

2022 ANNUAL REPORT

The Chery on top



GHANDHARA
NISSAN LIMITED



**STAY
COVER**

Pakistan's premier locally assembled sports utility vehicle is the top choice for every kind of road. Only by Ghandhara Nissan Limited

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An Illustrious Founder

Fondly known as 'Bibojee', General Habibullah Khan Khattak was born on October 17, 1913 in Wana. He was the son of the renowned personality Khan Bahadur Kuli Khan Khattak. He completed his F.Sc from Islamia College, Peshawar and gave an early glimpse of his potential when in 1934, he became one of 25 candidates to be selected from the Subcontinent from the First Course 'The Pioneers' at the Indian Military Academy, Dehradun.

During his career as a soldier, he rose swiftly through the ranks to become the Chief of Staff of the Pakistan Army at the young age of 45. He was mentioned in dispatches for gallantry in the Second World War and was later awarded Sitara-e-Pakistan and the American Legion of Merit. He retired from the Pakistan Army in December 1959 at the young age of 46 but instead of resting on his laurels, he soon embarked upon a new career as an industrialist, which was to bring him even greater fame and respect.

Core Values:

- Perseverance
- Dynamism
- Professionalism

The business empire of General Habibullah was built on the above-mentioned core values and with his innate knack of identifying sick units and expertly reviving them he made his Group emerge as one of the fastest growing industrial conglomerates of Pakistan. A man of vision, General Habibullah developed an informed insight into Pakistan's economy and was blessed with the Midas touch, essential for successful entrepreneurship. He is also credited with introducing the trend of professional management which was subsequently emulated by other Pakistani business houses. He believed that Human Resource is the most important and lasting asset of any business.

Philanthropy

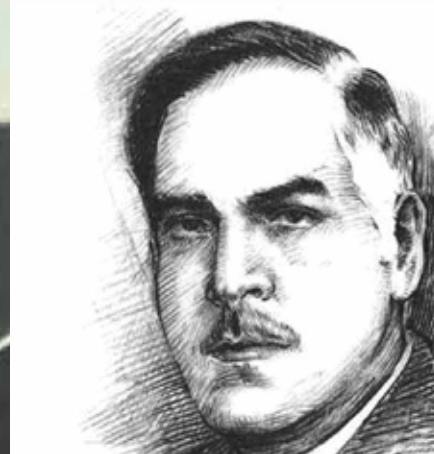
The Love of Giving Back

In addition to being a gifted entrepreneur, General Habibullah was also a great philanthropist who believed in generously giving back to his country - his expertise, experience and financial resources. It was in that spirit that he founded the Waqf-e-Kuli Khan (WKK) in memory of his late father. WKK promotes education and is a fine example of Corporate Social Responsibility which has benefitted thousands of deserving students. The General was also a well-known animal lover, who established The Pakistan Wildlife Conservation Foundation (PWCF) for supporting wildlife in Pakistan. General Habibullah passed away on December 23, 1994 leaving behind a legacy of dynamic leadership, brilliant foresight and exceptional business acumen.

AT THE HELM OF THE WHEEL

Late General Habibullah Khan Khattak

General 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 two cotton spinning mills, a woolen mill, two automobile assembling plants with extensive marketing setups, a general insurance company, Pakistan's largest tyre manufacturing company, a construction company and two Trusts for supporting education and wildlife protection.

Vision

To maximize market share by producing and marketing highest quality vehicles in Pakistan.

Mission

As a customer oriented Company, provide highest level of customer satisfaction.

To accelerate performance in all operating areas, ensuring growth of the Company and increasing return to the stakeholders.

To create a conducive working environment leading to enhanced productivity, job satisfaction and personal development of the employees.

To contribute to social welfare by adopting environment friendly practices and processes for the well being of society.





Corporate Information

Board of Directors

Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive Officer
Mrs. Shahnaz Sajjad Ahmad	
Mr. Sikandar Kuli Khan Khattak	
Mr. Mohammad Zia	
Syed Haroon Rashid	
Mr. Muhammad Saleem Baig	
Mr. Polad Merwan Polad	
Mr. Salman Rasheed (FCA)	
Mr. Muhammad Jawaid Iqbal (CFA)	

Chief Financial Officer

Mr. Haroon Ahmed Zuberi

Company Secretary

Mr. Muhammad Sheharyar Aslam (ACA)

Audit Committee

Mr. Polad Merwan Polad	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member
Mr. Salman Rasheed (FCA)	Member
Mr. Muhammad Zia	Member
Mr. Muhammad Saleem Baig	Member

Human Resource & Remuneration Committee

Mr. Muhammad Jawaid Iqbal (CFA)	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Mrs. Shahnaz Sajjad Ahmad	Member
Mr. Mohammad Zia	Member
Mr. Polad Merwan Polad	Member

Auditors

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

Bankers of the Company

National Bank of Pakistan
Faysal Bank Limited
Habib Bank Limited
Allied Bank Limited
United Bank Limited
Soneri Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Industrial & Commercial Bank of China
The Bank of Punjab
The Bank of Khyber
Meezan Bank Limited - (Shariah)
Bank Al Habib Limited
Bank Alfalah Islamic - (Shariah)
JS Bank Limited
Samba Bank Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited - (Shariah)
Habib Metropolitan Bank Limited
MCB Islamic Bank Limited - (Shariah)

NTN: 0802990-3

Sales Tax Registration No: 12-03-8702-001-46

Share Registrars

CDC Share Registrar Services Ltd.
CDC House, 99-B, Block-B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi.

Legal & Tax Advisors

M/s. L E X F I R M A
Advocates, Barristers & Legal Consultants
418, Continental Trade Centre, Clifton, Karachi.

M/s. Shekha & Mufti
Chartered Accountants
C-253, PECHS., Block 6, Off Shahrah-e-Faisal, Karachi.

Registered Office

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

Factory

Truck / Car Plants
Port Bin Qasim, Karachi

Regional Offices

First Floor, Laban's Arcade | 400/2, Gammon House
Main Canal Road, Lahore | Peshawar Road Rawalpindi Cantt.

Annual Report '22

Gandhara Nissan Limited



Shareholders' Information

REGISTERED OFFICE

F-3, Hub Chowki Road, SITE, Karachi
Tel: (92-21) 32556901-10
UAN (92-21) 111-190-190
Fax: (92-21) 32556911-12

EXCHANGE LISTING

Ghandhara Nissan Limited (the Company) is listed on Pakistan Stock Exchange Limited (PSX).

STOCK SYMBOL

The stock code for dealing in equity shares of the Company at Pakistan Stock Exchange Limited is GHNL.

LISTING FEES

The annual listing fees for the financial year 2022 - 23 were paid to the PSX and Central Depository Company of Pakistan Limited within the prescribed time limit.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all relevant particulars / information as required under the Companies Act 2017 and allied rules, the listing requirements and any other relevant laws, rules and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP).

ANNUAL GENERAL MEETING

Date: October 28, 2022

Time: 10:30 A.M.

Venue: F-3, Hub Chowki Road, SITE, Karachi.

FINANCIAL CALENDAR

October 2022	Audited annual results for the year ended June 30, 2022
October 2022	Mailing of annual reports/CDs Unaudited first quarter financial results Annual General Meeting
November 2022	Corporate Briefing Session
February 2023	Unaudited half year financial results
April 2023	Unaudited third quarter financial results
June 2023	Annual Budget 2023-24

DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive).

