702	12,034,209	8,594,804	5,160,199
Equity And Liabilities						
Share Capital And Reserves						
Share capital	2.86	426,088	426,088	213,044	213,044	213,044
Unappropriated profit	10.12	897,105	2,172,735	2,651,071	1,612,010	1,022,517
Surplus on revaluation of fixed assets	25.09	3,751,466	2,049,561	1,860,014	1,865,114	1,872,992
	38	5,074,659	4,648,384	4,724,129	3,690,168	3,108,553
Non-Current Liabilities						
Lease Liabilities	0.48	66,237	51,745	34,526	19,563	36,000
Long term borrowings	0.35	-	-	-	-	-
Compensated absences	0.13	15,802	13,045	10,844	6,073	6,409
Deferred Income - Govt grant	0.01	-	-	-	-	-
Deferred liabilities	0.18	21,425	19,759	80,181	45,615	37,802
Deferred taxation	-	-	-	-	-	51,895
	1	103,464	84,549	125,551	71,251	132,106
Current Liabilities						
Trade and other payables	39.41	6,872,811	4,582,157	3,427,060	3,960,103	1,674,229
Unpaid dividends	0.53	78,959	78,959	44,271	24,604	11,493
Unclaimed dividends	0.14	21,973	22,151	24,814	14,092	5,379
Current maturity of lease liabilities	0.21	29,410	13,435	8,224	17,916	8,597
Current maturity of long term borrowing	0.61	-	-	-	-	-
Current portion of deferred income - government grant	0.05	-	-	-	-	-
Accrued mark up	0.68	229,782	196,453	48,309	24,284	25,813
Short term borrowings	19.14	6,518,396	6,296,614	3,631,851	792,386	194,029
	61	13,751,331	11,189,769	7,184,529	4,833,385	1,919,540
	100.00	18,929,454	15,922,702	12,034,209	8,594,804	5,160,199

Horizontal Analysis

Balance Sheet	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
	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	4,321,244	(2.98)	4,453,947	60.75	2,770,727	12.47	2,463,605	21.87	2,021,453	4.13	1,941,250	15.95
Intangible assets	3,082	2,166.18	136	(47.69)	260	(32.29)	384	(16.88)	462	100.00	-	(100.00)
Investment properties	87,926	(0.28)	88,169	(0.28)	88,413	(0.28)	88,657	(0.27)	88,901	(0.27)	89,145	(0.28)
Long term Investment	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-
Long term loans	1,317	(32.70)	1,957	(46.22)	3,639	(15.47)	4,305	57.35	2,736	19.06	2,298	107.20
Long term deposits	25,215	6.22	23,738	8.16	21,948	90.24	11,537	(9.07)	12,688	4.99	12,085	263.79
Deferred taxation	96,249	3,791.99	2,473	(97.16)	87,158	10,214.56	845	(96.00)	21,134	100.00	-	-
	4,536,433	(0.77)	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
Current Assets												
Stores	20,887	(7.04)	22,469	169.80	8,328	(19.00)	10,281	301.60	2,560	29.29	1,980	(1.42)
Stock-in-trade	6,431,131	(14.79)	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
Trade debts	580,945	(9.03)	638,588	622.34	88,406	(7.17)	95,230	(80.38)	485,472	86.95	259,680	508.82
Loans and advances	247,205	64.20	150,547	12.55	133,759	(20.69)	168,661	17.66	143,340	0.70	142,349	(44.28)
Trade deposits and prepayments	829,339	(80.54)	4,260,928	684.94	542,834	(24.73)	721,213	1.98	707,242	108.24	339,626	12.59
Other receivables	4,244	(54.18)	9,263	32.69	6,981	842.11	741	(72.38)	2,683	(85.51)	18,518	13.66
Accrued mark up	241	-	-	-	-	-	-	-	-	-	-	-
Sales tax refundable/adjustable and taxation - payment less provision	1,522,652	9.71	1,387,870	6.03	1,308,983	20.99	1,081,869	107.93	520,298	265.43	142,380	(32.69)
Cash and bank balances	731,461	114.56	340,906	(31.88)	500,441	0.64	497,261	(38.24)	805,135	37.46	585,735	331.61
	10,388,105	(27.79)	14,357,634	10.88	12,949,157	36.83	9,463,476	48.81	6,446,030	107.00	3,114,021	97.35
	14,904,538	(21.26)	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
Equity And Liabilities												
Share Capital And Reserves												
Share capital	426,088	-	426,088	-	426,088	100.00	213,044	-	213,044	-	213,044	-
Unappropriated profit	1,509,076	68.22	897,105	(58.71)	2,172,735	(18.04)	2,651,071	64.46	1,612,010	57.65	1,022,517	180.14
Surplus on revaluation of fixed assets	3,739,787	(0.31)	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
	5,674,951	11.83	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
Non-Current Liabilities												
Lease Liabilities	71,460	7.89	66,237	28.01	51,745	49.87	34,526	76.49	19,563	(45.66)	36,000	240.14
Long term borrowings	51,900	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	18,954	19.95	15,802	21.13	13,045	20.30	10,844	78.56	6,073	(5.24)	6,409	-
Deferred Income - Govt grant	1,256	-	-	-	-	-	-	-	-	-	-	-
Deferred liabilities	27,326	27.54	21,425	8.43	19,759	(75.36)	80,181	75.78	45,615	20.67	37,802	23.76
Deferred taxation	-	-	-	-	-	-	-	-	-	(100.00)	51,895	9.23
	170,896	65.17	103,464	22.37	84,549	(32.66)	125,551	76.21	71,251	(46.07)	132,106	49.04
Current Liabilities												
Trade and other payables	5,873,696	(14.54)	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
Unpaid dividends	78,959	-	78,959	-	78,959	78.35	44,271	79.93	24,604	114.08	11,493	-
Unclaimed dividends	21,609	(1.66)	21,973	(0.80)	22,151	(10.73)	24,814	76.09	14,092	161.98	5,379	-
Current maturity of lease liabilities	31,455	6.95	29,410	118.91	13,435	63.36	8,224	(54.10)	17,916	108.40	8,597	124.06
Current maturity of long term borrowing	90,977	-	-	-	-	-	-	-	-	-	-	-
Current portion of deferred income - government grant	7,264	-	-	-	-	-	-	-	-	-	-	-
Accrued mark up	101,703	(55.74)	229,782	16.97	196,453	306.66	48,309	98.93	24,284	(5.92)	25,813	23.15
Short term borrowings	2,853,028	(56.23)	6,518,396	3.52	6,296,614	73.37	3,631,851	358.34	792,386	308.39	194,029	(3.54)
	9,058,691	(34.12)	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
	14,904,538	(21.26)	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

Pattern of Shareholding

As at June 30, 2021

Number of Shareholders	Shareholding		Number of Shares Held	Percentage
	From	To		
3,630	1	100	113,243	0.27
1,839	101	500	562,014	1.32
829	501	1,000	705,219	1.66
1,009	1,001	5,000	2,448,378	5.75
164	5,001	10,000	1,212,075	2.84
52	10,001	15,000	647,597	1.52
37	15,001	20,000	646,348	1.52
16	20,001	25,000	359,760	0.84
11	25,001	30,000	310,200	0.73
8	30,001	35,000	260,346	0.61
6	35,001	40,000	232,200	0.54
3	40,001	45,000	127,716	0.30
8	45,001	50,000	388,654	0.91
1	55,001	60,000	57,500	0.13
4	60,001	65,000	250,300	0.59
2	65,001	70,000	137,900	0.32
1	70,001	75,000	72,000	0.17
1	75,001	80,000	77,400	0.18
2	95,001	100,000	197,200	0.46
1	105,001	110,000	105,732	0.25
1	115,001	120,000	117,800	0.28
2	120,001	125,000	245,200	0.58
1	135,001	140,000	135,600	0.32
1	155,001	160,000	156,900	0.37
1	200,001	205,000	201,400	0.47
1	210,001	215,000	211,900	0.50
1	230,001	235,000	234,554	0.55
1	240,001	245,000	242,900	0.57
1	255,001	260,000	258,500	0.61
1	560,001	565,000	563,701	1.32
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
7,641			42,608,844	100.0

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

Categories of Shareholders

As at June 30, 2021

Shareholder's Category	Number of Shareholder's	Number of Shares Held	Percentage of Holding
Director's, CEO, Their Spouse and Minor Children	8	93,410	0.22
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	45	4,247,000	9.97
Investment and Modaraba Companies	5	42,656	0.10
Insurance Companies	5	124,000	0.29
Joint Stock Companies	38	765,310	1.80
Other Companies, Corporate Bodies, Trust etc	34	919,703	2.16
General Public (Local)	7,497	8,743,141	20.52
	7,641	42,608,844	100.00

Categories of Shareholders

As at June 30, 2021

SR #	Categories of Shareholders	Shares Held	Percentage
1	Director's, CEO, Their Spouse and Minor Children		
	Lt. Gen. (Retd.) Ali Kuli Khan Khattak (Chairmen)	18	0.000
	Mr. Ahmed Kuli Khan Khattak (Chief Executive)	24,000	0.056
	Mr. Raza Kuli Khan Khattak (Director)	20,000	0.047
	Major (Retd) Muhammad Zia (Director)	200	0.000
	Mr. Shahid Kamal (Independent Director)	16	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	4,247,000	9.967
5	Investment and Modaraba Companies	42,656	0.100
6	Insurance Companies	124,000	0.291
7	Joint Stock Companies	765,310	1.796
8	Other Companies, Corporate Bodies, Trust etc	919,703	2.158
9	General Public (Local)	8,743,141	20.520
		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, 2021

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
---------	-----------

2. The composition of Board is as follows:

Independent Directors	Mr. Shahid Kamal Khan Mr. Sohail Hameed
Other Non-executive Director	Mr. Raza Kuli Khan Khattak Mr. Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Maj. (R) Muhammad Zia
Executive Director	Mr. Ahmad 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 – Chairman Maj. (R) Muhammad Zia - Member Mr. Shahid Kamal Khan - Member Mr. Shahnawaz 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 - 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 2021
HR and Remuneration Committee	Two meetings during FY ended 2021

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.



Ali Kuli Khan Khattak
Chairman

September 28, 2021

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, 2021, 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, 2021.

Shinewing Hameed Chaudhri & co.

SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS
KARACHI;

September 28, 2021

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, 2021, 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, 2021 and of the profit and other comprehensive loss, 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 matter(s) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matter(s) 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 matter(s).

Following are the Key Audit Matters:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1.	Stock-in-trade Refer note 4.7 and 12 to the financial statements, the Company has stock-in-trade aggregating Rs.6,431,131 thousand (2020: Rs.7,547,063 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 42.03% of the total assets of the Company as at June 30, 2021 and determining an appropriate valuation as a result of net realizable value (NRV) involves management judgement and estimation.	<p>Our audit procedures in respect of this area included:</p> <p>Observed / attended physical inventory count procedures and compared physical count results with valuations sheets on a sample basis;</p> <p>Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</p> <p>On a sample basis, obtained supporting documents relating to stock in transit for assessing its valuation;</p> <p>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</p> <p>We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017 (XIX of 2017).</p>

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 28, 2021

Financial Statements

For the year ended June 30, 2021

Statement of Financial Position

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,321,244	4,453,947
Intangible assets	6	3,082	136
Investment property	7	87,926	88,169
Long term investment	8	1,400	1,400
Long term loans	9	1,317	1,957
Long term deposits	10	25,215	23,738
Deferred taxation - net	11	96,249	2,473
		4,536,433	4,571,820
Current assets			
Stores		20,887	22,469
Stock-in-trade	12	6,431,131	7,547,063
Trade debts	13	580,945	638,588
Loans and advances	14	247,205	150,547
Trade deposits and prepayments	15	829,339	4,260,928
Other receivables	16	4,244	9,263
Accrued mark-up		241	-
Sales tax refundable / adjustable		268,831	162,303
Taxation - net		1,253,821	1,225,567
Cash and bank balances	17	731,461	340,906
		10,368,105	14,357,634
Total assets		14,904,538	18,929,454



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Muhammad Aamir
Chief Financial Officer

Statement of Financial Position

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	18	426,088	426,088
Revenue reserves			
Unappropriated profit		1,509,076	897,105
Capital reserve			
Surplus on revaluation of fixed assets	19	3,739,787	3,751,466
Total equity		5,674,951	5,074,659
Non current liabilities			
Lease liabilities	20	71,460	66,237
Long term borrowings	21	51,900	-
Deferred income - government grant	22	1,256	-
Compensated absences	23	18,954	15,802
Deferred liabilities	24	27,326	21,425
		170,896	103,464
Current liabilities			
Trade and other payables	25	5,873,696	6,872,811
Unpaid dividends	26	78,959	78,959
Unclaimed dividends		21,609	21,973
Accrued mark-up / interest	27	101,703	229,782
Short term borrowings	28	2,853,028	6,518,396
Current maturity of lease liabilities	20	31,455	29,410
Current portion of long term borrowings	21	90,977	-
Current portion of deferred income - government grant	22	7,264	-
		9,058,691	13,751,331
Total liabilities		9,229,587	13,854,795
Contingencies and commitments	29		
Total equity and liabilities		14,904,538	18,929,454

