

Quarterly Report  
September  
**2022**

# The real power to drive



**GHANDHARA**  
INDUSTRIES LIMITED



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# Company Profile

## Board of Directors

Mr. Ali Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	CEO/Director
Mr. Muhammad Kuli Khan Khattak	Director
Mrs. Shahnaz Sajjad Ahmad	Director
Maj. (R) Muhammad Zia	Director
Mr. Sohail Hameed	Ind. Director
Mr. Shahid Kamal Khan	Ind. Director

## Audit Committee

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

## Human Resource & 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

## 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.  
Ahmed and Qazi  
Hassan & Hassan (Advocates)

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Sharah-e-Faisal  
Karachi-74400

## 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](http://www.gil.com.pk)

**Email:** [info@gil.com.pk](mailto:info@gil.com.pk)

# Directors' Review

The Directors of your Company take pleasure in presenting the unaudited standalone and consolidated financial statements for the quarter ended September 30, 2022.

## Market Share and Company's Performance

Data reported by Pakistan Automotive Manufacturers Association (PAMA) shows that sales of truck and bus have declined by 42% during quarter ended September 30, 2022 as compared to corresponding period of last year. In line with market conditions, Company's sale units have also declined by 34% during current quarter, however, the Company retained its 1st position in overall truck and bus market and its market share stood at approximately 50%.

The standalone and consolidated results for the quarter are as follows:

	STANDALONE		CONSOLIDATED	
	Quarter ended 30 September			
	2022	2021	2022	2021
	Rupees in 000			
Sales	4,173,524	6,131,911	4,173,524	6,131,911
Gross profit	528,882	863,814	528,882	863,814
Profit from operations	294,945	629,992	294,885	629,932
Profit before taxation	126,603	527,050	126,644	527,087
Profit after taxation	79,944	453,983	79,973	454,041
Earnings per share - basic and diluted (Rupees)	1.88	10.65	1.88	10.66

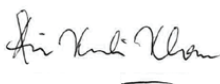
## Operating results

Unstable international and local political situation and resultant economic meltdown affected the overall sales and profitability of the Company, however, despite these challenges the Company posted net revenues of Rs. 4.1 billion with gross profit of Rs.529 million during the quarter ended September 30, 2022 as compared to net revenues of Rs. 6.1 billion and gross profit of Rs. 864 million during comparative period of last year.

## Future outlook

Company's dynamic business approach to insulate itself from unfavorable business conditions is yielding positive results. The Company has concrete plans for growth in sales volumes and profitability, however, continuous rupee devaluation and general inflation may pose challenges in future periods.

By order of the Board



Ali Kuli Khan Khattak  
Chairman



Ahmad Kuli Khan Khattak  
Chief Executive Officer

Karachi  
October 27, 2022

## ڈائریکٹرز کا جائزہ:

آپ کے ادارے کے ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے لیے غیر آڈٹ شدہ الگ الگ اور یکجا مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

### مارکیٹ شیئر اور کمپنی کی کارکردگی

پاکستان آٹوموٹیو مینوفیکچررز ایسوسی ایشن (PAMA) کے رپورٹ کردہ اعداد و شمار سے پتہ چلتا ہے کہ 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے دوران ٹرک اور بس کی فروخت میں گزشتہ سال کی اسی مدت کے مقابلے میں 42% کی کمی واقع ہوئی ہے۔ مارکیٹ کے حالات کے مدنظر، ادارے کے سیل یونٹس میں بھی موجودہ سہ ماہی کے دوران 34% کی کمی آئی ہے، تاہم، کمپنی نے مجموعی طور پر ٹرک اور بس مارکیٹ میں اپنی پہلی پوزیشن برقرار رکھی اور اس کا مارکیٹ شیئر تقریباً 50% رہا۔ سہ ماہی کے الگ الگ اور مجموعی نتائج درج ذیل ہیں:

	STANDALONE	CONSOLIDATED		
	Quarter ended 30 September			
	2022	2021	2022	2021
	Rupees in 000			
Sales	4,173,524	6,131,911	4,173,524	6,131,911
Gross profit	528,882	863,814	528,882	863,814
Profit from operations	294,945	629,992	294,885	629,932
Profit before taxation	126,603	527,050	126,644	527,087
Profit after taxation	79,944	453,983	79,973	454,041
Earnings per share - basic and diluted (Rupees)	1.88	10.65	1.88	10.66