CIRCULATION OF ANNUAL REPORTS

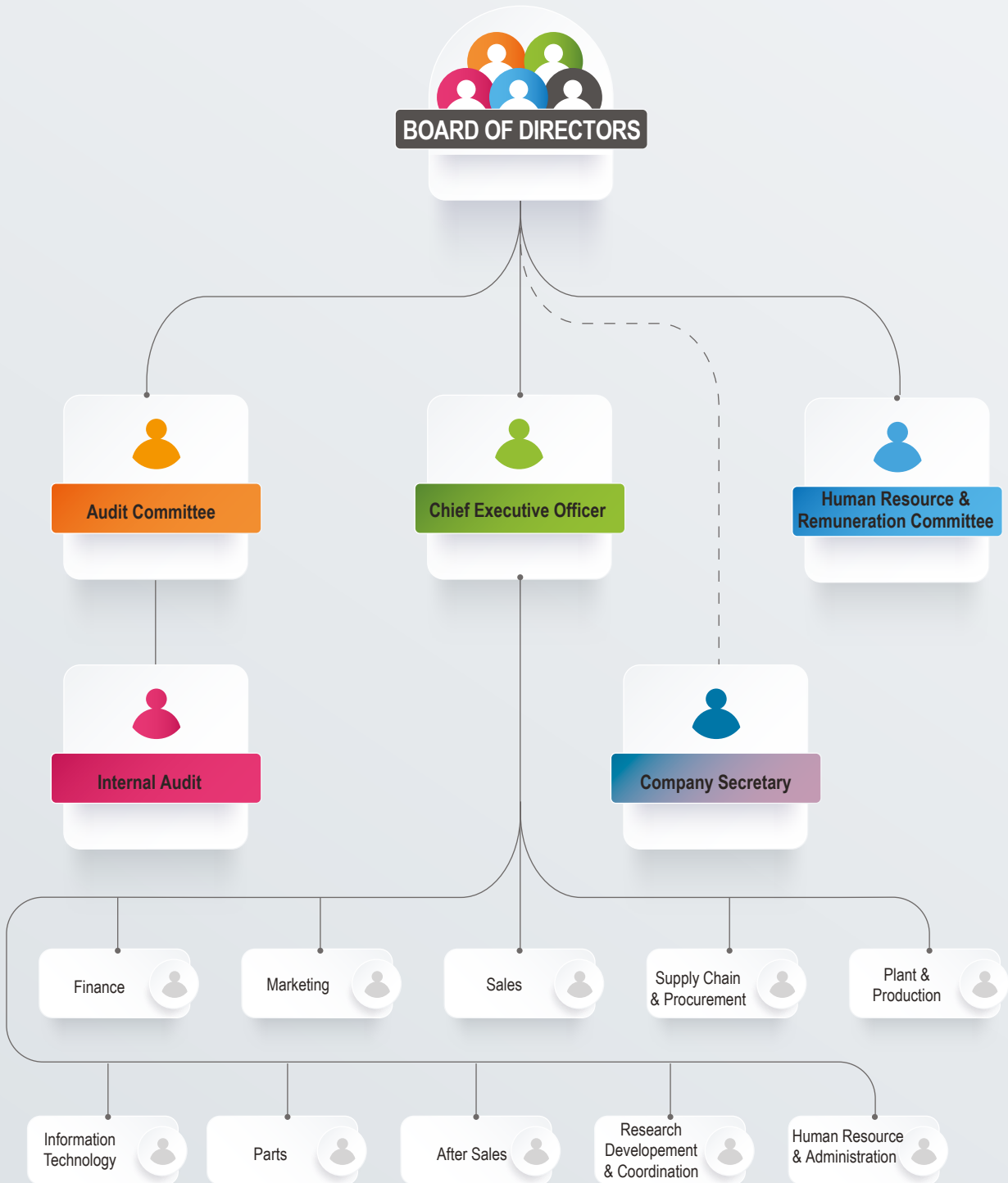
THROUGH CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 23, 2017, the Company shall circulate Annual Report 2022 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2022 may send a request using a Standard Request Form placed on Company website.

E-DIVIDEND MANDATE (MANDATORY)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website i.e. <http://www.gandharanissan.com.pk> and send it duly signed along with a copy of CNIC to the Registrar of the Company.

Organization Chart



EMPLOYEE MANAGEMENT (HR)

Gandhara Nissan Limited ensures long-term employee development by seeking out the right employees, making the most of their talents, developing potential, focusing on diversity & inclusion, employee engagement, health & well-being and work life balance and ensuring employability. The Company strives to unlock the potential of human resources management and resultantly, add value to its business.

GNL has human resource manual containing policies which covers all aspects of employment, including employee relations, training, equal opportunity and health & safety of its workforce. GNL also complies with applicable labour and health & safety laws and regulations that prohibit forced, compulsory and child labour.

The Company is a strong supporter of its dynamic employees who are the driving force within its assembly plants, head office and regional offices and the management using their expertise to deliver to its customers the state of the art commercial and passenger vehicles ranging from European brands to Chinese. With the continued support of its 1,057 employees (including contractual staff) GNL has been able to achieve goals in challenging times.

DIVERSITY & INCLUSION:

GNL is an equal opportunity employer and does not believe in discrimination on the basis of gender, religion, caste, creed, color etc. This is reflected in its gender diversity policy and which also evident as two senior management positions are held by females. The current operations of the company are also headed by a female. However, this is just a start since the company is committed to bring in females at 33% of the positions and to break the biasedness towards women being absent in the automobile sector or being restricted to only certain sales roles. Meanwhile in terms of minority the diversity is also being encouraged with we have employees that are of the faith of Christianity and Hinduism.

EMPLOYEE ENGAGEMENT:

GNL Cricket team participated in Whackin' Stryv Cricket Tournament on February 19, 2022. New Year's Eve, Women's Day celebration were celebrated, cake cutting ceremony was performed in the lawns of Head Office. A cricket tournament was organized for team building among the two group companies' scenario, Gandhara Nissan Limited and Gandhara Industries Limited, where they played with full heart and exhibited a lot of energy. All were memorable events with a lot of candid moments to cherish.

CORPORATE SOCIAL RESPONSIBILITY:

GNL considers social, environmental, and ethical matters in the context of the overall business environment. GNL is committed to work in the best interest of all the stakeholders, in particular the community in which we live and forms our customer base.

On April 2, 2022, a 4-member GNL HR & Administration team visited Darul Sukun (A Centre for Peace & Love), home for physically and mentally challenged children and adults, both men and women in poverty or unable to address their challenges. Gifts, books and confectionery were distributed among the children. A donation cheque of was also given to Darul Sukun on behalf of GNL management.



EMPLOYEE CARE: DEVELOPING OUR PEOPLE:

Employees are also given a chance to further make themselves productive by offering them job rotations within different departments, job enhancement and enrichment which help them achieve and grow in their career. A Training calendar was devised by HR and following training were conducted:

- | | | |
|----------------------------------|-------------------------|---------------|
| • Change Management | By Ms. Areeba Safar Ali | May 11, 2022 |
| • Effective Communication Skills | By Ms. Sheeba Danish | May 20, 2022 |
| • Departmental Budgeting | By Mr. Faisal Hameed | June 10, 2022 |

RESILIENCE AND WORK-LIFE BALANCE

GNL has a work remotely policy which was approved on. The employees are encouraged to go home on time so they have work life balance.

The Company encourages work from home policy in dire emergencies and extreme situations, a recent such example was where a Rain emergency was announced in the monsoons by the government, and the company declared it a holiday and asked the employees to work from home and be available on telephone calls.

ENVIRONMENT, HEALTH AND WELLBEING:

Our objective to help people do more, feel better, live longer starts with our employees, where different trainings related to HSE have been conducted at both Truck & Plants to ensure employees and workers are aware of how to keep themselves safe and sound in the work environment.

A number of 27 HSE related trainings were conducted during the year on the following dates and total 536 employees including contractual staff from Truck Plant and 527 employees including contractual staff from Car Plant participated in these trainings.

DATE	TOPIC OF TRAINING CONDUCTED	NUMBER OF PARTICIPANTS Truck Plant	NUMBER OF PARTICIPANTS Car Plant
Aug-21	Awareness & Precautions regarding Covid-19	10	11
	Slip Trip & Fall	12	12
	Most Essential PPE's	8	10
	Fire Drill & SCBA Training	10	10
Sep-21	Awareness & Precautions regarding Covid-19	17	15
	Electrical Safety	12	14
	5s	14	14
	Fire Drill & SCBA Training	10	10
Oct-21	Awareness & Precautions regarding Covid-19	10	12
	Permit to Work	15	12
	Confined Space Hazard	11	10
	Fire Drill & SCBA Training	10	10
Nov-21	Awareness & Precautions regarding Covid-19	18	15
	Hazard Reporting	13	14
	Near Miss Reporting	12	12
	Fire Drill & SCBA Training	10	10
Dec-21	Awareness & Precautions regarding Covid-19	9	10
	Pinch Points Hazard & Control	14	11
	Specialized PPE's	15	14
	Fire Drill & SCBA Training	10	10
Jan-22	Slip, Trip & Fall	12	10
	Emergency Evacuation	14	11
	Paint Shop Hazards & Safety	15	5
	Fire Drill & SCBA Training	10	10
Feb-22	Proper Use of PPE	11	14
	Basic First Aid	10	13
	Chemical Safety	12	8
	Fire Drill & SCBA Training	10	10
Mar-22	Workplace Ergonomics	20	25
	Fatigue & Stress Management	15	16
	Work at Height Hazards & Safety	11	10
	Fire Drill & SCBA Training	10	10
Apr-22	Prohibition of Drugs in Workplace	15	17
	Covid-19 Awareness & Preparedness	15	16
	5s	10	12
	Fire Drill & SCBA Training	10	10
May-22	Power Tools Safety	11	12
	Seasonal Hazards Awareness & Preparedness	15	14
	Confined Space Hazards & Safety	9	11
	Fire Drill & SCBA Training	10	10
Jun-22	Electrical Safety	10	8
	Food Allergies	15	11
	Manual Handling Safety	16	18
	Fire Drill & SCBA Training	10	10



A view of fire drill session



A view of certificate distribution ceremony



A view of training session



A view of fire fighting training to employees



A click from cricket tournament



A click from cricket tournament

Notice of Annual General Meeting

Notice is hereby given that 40th Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Friday, 28th October 2022 at 10:30 A.M., at F-3, Hub Chauki Road, S.I.T.E., Karachi, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Extraordinary General Meeting held on 2nd February, 2022.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2022 together with Directors' and Auditors' Reports thereon and the Review Report of the Chairman.
3. To appoint Auditors and fix their remuneration for the year ending 30th June, 2023. The retiring auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, being eligible have offered themselves for reappointment.