The annexed notes from 1 to 50 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, 2021

	Note	2021	2020
		(Rupees in thousand)	
Sales - net	30	14,999,493	11,788,254
Cost of sales	31	(12,924,428)	(11,095,490)
Gross profit		2,075,065	692,764
Distribution cost	32	(570,225)	(493,750)
Administrative expenses	33	(353,932)	(272,309)
Other expenses	34	(134,490)	(22,852)
Other income	35	187,858	54,656
Profit / (loss) from operations		1,204,276	(41,491)
Finance cost	36	(466,220)	(970,785)
Profit / (loss) before taxation		738,056	(1,012,276)
Taxation	37	(133,843)	(270,607)
Profit / (loss) after taxation		604,213	(1,282,883)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(5,522)	(1,040)
Impact of deferred tax		1,601	302
		(3,921)	(738)
Surplus on revaluation of fixed assets		-	1,751,086
Impact of deferred tax		-	(41,190)
		-	1,709,896
Other comprehensive (loss) / income for the year - net of tax		(3,921)	1,709,158
Total comprehensive income for the year		600,292	426,275
(Rupees)			
Basic and diluted earnings / (loss) per share	38	14.18	(30.11)

The annexed notes from 1 to 50 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, 2021

	Share capital	Revenue Reserve - Unappropriated profit	Capital Reserve - Surplus on revaluation of fixed assets	Total
	(Rupees in thousand)			
Balance as at July 1, 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
Transaction with owners, recognised directly in equity				
Total comprehensive income for the year ended June 30, 2021				
Profit for the year	-	604,213	-	604,213
Other comprehensive loss	-	(3,921)	-	(3,921)
	-	600,292	-	600,292
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	11,679	(11,679)	-
Balance as at June 30, 2021	426,088	1,509,076	3,739,787	5,674,951

The annexed notes from 1 to 50 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, 2021

	Note	2021	2020
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	4,780,222	1,201,519
Gratuity paid		(20,192)	(18,866)
Compensated absences paid		(997)	(502)
Finance cost paid		(584,278)	(922,962)
Income tax paid - net		(254,272)	(534,183)
Long term loans - net		640	1,682
Long term deposits - net		(1,477)	(1,790)
Net cash generated from / (used in) operating activities		3,919,646	(275,102)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(49,205)	(83,372)
Purchase of intangible asset		(3,661)	-
Sale proceeds from disposal of operating fixed assets		23,885	8,223
Interest received		60,947	3,415
Net cash generated from / (used in) investing activities		31,966	(71,734)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings - obtained		201,863	-
Long term borrowings - repaid		(50,466)	-
Lease rentals paid		(46,722)	(34,303)
Dividend paid		(364)	(178)
Net cash generated from / (used in) financing activities		104,311	(34,481)
Net increase / (decrease) in cash and cash equivalents		4,055,923	(381,317)
Cash and cash equivalents at beginning of the year		(6,177,490)	(5,796,173)
Cash and cash equivalents at end of the year	40	(2,121,567)	(6,177,490)

The annexed notes from 1 to 50 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, 2021

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 situated 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; 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, 2020:

- (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 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. 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. 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 other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 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, 2020 and have not been early adopted by the Company:

- (a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' are 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. The amendment is not expected to have material impact on the Company's financial statements.
- (b) Annual improvements 2018 are applicable for annual periods beginning on or after January 1, 2022. These amendments include changes from 2018-2020 cycle of annual improvements project that mainly affect following standards:
- (i) Amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards', simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS later than its parent – i.e. if a subsidiary adopts IFRS later than its parent and applies, then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS.
 - (ii) Amendment to IFRS 9 'Financial Instruments', clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - (iii) Amendment to IFRS 16 'Leases' Illustrative Example 13, removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
 - (iv) Amendment to IAS 41 'Agriculture', removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 'Fair Value Measurement'.

- (c) 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.
- (d) Amendment 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 amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- (e) Amendment to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendment includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- (f) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 'Financial Instruments'; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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 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 4.20)

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 up to 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 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.

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, 2021.

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 had operated defined contribution plan (i.e. recognised provident fund scheme) for all its permanent employees. The Company and the employees made equal monthly contributions to the fund at the rate of 8.33% of the basic salary. The assets of the fund were held separately under the

control of trustees. The Company during the preceding year had 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 good 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 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 Government grants

Government grants are recognized where there is a reasonable assurance that the grant will be received and the Company will comply with all conditions of the grant. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.17 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.

4.18 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.

4.19 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.

4.20 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.

4.21 Dividend and appropriation to reserves

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

4.22 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.

4.23 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.

4.24 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	2021	2020
		(Rupees in thousand)	
Operating fixed assets	5.1	4,164,612	4,319,229
Capital work-in-progress	5.8	64,082	56,178
Right of use assets	5.10	92,550	78,540
		<u>4,321,244</u>	<u>4,453,947</u>

5.1

Operating fixed assets

At July 1, 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

Year ended June 30, 2021

Opening net book value

Additions

Disposals

- cost

- accumulated depreciation

Transfer from right of use asset

- cost

- accumulated depreciation

Transfer to right of use asset

- cost

- accumulated depreciation

Depreciation charge

Closing net book value

At June 30, 2021

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	Office machines & equipment	Computers	Jigs and special tools		
(Rupees in 000')										
1,798,350	390,724	190,428	23,583	12,059	165,021	27,939	23,116	331,455	82,758	3,045,433
-	41,925	39,544	4,629	3,686	102,194	13,248	12,362	117,393	28,874	363,855
1,798,350	348,799	150,884	18,954	8,373	62,827	14,691	10,754	214,062	53,884	2,681,578
1,798,350	348,799	150,884	18,954	8,373	62,827	14,691	10,754	214,062	53,884	2,681,578
-	44,375	3,997	2,696	831	36,283	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)
-	20,620	18,894	2,748	794	20,480	2,489	3,389	99,549	-	168,963
3,407,400	514,590	135,987	18,902	8,410	73,412	14,649	9,618	136,261	-	4,319,229
3,407,400	577,135	194,425	26,279	12,890	193,106	30,386	25,369	353,203	-	4,820,193
-	62,545	58,438	7,377	4,480	119,694	15,737	15,751	216,942	-	500,964
3,407,400	514,590	135,987	18,902	8,410	73,412	14,649	9,618	136,261	-	4,319,229
3,407,400	514,590	135,987	18,902	8,410	73,412	14,649	9,618	136,261	-	4,319,229
-	5,357	18,879	8,264	424	6,026	723	6,273	1,028	-	46,974
-	-	-	-	-	30,429	-	2,672	-	-	33,101
-	-	-	-	-	(14,436)	-	(2,543)	-	-	(16,979)
-	-	-	-	-	15,993	-	129	-	-	16,122
-	-	-	-	-	35,359	-	-	-	-	35,359
-	-	-	-	-	(35,297)	-	-	-	-	(35,297)
-	-	-	-	-	62	-	-	-	-	62
-	-	-	-	-	5,880	-	-	-	-	5,880
-	-	-	-	-	(145)	-	-	-	-	(145)
-	-	-	-	-	5,735	-	-	-	-	5,735
3,407,400	493,356	134,939	23,468	7,969	36,795	12,760	11,952	35,973	-	4,164,612
3,407,400	582,492	213,304	34,543	13,314	198,182	31,109	28,970	354,231	-	4,863,545
-	89,136	78,365	11,075	5,345	161,387	18,349	17,018	318,258	-	698,933
3,407,400	493,356	134,939	23,468	7,969	36,795	12,760	11,952	35,973	-	4,164,612
-	5%	10%	12.50%	6.25%	20%	12.50%	20%	33%	20%	

5.2 Depreciation charge has been allocated as follows:	Note	2021	2020
		(Rupees in thousand)	
Cost of goods manufactured	31.1	154,071	145,613
Distribution cost	32	7,706	6,958
Administrative expenses	33	18,019	16,392
		<u>179,796</u>	<u>168,963</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 44.4.

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.3,897.610 million (2020: Rs.3,918.584 million) remains un-depreciated as at June 30, 2021.

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.180.833 million (2020: Rs.185.62 million).

5.6 Operating fixed assets include certain plant and machinery, permanent tools and jigs & special tools with cost aggregating Rs.406.443 million (2020: Rs.460.835 million) and net book value of Rs.71.453 million (2020: Rs.227.677 million) which are 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	Gain	Deferred Gain	Net gain on disposal	Mode of disposal	Particulars of buyers
(Rupees in 000')									
Item having book value more than Rs. 500,000 each									
Motor Vehicle	6,706	447	6,259	6,555	296	(296)	-	Sale and lease back	Orix Modaraba
Motor Vehicle	6,201	496	5,705	5,705	-	-	-	Negotiation	Ms. Mehwish, Block 17, Gulistan-e-Johar, Karachi.
Motor Vehicle	4,530	1,510	3,020	4,700	1,680	-	1,680	Negotiation	Ms. Mehreen Furqan, Street 33, D.H.A, Phase 7, Lahore.
	17,437	2,453	14,984	16,960	1,976	(296)	1,680		
Item having book value less than Rs. 500,000 each	15,664	14,526	1,138	6,453	5,315	-	5,315	Various	Various
June 30, 2021	33,101	16,979	16,122	23,413	7,291	(296)	6,995		
June 30, 2020	8,198	2,980	5,218	8,223	3,005	(798)	2,207		

5.8 Capital work in progress	Note	2021	2020
		(Rupees in thousand)	
Advances made for:			
- Buildings on leasehold land		2,807	8,163
- Plant and machinery		51,239	44,214
- Furniture and fixture		383	-
- Vehicles	5.9	8,003	-
- Computer software		1,650	3,801
		<u>64,082</u>	<u>56,178</u>

5.9 Include Rs.2.54 million paid to Ghandhara Nissan Limited - a related party against purchase of vehicle.

5.10 Right of use assets

Note

	2021	2020
	(Rupees in thousand)	
Net book value at beginning of the year	78,540	-
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 - net	43,969	19,609
Depreciation charged during the year	(29,959)	(27,333)
Net book value at end of the year	92,550	78,540

5.11 Depreciation expense relating to right of use asset - properties of Rs.2.216 million (2020: Rs.2.064 million) has been charged in 'Cost of sales', Rs.14.498 million (2020: Rs.11.313 million) in 'Distribution cost' and Rs.13.245 million (2020: Rs.13.956 million) in 'Administrative expenses'.

6. INTANGIBLE ASSETS

Note

INTANGIBLE ASSETS		Note	2021	2020
			(Rupees in thousand)	
These represent computer software licenses.				
Cost				
At beginning of the year			2,130	2,130
Addition during the year			3,661	-
At June 30,			5,791	2,130
Accumulated amortization				
At beginning of the year			1,994	1,870
Add: charge for the year	6.1		715	124
At June 30,			2,709	1,994
Net book value			3,082	136
Annual rate of amortization			20%	20%

6.1 Amortization charge for the year has been grouped under administrative expenses (note 33).

7. INVESTMENT PROPERTY

	Leasehold land	Buildings on leasehold land	Total
	(Rupees in thousand)		
At July 1, 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

	Leasehold land	Buildings on leasehold land	Total
	(Rupees in thousand)		
Year ended June 30, 2021			
Opening net book value	88,161	8	88,169
Amortization / depreciation charge	243	-	243
Closing net book value	87,918	8	87,926

At June 30, 2021

Cost	97,392	416	97,808
Accumulated amortization / depreciation	9,474	408	9,882
Net book value	87,918	8	87,926
Amortization / depreciation rate - per annum	0.25%	2.5%	

7.1 Amortization / depreciation charge for the year has been grouped under administrative expenses (note 33).

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. This investment property is occupied by Squatters. The management is in the process of finding ample solution for the property.

8. LONG TERM INVESTMENT - at cost

Note

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

2021	2020
(Rupees in thousand)	
1,400	1,400

9. LONG TERM LOANS - Secured, considered good

Loans due from:

Related parties - Key Management Personnel
Other employees

9.1

-	110
2,685	3,656
2,685	3,766

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

Related parties - Key Management Personnel
Other employees

14

-	110
1,368	1,699
1,368	1,809
1,317	1,957

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.0.08 million (2020: Rs.0.44 million).

10. LONG TERM DEPOSITS - Considered good

Deposits held with / for:

- Leasing companies
- Utilities and rental agreements
- Others

2021	2020
(Rupees in thousand)	
11,663	13,599
9,937	8,587
3,615	1,552
25,215	23,738

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
- provision for warranty
- unabsorbed tax depreciation
- others

6,707	(16,564)
(86,047)	(90,817)
3,006	4,961
375	358
7,550	5,856
16,680	-
30,558	11,861
6,020	-
109,713	85,131
1,687	1,687
96,249	2,473

- 11.1** As at June 30, 2021, the Company has unused tax losses aggregating Rs.897.933 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

2021	2020
(Rupees in thousand)	
2,946,064	4,170,587
618,970	396,519
3,565,034	4,567,106
117,672	116,438
1,942,860	2,100,456
805,565	763,063
6,431,131	7,547,063

- 12.1** Stock-in-trade includes stock of Rs.3,512.51 million (2020: Rs.3,641.64 million) held with third parties out of which stock of Rs.3,121.77 million (2020: Rs.3,210.75 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

2021	2020
(Rupees in thousand)	
147,903	1,287
431,904	637,301
579,807	638,588
71,792	7,950
651,599	646,538
70,654	7,950
580,945	638,588

13.3

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

	2021	2020	2021	2020
	Associated Company		Others	
	(Rupees in thousand)			
Upto 30 days	-	-	161,824	164,457
31 - 180 days	-	-	95,439	147,578
Over 180 days	-	-	394,336	334,503
	-	-	651,599	646,538

13.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Nil (2020: Nil).