### آپریٹنگ نتائج

بین الاقوامی اور مقامی غیر مستحکم سیاسی صورتحال اور نتیجے میں معاشی بدحالی نے ادارے کی مجموعی فروخت اور منافع کو متاثر کیا۔ تاہم، ان چیلنجوں کے باوجود، ادارے نے 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے دوران 529 ملین روپے کے مجموعی منافع کے ساتھ 4.1 بلین روپے کی خالص آمدنی حاصل کی، جو گزشتہ سال کی تقابلی مدت کے دوران 864 ملین روپے کے مجموعی منافع کے ساتھ 6.1 بلین روپے کی خالص آمدنی حاصل ہوئی تھی۔

### مستقبل کا نقطہ نظر

ناموافق کاروباری حالات سے خود کو محفوظ رکھنے کے لیے ادارے کا متحرک کاروباری نقطہ نظر مثبت نتائج دے رہا ہے۔ ادارے کے پاس فروخت کے حجم اور منافع میں اضافے کے لیے ٹھوس منصوبے ہیں، تاہم، روپے کی قدر میں مسلسل کمی اور عام افراط زر مستقبل کے ادوار میں چیلنجز کا باعث بن سکتے ہیں۔

بورڈ کے حکم سے



احمد قاسم خان خٹک

چیف ایگزیکٹو آفیسر



علی قاسم خان خٹک

چیئر مین

کراچی، 27 اکتوبر، 2022

## ***Condensed Interim Financial Statements***

For The Quarter Ended September 30, 2022 - Un-audited

# Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2022

	Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	4,363,101	4,359,828
Intangible assets		2,395	2,593
Long term Investment		1,400	1,400
Long term loans		384	202
Long term deposits		25,784	25,784
Deferred taxation		18,989	6,901
		<u>4,412,053</u>	<u>4,396,708</u>
<b>CURRENT ASSETS</b>			
Stores		41,211	13,304
Stock-in-trade	6	7,117,473	7,297,387
Trade debts		2,291,217	1,655,208
Loans and advances		793,127	405,156
Trade deposits and prepayments		2,328,052	1,654,691
Other receivables		27,035	25,974
Accrued mark-up		6,601	8,028
Sales tax refundable / adjustable		107,924	234,760
Taxation - payments less provision		1,240,948	1,260,455
Cash and bank balances		437,826	682,250
		<u>14,391,414</u>	<u>13,237,213</u>
<b>TOTAL ASSETS</b>		<u><u>18,803,467</u></u>	<u><u>17,633,921</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
100,000,000 (June 30, 2022: 100,000,000)			
ordinary shares of Rs.10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital			
42,608,844 (June 30, 2022: 42,608,844)			
ordinary shares of Rs.10 each		426,088	426,088
Capital Reserves			
Surplus on revaluation of fixed assets		3,725,188	3,728,108
<b>Revenue Reserves</b>			
Unappropriated profit		<u>2,317,558</u>	<u>2,234,694</u>
<b>Total Equity</b>		<u>6,468,834</u>	<u>6,388,890</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		68,204	68,060
Compensated absences		21,751	21,751
Deferred liabilities		45,634	45,634
		<u>135,589</u>	<u>135,445</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,912,181	6,385,804
Unpaid dividends	7	78,959	78,959
Unclaimed dividends		21,380	21,380
Current maturity of lease liabilities		37,183	36,602
Current maturity of long term borrowings		24,812	49,211
Current portion of deferred income - government grant		421	1,255
Accrued mark-up/ interest		122,795	136,827
Short term borrowings	8	<u>5,001,313</u>	<u>4,399,548</u>
		<u>12,199,044</u>	<u>11,109,586</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>18,803,467</u></u>	<u><u>17,633,921</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

**Ahmad Kuli Khan Khattak**  
Chief Executive

**Maj. (R) Muhammad Zia**  
Director


**Muhammad Aamir**  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income


FOR THE QUARTER ENDED SEPTEMBER 30, 2022 - UNAUDITED

	Note	September 30, 2022	September 30, 2021
		..... (Rupees in '000) .....	
Sales - net		4,173,524	6,131,911
Cost of sales	10	(3,644,642)	(5,268,097)
<b>Gross profit</b>		<b>528,882</b>	<b>863,814</b>
Distribution expenses		(188,713)	(151,256)
Administrative expenses		(85,548)	(65,004)
Other expenses		(9,499)	(40,080)
Other income		49,823	22,518
<b>Profit from operations</b>		<b>294,945</b>	<b>629,992</b>
Finance cost		(168,342)	(102,942)
<b>Profit before taxation</b>		<b>126,603</b>	<b>527,050</b>
Taxation		(46,659)	(73,067)
<b>Profit after taxation</b>		<b>79,944</b>	<b>453,983</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		-	-
Impact of deferred tax		-	-
<b>Other comprehensive income for the period - net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>79,944</b>	<b>453,983</b>
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>1.88</b>	<b>10.65</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