Special Business:

4. To consider and if thought fit to approve the change in the name of the Company from Ghandhara Nissan Limited to Ghandhara Automobiles Limited, to pass the following resolution as a Special Resolution:

"RESOLVED as and by way of this Special Resolution that subject to the approval of the Registrar of Companies, the name of the Company be changed from 'Ghandhara Nissan Limited' to 'Ghandhara Automobiles Limited' and that all necessary procedures prescribed by law be complied with and approvals prescribed by law be secured with a view to making the change of name resolved by this Special Resolution complete and effective; and

RESOLVED FURTHER as and by way of this Special Resolution that upon the change of the name being approved by the Registrar of Companies, the Memorandum and Articles of Association of the Company shall stand altered by the change of the name 'Ghandhara Nissan Limited' to the name 'Ghandhara Automobiles Limited' wherever appearing in the said Memorandum and Articles of Association."

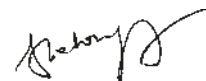
5. To consider to pass the following ordinary resolutions:

- a) "RESOLVED that the transactions carried out in normal course of business with associated companies/ related parties during the year ended June 30, 2022 (as disclosed in Note-39 of Financial Statements for the year ended June 30, 2022) be and are hereby ratified and approved."
- b) "RESOLVED that the Chief Executive Officer 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 year ending June 30, 2023 and, in this connection, the Chief Executive Officer 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."
- c) "RESOLVED that pursuant to Section 170 read with Section 208 of the Companies Act, 2017, the approval of the members of the Company be and is hereby accorded to the Board of Directors to appoint Dr. Shaheen Kuli Khan Khattak as Executive Director Public Relations at a gross salary of Rs. 600,000/- per month, in addition to other usual expenses such as utilities and other perquisites, with effect from July 01, 2022 shared by the following Associated Companies on pro rata basis at the end of each and every quarter of the financial year:
 - i. Bannu Woollen Mills Ltd.
 - ii. Janana De Malucho Textile Mills Ltd.
 - iii. Ghandhara Nissan Ltd.
 - iv. Ghandhara Industries Ltd.
 - v. The Universal Insurance Company Ltd.
 - vi. Rahman Cotton Mills Ltd.

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

6. To transact any other business with the permission of the Chair.

Karachi: 7th October, 2022



By Order of the Board
M. SHEHARYAR ASLAM
(COMPANY SECRETARY)

NOTES:**i. Participation via physical presence or through video conferencing facility:**

The Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies. The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. For this, shareholders are required to email their Name, Folio Number, Cell No., and Number of Shares held in their name with subject "Registration for Gandhara Nissan Limited AGM" along with valid copy of CNIC (both sides) at info@gandhara.com.pk. Video link and login credentials will be shared with only those shareholders whose emails, containing all the required particulars, are received by close of office on October 26, 2022. Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address info@gandhara.com.pk.

- ii. The share transfer books of the Company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive). The request for transfers shall be received at Company's Share Registrar namely M/s. CDC Share Registrar Services Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan by the close of business on October 21, 2022 will be treated in time for the purpose of attendance at the Annual General Meeting.
- iii. A member entitled to attend, speak and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his / her behalf. For proxies in order to be effective, instrument appointing Proxy must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting. For the convenience of the members, a Proxy Application Form is attached at the end of the Annual Report 2022.
- iv. Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars, M/s. CDC Share Registrar Services Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan
- v. Any individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down by SECP.

A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- (ii) Members registered on CDC are also requested to bring their particulars, I.D. Numbers and account numbers in CDS.
- iii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original passport at the time of Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

vi. Circulation of Annual Audited Accounts via CD / DVD / USB or Any Other Media

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and Directors' report etc ("annual audited accounts") to its members through CD/ DVD/ USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2022 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2022 may send a request using a Standard Request Form placed on Company website.

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

The members who have provided consent to receive Annual Report 2022 can subsequently request any other media including hard copy which shall be provided free of cost within seven days.

Members are also requested to intimate any change in their registered email addresses in a timely manner, to ensure effective communication by the Company.

vii Video Conference Facility

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

viii Submission of CNIC / SNIC / NTN

The SRO 831(2)/2012 dated July 5, 2012 read with SRO 19(1)/2014 dated January 10, 2014 issued by SECP, requires printing of CNIC / SNIC or NTN (in case of corporate entities) on the dividend warrant, without which no dividend warrant shall be issued. Therefore, the individual members who have not yet submitted photocopy of their valid CNICs / SNICs, are once again reminded to send the same at the earliest directly to the Company's share registrar. The Corporate entities are requested to provide their NTN. Please give folio number with the copy of CNIC / SNIC / NTN details.

ix Dividend Mandate

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website i.e. <http://www.gandharanissan.com.pk> and send it duly signed along with a copy of CNIC/ NTN to the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi, Pakistan in case of physical shares. In case shares are held in CDC then Dividend Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services.

x Unclaimed Dividend

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

xi 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.

xii Placement of Financial Statements on Website:

The Financial Statements of the Company for the year ended June 30, 2022 along with reports have been placed on the website of the Company: <https://www.gandharanissan.com.pk/page-financial-reports>

xiii Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 every existing 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 SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

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

Below statement sets out the material facts concerning the Special Business, given in agenda of the Notice that will be considered by the members.

- 1) Agenda Item No.4 to approve the change in Company's name from Gandhara Nissan Limited (GNL) to 'Gandhara Automobiles Limited'.

The reason for the change of name of the Company is that upon the termination of the Distribution Agreement with Nissan Motor Co., Japan (NML), GNL shall cease to use the trade name and trademark of NML. Thus, it was suggested to remove the name 'Nissan' from the Company's name. The principal line of business shall remain the same as before the change of name.

- 2) Agenda Item No.5(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2022 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 (Code of Corporate Governance) Regulations, 2019.

During the Board meeting it was pointed out by the Directors that Directors were interested in this/these transactions(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, 2022 with associated company as shown in relevant notes of the Audited Financial Statements 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.

- 3) Agenda Item No.5(b) of the Notice – Authorization of the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2023 to be passed as an Ordinary Resolution.

The Company would be conducting transactions with associated companies in the normal course of business. The Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of Clause-15 of the 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 during the ensuing year ending June 30, 2023.

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

- 4) Agenda Item No.5(c) of the Notice – Board of Directors of GNL to appoint Dr. Shaheen Kuli Khan Khattak as Executive Director Public Relations at a gross salary of Rs. 600,000/- per month, in addition to other usual expenses such as utilities and other perquisites, with effect from July 01, 2022 shared by the following Associated Companies on pro rata basis, at the end of every quarter of the financial year:

- i. Bannu Woollen Mills Ltd.
- ii. Janana De Malucho Textile Mills Ltd.
- iii. Gandhara Nissan Ltd.
- iv. Gandhara Industries Ltd.
- v. The Universal Insurance Company Ltd.
- vi. Rahman Cotton Mills Ltd.