13.3 Provision for expected credit loss

Note

	2021	2020
	(Rupees in thousand)	
Balance at beginning of the year	7,950	3,242
Provision made during the year	62,704	4,708
Balance at end of the year	70,654	7,950

14. LOANS AND ADVANCES - Unsecured

Considered good

Current portion of long term loans to employees

9

Advances due from:

- employees

14.1

- suppliers, contractors and others

Considered doubtful

Advance to suppliers

Less: provision for doubtful advances

1,368	1,809
3,091	5,537
242,746	143,201
245,837	148,738
3,965	5,274
3,965	5,274
-	-
247,205	150,547

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

15. TRADE DEPOSITS AND PREPAYMENTS

	2021	2020
	(Rupees in thousand)	
Tender deposits	193,602	192,659
Less: provision for expected credit losses	27,052	25,112
	166,550	167,547
Margins against bank guarantees	662,420	4,092,366
Less: provision for doubtful margin deposit	330	330
	662,090	4,092,036
Margin against letters of credit	209	-
Prepayments	490	1,345
	829,339	4,260,928

16. OTHER RECEIVABLES - Unsecured

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

17. CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees in thousand)	
Cash in hand		1,894	2,652
Cash with banks on / as:			
- current accounts		369,329	292,571
- saving accounts	17.1	308,429	47,874
- term deposit receipt	17.2	54,000	-
- foreign currency accounts	17.3	42	42
		731,800	340,487
Less: provision for a doubtful bank account	17.4	2,233	2,233
		<u>731,461</u>	<u>340,906</u>

17.1 Saving accounts carry mark-up ranging from 3.25% to 3.56% (2020: 2.46% to 2.61%) per annum.

17.2 Term deposit receipt (TDR) has maturity of 30 days from date of acquisition. This TDR carries mark-up at rate of 4.65% per annum.

17.3 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 (2020: JPY 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million).

17.4 This represents provision made against balances held with Indus Bank Limited under liquidation.

18. SHARE CAPITAL

18.1 Authorized capital

2021	2020		2021	2020
(No. of shares)			(Rupees in thousand)	
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs.10 each	<u>1,000,000</u>	<u>1,000,000</u>

18.2 Issued, subscribed and paid-up capital

2021	2020			
(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 At June 30, 2021 and June 30, 2020 Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (2020: 16,686,794) ordinary shares of Rs.10 each.

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

	2021	2020
	(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
	<u>10,744,848</u>	<u>10,744,848</u>

18.5 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	2021	2020
	(Rupees in thousand)	
Balance at the beginning of the year	3,842,283	2,102,452
Add: surplus arisen on revaluation carried-out during the year	5.3 -	1,751,086
Less: transferred to unappropriated profit on account of incremental depreciation for the year	16,449	11,255
	<u>3,825,834</u>	<u>3,842,283</u>
Less: related deferred tax of:		
- opening balance	90,817	52,891
- revaluation exercise for the year	-	41,190
- incremental depreciation for the year	(4,770)	(3,264)
closing balance	86,047	90,817
Balance at end of the year	<u>3,739,787</u>	<u>3,751,466</u>

20. LEASE LIABILITIES

Note	2021	2020
	(Rupees in thousand)	
Balance at beginning of the year	95,647	65,180
Impact of initial application of IFRS 16	20.1 -	32,380
Additions / net transfers during the year	43,969	17,896
Interest accrued	10,021	14,494
Repaid / adjusted during the year	(46,722)	(34,303)
	<u>102,915</u>	<u>95,647</u>
Current portion grouped under current liabilities	(31,455)	(29,410)
Balance at end of the year	<u>71,460</u>	<u>66,237</u>

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.

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 8.86% to 15.25% (2020: 8.85% to 17.59%) 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.

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:

	2021			2020		
	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	40,035	8,580	31,455	35,570	6,160	29,410
Later than one year but not later than five years	79,342	7,882	71,460	73,044	6,807	66,237
Total minimum lease payments	119,377	16,462	102,915	108,614	12,967	95,647

21. LONG TERM BORROWINGS

Note

		2021	2020
		(Rupees in thousand)	
Loan under refinance scheme for payment of wages and salaries	21.1	151,397	-
Adjustment pertaining to fair value of loan at below market interest rate	21.2	(8,520)	-
		142,877	-
Current maturity		(90,977)	-
		51,900	-

- 21.1** This represents long term loan amounting Rs.201.863 million received from The Bank Of Punjab under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. The facility is secured against first exclusive hypothecation charge over specific plant & machinery of the Company with 25% margin limited to Rs.269,151 thousands. Mark-up is chargeable at 1.0% per annum and to be paid at the end of each quarter. The principal is repayable in eight quarterly instalments starting from March 2021. The Company during the year repaid Rs.50.46 million.

21.2 Adjustment pertaining to fair value of loan at below market interest rate

	2021	2020
	(Rupees in thousand)	
Difference of fair value of loan and loan received	17,222	-
Less: amortization of loan	8,702	-
	8,520	-

22. DEFERRED INCOME - GOVERNMENT GRANT

Grant recognized on loan at below market interest rate	17,222	-
Released to statement of profit or loss	(8,702)	-
	8,520	-
Current portion	(7,264)	-
	1,256	-

- 22.1** The Company recognized government grant on below market interest loan received - (note 21.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

23. COMPENSATED ABSENCES

Note	2021	2020
	(Rupees in thousand)	
Balance at beginning of the year	15,802	13,045
Provision for the year	4,149	3,259
	19,951	16,304
Encashed during the year	(997)	(502)
Balance at end of the year	18,954	15,802

23.1 Includes liability in respect of key management personnel aggregating to Rs.6.84 million (2020: Rs.5.74 million).

24. DEFERRED LIABILITIES

Note	2021	2020
	(Rupees in thousand)	
Gain on sale and lease back of fixed assets	1,293	1,233
Staff retirement benefit - gratuity	26,033	20,192
	27,326	21,425

24.1 Gain on sale and lease back of fixed assets

Balance at beginning of the year	1,233	893
Add: vehicle sale and lease back during the year	768	798
Less: amortization for the year	708	458
Balance at end of the year	1,293	1,233

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.

24.2 Staff retirement benefit - gratuity

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

24.2.2 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.

24.2.3 The latest actuarial valuations of the Scheme as at June 30, 2021 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:

24.2.4 Statement of financial position - reconciliation

	2021	2020
	(Rupees in thousand)	
Present value of defined benefit obligation	156,346	127,076
Fair value of plan assets	(130,313)	(106,884)
	<u>26,033</u>	<u>20,192</u>

24.2.5 Movement in the present value of defined benefit obligation

Balance at beginning of the year	127,076	98,571
Current service cost	19,653	16,959
Interest cost	10,592	13,898
Re-measurements	3,952	(273)
Benefits paid	(4,927)	(2,079)
Balance at end of the year	<u>156,346</u>	<u>127,076</u>

24.2.6 Movement in the fair value of plan assets

Balance at beginning of the year	106,884	79,705
Contributions	20,192	18,866
Benefits paid	(4,927)	(2,079)
Interest income	9,734	11,705
Re-measurements	(1,570)	(1,313)
Balance at end of the year	<u>130,313</u>	<u>106,884</u>

24.2.7 Expense recognised in statement of profit or loss

Current service cost	19,653	16,959
Interest cost - net	858	2,193
	<u>20,511</u>	<u>19,152</u>

24.2.8 Re-measurement recognised in other comprehensive income

Re-measurement loss on plan assets	1,570	1,313
Experience adjustments	3,952	(273)
	<u>5,522</u>	<u>1,040</u>

24.2.9 Plan assets comprise of:

Term deposit receipts including accrued mark-up
Cash and cash equivalent

2021	2020
(Rupees in thousand)	
125,289	90,391
5,024	16,493
<u>130,313</u>	<u>106,884</u>

24.2.10 Actuarial assumptions used

Discount rate
Expected rate of increase in future salaries
Mortality rates (for death in service)

(% per annum)	
10.00	8.50
9.00	7.50
SLIC	SLIC
2001-2005	2001-2005

24.2.11 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1.00%	<u>142,954</u>	<u>170,993</u>
Increase in future salaries	1.00%	<u>170,990</u>	<u>142,952</u>

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.

24.2.12 Based on actuary's advice, the expected charge for the year ending June 30, 2022 amounts to Rs.26.058 million.

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

24.2.14 Historical information

	2021	2020	2019	2018	2017
	(Rupees in thousand)				
Present value of defined benefit obligation	<u>156,346</u>	<u>127,076</u>	<u>98,571</u>	<u>79,626</u>	<u>44,592</u>
Experience adjustment	<u>3,952</u>	<u>(273)</u>	<u>506</u>	<u>16,676</u>	<u>1,934</u>

24.2.15 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, 2021	<u>4,529</u>	<u>9,589</u>	<u>21,972</u>	<u>310,518</u>	<u>346,608</u>

25. TRADE AND OTHER PAYABLES

Note

		2021	2020
		(Rupees in thousand)	
Creditors		615,922	452,497
Accrued liabilities		171,157	185,168
Contract liabilities - advances from customers	25.1	4,476,854	5,454,130
Advance against sale of investment in immovable property		5,000	5,000
Royalty payable		46,720	44,190
Retention money		20	20
Withholding tax		27,928	30,938
Provision for additional custom duty and others		391,607	537,594
Provision for warranty		20,759	-
Due to related parties	25.2	38,581	145,672
Due to the Subsidiary Company		2,596	2,526
Workers' Profit Participation Fund	25.3	39,779	-
Workers' welfare fund		17,738	-
Others		19,035	15,076
		<u>5,873,696</u>	<u>6,872,811</u>

25.1 These represent advances from customers against sale of vehicle and carry no mark-up. Revenue aggregating Rs.4,877.05 million has been recognised for preceding year contract liabilities - advance from customers.

25.2 Due to related parties

	2021	2020
	(Rupees in thousand)	
Ghandhara Nissan Limited	19,324	93,745
The General Tyre & Rubber Company of Pakistan Limited	12,519	39,959
Rahman Cotton Mills Limited	900	5,400
Waqf-e-Kuli Khan	5,818	5,818
Ghandhara DF (Private) Limited	20	750
	<u>38,581</u>	<u>145,672</u>

25.3 Workers' profit participation fund

Balance at beginning of the year	-	7,413
Add: allocation for the year	39,779	-
Add: interest on funds utilised in the Company's business	-	2,443
	<u>39,779</u>	<u>9,856</u>
Less: payments made during the year	-	9,856
Balance at end of the year	<u>39,779</u>	<u>-</u>

26. Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Private) 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.

27. ACCRUED MARK-UP / INTEREST

	2021	2020
	(Rupees in thousand)	
Mark-up / interest accrued on:		
- short term borrowings - secured	95,781	225,268
- long term loans - unsecured	5,922	4,514
	<u>101,703</u>	<u>229,782</u>

28. SHORT TERM BORROWINGS - Secured

	Note	2021	2020
		(Rupees in thousand)	
Finance against imported merchandise	28.1	244,523	2,691,056
Istisna	28.2	570,000	2,396,073
Murabaha	28.2	602,155	10,313
Running finance / Musharakah	28.4	1,236,350	1,420,954
Short term loan	28.5	200,000	-
		<u>2,853,028</u>	<u>6,518,396</u>

- 28.1** The Company has arranged facilities aggregating Rs.8,625 million (2020: Rs.9,807 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.4,150 million (2020: Rs.4,650 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 1.50% per annum (2020: at rate ranging from Matching KIBOR plus 0.5% 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 (2020: at rate ranging from matching KIBOR plus 0.70% to 1.2% per annum). These facilities are maturing on various dates latest by October 31, 2022.
- 28.2** The Istisna facility of Rs.1,650 million (2020: Rs.2,582 million) with a tenor of 180 days (2020: 180 days) and Murabaha facility of Rs.1,750 million (2020: Rs.2,232 million) are available from Banks. Profit on both facilities ranges from KIBOR (matching) plus 0.7% to 1.5% (2020: KIBOR (matching) plus 0.7% to 2.25%) and is payable along with the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs.4,200 million (2020: Rs.4,667 million). The facilities are available upto December 31, 2021.
- 28.3** The Company has foreign / inland bills discounting facility of Rs.150 million (2020: 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 March 31, 2022.
- 28.4** The Company has facilities for short-term running finance / running musharaka aggregating Rs.1,965 million (2020: Rs.1,440 million) from banks. Mark-up is based on rates ranging from 1 month KIBOR plus 0.75% to 1 months KIBOR plus 1.25% per annum (2020: rates ranging from 1 month KIBOR plus 1.25% to 3 months KIBOR plus 0.75% to 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.1,467 million (2020: Rs.1,468 million). These facilities are collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2020: Rs.300 million). These facilities have one year validity on roll over basis and is due for renewal on October 31, 2022.
- 28.5** Represents short term loan from a commercial bank on April 15, 2021. The loan carries mark-up at the rate 3 month KIBOR plus 0.75% per annum and repayable in one year.
- 28.6** The facility for bank guarantees of Rs.10,108 million including sublimit of Rs.1,536 million of running finance (2020: Rs.9,841 million including sublimit of Rs.1,600 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.4,354 million (2020: Rs.3,972 million). The facilities shall be available latest by March 31, 2022.