  
**Ahmad Kuli Khan Khattak**  
 Chief Executive

  
**Maj. (R) Muhammad Zia**  
 Director

  
**Muhammad Aamir**  
 Chief Financial Officer



## Condensed Interim Statement of Cash Flows

FOR THE QUARTER ENDED SEPTEMBER 30, 2022 - UNAUDITED

	Note	September 30, 2022	September 30, 2021
..... (Rupees in '000) .....			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	11	(584,737)	(1,006,843)
Gratuity paid		-	(26,033)
Finance cost paid		(178,359)	(95,950)
Income tax paid		(39,238)	(87,058)
Long term loans - net		(182)	252
Long term deposits - net		-	(3,168)
Net cash generated from / (used in) operating activities		(802,516)	(1,218,800)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(36,619)	(31,312)
Sale proceeds from disposal of operating fixed assets		-	8,939
Interest received		21,469	4,749
Net cash generated from / (used in) investing activities		(15,150)	(17,624)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(2)
Government Grant		(834)	-
Long term borrowings - repaid		(24,399)	(25,232)
Lease liabilities - net		(3,290)	11,291
Net cash used in financing activities		(28,523)	(13,943)
<b>Net increase / (decrease) in cash and cash equivalents</b>		(846,189)	(1,250,367)
<b>Cash and cash equivalents - at beginning of the period</b>		(3,717,298)	(2,121,567)
<b>Cash and cash equivalents - at end of the period</b>	12	(4,563,487)	(3,371,934)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

## Condensed Interim Statement of Changes in Equity

FOR THE QUARTER ENDED SEPTEMBER 30, 2022 - UNAUDITED

	Share Capital	Revenue reserve	Capital Reserve	Total Equity
	Issued, subscribed and paid-up capital	Unappropriated profit	Revaluation Surplus on property, plant and equipment	Total
----- (Rupees in '000) -----				
Balance as at July 1, 2021 (Audited)	426,088	1,509,076	3,739,787	5,674,951
Transaction with owners recognised directly in equity				
Total comprehensive income for the period ended September 30, 2021				
Profit for the period	-	453,983	-	453,983
Other comprehensive Income	-	-	-	-
	-	453,983		453,983
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	2,920	(2,920)	-
Balance as at September 30, 2021 (Un-audited)	426,088	1,965,979	3,736,867	6,128,934
Balance as at July 1, 2022 (Audited)	426,088	2,234,694	3,728,108	6,388,890
Transaction with owners recognised directly in equity				
Total comprehensive income for the period ended September 30, 2022				
Profit for the period	-	79,944	-	79,944
Other comprehensive Income	-	-	-	-
	-	79,944	-	79,944
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	2,920	(2,920)	-
Balance as at September 30, 2022 (Un-audited)	426,088	2,317,558	3,725,188	6,468,834

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

# Notes to The Condensed Interim Financial Statements

FOR THE QUARTER ENDED SEPTEMBER 30, 2022 - UNAUDITED

## 1. CORPORATE INFORMATION

Gandhara 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.

Biboojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (June 30, 2022: 16,686,794) ordinary shares of Rs.10 each of the Company.

## 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2022.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2022. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2022.

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
..... (Rupees in '000) .....			
Operating fixed assets - at net book value	5.1	4,053,941	4,077,413
Right of use assets	5.3	75,189	80,191
Capital work-in-progress - at cost		233,971	202,224
		<u>4,363,101</u>	<u>4,359,828</u>

**5.1 Additions of operating fixed assets during the period / year are as follows:**

Owned

- Plant and machinery
- Permanent tools
- Furniture and fixture
- Motor vehicles / trucks
- Office machines & equipment
- Computers

(Un-audited)  
September 30,  
2022

(Audited)  
June 30,  
2022

	(Rupees in '000)	
-	2,022	
-	3,328	
-	318	
-	32,471	
235	3,686	
818	3,814	
1,053	45,639	