(xiii) دستاویزی حصص سی ڈی سی اکاؤنٹ میں جمع کروانا

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجودہ لسٹڈ ادارے کیلئے درکار ہے کہ ایس ای سی پی کے بیان کردہ طریقہ کار اور تاریخ سے دستاویزی حصص کو بگ انٹری کی شکل میں لائے جس کی مدت اس ایکٹ کے نفاذ یعنی 30 مئی 2017 کے آغاز سے چار سال سے متجاوز نہیں ہوگی۔

دستاویزی حصص ہولڈرز کسی بھی بروکر کے پاس یا براہ راست سی ڈی سی کے انویسٹرا کاؤنٹ میں اپنا سی ڈی سی اکاؤنٹ کھلا سکتے ہیں تاکہ ان کے دستاویزی حصص دستاویزی شکل میں آجائیں، اس سے کئی طریقوں کی سہولت ملے گی بشمول محفوظ تحویل اور جب چاہیں شیئرز کی فروخت کریں، جیسا کہ پاکستان اسٹاک ایکسچینج کے موجودہ ضوابط کے مطابق دستاویزی حصص کے لین دین کی اجازت نہیں ہے۔

کمپنیز ایکٹ، 2017 کے سیکشن (3) 134 کے تحت اہم حقائق کا بیان

- درج ذیل بیانات خصوصی امور سے متعلق اہم حقائق کو سامنے لاتے ہیں، جو اطلاع عام کے ایجنڈا میں دیے گئے ہیں، اور ممبران اس پر غور و خوض کریں گے۔
- (1) ایجنڈا آئٹم نمبر 4۔ گندھارا انسان لمیٹڈ (GNL) سے گندھارا آٹوموبائل لمیٹڈ میں ادارے کے نام کی تبدیلی کی منظوری کے لیے نسان موٹر کمپنی، جاپان (NML) کے ساتھ ڈسٹری بیوشن معاہدے کا اختتام ادارے کا نام گندھارا آٹوموبائل لمیٹڈ میں تبدیل کرنے کی وجہ بنا، گندھارا انسان لمیٹڈ، نسان موٹر لمیٹڈ کا تجارتی نام اور ٹریڈ مارک استعمال کرنا بند کر دے گا۔ اس طرح ادارے کے نام سے نسان کا نام ہٹانے کی تجویز دی گئی۔ کاروبار کی بنیادی طرز وہی رہے گی جو نام کی تبدیلی سے پہلے تھی۔
 - (2) نوٹس کا ایجنڈا آئٹم نمبر 5(a)۔ 30 جون 2022 کو ختم ہونے والے سال کے دوران ملحقہ اداروں کے ساتھ کی گئیں ٹرانزیکشنز کو ایک عام قرارداد کے طور پر منظور ہونا ہے۔ لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ) کے ریگولیشنز 2019 کی شق 15 کے مطابق ملحقہ کمپنیز (متعلقہ فریقین) کے ساتھ ہونے والے عام کاروبار کی ٹرانزیکشنز بورڈ کے ذریعے منظور ہو رہی تھیں جیسا کہ سہ ماہی بنیادوں پر آڈٹ کمیٹی نے سفارش کی تھی۔ بورڈ میٹنگ کے دوران ڈائریکٹرز کی طرف سے نشاندہی کی گئی کہ ادارے کے ڈائریکٹرز کی اکثریت اپنی مشترکہ ڈائریکٹرز اور شریک اداروں میں شیئرز رکھنے کے باعث اس ٹرانزیکشن / ان ٹرانزیکشنز میں دلچسپی رکھتی تھی، اس لیے اس ٹرانزیکشن / ان ٹرانزیکشنز کی منظوری کیلئے ڈائریکٹرز کا کورم تشکیل نہیں پاسکا تھا، جس / جن کی منظوری کیلئے شیئرز ہولڈرز کے ذریعے اجلاس عام میں ہونا تھا۔ مذکورہ بالا کو مد نظر رکھتے ہوئے، 30 جون 2022 کو مکمل ہونے والے مال سال کے دوران شریک ادارے کے ساتھ ہونے والی ٹرانزیکشنز جیسا کہ آڈٹ شدہ مالی گوشواروں کے متعلقہ نوٹس میں ظاہر ہیں، شیئرز ہولڈرز کے سامنے غور و خوض اور منظوری / توثیق کیلئے رکھی جا رہی ہیں۔ ڈائریکٹرز، شریک اداروں میں اپنی مشترکہ ڈائریکٹرز اور شیئرز ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔
 - (3) نوٹس کا ایجنڈا آئٹم نمبر 5(b)۔ 30 جون 2023 کو مکمل ہونے والے سال کے دوران ملحقہ اداروں / متعلقہ فریقوں کے ساتھ ہو چکنے والی اور ہونے والی ٹرانزیکشنز کیلئے چیف ایگزیکٹو کا اختیار بطور عمومی قرارداد منظور کیا جائے گا۔ ادارہ، ملحقہ اداروں کے ساتھ عام کاروبار میں لین دین کرے گا۔ ڈائریکٹرز اپنی مشترکہ ڈائریکٹرز اور ملحقہ اداروں / متعلقہ فریقین میں شیئرز رکھنے کے باعث ان ٹرانزیکشن میں دلچسپی رکھتے ہیں۔ لہذا ملحقہ کمپنیز کے ساتھ ہونے والی ٹرانزیکشنز کو شیئرز ہولڈرز کے ذریعے منظور ہونا ہوگا۔ آئندہ 30 جون 2023 کو مکمل ہونے والے سال کے دوران لسٹڈ کمپنیز کے (کارپوریٹ گورننس کا ضابطہ) کے ریگولیشنز کی شق 15 کی تعمیل میں شیئرز ہولڈرز چیف ایگزیکٹو کو ملحقہ اداروں کے ساتھ عام کاروبار میں ہو چکنے والی اور ہونے والی ٹرانزیکشنز منظور کرنے کا اختیار دیتے ہیں۔ ڈائریکٹرز، ملحقہ اداروں میں اپنی مشترکہ ڈائریکٹرز اور شیئرز ہولڈنگ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔
 - (4) نوٹس کا ایجنڈا آئٹم نمبر 5(c)۔ GNL کے بورڈ آف ڈائریکٹرز ڈائریکٹرز اور شریک اداروں / متعلقہ فریقین کی شق 15 کی تعمیل میں شیئرز ہولڈرز چیف ایگزیکٹو کو ملحقہ اداروں کے ساتھ عام کاروبار میں لین دین کرے گا۔ ڈائریکٹرز اپنی مشترکہ ڈائریکٹرز اور شریک اداروں / متعلقہ فریقین میں شیئرز رکھنے کے باعث ان ٹرانزیکشن میں دلچسپی رکھتے ہیں۔ لہذا ملحقہ کمپنیز کے ساتھ ہونے والی ٹرانزیکشنز کو شیئرز ہولڈرز کے ذریعے منظور ہونا ہوگا۔ آئندہ 30 جون 2023 کو مکمل ہونے والے سال کے دوران لسٹڈ کمپنیز کے (کارپوریٹ گورننس کا ضابطہ) کے ریگولیشنز کی شق 15 کی تعمیل میں شیئرز ہولڈرز چیف ایگزیکٹو کو ملحقہ اداروں کے ساتھ عام کاروبار میں ہو چکنے والی اور ہونے والی ٹرانزیکشنز منظور کرنے کا اختیار دیتے ہیں۔ ڈائریکٹرز، ملحقہ اداروں میں اپنی مشترکہ ڈائریکٹرز اور شیئرز ہولڈنگ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔

i۔ بنوں ولن لمیٹڈ

ii۔ جانا نا ڈی مالو چو ٹیکسٹائل لمیٹڈ

iii۔ گندھارا انسان لمیٹڈ

iv۔ گندھارا انڈسٹریز لمیٹڈ

v۔ یونیورسل انشورنس کمپنی لمیٹڈ

vi۔ رحمان کاشن لمیٹڈ

نوٹس:

ذاتی موجودگی یا ویڈیو کانفرنسنگ کی سہولت کے ذریعے شرکت:

(i) ادارہ کورم کے تقاضوں پر عمل درآمد کو یقینی بناتے ہوئے شیئر ہولڈرز کے کم سے کم جسمانی تعامل کے ساتھ اس سالانہ اجلاس عام کو بلائے کا ارادہ رکھتا ہے اور اراکین سے درخواست کرتا ہے کہ وہ پراکسیز کے ذریعے سالانہ اجلاس عام میں اپنی حاضری اور ووٹنگ کو مستحکم کریں۔ مزید برآں، ادارے نے اس بات کو یقینی بنانے کے لیے اختیارات کیسے ہیں کہ شیئر ہولڈرز سمیت تمام شرکاء اب ویڈیو لنک کے ذریعے بھی سالانہ اجلاس عام کی کارروائی میں حصہ لے سکتے ہیں۔ اس کیلئے شیئر ہولڈرز کو اپنا نام، فوٹیو نمبر، موبائل فون نمبر اور اپنے نام پر رکھے گئے شیئرز کی تعداد "گندھارا انسان لمیٹڈ سالانہ اجلاس عام کے لیے رجسٹریشن" کے عنوان ساتھ موثر CNIC کی نقل (دونوں اطراف سے اسکین شدہ) info@ghandhara.com.pk پر ای میل کرنے کی ضرورت ہے۔ ویڈیو لنک اور لاگ ان کی اسناد صرف ان شیئر ہولڈرز کے ساتھ شیئر کی جائیں گی جن کی تمام مطلوبہ تفصیلات پر مشتمل ای میل 26 اکتوبر 2022 کو دفتر کے بند ہونے پر موصول ہوئی ہو چکی ہوں گی۔ مینٹنگ کے وقت سے 30 منٹ قبل لاگ ان کی سہولت کھول دی جائے گی تاکہ تمام شرکاء شامل ہو سکیں۔ شیئر ہولڈرز کی شناخت اور تصدیق کے لیے درکار تمام رسمی کارروائیوں کو مکمل کرنے کے بعد وہ اپنی ڈیوائسز کے ذریعے لاگ ان ہو کر سالانہ اجلاس عام کی کارروائی میں حصہ لے سکیں گے۔ شیئر ہولڈرز سالانہ اجلاس عام کے ایجنڈا آنمز کے لیے اپنے تبصرے اور سوالات بھی ای میل ایڈریس info@ghandhara.com.pk پر فراہم کر سکتے ہیں۔