29. CONTINGENCIES AND COMMITMENTS

29.1 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) The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, passed an order dated December 29, 2020 and created a demand of Rs.7.229 million, including default surcharge and penalty on account of inadmissible input tax claim adjusted against reduced rate as per section 8(1)(j) of the Sales Tax Act, 1990. The Company filed an appeal dated January 12, 2021 under section 45-B of the Sales Tax Act, 1990 with the Commissioner Inland Revenue Appeals -I, Karachi and submitted legal grounds on the input tax claimed. The Commissioner Appeals annulled the order of DCIR and related demand. Being aggrieved by the decision, department has approached Appellant Tribunal Inland Revenue, Karachi, which is pending for hearing. No provision has been made in these financial statements as the management believes that it will have a favourable decision.

29.2 Commitments

Bank guarantees
Letters of credit

2021	2020
(Rupees in thousand)	
7,921,344	7,547,916
4,113,813	663,298

30. SALES - Net

Manufactured goods

Gross sales

- local
- export

Less: sales tax

Trading goods

Gross sales - local

Less: sales tax

17,116,213	13,029,371
1,583	43,501
17,117,796	13,072,872
2,513,951	1,893,059
14,603,845	11,179,813
471,228	729,153
75,580	120,712
395,648	608,441
14,999,493	11,788,254

31. COST OF SALES

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

Note

2021	2020
(Rupees in thousand)	
2,100,456	2,295,343
12,488,548	10,506,469
14,589,004	12,801,812
(1,942,860)	(2,100,456)
12,646,144	10,701,356
763,063	610,217
320,786	546,980
1,083,849	1,157,197
(805,565)	(763,063)
278,284	394,134
12,924,428	11,095,490

31.1	Cost of goods manufactured	Note	2021	2020
			(Rupees in thousand)	
	Raw materials and components consumed	31.2	11,356,243	9,539,407
	Stores consumed		22,202	78,291
	Salaries, wages and other benefits	31.3	280,312	201,607
	Fuel and power		26,983	25,134
	Rent, rates and taxes		5,547	6,357
	Insurance		14,736	20,434
	Research and development		1,993	1,893
	Repair and maintenance		25,716	11,262
	Travelling and entertainment		4,831	7,656
	Vehicle running and maintenance		1,758	683
	Printing, stationery and office supplies		246	703
	Communication		413	460
	Royalty expense	31.4	30,229	29,821
	Warranty obligation		20,759	-
	Outside assembly charges		490,510	375,600
	Depreciation on operating fixed asset	5.2	154,071	145,613
	Depreciation on right of use assets	5.11	2,216	2,064
	Freight and handling		47,901	21,813
	Other expenses		3,116	411
			12,489,782	10,469,209
	Work-in-process adjustment		(1,234)	37,260
			<u>12,488,548</u>	<u>10,506,469</u>
31.2	Raw materials and components consumed			
	Stocks at beginning of year		4,567,106	7,300,167
	Add : purchases including duties, taxes and other charges		10,354,171	6,806,346
			14,921,277	14,106,513
	Stocks at end of year		(3,565,034)	(4,567,106)
			<u>11,356,243</u>	<u>9,539,407</u>
31.3	Salaries, wages and other benefits include Rs.5.50 million (2020: Rs.9.89 million) in respect of staff retirement benefits.			
31.4	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, Thailand.			

32. DISTRIBUTION COST

	Note	2021	2020
		(Rupees in thousand)	
Salaries and benefits	32.1	121,891	86,429
Commission		200,197	208,614
Rent, rates and taxes		19,378	23,622
Insurance		1,117	1,091
Repair and maintenance		3,112	1,636
Utilities		642	1,861
Travelling and entertainment		7,243	11,566
Vehicle running and maintenance		1,941	2,374
Printing, stationery and office supplies		849	6,121
Communication		2,182	1,873
After sale services		33,707	31,695
Advertisement		31,054	33,801
Legal and professional charges		79	325
Late delivery charges		83,748	34,026
Depreciation on operating fixed asset	5.2	7,706	6,958
Depreciation on right of use assets	5.11	14,498	11,313
Freight forwarding and handling		30,099	21,466
Other expenses		10,782	8,979
		<u>570,225</u>	<u>493,750</u>

32.1 Salaries and benefits include Rs.6.96 million (2020: Rs.10.14 million) in respect of staff retirement benefits.

33. ADMINISTRATIVE EXPENSES

	Note	2021	2020
		(Rupees in thousand)	
Salaries and benefits	33.1	231,076	149,582
Staff training and ancillary cost		3,523	3,527
Rent, rates and taxes		2,173	9,502
Insurance		17,764	10,905
Repair and maintenance		11,561	9,649
Utilities		1,168	477
Travelling and entertainment		9,229	18,326
Vehicle running and maintenance		7,680	5,377
Printing, stationery and office supplies		10,524	10,045
Communication		2,728	1,862
Legal and professional charges		6,900	5,761
Fee and subscriptions		3,159	5,398
Depreciation on operating fixed asset	5.2	18,019	16,392
Depreciation on right of use assets	5.11	13,245	13,956
Amortization of intangible assets	6.1	715	124
Amortization / depreciation of investment property	7.1	243	244
Security expenses		13,773	11,182
Other expenses		452	-
		<u>353,932</u>	<u>272,309</u>

33.1 Salaries and benefits include Rs.12.19 million (2020: Rs.11.28 million) in respect of staff retirement benefits.

34. OTHER EXPENSES

	Note	2021	2020
		(Rupees in thousand)	
Auditors' remuneration			
- audit fee		1,000	1,000
- certifications and funds audit fee		405	72
- out of pocket expenses		35	35
		1,440	1,107
Workers' profits participation fund	25.3	39,779	-
Workers' welfare fund		17,738	-
Donation and charities	34.1	10,300	4,935
Exchange loss - net		723	-
Provision for doubtful debts, deposits and advance	13.3, 14 & 15	64,510	16,810
		134,490	22,852

- 34.1** Include donation amounting Rs.4.63 million made to SOS Children Village Pakistan, Rs.5.144 million to Higher Education Commission Department, Azad Jammu & Kashmir (2020: Rs.2.62 million made to Indus Hospital and Rs.2.23 million paid to HED Azad Kashmir). None of the directors or their spouses had any interest in the donees.

35. OTHER INCOME

	Note	2021	2020
		(Rupees in thousand)	
Income from financial assets			
Profit on saving accounts and term deposit receipt		61,188	3,415
Exchange loss - net		-	(47)
Income from other than financial assets			
Gain on sale of operating fixed assets	5.7	6,995	2,207
Commission		3,983	10,986
Scrap sales - net of sales tax		107,839	31,194
Amortization of gain on sale and lease back of fixed assets	24.1	708	458
Rental income		7,145	6,443
		187,858	54,656

36. FINANCE COST

Mark-up / interest on:			
- long term borrowings		1,408	-
- lease finances		10,021	14,494
- finance against imported merchandise		148,551	374,604
- istisna / running finances / murabaha		259,555	542,451
- loan from Subsidiary Company		380	369
- workers' profit participation fund	25.3	-	2,443
Bank charges and others		46,305	36,424
		466,220	970,785

37. TAXATION

Current tax			
- for the year	37.1	255,264	226,810
- for prior year		(29,246)	-
		226,018	226,810
Deferred tax - origination and reversal of temporary differences		(92,175)	43,797
		133,843	270,607

- 37.1** 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.

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

	2021	2020
	(Rupees in thousand)	
Profit / (loss) after taxation	604,213	(1,282,883)
Weighted average ordinary shares outstanding during the year	(Number of shares)	
	42,608,844	42,608,844
	(Rupees)	
Earnings / (loss) per share	14.18	(30.11)

- 38.1** 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.

39. CASH GENERATED FROM OPERATIONS

	Note	2021	2020
		(Rupees in thousand)	
Profit / (loss) before taxation		738,056	(1,012,276)
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- operating fixed assets		179,796	168,963
- right of use assets		29,959	27,333
- intangible assets		715	124
- investment property		243	244
Provision for compensated absences		4,149	3,259
Gain on sale of operating fixed assets		(6,995)	(2,207)
Amortization of gain on sale and lease back of fixed asset		(708)	(458)
Exchange loss - net		723	47
Finance cost		466,220	970,785
Profit on saving accounts and term deposit receipt		(61,188)	(3,415)
Provision for doubtful debts, deposits and advance		64,510	16,810
Provision for gratuity		20,511	19,152
		1,435,991	188,361
Working capital changes - net	39.1	3,344,231	1,013,158
		4,780,222	1,201,519

39.1 Working capital changes

Decrease / (increase) in current assets:

Stores	1,582	(14,141)
Stock-in-trade	1,115,932	2,812,362
Trade debts	(6,867)	(566,992)
Loans and advances	(96,658)	(16,788)
Trade deposits and prepayments	3,431,589	(3,718,094)
Other receivables	4,296	(2,329)
Sales tax refundable / adjustable	(106,528)	228,486
	4,343,346	(1,277,496)
(Decrease) / increase in trade and other payables	(999,115)	2,290,654
	3,344,231	1,013,158

40. CASH AND CASH EQUIVALENTS

Cash and bank balances	17	731,461	340,906
Short term borrowings	28	(2,853,028)	(6,518,396)
		(2,121,567)	(6,177,490)

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Director		Executives	
	2021	2020	2021	2020	2021	2020
Note 41.3						
(Rupees in thousand)						
Managerial remuneration and allowances	60,000	60,000	25,005	31,500	111,883	78,318
Bonus	20,000	-	10,750	-	51,216	-
Retirement benefit	5,000	5,000	2,084	2,688	10,499	7,387
Others including bonus	-	-	-	-	6,018	4,976
	<u>85,000</u>	<u>65,000</u>	<u>37,839</u>	<u>34,188</u>	<u>179,616</u>	<u>90,681</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>46</u>	<u>30</u>

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

41.2 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.6.1 million (2020: Rs.3.50 million).

41.3 Represents remuneration of a Director till date of retirement i.e. April 10, 2021.

42. 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	2021	2020
		(Rupees in thousand)	
(i) Subsidiary Company			
Marghzar Industries (Private) Limited	Financial charges	380	369
	Reimbursement of expenses	310	297
(ii) Associated Companies / Undertaking			
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	148,958	125,815
	Sale of parts	-	335
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	588,843	439,452
	Purchase of vehicle	2,540	-
	Sales of parts	621	183
	Rental income	3,572	3,221
	Re-imbursement of expenses	638	444
Rehman Cotton Mills Limited (Common Directorship)	Re-imbursement of expenses	1,800	1,800
Gammon Pakistan Limited (Common Directorship)	Rent paid	3,000	3,000
	Re-imbursement of expenses	-	34
Ghandhara DF (Private) Limited (Common Directorship)	Purchase of parts	4	6
	Rental income	3,573	3,221
Janana De Malucho Textile Mills Limited (Common Directorship)	Re-imbursement of expenses	2,235	2,058
	Sale of pickup truck	-	6,135
(iii) Other related parties			
Gratuity fund	Contribution paid	20,192	18,866
Provident fund	Contribution paid	-	8,896
Key management personnel	Remuneration, bonus and other benefits	213,783	138,560
	Sale of pick up truck	1,316	12,887

43. 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 have not been given.

44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

44.1 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	-	-	-	1,368	1,317	2,685	2,685
Deposits	-	-	-	828,849	25,215	854,064	854,064
Trade debts	-	-	-	580,945	-	580,945	580,945
Other receivables	-	-	-	4,244	-	4,244	4,244
Cash and bank balances	308,429	-	308,429	423,032	-	423,032	731,461
June 30, 2021	308,429	-	308,429	1,838,438	27,932	1,866,370	2,174,799
June 30, 2020	47,874	-	47,874	5,202,275	27,095	5,229,370	5,277,244
Financial liabilities as per balance sheet							
At amortised cost							
Long term loan	-	-	-	90,977	51,900	142,877	142,877
Trade and other payables	-	-	-	1,346,176	-	1,346,176	1,346,176
Accrued mark-up / interest	-	-	-	101,703	-	101,703	101,703
Short term borrowings	2,853,028	-	2,853,028	-	-	-	2,853,028
Liabilities against assets subject to finance lease	31,455	71,460	102,915	-	-	-	102,915
June 30, 2021	2,884,483	71,460	2,955,943	1,538,856	51,900	1,590,756	4,546,699
June 30, 2020	6,547,806	66,237	6,614,043	1,612,525	-	1,612,525	8,226,568
On Balance Sheet Gap							
June 30, 2021	(2,576,054)	(71,460)	(2,647,514)	299,582	(23,968)	275,614	(2,371,900)
June 30, 2020	(6,499,932)	(66,237)	(6,566,169)	3,589,750	27,095	3,616,845	(2,949,324)
Off Balance Sheet							
Letters of credit							4,113,813
Letters of guarantee							7,921,344
					June 30, 2021		12,035,157
					June 30, 2020		8,211,214

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

44.2 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 aggregated to Rs.2,237.81 million (2020: Rs.5,273.19 million).