**5.2 Disposal of operating fixed assets during the period / year are as follows:**

Owned - Computers book value

Owned - Motor vehicles / truck Net book value

-	107
-	9,063

**5.3 Right of use assets**

Opening

Transfer / additions during the period

Depreciation charge for the period

Net book value at end of the period

80,191	92,550
3,817	21,061
(8,819)	(33,420)
75,189	80,191

**6. STOCK-IN-TRADE**

Raw materials and components

Work-in-process

Finished goods including components

Trading stocks

4,519,368	4,704,552
29,159	92,472
1,729,448	1,729,423
839,498	770,940
7,117,473	7,297,387

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

(Un-audited)  
September 30,  
2022

(Audited)  
June 30,  
2022

**8. SHORT TERM BORROWINGS - Secured**

Running finances

Finance against imported merchandise

Istisna

Murabaha

	(Rupees in '000)	
2,222,891	934,865	
848,101	449,257	
895,280	1,238,924	
1,035,041	1,776,502	
5,001,313	4,399,548	

**9. CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

There has been no significant change in status of contingencies other than describe below and as disclosed in note 29.1 of the audited annual financial statements of the Company for the year ended June 30, 2022.

## 9.2 Commitments

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	..... (Rupees in '000) .....	
Bank guarantees	6,527,483	7,523,249
Letters of credit	1,894,915	1,960,841

## 10. COST OF SALES

Note

(Un-audited)  
For the quarter ended  
September 30,

2022 2021

..... (Rupees in '000) .....

Stocks at beginning of the period	2,500,363	2,748,425
Cost of goods manufactured	3,632,503	5,309,291
Trading goods - purchases	80,722	95,377
	3,713,225	5,404,668
	6,213,588	8,153,093
	(2,568,946)	(2,884,996)
Stocks at end of the period	3,644,642	5,268,097

### 10.1 Cost of goods manufactured

Work in process at beginning of the period	92,472	117,672
Raw materials and components consumed	3,230,901	4,895,188
Direct labour and factory overheads	338,289	425,661
	3,569,190	5,320,849
	3,661,662	5,438,521
Work in process at end of the period	(29,159)	(129,230)
	3,632,503	5,309,291

## 11. CASH GENERATED / USED IN OPERATIONS

Note

(Un-audited)  
For the quarter ended  
September 30,

2022 2021

..... (Rupees in '000) .....

Profit before taxation	126,603	527,050
Adjustment for non cash charges and other items:		
Depreciation / amortization on:		
- property, plant and equipment	24,525	43,799
- right to use asset	8,819	8,349
- intangible assets	198	214
- investment property	-	61
Provision for compensated absences	-	1,525
Gain on disposal of operating fixed assets	-	(897)
Amortization of gain on sale and lease back of fixed assets	-	13,670
Interest income	(20,042)	(7,608)
Finance cost	168,342	102,942
	308,445	689,105
Working capital changes - net	(893,182)	(1,695,948)
	(584,737)	(1,006,843)

### 11.1 Working capital changes

Working capital changes	Note	(Un-audited)	
		For the quarter ended	
		September 30,	
		2022	2021
		(Rupees in '000)	
(Increase) / decrease in current assets:			
Stores		(27,907)	457
Stock-in-trade		179,914	(7,940)
Trade debts		(636,009)	(2,373)
Loans and advances		(387,971)	(115,445)
Trade deposits and prepayments		(673,361)	(2,671,228)
Other receivables		(1,061)	(946)
Sales tax refundable / adjustable		126,836	(76,931)
		(1,419,559)	(2,874,406)
Increase in trade and other payables		526,377	1,178,458
		(893,182)	(1,695,948)

## 12. CASH AND CASH EQUIVALENTS

Cash and bank balances	437,826	531,586
Short term borrowings	<u>(5,001,313)</u>	<u>(3,903,520)</u>
	(4,563,487)	(3,371,934)

### 13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk and other price risk).

The condensed interim financial statements do not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2022.