(ii) سالانہ اجلاس عام کیلئے ادارے کے حصص منتقلی کی کتابیں 22 اکتوبر سے 28 اکتوبر 2022 تک (بشمول دونوں ایام) بند رہیں گی۔ سالانہ اجلاس عام میں حاضری کے مقصد کیلئے ادارے کے بنام میسرزی ڈی سی شیئر رجسٹر ارسر و لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی، پاکستان کو 21 اکتوبر 2022 کو اختتام کار تک موصول ہونے والی منتظلیوں کی درخواست حاضری کیلئے بروقت سمجھی جائے گی۔

(iii) اس سالانہ اجلاس عامہ میں شرکت اور رائے دہی کا اہل ممبر، بطور پروکسی اپنی طرف سے شرکت کرنے اور رائے دہی کیلئے کسی دوسرے ممبر کی تقرری کا حقدار ہوگا۔ پروکسیز کیلئے موثر ہونے کے حوالے سے، پروکسی کی تقرری کی دستاویز اجلاس کے وقت سے 48 گھنٹے قبل لازمی طور پر رجسٹرڈ آفس یا ادارے کے شیئر رجسٹرار آفس میں موصول ہو جانی چاہئیں۔ ممبر کی آسانی کیلئے سالانہ رپورٹ 2022 کے آخر میں پروکسی درخواست فارم منسلک ہے۔

(iv) فزیکل شیئر رکھنے والے ممبران سے گزارش کی جاتی ہے کہ اپنے پتہ میں تبدیلی کی اطلاع فوری طور پر ہمارے شیئر رجسٹرار، میسرزی ڈی سی شیئر رجسٹر ارسر و لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی، کو دیں۔

(v) سی ڈی سی کا کوئی بھی انفرادی سود مند مالک اس اجلاس میں شرکت اور رائے دہی کا حق رکھتا ہے، اسے اپنی شناخت ثابت کرنے کیلئے اپنا شناختی کارڈ (CNIC) لازمی طور پر لانا ہوگا اور پروکسی ہونے کی صورت میں پروکسی فارم کے ساتھ شیئر ہولڈر کے کمپیوٹرائزڈ شناختی کارڈ (CNIC) کی تصدیق شدہ نقل لازمی منسلک ہونی چاہئے۔ اس مقصد کیلئے کارپوریٹ ممبر کے نمائندگان عمومی مطلوبہ دستاویزات اپنے ہمراہ لائیں۔

سی ڈی سی اکاؤنٹ ہولڈرز بھی بیکورٹیز اینڈ ایکچینج آف پاکستان (SECP) کی جانب سے دی گئی ہدایات پر عمل کرنے کے پابند ہوں گے۔

A- اجلاس میں شرکت کیلئے

- (i) انفرادی شخص ہونے کی صورت میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص، جس کی سیکورٹیز گروپ اکاؤنٹ میں ہے، اور ریگولیشنز کے مطابق جن کی رجسٹریشن کی تفصیلات اپ لوڈ ہو چکی ہیں، اجلاس میں شرکت کے وقت اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ سے اپنی شناخت کی تصدیق کروائے گا/گی۔
- (ii) سی ڈی سی میں رجسٹرڈ افراد سے بھی درخواست کی جاتی ہے کہ وہ اپنے کو آئی ڈی نمبر ز اور سی ڈی ایس کے اکاؤنٹ نمبر ز اپنے ہمراہ لائیں۔
- (iii) کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد اور/یا پاور آف اٹارنی مع نامزد فرد کے نمونہ دستخط (اگر پہلے پیش نہ کیے گئے ہوں)، اجلاس کے موقع پر فراہم کرنے ہوں گے۔

B- پروکسی کی تقرری کیلئے

- (i) انفرادی شخص کی صورت میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص، جس کی سیکورٹیز گروپ اکاؤنٹ میں ہے، اور ریگولیشنز کے مطابق جن کی رجسٹریشن کی تفصیلات اپ لوڈ ہو چکی ہیں، مندرجہ بالا طریقے کے مطابق پروکسی فارم جمع کریں گے۔
- (ii) پروکسی فارم کی شہادت اس شخص کی جانب سے دی جائے گی، جس کا نام، پتہ اور سی ڈی ایس این آئی سی نمبر فارم پر لکھا ہوگا۔
- (iii) پروکسی فارم کے ساتھ، سود مند مالکان اور پروکسی کی سی ڈی ایس این آئی سی یا اصل پاسپورٹ کی تصدیق شدہ نقول فراہم کرنی ہوں گی۔
- (iv) اجلاس میں شرکت کے وقت پروکسی اپنا اصل سی ڈی ایس این آئی سی یا اصل پاسپورٹ فراہم کرے گا/گی۔
- (v) کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد اور/یا پاور آف اٹارنی مع نامزد فرد کے نمونہ دستخط (اگر پہلے پیش نہ کیے گئے ہوں)، پروکسی فارم کے ساتھ ادارے میں جمع کروانا ہوگا۔
- (vi) سی ڈی سی ڈی وی ڈی/یو ایس بی یا کسی دیگر میڈیا کے ذریعے سالانہ آڈٹ شدہ اکاؤنٹس کی ترسیل ایس ای سی پی بذریعہ ایس آر اور 2016(1)470 مورخہ 31 مئی 2016، کمپنیز کوڈ ڈی/ڈی وی ڈی/یو ایس بی کے ذریعے سالانہ بیننس شیٹ، نفع اور نقصان اکاؤنٹ، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ (سالانہ آڈٹ شدہ اکاؤنٹس) وغیرہ ممبران کے رجسٹرڈ پتوں پر بھیجنے کی اجازت دے چکا ہے۔ اس بات کو مدنظر رکھتے ہوئے

سالانہ اجلاس عام کی اطلاع

بذریعہ اطلاع کیا جاتا ہے کہ گندھارا انسان لمیٹڈ کے شیئرز ہولڈرز کا چالیسواں (40th) سالانہ اجلاس عام (AGM)، بروز جمعہ 28 اکتوبر 2022ء، صبح 10:30 بجے، ایف-3، حب چوکی روڈ، سائٹ، کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔

ادارے نے نحصہ یا فنڈنگ کی شرکت کیلئے ویڈیو سہولت کا اہتمام کیا ہے۔ تفصیلی طریقہ کار کا ذکر بعد ازاں نوٹس میں بیان کیا گیا ہے۔ اجلاس کے دوران مندرجہ ذیل امور انجام دیے جائیں گے۔

عمومی امور

1- 2 فروری 2022 کو منعقد ہونے والے غیر معمولی اجلاس عام کے منٹس کی توثیق کرنا

2- 30 جون 2022 کو مکمل ہونے والے سال کیلئے ادارے کے سالانہ آڈٹ شدہ مالی گوشوارے مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور چیئرمین کی جائزہ رپورٹ کی وصولی، غور و خوض اور منظوری۔

3- 30 جون 2023 کو مکمل ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ سبکدوش ہونے والے آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی نا طے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

خصوصی امور

4- ادارے کے نام گندھارا انسان لمیٹڈ سے گندھارا ٹوموبائل لمیٹڈ میں تبدیلی کی درج ذیل قرارداد کو بطور خصوصی قرارداد پر نوٹس اور گراسے بہتر سمجھا جائے تو اسے منظور کرنا:

"قرار پایا ہے کہ اس خصوصی قرارداد کے ذریعے جو کہ رجسٹر آف کمپنیز کی منظوری سے مشروط ہے، ادارے کا نام 'گندھارا انسان لمیٹڈ' سے بدل کر 'گندھارا ٹوموبائل لمیٹڈ' کر دیا جائے اور یہ کہ قانون کے ذریعے تجویز کردہ تمام ضروری طریقہ کار کی تعمیل کی جائے۔ اس خصوصی قرارداد کے ذریعے قرارداد میں دیے گئے نام کی تبدیلی کو مکمل اور موثر بنانے کے لیے قانون کے ذریعے تجویز کردہ اور منظور یوں کو محفوظ کیا جائے؛ اور