The Company believes 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 44.1 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, 2021, payables and receivables exposed to foreign exchange risk are Rs.46.72 million (2020: Rs.44.19 million) and Nil (2020: Rs.0.23 million) respectively. The liability and receivable are denominated in Japanese Yen / US Dollars.

At June 30, 2021, if Pak Rupee had weakened / strengthened by 9% (2020:13%) 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.4.2 million and Nil (2020: Rs.0.024 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, 2021, the Company's interest

bearing financial liabilities of Rs.3,098.82 million (2020: Rs.6,614.04 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.30.98 million (2020: Rs.64.14 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.

44.3 Price risk

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

44.4 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.

45. 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:

	2021	2020
	(Rupees in thousand)	
Total borrowings	3,098,820	6,614,043
Cash and bank balances	(731,461)	(340,906)
Net debt	2,367,359	6,273,137
Total Equity	5,674,951	5,074,659
Total Capital	8,042,310	11,347,796
Gearing ratio	29%	55%

46. 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, 2021 are located in Pakistan.
- (b) Export sales are made to Republic of Mauritius. Result of the Company's revenue from external customers in Pakistan is Rs.14,997.91 million (2020: Rs.11,744.75 million) and total revenue from external customers from other countries is Rs.1.583 million (2020: Rs.43.501 million).
- (c) Sale to one party aggregating Rs.2,689.86 million account for 17.93% of net sales.

47. NUMBER OF EMPLOYEES

The number of employees (including contractual employee) at June 30, 2021 were 681 (2020: 621) and average number of employees during the year were 665 (2020: 616).

48. SHAHRIAH SCREENING DISCLOSURE

	2021		2020	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	(Rupees in thousand)			
Bank balances	338,095	393,705	168,925	171,562
Accrued mark-up	76,898	24,805	119,888	109,894
Long term loans	142,877	-	-	-
Short term borrowings	1,680,873	1,172,155	3,448,751	3,069,645
Revenue	-	14,999,493	-	11,788,254
Other income				
a) Profit on saving accounts and term deposit receipts	57,551	3,637	2,042	1,373
b) Others	-	126,670	-	51,241
Mark-up / interest expense	219,740	200,175	488,277	446,084

49. 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.

50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2021 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

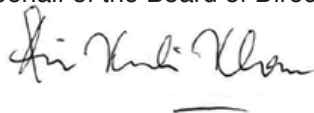
The Directors are pleased to present their report together with consolidated financial statements of Ghandhara Industries Limited and its subsidiary Marghazar Industries (Pvt.) Limited for the year ended June 30, 2021.

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 28, 2021

اجتماعی مالیاتی گوشواروں پر ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے لیے گندھارا انڈسٹریز لمیٹڈ اور اس کے ماتحت ادارے مرغزار انڈسٹریز (پرائیویٹ) لمیٹڈ کے مشترکہ مالی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے انٹرنیشنل فنانشل اسٹینڈرڈز 10 (کنسلڈیٹڈ فنانشل سٹائمٹس) کے تقاضوں کے مطابق اپنے اسٹینڈالون مالیاتی گوشواروں کے ساتھ اجتماعی مالیاتی گوشواروں کو ضم کیا ہے۔

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

مالیاتی گوشواروں پر تفصیلی رپورٹ کے لیے، گندھارا انڈسٹریز لمیٹڈ کے آڈٹ شدہ مالیاتی گوشواروں پر ڈائریکٹرز رپورٹ سے رجوع کیا جاسکتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



احمد قلی خان خٹک
چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کی جانب سے



لیفٹیننٹ جنرل (ر) علی قلی خان خٹک
چیئر مین

کراچی

تاریخ: 28 ستمبر، 2021

Independent Auditors' Report on 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, 2021, 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, 2021, 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 Matter(s)

Key audit matter(s) 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 is the Key Audit Matter:

S.No. Key Audit Matter

1. Revenue recognition

Refer note 4.7 and 11 to the consolidated financial statements, the Group has stock-in-trade aggregating Rs.6,431,131 thousand (2020: Rs.7,547,063 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 43.15% of the total assets of the Group as at June 30, 2021 and determining an appropriate valuation as a result of net realizable value (NRV) involves management judgement and estimation.

How the matter was addressed in our audit

Our audit procedures in respect of this area included:

- Observed / attended physical inventory count procedures and compared physical count results with valuations sheets on a sample basis;
- Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;
- On a sample basis, obtained supporting documents relating to stock in transit for assessing its valuation;
- 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
- We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017 (XIX of 2017).

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 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 28, 2021

Consolidated Financial Statements

For the year ended June 30, 2021

Consolidated Statement of Financial Position

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,321,244	4,453,947
Intangible assets	6	3,082	136
Investment property	7	87,926	88,169
Long term loans	8	1,317	1,957
Long term deposits	9	25,215	23,738
Deferred taxation - net	10	96,249	2,473
		4,535,033	4,570,420
Current assets			
Stores		20,887	22,469
Stock-in-trade	11	6,431,131	7,547,063
Trade debts	12	580,945	638,588
Loans and advances	13	247,205	150,547
Trade deposits and prepayments	14	829,339	4,260,928
Other receivables	15	4,244	9,263
Accrued mark-up		241	-
Sales tax refundable / adjustable		268,831	162,303
Taxation - net		1,253,790	1,225,549
Cash and bank balances	16	731,461	340,906
		10,368,074	14,357,616
Total assets		14,903,107	18,928,036



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, 2021

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	426,088	426,088
Revenue reserves			
Unappropriated profit		1,510,167	898,109
Capital reserve			
Surplus on revaluation of fixed assets	18	3,739,787	3,751,466
Equity attributable to shareholders of the Holding Company		5,676,042	5,075,663
Non - controlling interest		5	5
Total equity		5,676,047	5,075,668
Non current liabilities			
Lease liabilities	19	71,460	66,237
Long term borrowings	20	51,900	-
Deferred income - government grant	21	1,256	-
Compensated absences	22	18,954	15,802
Deferred liabilities	23	27,326	21,425
		170,896	103,464
Current liabilities			
Trade and other payables	24	5,871,169	6,870,384
Unpaid dividends	25	78,959	78,959
Unclaimed dividends		21,609	21,973
Accrued mark-up / interest	26	101,703	229,782
Short term borrowings	27	2,853,028	6,518,396
Current maturity of lease liabilities	19	31,455	29,410
Current portion of long term borrowings	20	90,977	-
Current portion of deferred income - government grant	21	7,264	-
		9,056,164	13,748,904
Total liabilities		9,227,060	13,852,368
Contingencies and commitments	28		
Total equity and liabilities		14,903,107	18,928,036

The annexed notes from 1 to 49 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, 2021

	Note	2021	2020
		(Rupees in thousand)	
Sales - net	29	14,999,493	11,788,254
Cost of sales	30	(12,924,428)	(11,095,490)
Gross profit		2,075,065	692,764
Distribution cost	31	(570,225)	(493,750)
Administrative expenses	32	(354,177)	(272,581)
Other expenses	33	(134,490)	(22,882)
Other income	34	187,858	54,656
Profit / (loss) from operations		1,204,031	(41,793)
Finance cost	35	(465,840)	(970,416)
Profit / (loss) before taxation		738,191	(1,012,209)
Taxation	36	(133,891)	(270,626)
Profit / (loss) after taxation		604,300	(1,282,835)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(5,522)	(1,040)
Impact of deferred tax		1,601	302
		(3,921)	(738)
Surplus on revaluation of fixed assets		-	1,751,086
Impact of deferred tax		-	(41,190)
		-	1,709,896
Other comprehensive (loss) / income for the year - net of tax		(3,921)	1,709,158
Total comprehensive income for the year		600,379	426,323
		(Rupees)	
Basic and diluted earnings / (loss) per share	37	14.18	(30.11)

The annexed notes from 1 to 49 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, 2021

	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, 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
Transaction with owners, recognised directly in equity					
Total comprehensive income for the year ended June 30, 2021					
Profit for the year	-	604,300	-	604,300	-
Other comprehensive loss	-	(3,921)	-	(3,921)	-
	-	600,379	-	600,379	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred taxation	-	11,679	(11,679)	-	-
Balance as at June 30, 2021	426,088	1,510,167	3,739,787	5,676,042	5

The annexed notes from 1 to 49 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, 2021

	Note	2021	2020
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	4,779,877	1,201,175
Gratuity paid		(20,192)	(18,866)
Compensated absences paid		(997)	(502)
Finance cost paid		(583,898)	(922,593)
Income tax paid - net		(254,307)	(534,208)
Long term loans - net		640	1,682
Long term deposits - net		(1,477)	(1,790)
Net cash generated from / (used in) operating activities		3,919,646	(275,102)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(49,205)	(83,372)
Purchase of intangible asset		(3,661)	-
Sale proceeds from disposal of operating fixed assets		23,885	8,223
Interest received		60,947	3,415
Net cash generated from / (used in) investing activities		31,966	(71,734)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings - obtained		201,863	-
Long term borrowings - repaid		(50,466)	-
Lease rentals paid		(46,722)	(34,303)
Dividend paid		(364)	(178)
Net cash generated from / (used in) financing activities		104,311	(34,481)
Net increase / (decrease) in cash and cash equivalents		4,055,923	(381,317)
Cash and cash equivalents at beginning of the year		(6,177,490)	(5,796,173)
Cash and cash equivalents at end of the year	39	(2,121,567)	(6,177,490)

The annexed notes from 1 to 49 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, 2021

1. CORPORATE INFORMATION

1.1 The Group consists of Ghandhara Industries Limited (the Holding Company) and 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. Ghandhara Industries Limited holds 140,000 ordinary shares representing 99.79% of the total capital.

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; 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 Pakistani 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 on July 1, 2020:

- (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 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. 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. 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) Amendment 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 other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 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, 2020 and have not been early adopted by the Group:

- (a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' are 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. The amendments are not expected to have material impact on the Group's financial statements.
- (b) Annual improvements 2018 are applicable for annual periods beginning on or after January 1, 2022. These amendments include changes from 2018-2020 cycle of annual improvements project that mainly affect following standards:
 - (i) Amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards', simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS later than its parent – i.e. if a subsidiary adopts IFRS later than its parent and applies, then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS.
 - (ii) Amendment to IFRS 9 'Financial Instruments', clarifies that – for the purpose of performing the '10 percent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - (iii) Amendment to IFRS 16 'Leases' Illustrative Example 13, removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
 - (iv) Amendment to IAS 41 'Agriculture', removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 'Fair Value Measurement'.

- (c) Amendment to IAS 16 'Property, Plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendment prohibits a company 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 company will recognise such sales proceeds and related cost in the statement of profit or loss. The amendment applies 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.
- (d) Amendment 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 amendment, the requirement for a right to be unconditional has been removed and instead, the amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- (e) Amendment to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendment includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- (f) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 'Financial Instruments'; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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 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 4.20)

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 statement of 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 up to 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 statement of 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 the statement of profit or loss, in which case the increase is credited to the statement of 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 the statement of 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 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 the statement of 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 the statement of 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.

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 statement of 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, 2021.

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 had operated defined contribution plan (i.e. recognised provident fund scheme) for all its permanent employees. The Company and the employees made equal monthly contributions to the fund at the rate of 8.33% of the basic salary. The assets of the fund were held separately under the control of trustees. The Company during the preceding year had 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 Government grants

Government grants are recognized where there is a reasonable assurance that the grant will be received and the Group will comply with all conditions of the grant. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.17 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 the statement of profit or loss.

4.18 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 statement of 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.

4.19 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.

4.20 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.

4.21 Dividend and appropriation to reserves

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

4.22 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 statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

4.23 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 Holding Company by weighted average numbers of ordinary shares outstanding during the year.