There has been no change in Company's sensitivity to these risks since June 30, 2022 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

#### 14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactions	(Un-audited) For the quarter ended September 30,	
		2022	2021
..... (Rupees in '000) .....			
(i) Subsidiary Company			
Marghzar Industries (Pvt.) Ltd.	Financial charges	101	97
	Reimbursement of expenses	71	60
(ii) Associated Companies			
The Ghandhara Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	66,190	75,271
	Assembly charges	237,203	220,993
Ghandhara Nissan Ltd. (Common Directorship)	Rent income	1,063	967
	Purchase of parts	6	-
	Sales of parts	-	78
Ghandhara DF (Private) Limited (Common Directorship)	Rent income	1,063	967
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	450	450
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	998	825
	Reimbursement of expenses	-	3
Janana De Malucho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	607	570
(iii) Other			
Gratuity fund	Contribution paid	-	26,033
Key management personnel	Remuneration and other benefits	37,789	48,225

#### 15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2022, whereas, the condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of condensed interim financial statements of the Company for the period ended September 30, 2021. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

#### 16. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on October 27, 2022 by the Board of Directors of the Company.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

***Consolidated Condensed Interim  
Financial Statements***

For The Quarter Ended September 30, 2022 - Un-audited



# Consolidated Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2022

	Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	4,363,101	4,359,828
Intangible assets		2,395	2,593
Long term loans		384	202
Long term deposits		25,784	25,784
Deferred taxation		18,989	6,901
		4,410,653	4,395,308
<b>CURRENT ASSETS</b>			
Stores		41,211	13,304
Stock-in-trade	6	7,117,473	7,297,387
Trade debts		2,291,217	1,655,208
Loans and advances		793,127	405,156
Trade deposits and prepayments		2,328,052	1,654,691
Other receivables		27,035	25,974
Accrued mark-up		6,601	8,028
Sales tax refundable / adjustable		107,924	234,760
Taxation - payments less provision		1,240,924	1,260,432
Cash and bank balances		437,826	682,250
		14,391,390	13,237,190
		18,802,043	17,632,498
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
100,000,000 (June 30, 2022: 100,000,000)			
ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital			
42,608,844 (June 30, 2022: 42,608,844)			
ordinary shares of Rs.10 each		426,088	426,088
Capital Reserves			
Surplus on revaluation of fixed assets		3,725,188	3,728,108
<b>Revenue Reserves</b>			
Unappropriated profit		2,318,764	2,235,871
<b>Total Equity</b>		6,470,040	6,390,067
Equity attributable to shareholders of the holding company			
Non- controlling interest		6	6
<b>Total equity</b>		6,470,046	6,390,073
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		68,204	68,060
Compensated absences		21,751	21,751
Deferred liabilities		45,634	45,634
		135,589	135,445
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,909,545	6,383,198
Unpaid dividends	7	78,959	78,959
Unclaimed dividends		21,380	21,380
Current maturity of lease liabilities		37,183	36,602
Current maturity of long term borrowings		24,812	49,211
Current portion of deferred income - government grant		421	1,255
Accrued mark-up/ interest		122,795	136,827
Short term borrowings	8	5,001,313	4,399,548
		12,196,408	11,106,980
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		18,802,043	17,632,498

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.

**Ahmad Kuli Khan Khattak**  
Chief Executive

**Maj. (R) Muhammad Zia**  
Director

**Muhammad Aamir**  
Chief Financial Officer

# Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

FOR THE QUARTER ENDED SEPTEMBER 30, 2022 - UNAUDITED

	Note	September 30, 2022	September 30, 2021
		..... (Rupees in '000) .....	
Sales - net		4,173,524	6,131,911
Cost of sales	10	(3,644,642)	(5,268,097)
<b>Gross profit</b>		528,882	863,814
Distribution expenses		(188,713)	(151,256)
Administrative expenses		(85,608)	(65,064)
Other expenses		(9,499)	(40,080)
Other income		49,823	22,518
<b>Profit from operations</b>		294,885	629,932
Finance cost		(168,241)	(102,845)
<b>Profit before taxation</b>		126,644	527,087
Taxation		(46,671)	(73,046)
<b>Profit after taxation</b>		79,973	454,041
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		-	-
Impact of deferred tax		-	-
<b>Other comprehensive income for the period - net of tax</b>		-	-
<b>Total comprehensive income</b>		79,973	454,041
Earnings per share - basic and diluted (Rupees)		1.88	10.66