مزید قرار پایا ہے کہ اس خصوصی قرارداد کے ذریعے طے پایا گیا ہے کہ رجسٹر آف کمپنیز کے ذریعے نام کی تبدیلی کی منظوری کے بعد، ادارے کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں ادارے کا نام گندھارا انسان لمیٹڈ سے تبدیل کر کے گندھارا ٹوموبائل لمیٹڈ کر دیا جائے گا اور مذکورہ میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں جہاں کہیں بھی ظاہر ہو "گندھارا ٹوموبائل لمیٹڈ" لکھا جائے۔"

5- درج ذیل عام قراردادوں کو منظور کرنے پر غور کرنا

الف) "قرار پایا ہے کہ 30 جون 2022 (جیسا کہ 30 جون 2022 کو مکمل ہونے والے سال کے مالیاتی گوشواروں کے نوٹ 39 میں ظاہر ہے) کو ختم ہونے والے سال کے

دوران لمحققہ اداروں / متعلقہ فریقوں کے ساتھ ہونے والے عام کاروبار کے لین دین کی بذریعہ ہڈا توثیق کی جاتی ہے اور منظوری دی جاتی ہے۔"

ب) "قرار پایا ہے کہ 30 جون 2023 کو مکمل ہونے والے آئندہ سال کے دوران لمحققہ اداروں / متعلقہ فریقوں کے ساتھ ہونے والے عام کاروبار کے لین دین کی منظوری کیلئے بذریعہ ہڈا ادارے کا چیف ایگزیکٹو آفیسر مجاز ہے اور رہے گا اور اس تعلق سے چیف ایگزیکٹو آفیسر بذریعہ ہڈا اس بات کا بھی مجاز ہے کہ وہ اس سلسلے میں وہ کوئی بھی یا تمام ضروری اقدامات کرے اور وہ ادارے کی جانب سے تمام مطلوبہ دستاویزات / معاہدوں پر دستخط / عمل درآمد کا مجاز ہے۔"

ج) "قرار پایا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 208 کے ساتھ پڑھے گئے سیکشن 170 کے مطابق، ادارے کے ممبران کی منظوری اور بذریعہ ہڈا بورڈ آف ڈائریکٹرز ڈائریکٹرز ہین قلی خان خٹک کو ایگزیکٹو ڈائریکٹر پبلک ریلیشنز کے طور پر مقرر کرنے کی اجازت دی جاتی ہے جن کی مجموعی تنخواہ 600,000 روپے ماہانہ مع دیگر معمول کے اخراجات جیسے کہ یوٹیلٹیٹیز اور دیگر مراعات پر مشتمل ہوگی، جسے یکم جولائی 2022 سے درج ذیل لمحققہ اداروں کے ذریعہ مالی سال کی ہر سہ ماہی کے اختتام پر تناسب کی بنیاد پر اشتراک کیا گیا ہے۔

i- نون وولن ملز لمیٹڈ

ii- جانا نا ڈی مالو چیکیٹائل ملز لمیٹڈ

iii- گندھارا انسان لمیٹڈ

iv- گندھارا انڈسٹریز لمیٹڈ

v- یونیورسل انشورنس کمپنی لمیٹڈ

vi- رحمان کاٹن ملز لمیٹڈ

کمپنیز ایکٹ 2017 کے سیکشن 134 (3) کے مطابق اسٹینڈنٹ آف میٹریل فیکٹ درج بال بیان کردہ خصوصی کاروبار سے متعلق ہے، میٹنگ کے اس نوٹس کے ساتھ منسلک ہے۔

6- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ



ایم۔ شہریار اسلم

(کمپنی سیکریٹری)

Chairman's Review Report

I am presenting the Annual Report 2021-22 and the Audited Financial Statements of the Company for the year ended June 30, 2022 to our valued shareholders.

Economy at a Glance

The financial year 2021-22 did see a period of normality after nearly two years of the global pandemic after the government successfully handled the implementation of the vaccinations being administered. The change in the Government during March, 2022 led to new set of policies and discontinuation of some of the old policies. Rising commodity prices and a large fiscal deficit have inflated the import bill, putting the country on the verge of a balance of payments crisis.

The Government has taken measures to curb the current account deficit by restricting import of luxury goods and controlling the overall import bill of the country. This has resulted in the normalization of overheated economy. This will support the PKR against USD and will keep the economy stable in the short-term.

Industry outlook

Auto industry of Pakistan has been confronted with its own set of challenges with the rupee depreciation, increased taxes, and rising fuel prices all weigh on the industry's outlook. Meanwhile, we have witnessed a tremendous year indicated by the highest ever sales, especially in the passenger car segment. As per PAMA, sales volumes of auto industry for Heavy Commercial Vehicles (HCVs) were 5,802 units during the year ended June 30, 2022 as compared to 3,695 units during the previous year showing a growth of 57%. Similarly, for Light Commercial Vehicles (LCVs), sales were 17,006 units during the year ended June 30, 2022 as compared to 11,550 units during the previous year showing a growth of 47%.

Company's performance

I am pleased to share that our company has earned a profit after-tax of Rs.101 million (after-tax profit of Rs.131million last year).

During FY-2022, the Company launched the latest generation of Tiggo series SUVs of Chery Automobile Co. Ltd., which is the leading automobile export company of China. It offers a perfect fusion of style, luxury, comfort & safety. The Company commenced the local assembly of Chery Tiggo-4 Pro and Tiggo-8 Pro during March 2022. We are pleased to announce that the Company received an overwhelming response to the Chery products.

Future Outlook

The Company aims to strive for the optimum use of resources and achieving results that will ensure that its team are driven to increase sales and production and in turn contribute to the economic betterment of the country.


The outlook of economy in general and particularly the Auto-sector seems exposed to macroeconomic variables and supply chain challenges in the near future. However, the Company is keen to cater to the changing market requirements by bringing in right product mix in commercial vehicles segment.

Your management is dedicated towards continued focus on quality improvement, efficiency, cost control in sales and after sales service to improve its competitiveness and market share.

Acknowledgement

The Company acknowledges the continued support and cooperation of China Dongfeng Motor Industry Import and Export Co. Limited, Dongfeng Automobile Company Limited (China), Anhui Jianghuai Automobile Group Corp., Limited (China), Renault Trucks S.A.S (France) and Chery Automobile Co., Ltd.

Moreover, I take this opportunity to thank our valued customers for the trust they continue to place in us, the management team & employees for their sincere efforts, the Board of Directors for their guidance, all Bankers, Dealers, Vendors, Associates and Shareholders for their support and cooperation throughout the year.



Lt.Gen.(Retd.) Ali Kuli Khan Khattak
For and on behalf of the
Board of Directors

Karachi
Dated: 4th October, 2022

چیمبر میں کا جائزہ

میں اپنے قابل قدر حصص یافتگان کو 2021-22 کی سالانہ رپورٹ اور 30 جون 2022 کو ختم ہونے والے سال کیلئے ادارے کے آڈٹ شدہ مالیاتی گوشوارے پیش کر رہا ہوں۔

معیشت پر ایک نظر

مالی سال 2021-22 میں عالمی وبائی بیماری کے تقریباً دو سال کے بعد معمولات زندگی کا دور بحال ہوتے دیکھا گیا، جب حکومت ملک میں ویکسین کے نفاذ کو سنبھالنے میں کامیاب ہوئی۔ مارچ 2022 کے دوران حکومت میں تبدیلی نئی پالیسیوں اور کچھ پرانی پالیسیوں کو ختم کرنے کا باعث بنی۔ اجناس کی بڑھتی ہوئی قیمتوں اور بڑے مالیاتی خسارے نے درآمدی بل کو بڑھا دیا ہے، جس نے ملک کو ادائیگیوں کے توازن کے بحران کے دہانے پر لاکھڑا کیا ہے۔

حکومت نے پرعیش ایشیا کی درآمد پر پابندی لگا کر اور ملک کے مجموعی درآمدی بل کو کنٹرول کر کے کرنٹ اکاؤنٹ خسارے کو کم کرنے کے لیے اقدامات کیے ہیں۔ اس کے نتیجے میں بہت زیادہ بگڑتی اقتصادی صورتحال کو معمول پر لایا گیا ہے۔ یہ اقدام امریکی ڈالر کے مقابلے میں پاکستانی روپے کو سپورٹ کرے گا اور مختصر مدت میں معیشت کو مستحکم رکھے گا۔