4.24 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	2021	2020
		(Rupees in thousand)	
Operating fixed assets	5.1	4,164,612	4,319,229
Capital work-in-progress	5.8	64,082	56,178
Right of use assets	5.10	92,550	78,540
		<u>4,321,244</u>	<u>4,453,947</u>

5.1 Operating fixed assets

At July 1, 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

Year ended June 30, 2021

Opening net book value

Additions

Disposals

- cost
- accumulated depreciation

Transfer from right of use asset

- cost
- accumulated depreciation

Transfer to right of use asset
- cost
- accumulated depreciation

Depreciation charge

Closing net book value

At June 30, 2021

Revaluation / cost
Accumulated depreciation

Net book value

Annual rates of depreciation

Leasehold land	OWNED								Leased Cars	Total
	Buildings on leasehold land	Plant and machinery	Permantent tools	Furniture and fixture	Motor vehicles/ trucks	Office machines & equipment	Computers	Jigs and special tools		
(Rupees in 000')										
1,798,350	390,724	190,428	23,583	12,059	165,021	27,939	23,116	331,455	82,758	3,045,433
-	41,925	39,544	4,629	3,686	102,194	13,248	12,362	117,393	28,874	363,855
1,798,350	348,799	150,884	18,954	8,373	62,827	14,691	10,754	214,062	53,884	2,681,578
1,798,350	348,799	150,884	18,954	8,373	62,827	14,691	10,754	214,062	53,884	2,681,578
-	44,375	3,997	2,696	831	36,283	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)
-	20,620	18,894	2,748	794	20,480	2,489	3,389	99,549	-	168,963
3,407,400	514,590	135,987	18,902	8,410	73,412	14,649	9,618	136,261	-	4,319,229
3,407,400	577,135	194,425	26,279	12,890	193,106	30,386	25,369	353,203	-	4,820,193
-	62,545	58,438	7,377	4,480	119,694	15,737	15,751	216,942	-	500,964
3,407,400	514,590	135,987	18,902	8,410	73,412	14,649	9,618	136,261	-	4,319,229
3,407,400	514,590	135,987	18,902	8,410	73,412	14,649	9,618	136,261	-	4,319,229
-	5,357	18,879	8,264	424	6,026	723	6,273	1,028	-	46,974
-	-	-	-	-	30,429	-	2,672	-	-	33,101
-	-	-	-	-	(14,436)	-	(2,543)	-	-	(16,979)
-	-	-	-	-	15,993	-	129	-	-	16,122
-	-	-	-	-	35,359	-	-	-	-	35,359
-	-	-	-	-	(35,297)	-	-	-	-	(35,297)
-	-	-	-	-	62	-	-	-	-	62
-	-	-	-	-	5,880	-	-	-	-	5,880
-	-	-	-	-	(145)	-	-	-	-	(145)
-	-	-	-	-	5,735	-	-	-	-	5,735
-	26,591	19,927	3,698	865	20,977	2,612	3,810	101,316	-	179,796
3,407,400	493,356	134,939	23,468	7,969	36,795	12,760	11,952	35,973	-	4,164,612
3,407,400	582,492	213,304	34,543	13,314	198,182	31,109	28,970	354,231	-	4,863,545
-	89,136	78,365	11,075	5,345	161,387	18,349	17,018	318,258	-	698,993
3,407,400	493,356	134,939	23,468	7,969	36,795	12,760	11,952	35,973	-	4,164,612
-	-	5%	10%	12.50%	6.25%	20%	12.50%	20%	33%	20%

5.2 Depreciation charge has been allocated as follows:

	Note	2021	2020
(Rupees in thousand)			
Cost of goods manufactured	30.1	154,071	145,613
Distribution cost	31	7,706	6,958
Administrative expenses	32	18,019	16,392
		<u>179,796</u>	<u>168,963</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 43.4.

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.3,897.610 million (2020: Rs.3,918.584 million) remains un-depreciated as at June 30, 2021.

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.180.833 million (2020: Rs.185.62 million).

5.6 Operating fixed assets include certain plant and machinery, permanent tools and jigs & special tools with cost aggregating Rs.406.443 million (2020: Rs.460.835 million) and net book value of Rs.71.453 million (2020: Rs.227.677 million) which are held by Ghandhara Nissan Limited - a related party as these fixed assets are used for assembling of the Holding 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	Gain	Deferred Gain	Net gain on disposal	Mode of disposal	Particulars of buyers
(Rupees in 000')									
Item having book value more than Rs. 500,000 each									
Motor Vehicle	6,706	447	6,259	6,555	296	(296)	-	Sale and lease back	Orix Modaraba
Motor Vehicle	6,201	496	5,705	5,705	-	-	-	Negotiation	Ms. Mehwish, Block 17, Gulistan-e-Johar, Karachi.
Motor Vehicle	4,530	1,510	3,020	4,700	1,680	-	1,680	Negotiation	Ms. Mehreen Furqan, Street 33, D.H.A, Phase 7, Lahore.
	<u>17,437</u>	<u>2,453</u>	<u>14,984</u>	<u>16,960</u>	<u>1,976</u>	<u>(296)</u>	<u>1,680</u>		
Item having book value less than Rs. 500,000 each	15,664	14,526	1,138	6,453	5,315	-	5,315	Various	Various
June 30, 2021	<u>33,101</u>	<u>16,979</u>	<u>16,122</u>	<u>23,413</u>	<u>7,291</u>	<u>(296)</u>	<u>6,995</u>		
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>		

5.8 Capital work in progress

	Note	2021	2020
(Rupees in thousand)			
Advances made for:			
- Buildings on leasehold land		2,807	8,163
- Plant and machinery		51,239	44,214
- Furniture and fixture		383	-
- Vehicles	5.9	8,003	-
- Computer software		1,650	3,801
		<u>64,082</u>	<u>56,178</u>

5.9 Include Rs.2.54 million paid to Ghandhara Nissan Limited - a related party against purchase of vehicle.

5.10	Right of use assets	Note	2021	2020
			(Rupees in thousand)	
	Net book value at beginning of the year		78,540	-
	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 - net		43,969	19,609
	Depreciation charged during the year	5.11	(29,959)	(27,333)
	Net book value at end of the year		92,550	78,540

5.11 Depreciation expense relating to right of use asset - properties of Rs.2.216 million (2020: Rs.2.064 million) has been charged in 'Cost of sales', Rs.14.498 million (2020: Rs.11.313 million) in 'Distribution cost' and Rs.13.245 million (2020: Rs.13.956 million) in 'Administrative expenses'.

6.

INTANGIBLE ASSETS

Note

2021

2020

(Rupees in thousand)

These represent computer software licenses.

Cost

At beginning of the year

2,130

2,130

Addition during the year

3,661

-

At June 30

5,791

2,130

Accumulated amortization

At beginning of the year

1,994

1,870

Add: charge for the year

715

124

At June 30

2,709

1,994

Net book value

3,082

136

Annual rate of amortization

20%

20%

6.1

6.1 Amortization charge for the year has been grouped under administrative expenses (note 32).

7. INVESTMENT PROPERTY

	Leasehold land	Buildings on leasehold land	Total
	(Rupees in thousand)		
At July 1, 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

	Leasehold land	Buildings on leasehold land	Total
	(Rupees in thousand)		
Year ended June 30, 2021			
Opening net book value	88,161	8	88,169
Amortization / depreciation charge	243	-	243
Closing net book value	87,918	8	87,926
At June 30, 2021			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	9,474	408	9,882
Net book value	87,918	8	87,926
Amortization / depreciation rate - per annum	0.25%	2.5%	

7.1 Amortization / depreciation charge for the year has been grouped under administrative expenses (note 32).

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. This investment property is occupied by Squatters. The management is in the process of finding ample solution for the property.

8. LONG TERM LOANS - Secured, considered good

Note	2021	2020
	(Rupees in thousand)	
Loans due from:		
Related parties - Key Management Personnel	-	110
Other employees	2,685	3,656
	2,685	3,766
Less: amounts recoverable within one year and grouped under current assets		
Related parties - Key Management Personnel	-	110
Other employees	1,368	1,699
	1,368	1,809
	1,317	1,957

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.0.08 million (2020: Rs.0.44 million).

9. LONG TERM DEPOSITS - Considered good

Deposits held with / for:

- Leasing companies
- Utilities and rental agreements
- Others

2021	2020
(Rupees in thousand)	
11,663	13,599
9,937	8,587
3,615	1,552
25,215	23,738

10. 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
- provision for warranty
- unabsorbed tax depreciation
- others

2021	2020
(Rupees in thousand)	
6,707	(16,564)
(86,047)	(90,817)
3,006	4,961
375	358
7,550	5,856
16,680	-
30,558	11,861
6,020	-
109,713	85,131
1,687	1,687
96,249	2,473

- 10.1** As at June 30, 2021, the Holding Company has unused tax losses aggregating Rs.897.933 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

2021	2020
(Rupees in thousand)	
2,946,064	4,170,587
618,970	396,519
3,565,034	4,567,106
117,672	116,438
1,942,860	2,100,456
805,565	763,063
6,431,131	7,547,063

- 11.1** Stock-in-trade includes stock of Rs.3,512.51 million (2020: Rs.3,641.64 million) held with third parties out of which stock of Rs.3,121.77 million (2020: Rs.3,210.75 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

Considered doubtful - others

Less: provision for expected credit losses

2021	2020
(Rupees in thousand)	
147,903	1,287
431,904	637,301
579,807	638,588
71,792	7,950
651,599	646,538
70,654	7,950
580,945	638,588

12.3

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

	2021	2020	2021	2020
	Associated Company		Others	
	(Rupees in thousand)			
Upto 30 days	-	-	161,824	164,457
31 - 180 days	-	-	95,439	147,578
Over 180 days	-	-	394,336	334,503
	-	-	651,599	646,538

- 12.2** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Nil (2020: Nil).

12.3 Provision for expected credit loss

Note

2021	2020
(Rupees in thousand)	
7,950	3,242
62,704	4,708
<u>70,654</u>	<u>7,950</u>

Balance at beginning of the year

Provision made during the year

Balance at end of the year

13. LOANS AND ADVANCES - Unsecured

Considered good

Current portion of long term loans to employees

Advances due from:

- employees

- suppliers, contractors and others

8

13.1

1,368	1,809
3,091	5,537
242,746	143,201
245,837	148,738
3,965	5,274
3,965	5,274
-	-
<u>247,205</u>	<u>150,547</u>

Considered doubtful

Advance to suppliers

Less: provision for doubtful advances

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

14. TRADE DEPOSITS AND PREPAYMENTS

2021	2020
(Rupees in thousand)	
193,602	192,659
27,052	25,112
166,550	167,547
662,420	4,092,366
330	330
662,090	4,092,036
209	-
490	1,345
<u>829,339</u>	<u>4,260,928</u>

Tender deposits

Less: provision for expected credit losses

Margins against bank guarantees

Less: provision for doubtful margin deposit

Margin against letters of credit

Prepayments

15. OTHER RECEIVABLES - Unsecured

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

16. CASH AND BANK BALANCES

Note

2021	2020
(Rupees in thousand)	
1,894	2,652
369,329	292,571
308,429	47,874
54,000	-
42	42
731,800	340,487
2,233	2,233
<u>731,461</u>	<u>340,906</u>

Cash in hand

Cash with banks on / as:

- current accounts

- saving accounts

- term deposit receipt

- foreign currency accounts

16.1

16.2

16.3

16.4

Less: provision for a doubtful bank account

- 16.1** Saving accounts carry mark-up ranging from 3.25% to 3.56% (2020: 2.46% to 2.61%) per annum.
- 16.2** Term deposit receipt (TDR) has maturity of 30 days from date of acquisition. This TDR carries mark-up at rate of 4.65% per annum.
- 16.3** 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 (2020: JPY 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million).
- 16.4** This represents provision made against balances held with Indus Bank Limited under liquidation.

17. SHARE CAPITAL

17.1 Authorized capital

2021	2020		2021	2020
(No. of shares)			(Rupees in thousand)	
100,000,000	100,000,000	Ordinary shares of Rs.10 each	1,000,000	1,000,000

17.2 Issued, subscribed and paid-up capital

2021	2020			
(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>

- 17.3** At June 30, 2021 and June 30, 2020 Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (2020: 16,686,794) ordinary shares of Rs.10 each.

- 17.4** Ordinary shares held by related parties other than the ultimate Holding Company as at June 30

	2021	2020
	(Number of shares)	
Gandhara 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>

- 17.5** 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 Holding Company's residual assets.

18. SURPLUS ON REVALUATION OF FIXED ASSETS

Note

		2021	2020
		(Rupees in thousand)	
Balance at the beginning of the year		3,842,283	2,102,452
Add: surplus arisen on revaluation carried-out during the year	5.3	-	1,751,086
Less: transferred to unappropriated profit on account of incremental depreciation for the year		16,449	11,255
		3,825,834	3,842,283
Less: related deferred tax of:			
- opening balance		90,817	52,891
- revaluation exercise for the year		-	41,190
- incremental depreciation for the year		(4,770)	(3,264)
closing balance		86,047	90,817
Balance at end of the year		3,739,787	3,751,466

19. LEASE LIABILITIES

Balance at beginning of the year		95,647	65,180
Impact of initial application of IFRS 16	19.1	-	32,380
Additions / net transfers during the year		43,969	17,896
Interest accrued		10,021	14,494
Repaid / adjusted during the year		(46,722)	(34,303)
	19.2	102,915	95,647
Current portion grouped under current liabilities		(31,455)	(29,410)
Balance at end of the year		71,460	66,237

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

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 Company. The rates of financial charges applied, during the year, ranged from 8.86% to 15.25% (2020: 8.85% to 17.59%) 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.