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

# Consolidated Condensed Interim Statement of Cash Flows

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 - UNAUDITED

	Note	September 30, 2022	September 30, 2021
		..... (Rupees in '000) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	11	(584,827)	(1,006,940)
Gratuity paid		-	(26,033)
Finance cost paid		(178,258)	(95,853)
Income tax paid		(39,249)	(87,058)
Long term loans - net		(182)	252
Long term deposits - net		-	(3,168)
Net cash generated from / (used in) operating activities		(802,516)	(1,218,800)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(36,619)	(31,312)
Sale proceeds from disposal of operating fixed assets		-	8,939
Interest received		21,469	4,749
Net cash generated from / (used in) investing activities		(15,150)	(17,624)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(2)
Government Grant		(834)	-
Long term borrowings - repaid		(24,399)	(25,232)
Lease liabilities - net		(3,290)	11,291
Net cash used in financing activities		(28,523)	(13,943)
<b>Net increase / (decrease) in cash and cash equivalents</b>		(846,189)	(1,250,367)
<b>Cash and cash equivalents - at beginning of the period</b>		(3,717,298)	(2,121,567)
<b>Cash and cash equivalents - at end of the period</b>	12	(4,563,487)	(3,371,934)

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

## Consolidated Condensed Interim Statement of Changes in Equity

FOR THE QUARTER ENDED SEPTEMBER 30, 2022 - UNAUDITED

	Share Capital	Revenue reserve	Capital Reserve	Total Equity	Non - Controlling interest
	Issued, subscribed and paid-up capital	Unappropriated profit	Revaluation Surplus on property, plant and equipment	Total	
----- (Rupees in '000) -----					
Balance as at July 1, 2021 (Audited)	426,088	1,509,076	3,739,787	5,674,951	5
Transaction with owners recognised directly in equity					
Total comprehensive income for the period ended September 30, 2021					
Profit for the period	-	454,041	-	454,041	-
Other comprehensive Income	-	-	-	-	-
	-	454,041	-	454,041	-
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	2,920	(2,920)	-	-
Balance as at September 30, 2021 (Un-audited)	426,088	1,966,037	3,736,867	6,128,992	5
Balance as at July 1, 2022 (Audited)	426,088	2,235,871	3,728,108	6,390,067	6
Transaction with owners recognised directly in equity					
Total comprehensive income for the period ended September 30, 2022					
Profit for the period	-	79,973	-	79,973	-
Other comprehensive Income	-	-	-	-	-
	-	79,973	-	79,973	-
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	2,920	(2,920)	-	-
Balance as at September 30, 2022 (Un-audited)	426,088	2,318,764	3,725,188	6,470,040	6

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

# **Notes to The Consolidated Condensed Interim Financial Statements**

FOR THE QUARTER ENDED SEPTEMBER 30, 2022 - UNAUDITED

## **1. THE GROUP AND ITS OPERATIONS**

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

### **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.

### **Marghazar Industries (Private) Limited**

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

## **2. BASIS OF PREPARATION**

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

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **3. ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of consolidated audited annual financial statements for the year ended June 30, 2022.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2022. These considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are, therefore, not disclosed in these consolidated condensed interim financial statements.

## **4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of consolidated condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated audited annual financial statements for the year ended June 30, 2022.

	Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
..... (Rupees in '000) .....			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - at net book value	5.1	4,053,941	4,077,413
Right of use assets	5.3	75,189	80,191
Capital work-in-progress - at cost		233,971	202,224
		<u>4,363,101</u>	<u>4,359,828</u>

**5.1 Additions of operating fixed assets during the period / year are as follows:**

**Owned**

- Plant and machinery
- Permanent tools
- Furniture and fixture
- Motor vehicles / trucks
- Office machines & equipment
- Computers

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
..... (Rupees in '000) .....		
- Plant and machinery	-	2,022
- Permanent tools	-	3,328
- Furniture and fixture	-	318
- Motor vehicles / trucks	-	32,471
- Office machines & equipment	235	3,686
- Computers	818	3,814
	<u>1,053</u>	<u>45,639</u>

**5.2 Disposal of operating fixed assets during the period / year are as follows:**

- Owned - Computers book value
- Owned - Motor vehicles / truck Net book value

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
..... (Rupees in '000) .....		
Owned - Computers book value	-	107
Owned - Motor vehicles / truck Net book value	-	9,063

**5.3 Right of use assets**

- Opening
- Transfer / additions during the period
- Depreciation charge for the period
- Net book value at end of the period

Opening	80,191	92,550
Transfer / additions during the period	3,817	21,061
Depreciation charge for the period	(8,819)	(33,420)
Net book value at end of the period	<u>75,189</u>	<u>80,191</u>

**6. STOCK-IN-TRADE**

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

Raw materials and components	4,519,368	4,704,552
Work-in-process	29,159	92,472
Finished goods including components	1,729,448	1,729,423
Trading stocks	839,498	770,940
	<u>7,117,473</u>	<u>7,297,387</u>

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

(Un-audited)  
September 30,  
2022

(Audited)  
June 30,  
2022

..... (Rupees in '000) .....