صنعت کا نقطہ نظر

پاکستان کی آٹو انڈسٹری کو روپے کی قدر میں کمی، ٹیکسوں میں اضافہ اور ایندھن کی بڑھتی ہوئی قیمتوں کے ساتھ اپنے ہی چیلنجز کا سامنا کرنا پڑا ہے، یہ سب عوامل اس صنعت کے نقطہ نظر پر اثر انداز ہوئے ہیں۔ دریں اثنا، ہم نے ایک بہترین سال دیکھا ہے جس کی نشاندہی اب تک کی سب سے زیادہ فروخت، خاص طور پر پینچر کار سیگمنٹ میں ہونے والی فروخت سے ہوتی ہے۔ PAMA کے مطابق، 30 جون 2022 کو ختم ہونے والے سال کے دوران ہیوی کمرشل و ہیکلز (HCVs) کے لیے آٹو انڈسٹری کی فروخت کا حجم 5,802 گاڑیاں تھا جو کہ گذشتہ سال کے دوران 3,695 گاڑیاں تھا، یعنی ہمیں سال گذشتہ کے مقابلے میں 57 فیصد اضافہ دکھائی دیتا ہے۔ اسی طرح، لائٹ کمرشل و ہیکلز (LCVs) کے لیے، 30 جون 2022 کو ختم ہونے والے سال کے دوران 17,006 گاڑیوں کی فروخت ہوئی جو کہ گذشتہ سال کے دوران 11,550 گاڑیوں کے مقابلے میں 47 فیصد اضافہ دکھاتی ہے۔

ادارے کی کارکردگی

مجھے یہ بیان کرتے ہوئے خوشی ہو رہی ہے کہ ہمارے ادارے نے 101 ملین روپے کا بعد از ٹیکس منافع کمایا ہے (گزشتہ سال 131 ملین روپے کا بعد از ٹیکس منافع)۔ مالی سال 2022 کے دوران، ادارے نے چیری آٹوموبائل کمپنی کی Tiggo سیریز کی SUVs کی جدید ترین جزییشن متعارف کروائی جو کہ چین کی معروف آٹوموبائل ایکسپورٹ کمپنی ہے۔ یہ انداز، عیش، آرام اور تحفظ کا بہترین امتزاج پیش کرتی ہے۔ ادارے نے مارچ 2022 کے دوران Chery Tiggo-4 Pro اور Tiggo-8 Pro کو مقامی طور پر اسمبل کرنے کا آغاز کر دیا ہے۔ ہمیں یہ اعلان کرتے ہوئے مسرت ہو رہی ہے کہ ادارے کو چیری (Chery) کی مصنوعات کے حوالے سے زبردست رد عمل ملا ہے۔

مستقبل کا منظر نامہ

ادارے کا مقصد وسائل کے زیادہ سے زیادہ استعمال اور نتائج کے حصول کے لیے کوشش کرنا ہے جو اس بات کو یقینی بنائے کہ اس کی ٹیم فروخت اور پیداوار میں اضافہ کرے اور اس کے نتیجے میں ملک کی اقتصادی بہتری میں اپنا حصہ پیش کرے۔ معیشت کا عمومی منظر نامہ نقطہ نظر اور خاص طور پر آٹو سیکٹر مستقبل قریب میں بڑے اقتصادی تغیرات اور سپلائی چین کے چیلنجز کا شکار نظر آتا ہے۔ تاہم، ادارہ کمرشل گاڑیوں کے شعبے میں صحیح پروڈکٹس لاکر مارکیٹ کی بدلتی ہوئی ضروریات کو پورا کرنے کا خواہشمند ہے۔

آپ کی انتظامیہ اپنی مسابقت اور مارکیٹ شیئر کو بہتر بنانے کے لیے معیاری بہتری، کارکردگی، بیلز میں لاگت پر کنٹرول اور بعد از فروخت سروس پر مسلسل توجہ مرکوز کرنے کے لیے وقف ہے۔ آپ کی انتظامیہ معیاری بہتری، کارکردگی، لاگت پر کنٹرول اور بعد از فروخت سروس پر مسلسل توجہ مرکوز کرنے کیلئے پرعزم ہے تاکہ اس کی مسابقتی صلاحیت اور مارکیٹ شیئر کو بہتر بنایا جاسکے۔

اعتراف

ادارہ ڈونگ فینگ موٹر انڈسٹری امپورٹ اینڈ ایکسپورٹ کمپنی لمیٹڈ (چین)، ڈونگ فینگ آٹوموبائل کمپنی لمیٹڈ (چین)، آنہوئی جیا گاہوائی آٹوموبائل گروپ کارپوریشن، لمیٹڈ (چین)، رینالٹ ٹرک ایس اے ایس (فرانس) اور چیری آٹوموبائل کمپنی کی مسلسل حمایت اور تعاون کا اعتراف کرتا ہے۔

مزید برآں، میں اس موقع کا فائدہ اٹھاتے ہوئے اپنے قابل قدر صارفین کا مخلصانہ کوششوں کیلئے اپنی مینجمنٹ ٹیم اور ملازمین کا، ان کی رہنمائی کیلئے بورڈ آف ڈائریکٹرز کا، سال بھر میں حمایت اور تعاون کیلئے تمام ٹیکرز، ڈیلرز، ویینڈرز، ایسوسی ایٹس اور حصص یافتگان کا شکریہ ادا کرنا چاہتا ہوں۔

Ahmad Khan

لیفٹیننٹ جنرل (ر) علی قلی خان جنک

بورڈ آف ڈائریکٹرز کیلئے اور ان کی جانب سے

مورخہ: 14 اکتوبر 2022

Directors' Report

On behalf of the Board of Directors, we are presenting Directors' Report together with Audited Accounts and Auditors' Report thereon for the year ended 30th June 2022.

Principal Activities

The principal business of the Company is assembly / progressive manufacturing of vehicles including Chery SUVs, JAC Trucks, import and sale of Nissan, Dongfeng and Renault vehicles in Completely Built-up condition and assembly of other vehicles under contract agreement.

Financial Results

The financial results for the year ended 30th June 2022 are summarized below:

	2022	2021
	(Rupees in thousands)	
Revenue	5,359,062	3,225,727
Profit before taxation	130,528	115,554
Taxation		
Current	(69,001)	(9,597)
Deferred	39,628	24,795
	(29,373)	15,198
Profit after taxation	101,155	130,752
Other comprehensive loss	(12,150)	(1,776)
Total comprehensive Income	89,005	128,976
Accumulated profit		
Brought forward	2,158,630	1,982,600
Incremental depreciation	33,716	47,054
	2,192,346	2,029,654
Accumulated profit Carried forward	2,281,351	2,158,630
Earnings per share	1.77	2.29

Developments during the Financial Year

During FY-2022, the Company launched the latest generation of Tiggo series SUVs of Chery Automobile Co. Ltd., which is the leading automobile export company of China. It offers a perfect fusion of style, luxury, comfort & safety. The Company commenced the local assembly of Chery Tiggo-4 Pro and Tiggo-8 Pro during March 2022. We are pleased to announce that the Company received an overwhelming response to the Chery products.

Holding company

Bibojee Services (Pvt.) Limited, incorporated in Pakistan, is the holding company of Ghandhara Nissan Limited.

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the nature of business, performance of the Company, future prospects and uncertainties.

Board of Directors and its Committees

The Board

The Board comprises of three independent Directors, one executive and six non-executive Directors. The Directors of the Company were re-elected in Extraordinary General meeting of the Company held on 2nd February, 2022. Mr. Sikandar Kuli Khan Khattak was appointed on 27th April 2022 to fill the casual vacancy created as a result of demise of Mr. Raza Kuli Khan Khattak on 18th March 2022. In line with the Board policy of gender equality, the Company continues to maintain female representation on the Board of Directors with one female member on the Board.

Human Resource and Remuneration (HR&R) Committee

The Committee meets annually to review and recommend improvement in compensation / remuneration of employees and devise policies for the development of senior executives. The CEO of the Company and the Head of HR of Company attended the Human Resource and Remuneration Committee meeting. The Committee met once during 2021-22.

Board Audit Committee (BAC)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, 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.