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:

	2021			2020		
	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	40,035	8,580	31,455	35,570	6,160	29,410
Later than one year but not later than five years	79,342	7,882	71,460	73,044	6,807	66,237
Total minimum lease payments	119,377	16,462	102,915	108,614	12,967	95,647

20. LONG TERM BORROWINGS

	Note	2021	2020
		(Rupees in thousand)	
Loan under refinance scheme for payment of wages and salaries	20.1	151,397	-
Adjustment pertaining to fair value of loan at below market interest rate	20.2	(8,520)	-
		142,877	-
Current maturity		(90,977)	-
		51,900	-

- 20.1** This represents long term loan amounting Rs.201.863 million received from The Bank Of Punjab under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. The facility is secured against first exclusive hypothecation charge over specific plant & machinery of the Holding Company with 25% margin limited to Rs.269,151 thousands. Mark-up is chargeable at 1.0% per annum and to be paid at the end of each quarter. The principal is repayable in eight quarterly instalments starting from March 2021. The Holding Company during the year repaid Rs.50.46 million.

20.2 Adjustment pertaining to fair value of loan at below market interest rate

	2021	2020
	(Rupees in thousand)	
Difference of fair value of loan and loan received	17,222	-
Less: amortization of loan	8,702	-
	8,520	-

21. DEFERRED INCOME - GOVERNMENT GRANT

Grant recognized on loan at below market interest rate	17,222	-
Released to statement of profit or loss	(8,702)	-
	8,520	-
Current portion	(7,264)	-
	1,256	-

- 21.1** The Group recognized government grant on below market interest loan received - (note 20.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

22. COMPENSATED ABSENCES

	Note	2021	2020
		(Rupees in thousand)	
Balance at beginning of the year		15,802	13,045
Provision for the year		4,149	3,259
		19,951	16,304
Encashed during the year	22.1	(997)	(502)
Balance at end of the year		18,954	15,802

- 22.1** Includes liability in respect of key management personnel aggregating to Rs.6.84 million (2020: Rs.5.74 million).

23. DEFERRED LIABILITIES

Note

2021**2020**

(Rupees in thousand)

Gain on sale and lease back of fixed assets

23.1

1,293

1,233

Staff retirement benefit - gratuity

23.2.4

26,033

20,192

27,326

21,425

23.1 Gain on sale and lease back of fixed assets

Balance at beginning of the year

1,233

893

Add: vehicle sale and lease back during the year

768

798

Less: amortization for the year

708

458

Balance at end of the year

1,293

1,233

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.

23.2 Staff retirement benefit - gratuity

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

23.2.2 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.

23.2.3 The latest actuarial valuations of the Scheme as at June 30, 2021 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:

23.2.4 Statement of financial position - reconciliation**2021****2020**

(Rupees in thousand)

Present value of defined benefit obligation

156,346

127,076

Fair value of plan assets

(130,313)

(106,884)

26,033

20,192

23.2.5 Movement in the present value of defined benefit obligation

Balance at beginning of the year

127,076

98,571

Current service cost

19,653

16,959

Interest cost

10,592

13,898

Re-measurements

3,952

(273)

Benefits paid

(4,927)

(2,079)

Balance at end of the year

156,346

127,076

23.2.6 Movement in the fair value of plan assets

Balance at beginning of the year

106,884

79,705

Contributions

20,192

18,866

Benefits paid

(4,927)

(2,079)

Interest income

9,734

11,705

Re-measurements

(1,570)

(1,313)

Balance at end of the year

130,313

106,884

23.2.7 Expense recognised in statement of profit or loss

Current service cost
Interest cost - net

2021	2020
(Rupees in thousand)	
19,653	16,959
858	2,193
<u>20,511</u>	<u>19,152</u>

23.2.8 Re-measurement recognised in other comprehensive income

Re-measurement loss on plan assets
Experience adjustments

1,570	1,313
3,952	(273)
<u>5,522</u>	<u>1,040</u>

23.2.9 Plan assets comprise of:

Term deposit receipts including accrued mark-up
Cash and cash equivalent

125,289	90,391
5,024	16,493
<u>130,313</u>	<u>106,884</u>

23.2.10 Actuarial assumptions used

Discount rate
Expected rate of increase in future salaries
Mortality rates (for death in service)

(% per annum)	
10.00	8.50
9.00	7.50
SLIC	SLIC
2001-2005	2001-2005

23.2.11 Sensitivity analysis for actuarial assumptions

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

Impact on defined benefit obligation			
Change in assumption		Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1.00%	<u>142,954</u>	<u>170,993</u>
Increase in future salaries	1.00%	<u>170,990</u>	<u>142,952</u>

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.

23.2.12 Based on actuary's advice, the expected charge for the year ending June 30, 2022 amounts to Rs.26.058 million.

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

23.2.14 Historical information	2021	2020	2019	2018	2017
	(Rupees in thousand)				
Present value of defined benefit obligation	156,346	127,076	98,571	79,626	44,592
Experience adjustment	3,952	(273)	506	16,676	1,934

23.2.15 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, 2021	4,529	9,589	21,972	310,518	346,608

24. TRADE AND OTHER PAYABLES

	Note	2021	2020
		(Rupees in thousand)	
Creditors		615,922	452,497
Accrued liabilities		171,226	185,267
Contract liabilities - advances from customers	24.1	4,476,854	5,454,130
Advance against sale of investment in immovable property		5,000	5,000
Royalty payable		46,720	44,190
Retention money		20	20
Withholding tax		27,928	30,938
Provision for additional custom duty and others		391,607	537,594
Provision for warranty		20,759	-
Due to related parties	24.2	38,581	145,672
Workers' Profit Participation Fund	24.3	39,779	-
Workers' Welfare Fund		17,738	-
Others		19,035	15,076
		5,871,169	6,870,384

24.1 These represent advances from customers against sale of vehicle and carry no mark-up. Revenue aggregating Rs.4,877.05 million has been recognised for preceding year contract liabilities - advance from customers.

24.2 Due to related parties

	2021	2020
	(Rupees in thousand)	
Ghandhara Nissan Limited	19,324	93,745
The General Tyre & Rubber Company of Pakistan Limited	12,519	39,959
Rahman Cotton Mills Limited	900	5,400
Waqf-e-Kuli Khan	5,818	5,818
Ghandhara DF (Private) Limited	20	750
	38,581	145,672

24.3 Workers' profit participation fund

Balance at beginning of the year	-	7,413
Add: allocation for the year	39,779	-
Add: interest on funds utilised in the Company's business	-	2,443
	39,779	9,856
Less: payments made during the year	-	9,856
Balance at end of the year	39,779	-

- 25.** Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Private) 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.

26. ACCRUED MARK-UP / INTEREST

Note

Mark-up / interest accrued on:

- short term borrowings - secured
- long term loans - unsecured

	2021	2020
	(Rupees in thousand)	
	95,781	225,268
	5,922	4,514
	<u>101,703</u>	<u>229,782</u>

27. SHORT TERM BORROWINGS - Secured

Finance against imported merchandise
Istisna
Murabaha
Running finance / Musharakah
Short term loan

27.1	244,523	2,691,056
27.2	570,000	2,396,073
27.2	602,155	10,313
27.4	1,236,350	1,420,954
27.5	200,000	-
	<u>2,853,028</u>	<u>6,518,396</u>

- 27.1** The Holding Company has arranged facilities aggregating Rs.8,625 million (2020: Rs.9,807 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.4,150 million (2020: Rs.4,650 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 1.50% per annum (2020: at rate ranging from Matching KIBOR plus 0.5% 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 (2020: at rate ranging from matching KIBOR plus 0.70% to 1.2% per annum). These facilities are maturing on various dates latest by October 31, 2022.
- 27.2** The Istisna facility of Rs.1,650 million (2020: Rs.2,582 million) with a tenor of 180 days (2020: 180 days) and Murabaha facility of Rs.1,750 million (2020: Rs.2,232 million) are available from Banks. Profit on both facilities ranges from KIBOR (matching) plus 0.7% to 1.5% (2020: KIBOR (matching) plus 0.7% to 2.25%) and is payable along with the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs.4,200 million (2020: Rs.4,667 million). The facilities are available upto December 31, 2021.
- 27.3** The Holding Company has foreign / inland bills discounting facility of Rs.150 million (2020: 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 March 31, 2022.
- 27.4** The Holding Company has facilities for short-term running finance / running musharaka aggregating Rs.1,965 million (2020: Rs.1,440 million) from banks. Mark-up is based on rates ranging from 1 month KIBOR plus 0.75% to 1 months KIBOR plus 1.25% per annum (2020: rates ranging from 1 month KIBOR plus 1.25% to 3 months KIBOR plus 0.75% to 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.1,467 million (2020: Rs.1,468 million). These facilities are collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2020: Rs.300 million). These facilities have one year validity on roll over basis and is due for renewal on October 31, 2022.
- 27.5** Represents short term loan from a commercial bank on April 15, 2021. The loan carries mark-up at the rate 3 month KIBOR plus 0.75% per annum and repayable in one year.

- 27.6** The facility for bank guarantees of Rs.10,108 million including sublimit of Rs.1,536 million of running finance (2020: Rs.9,841 million including sublimit of Rs.1,600 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.4,354 million (2020: Rs.3,972 million). The facilities shall be available latest by March 31, 2022.

28. CONTINGENCIES AND COMMITMENTS

28.1 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) The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, passed an order dated December 29, 2020 and created a demand of Rs.7.229 million, including default surcharge and penalty on account of inadmissible input tax claim adjusted against reduced rate as per section 8(1) (j) of the Sales Tax Act, 1990. The Holding Company filed an appeal dated January 12, 2021 under section 45-B of the Sales Tax Act, 1990 with the Commissioner Inland Revenue Appeals -I, Karachi and submitted legal grounds on the input tax claimed. The Commissioner Appeals annulled the order of DCIR and related demand. Being aggrieved by the decision, department has approached Appellant Tribunal Inland Revenue, Karachi, which is pending for hearing. No provision has been made in these financial statements as the management believes that it will have a favourable decision.

28.2 Commitments

	2021	2020
	(Rupees in thousand)	
Bank guarantees	7,921,344	7,547,916
Letters of credit	4,113,813	663,298

29. SALES - Net

Manufactured goods

	2021	2020
	(Rupees in thousand)	
Gross sales		
- local	17,116,213	13,029,371
- export	1,583	43,501
	17,117,796	13,072,872
Less: sales tax	2,513,951	1,893,059
	14,603,845	11,179,813

Trading goods

Gross sales - local	471,228	729,153
Less: sales tax	75,580	120,712
	395,648	608,441
	14,999,493	11,788,254

30. COST OF SALES

	Note	2021	2020
		(Rupees in thousand)	
Manufactured goods			
Stocks at beginning of year		2,100,456	2,295,343
Cost of goods manufactured	30.1	12,488,548	10,506,469
		<u>14,589,004</u>	<u>12,801,812</u>
Stocks at end of year	11	(1,942,860)	(2,100,456)
		<u>12,646,144</u>	<u>10,701,356</u>
Trading goods			
Stocks at beginning of year		763,063	610,217
Purchases		320,786	546,980
		<u>1,083,849</u>	<u>1,157,197</u>
Stocks at end of year	11	(805,565)	(763,063)
		<u>278,284</u>	<u>394,134</u>
		<u>12,924,428</u>	<u>11,095,490</u>
30.1 Cost of goods manufactured			
Raw materials and components consumed	30.2	11,356,243	9,539,407
Stores consumed		22,202	78,291
Salaries, wages and other benefits	30.3	280,312	201,607
Fuel and power		26,983	25,134
Rent, rates and taxes		5,547	6,357
Insurance		14,736	20,434
Research and development		1,993	1,893
Repair and maintenance		25,716	11,262
Travelling and entertainment		4,831	7,656
Vehicle running and maintenance		1,758	683
Printing, stationery and office supplies		246	703
Communication		413	460
Royalty expense	30.4	30,229	29,821
Warranty obligation		20,759	-
Outside assembly charges		490,510	375,600
Depreciation on operating fixed assets	5.2	154,071	145,613
Depreciation on right of use assets	5.11	2,216	2,064
Freight and handling		47,901	21,813
Other expenses		3,116	411
		<u>12,489,782</u>	<u>10,469,209</u>
Work-in-process adjustment		(1,234)	37,260
		<u>12,488,548</u>	<u>10,506,469</u>
30.2 Raw materials and components consumed			
Stocks at beginning of year		4,567,106	7,300,167
Add : purchases including duties, taxes and other charges		10,354,171	6,806,346
		<u>14,921,277</u>	<u>14,106,513</u>
Stocks at end of year		(3,565,034)	(4,567,106)
		<u>11,356,243</u>	<u>9,539,407</u>
30.3	Salaries, wages and other benefits include Rs.5.50 million (2020: Rs.9.89 million) in respect of staff retirement benefits.		
30.4	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, Thailand.		