## 8. SHORT TERM BORROWINGS - Secured

Running finances	2,222,891	934,865
Finance against imported merchandise	848,101	449,257
Istisna	895,280	1,238,924
Murabaha	1,035,041	1,776,502
	<u>5,001,313</u>	<u>4,399,548</u>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There has been no significant change in status of contingencies other than describe below and as disclosed in note 28.1 of the consolidated audited annual financial statements of the Group for the year ended June 30, 2022.

Note

(Un-audited)  
September 30,  
2022

(Audited)  
June 30,  
2022

..... (Rupees in '000) .....

### 9.2 Commitments

Bank guarantees	<u>6,527,483</u>	<u>7,523,249</u>
Letters of credit	<u>1,894,915</u>	<u>1,960,841</u>

(Un-audited)  
For the quarter ended  
September 30,  
2022

2021

..... (Rupees in '000) .....

## 10. COST OF SALES

Stocks at beginning of the period	2,500,363	2,748,425
Cost of goods manufactured	3,632,503	5,309,291
Trading goods - purchases	80,722	95,377
	<u>3,713,225</u>	<u>5,404,668</u>
	6,213,588	8,153,093
Stocks at end of the period	<u>(2,568,946)</u>	<u>(2,884,996)</u>
	<u>3,644,642</u>	<u>5,268,097</u>

### 10.1 Cost of goods manufactured

Work in process at beginning of the period	92,472	117,672
Raw materials and components consumed	3,230,901	4,895,188
Direct labour and factory overheads	338,289	425,661
	<u>3,569,190</u>	<u>5,320,849</u>
	3,661,662	5,438,521
Work in process at end of the period	<u>(29,159)</u>	<u>(129,230)</u>
	<u>3,632,503</u>	<u>5,309,291</u>

## 11. CASH GENERATED / USED IN OPERATIONS

(Un-audited)  
For the quarter ended  
September 30,

	Note	2022	2021
		(Rupees in '000)	
Profit before taxation		126,644	527,050
<b>Adjustment for non cash charges and other items:</b>			
Depreciation / amortization on:			
- property, plant and equipment		24,525	43,799
- right to use asset		8,819	8,349
- intangible assets		198	214
- investment property		-	61
Provision for compensated absences		-	1,525
Gain on disposal of operating fixed assets		-	(897)
Amortization of gain on sale and lease back of fixed assets		-	13,670
Interest income		(20,042)	(7,608)
Finance cost		168,241	102,845
		<u>308,385</u>	<u>689,045</u>
Working capital changes - net	11.1	(893,212)	(1,695,985)
		<u>(584,827)</u>	<u>(1,006,940)</u>
<b>11.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores		(27,907)	457
Stock-in-trade		179,914	(7,940)
Trade debts		(636,009)	(2,373)
Loans and advances		(387,971)	(115,445)
Trade deposits and prepayments		(673,361)	(2,671,228)
Other receivables		(1,061)	(946)
Sales tax refundable / adjustable		126,836	(76,931)
		<u>(1,419,559)</u>	<u>(2,874,406)</u>
Increase in trade and other payables		526,347	1,178,421
		<u>(893,212)</u>	<u>(1,695,985)</u>
<b>12. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		437,826	531,586
Short term borrowings		(5,001,313)	(3,903,520)
		<u>(4,563,487)</u>	<u>(3,371,934)</u>

## 13. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk and other price risk).

The consolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the consolidated audited annual financial statement for the year ended June 30, 2022.

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## 14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactions	(Un-audited) For the quarter ended September 30,	
		2022	2021
(i) Associated Companies		(Rupees in '000)	
The Ghandhara Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	66,190	75,271
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	237,203	220,993
	Rent income	1,063	967
	Purchase of parts	6	-
	Sales of parts	-	78
Ghandhara DF (Private) Limited (Common Directorship)	Rent income	1,063	967
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	450	450
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## 15. CORRESPONDING FIGURES

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## 16. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue on October 27, 2022 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







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