31. DISTRIBUTION COST

	Note	2021	2020
		(Rupees in thousand)	
Salaries and benefits	31.1	121,891	86,429
Commission		200,197	208,614
Rent, rates and taxes		19,378	23,622
Insurance		1,117	1,091
Repair and maintenance		3,112	1,636
Utilities		642	1,861
Travelling and entertainment		7,243	11,566
Vehicle running and maintenance		1,941	2,374
Printing, stationery and office supplies		849	6,121
Communication		2,182	1,873
After sale services		33,707	31,695
Advertisement		31,054	33,801
Legal and professional charges		79	325
Late delivery charges		83,748	34,026
Depreciation on operating fixed assets	5.2	7,706	6,958
Depreciation on right of use assets	5.11	14,498	11,313
Freight forwarding and handling		30,099	21,466
Other expenses		10,782	8,979
		<u>570,225</u>	<u>493,750</u>

31.1 Salaries and benefits include Rs.6.96 million (2020: Rs.10.14 million) in respect of staff retirement benefits.

32. ADMINISTRATIVE EXPENSES

	Note	2021	2020
		(Rupees in thousand)	
Salaries and benefits	32.1	231,317	149,822
Staff training and ancillary cost		3,523	3,527
Rent, rates and taxes		2,173	9,502
Insurance		17,764	10,905
Repair and maintenance		11,561	9,649
Utilities		1,168	477
Travelling and entertainment		9,229	18,326
Vehicle running and maintenance		7,680	5,377
Printing, stationery and office supplies		10,524	10,045
Communication		2,728	1,862
Legal and professional charges		6,902	5,793
Fee and subscriptions		3,159	5,398
Depreciation on operating fixed assets	5.2	18,019	16,392
Depreciation on right of use assets	5.11	13,245	13,956
Amortization of intangible assets	6.1	715	124
Amortization / depreciation of investment property	7.1	243	244
Security expenses		13,773	11,182
Other expenses		454	-
		<u>354,177</u>	<u>272,581</u>

32.1 Salaries and benefits include Rs.12.19 million (2020: Rs.11.28 million) in respect of staff retirement benefits.

33. OTHER EXPENSES

	Note	2021	2020
		(Rupees in thousand)	
Auditors' remuneration			
- audit fee		1,000	1,030
- certifications and funds audit fee		405	72
- out of pocket expenses		35	35
		1,440	1,137
Workers' profits participation fund	24.3	39,779	-
Workers' welfare fund		17,738	-
Donation and charities	33.1	10,300	4,935
Exchange loss - net		723	-
Provision for doubtful debts, deposits and advance	12.3, 13 & 14	64,510	16,810
		134,490	22,882

- 33.1** Include donation amounting Rs.4.63 million made to SOS Children Village Pakistan, Rs.5.144 million to Higher Education Commission Department, Azad Jammu & Kashmir (2020: Rs.2.62 million made to Indus Hospital and Rs.2.23 million paid to HED Azad Kashmir). None of the directors or their spouses had any interest in the donees.

34. OTHER INCOME

	Note	2021	2020
		(Rupees in thousand)	
Income from financial assets			
Profit on saving accounts and term deposit receipt		61,188	3,415
Exchange loss - net		-	(47)
Income from other than financial assets			
Gain on sale of operating fixed assets	5.7	6,995	2,207
Commission		3,983	10,986
Scrap sales - net of sales tax		107,839	31,194
Amortization of gain on sale and lease back of fixed assets	23.1	708	458
Rental income		7,145	6,443
		187,858	54,656

35. FINANCE COST**Mark-up / interest on:**

- long term borrowings		1,408	-
- lease finances		10,021	14,494
- finance against imported merchandise		148,551	374,604
- istisna / running finances / murabaha		259,555	542,451
- workers' profit participation fund	24.3	-	2,443
Bank charges and others		46,305	36,424
		465,840	970,416

36. TAXATION**Current tax**

- for the year	36.1	255,303	226,829
- for prior year		(29,237)	-
		226,066	226,829
Deferred tax - origination and reversal of temporary differences		(92,175)	43,797
		133,891	270,626

36.1 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.

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

	2021	2020
	(Rupees in thousand)	
Profit / (loss) after taxation	604,300	(1,282,835)
	(Number of shares)	
Weighted average ordinary shares outstanding during the year	42,608,844	42,608,844
	(Rupees)	
Earnings / (loss) per share	14.18	(30.11)

37.1 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.

38. CASH GENERATED FROM OPERATIONS

Note

	2021	2020
	(Rupees in thousand)	
Profit / (loss) before taxation	738,191	(1,012,209)
Adjustment for non cash charges and other items:		
Depreciation / amortization on:		
- operating fixed assets	179,796	168,963
- right of use assets	29,959	27,333
- intangible assets	715	124
- investment property	243	244
Provision for compensated absences	4,149	3,259
Gain on sale of operating fixed assets	(6,995)	(2,207)
Amortization of gain on sale and lease back of fixed asset	(708)	(458)
Exchange loss - net	723	47
Finance cost	465,840	970,416
Profit on saving accounts and term deposit receipt	(61,188)	(3,415)
Provision for doubtful debts, deposits and advance	64,510	16,810
Provision for gratuity	20,511	19,152
	1,435,746	188,059
Working capital changes - net	3,344,131	1,013,116
	4,779,877	1,201,175

38.1 Working capital changes

Decrease / (increase) in current assets:

Stores	1,582	(14,141)
Stock-in-trade	1,115,932	2,812,362
Trade debts	(6,867)	(566,992)
Loans and advances	(96,658)	(16,788)
Trade deposits and prepayments	3,431,589	(3,718,094)
Other receivables	4,296	(2,329)
Sales tax refundable / adjustable	(106,528)	228,486
	4,343,346	(1,277,496)
(Decrease) / increase in trade and other payables	(999,215)	2,290,612
	3,344,131	1,013,116

39. CASH AND CASH EQUIVALENTS

Cash and bank balances	16	731,461	340,906
Short term borrowings	27	(2,853,028)	(6,518,396)
		(2,121,567)	(6,177,490)

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Director		Executives	
	2021	2020	2021	2020	2021	2020
Note 40.3 (Rupees in thousand)						
Managerial remuneration and allowances	60,000	60,000	25,005	31,500	111,883	78,318
Bonus	20,000	-	10,750	-	51,216	-
Retirement benefit	5,000	5,000	2,084	2,688	10,499	7,387
Others including bonus	-	-	-	-	6,018	4,976
	<u>85,000</u>	<u>65,000</u>	<u>37,839</u>	<u>34,188</u>	<u>179,616</u>	<u>90,681</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>46</u>	<u>30</u>

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

40.2 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.6.1 million (2020: Rs.3.50 million).

40.3 Represents remuneration of a Director till date of retirement i.e. April 10, 2021.

41. 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	2021	2020
		(Rupees in thousand)	
(i) Associated Companies / Undertaking			
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	148,958	125,815
	Sale of parts	-	335
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	588,843	439,452
	Purchase of vehicle	2,540	-
	Sales of parts	621	183
	Rental income	3,572	3,221
	Re-imburement of expenses	638	444
Rehman Cotton Mills Limited (Common Directorship)	Re-imburement of expenses	1,800	1,800
Gammon Pakistan Limited (Common Directorship) Ghandhara DF (Private) Limited (Common Directorship)	Rent paid	3,000	3,000
	Re-imburement of expenses	-	34
	Purchase of parts	4	6
	Rental income	3,573	3,221
Janana De Malucho Textile Mills Limited (Common Directorship)	Re-imburement of expenses	2,235	2,058
	Sale of pickup truck	-	6,135
(ii) Other related parties			
Gratuity fund	Contribution paid	20,192	18,866
Provident fund	Contribution paid	-	8,896
Key management personnel	Remuneration, bonus and other benefits	213,783	138,560
	Sale of pick up truck	1,316	12,887

42. 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 have not been given.

43. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

43.1 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							
Amortised cost							
Loans and advances	-	-	-	1,368	1,317	2,685	2,685
Deposits	-	-	-	828,849	25,215	854,064	854,064
Trade debts	-	-	-	580,945	-	580,945	580,945
Other receivables	-	-	-	4,244	-	4,244	4,244
Cash and bank balances	308,429	-	308,429	423,032	-	423,032	731,461
June 30, 2021	308,429	-	308,429	1,838,438	26,532	1,864,970	2,173,399
June 30, 2020	47,874	-	47,874	5,202,275	27,095	5,229,370	5,277,244
Financial liabilities as per balance sheet							
At amortised cost							
Long term loan	-	-	-	90,977	51,900	142,877	142,877
Trade and other payables	-	-	-	1,383,428	-	1,383,428	1,383,428
Accrued mark-up / interest	-	-	-	101,703	-	101,703	101,703
Short term borrowings	2,853,028	-	2,853,028	-	-	-	2,853,028
Liabilities against assets subject to finance lease	31,455	71,460	102,915	-	-	-	102,915
June 30, 2021	2,884,483	71,460	2,955,943	1,576,108	51,900	1,628,008	4,583,951
June 30, 2020	6,547,806	66,237	6,614,043	1,610,098	-	1,610,098	8,224,141
On Balance Sheet Gap							
June 30, 2021	(2,576,054)	(71,460)	(2,647,514)	262,330	(25,368)	236,962	(2,410,552)
June 30, 2020	(6,499,932)	(66,237)	(6,566,169)	3,592,177	27,095	3,619,272	(2,946,897)
Off Balance Sheet							
Letters of credit							4,113,813
Letters of guarantee							7,921,344
					June 30, 2021		12,035,157
					June 30, 2020		8,211,214

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

43.2 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 aggregated to Rs.2,171.51 million (2020: Rs.5,273.19 million).

The Group believes 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 43.1 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, 2021, payables and receivables exposed to foreign exchange risk are Rs.46.72 million (2020: Rs.44.19 million) and Nil (2020: Rs.0.23 million) respectively. The liability and receivable are denominated in Japanese Yen / US Dollars.

At June 30, 2021, if Pak Rupee had weakened / strengthened by 9% (2020:13%) 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.4.2 million and Nil (2020: Rs.0.024 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, 2021, the Holding Company's interest bearing financial liabilities of Rs.3,098.82 million (2020: Rs.6,614.04 million) represent the short term borrowings at floating rate to manage the working capital requirements of the Holding 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.30.98 million (2020: Rs.66.14 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.

43.3 Price risk

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

43.4 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.

44. 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:

	2021	2020
	(Rupees in thousand)	
Total borrowings	3,098,820	6,614,043
Cash and bank balances	(731,461)	(340,906)
Net debt	2,367,359	6,273,137
Total equity	5,676,042	5,075,663
Total capital	8,043,401	11,348,800
Gearing ratio	29%	55%

45. 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, 2021 are located in Pakistan.
- (b) Export sales are made to Republic of Mauritius. Result of the Holding Company's revenue from external customers in Pakistan is Rs.14,997.91 million (2020: Rs.11,744.75 million) and total revenue from external customers from other countries is Rs.1.583 million (2020: Rs.43.501 million).
- (c) Sale to one party aggregating Rs.2,689.86 million account for 17.93% of net sales.

46. NUMBER OF EMPLOYEES

The number of employees (including contractual employee) at June 30, 2021 were 681 (2020: 621) and average number of employees during the year were 665 (2020: 616).

47. SHAHRIAH SCREENING DISCLOSURE

	2021		2020	
	Convent-ional	Shariah Compliant	Convent-ional	Shariah Compliant
	(Rupees in thousand)			
Bank balances	338,095	393,705	168,925	171,562
Accrued mark-up	76,898	24,805	119,888	109,894
Long term borrowings	142,877	-	-	-
Short term borrowings	1,680,873	1,172,155	3,448,751	3,069,645
Revenue	-	14,999,493	-	11,788,254
Other income				
a) Profit on saving accounts and term deposit receipts	57,551	3,637	2,042	1,373
b) Others	-	126,670	-	51,241
Mark-up / interest expense	219,740	200,175	487,908	446,084

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 28, 2021 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 58th Annual General Meeting of the
Company to be held on Thursday, 28th October, 2021 at 4:15 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)

_____ First Witness Signature	_____ Second Witness Signature
_____ Name in Block letters and Address	_____ Name in Block letters and Address
_____ Computerized National Identity Card Number or Passport Number of Witness	_____ Computerized National Identity Card Number or Passport Number of Witness

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 58 ویں سالانہ عام اجلاس میں شرکت کرے اور ووٹ ڈالے۔
 2021 بوقت 4:15 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 انزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

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

نمائندہ کے دستخط

نمائندہ کے دستخط

نمائندہ کا کمپیوٹر انزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نمائندہ کا کمپیوٹر انزڈ 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 شیئرز ہولڈر کے بدلے میٹنگ میں شرکت کرے، بولے اور ووٹ دے۔
2. نائب کی نامزدگی کی درخواست پر شیئرز ہولڈر یا اس مرد / عورت کے اثاری 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 اثاری 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 چوکی روڈ، سائٹ میں جمع کیا جانا چاہیے۔
4. ایسے شیئرز ہولڈرز جن کی ہولڈنگز سینٹرل ڈپازٹری سسٹم میں ہو اور ان کے دونوں نمائندگان اس فارم کے ساتھ تصدیق شدہ کمپیوٹر انزڈ 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 انزڈ قومی شناختی کارڈ یا پاسپورٹ لانا ضروری ہے۔ کسی اجتماعی ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اثاری بمعہ دستخط نمائندہ پیش کی جانی چاہیے۔










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



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

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



Address: F-3, Hub Chowki Road, S.I.T.E., Karachi-75730

UAN : 111-445-111, 32560083-6, 32588708 Fax: 021-32569989, 32564458 Toll Free: 0800-11190

Email: shareholders@gil.com.pk, investor.relation@gil.com.pk URL: www.gil.com.pk