After each meeting, the Chairman of the Committee reports to the Board. During the year 2021-22, four BAC meetings were held. Attendance by each member is as follows:

S.No.	Name of Director	No. of Meetings Attended
1.	Mr. Polad Merwan Polad	4
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	3
3.	Mr. Muhammad Zia	4
4.	Mr. Muhammad Saleem Baig	4
5.	Mr. Salman Rasheed (FCA)	4

Meetings of Board of Directors

During the year 2021-22, seven meetings of Board of Directors were held. Attendance by each Director was as follows:

S.No.	Name of Director	Status	No. of Meetings Attended
1.	Mr. Raza Kuli Khan Khattak (Late) *	Re-Elected on February 02, 2022	4
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	Re-Elected on February 02, 2022	7
3.	Mr. Ahmad Kuli Khan Khattak	Re-Elected on February 02, 2022	6
4.	Syed Haroon Rashid	Re-Elected on February 02, 2022	7
5.	Mr. Muhammad Zia	Re-Elected on February 02, 2022	7
6.	Mr. Muhammad Saleem Baig	Re-Elected on February 02, 2022	7
7.	Mr. Polad Merwan Polad	Re-Elected on February 02, 2022	7
8.	Mrs. Shahnaz Sajjad Ahmad	Re-Elected on February 02, 2022	7
9.	Mr. Salman Rasheed (FCA)	Re-Elected on February 02, 2022	7
10.	Mr. Muhammad Jawaid Iqbal	Re-Elected on February 02, 2022	5
11.	Mr. Sikandar Kuli Khan Khattak **	Appointed on April 27, 2022	1

Leave of absence was granted to the Director who could not attend the Board Meeting.

* Passed away during the current year

** Appointed during the year

Performance Evaluation of Board of Directors and Committees of the Board

The evaluation of Board's role of oversight and its effectiveness is a continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Review of CEO's Performance

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

Directors' Remuneration

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.19.9 million (2021: Rs.21.3 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 2021-22, please refer note-38 to the Financial Statements.

External Auditors

The present External Auditors M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board Audit Committee has recommended the reappointment of M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants.

Internal Audit

The Company has an independent Internal Audit function. The Board Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Board 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 findings to the Board Audit Committee.

Material changes

There have been no material changes since June 30, 2022 to date of the report and the Company has not entered into any material commitment during this period, which would have an adverse impact on the financial position of the Company. All the material events and other price sensitive information are reported to PSX on as and when basis.

Pattern of Shareholding

The pattern of shareholding of the Company has been annexed to this report.

Related Party Transactions

All transactions with related parties have been executed at arm's length and have been disclosed in the financial statements under relevant notes.

Communication

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 website at www.gandharanissan.com.pk on timely basis.

Safeguarding of Records

The company puts great emphasis for storage and safe custody of its financial records. The access to electronic documentation has been secured through implementation of a comprehensive password protected system.

Health, Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

Corporate Social Responsibility

The company considers social, environmental, and ethical obligations in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders. The management is keen to ensure that society is not affected by any means through any activity of company.

Corporate and Financial reporting framework

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The financial statements, prepared by the management of the company, present its state of affairs fairly, 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 Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained;
- The system of the internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the company's ability to continue as a going concern;
- Key operating and financial data of last six years has been included in the Annual Report;
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange;
- Information about taxes and levies is given in the respective notes to the Financial Statements;
- The value of investments made by the staff retirement funds as per their respective audited accounts are given below:

	Value of investment	Year ended
Provident Fund	Rs.189.9 million	June 30, 2021
Gratuity Fund	Rs.187.29 million	June 30, 2021

- No trading in the shares of the Company was carried out by the Directors, CFO, Company Secretary, their spouses and minor children.

For and on behalf of the Board of Directors



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director

Karachi

Dated: 4th October, 2022

ختم ہونے والا سال

سرمایہ کاری کی مالیت

30 جون 2021

189.9 ملین روپے

پروویڈنٹ فنڈ

30 جون 2021

187.29 ملین روپے

گریجویٹ فنڈ

• ڈائریکٹرز، CFO، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں کی طرف سے ادارے کے حصص کا کوئی لین دین نہیں کیا گیا۔

برائے و مخائب بورڈ آف ڈائریکٹرز



ڈائریکٹر



چیف ایگزیکٹو آفیسر

کراچی

مورخہ 14 اکتوبر 2022

مواصلات

ادارہ حصص یافتگان کے ساتھ رابطے کی اہمیت پر توجہ مرکوز رکھتا ہے۔ کمپنیز ایکٹ 2017 میں بیان کردہ مدت کے اندر ان میں سالانہ، ششماہی اور سہ ماہی رپورٹس تقسیم کی جاتی ہیں۔ ادارے کی سرگرمیوں کو اس کی ویب سائٹ www.ghandharanissan.com.pk پر بروقت بنیادوں پر اپ ڈیٹ کیا جاتا ہے۔

ریکارڈ کا تحفظ

ادارہ اپنے مالیاتی ریکارڈز کی اسٹوریج اور محفوظ نگہداشت پر بہت زور دیتا ہے۔ برقی دستاویزات تک رسائی کو پاس ورڈ پروٹیکٹڈ جامع نظام کے اطلاق کے ذریعے محفوظ بنایا گیا ہے۔

صحت، حفاظت اور ماحولیات

ہم صحت، حفاظت اور ماحولیات کے اعلیٰ ترین معیار کو برقرار رکھنے پر پختہ عزم رکھتے ہیں تاکہ ان لوگوں کی فلاح و بہبود کو یقینی بنایا جاسکے جو ہمارے ساتھ کام کرتے ہیں اور ان آبادیوں کی بھی، جہاں ہم کام کرتے ہیں۔

کاروباری سماجی ذمہ داریاں

ادارہ مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی ذمہ داریوں پر توجہ مرکوز رکھتا ہے۔ ادارہ تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کیلئے پرعزم ہے۔ انتظامیہ اس بات کو یقینی بنانا چاہتی ہے کہ ادارہ کی کسی بھی سرگرمی کی وجہ سے معاشرہ کسی بھی طور متاثر نہ ہو۔

کاروباری اور مالیاتی رپورٹنگ کا فریم ورک

ڈائریکٹرز ذیل امور کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور کوڈ آف کارپوریٹ گورننس کے ساتھ کاروباری اور مالیاتی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

• ادارے کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں، اس کی صورتحال، اس کے آپریشن کے نتائج، نقد بہاؤ (کیش فلو)، اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کیا جاتا ہے۔

• ادارے کے کھاتوں کی کتابیں باقاعدہ برقرار رکھی گئی ہیں۔

• مالیاتی گوشواروں کی تیاری میں حساب کتاب کی مناسب پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور گوشواروں کے تخمینے معقول اور محتاط فیصلوں پر مبنی ہیں۔

• مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی، جیسا کہ پاکستان میں لاگو ہیں، پیروی کی گئی ہے، اور اس سے کسی بھی انحراف کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔

• انٹرنل کنٹرول کا نظام ڈیزائن کے اعتبار سے درست ہے اور اسے مؤثر طریقے سے نافذ کر کے نگرانی میں رکھا گیا ہے۔

• ادارے کے جاری ادارے کے طور پر کام کاروبار جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔

• گزشتہ 6 سال کے دوران کلیدی آپریٹنگ اور مالی اعداد و شمار کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

• کارپوریٹ گورننس کے بہترین طریقوں سے کوئی اہم انحراف نہیں کیا گیا، جیسا کہ پاکستان اسٹاک ایکسچینج کی رولز بک کے ضابطوں میں تفصیل سے بیان کیا گیا ہے۔

• ٹیکس اور محصولات کے بارے میں معلومات مالیاتی گوشواروں کے متعلقہ نوٹس میں دی گئی ہیں۔

• اسٹاف ریٹائرمنٹ فنڈز کی جانب سے کئی گئی سرمایہ کاری کی مالیت متعلقہ آڈٹ شدہ گوشواروں کے مطابق ذیل میں دی گئی ہیں:

سی ای او کی کارکردگی کا تجزیہ

سی ای او کی کارکردگی کا رسمی تجزیہ تشخیصی نظام کے ذریعے کیا جاتا ہے جو کہ مقدار اور معیار کی اقدار پر مبنی ہے۔ اس میں کاروبار کی کارکردگی، منافع جات کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، جانشینی کی منصوبہ بندی اور کاروبار کی کامیابی شامل ہے۔

ڈائریکٹر کا معاوضہ

بورڈ ممبران کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم کارپوریٹ گورننس کے ضابطے کے مطابق، اس بات کو یقینی بنایا جاتا ہے کہ ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ معاوضہ پالیسی کی اہم خصوصیات درج ذیل ہیں۔

- سال کے دوران چیف ایگزیکٹو آفیسر کی مراعات اور دیگر فوائد سمیت معاوضہ 19.9 ملین روپے ہے۔ (2021 میں 21.3 ملین روپے)
- کمپنی نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کو معاوضہ ادا نہیں کرتی، ماسوائے اجلاسوں میں شرکت کی فیس کے۔ مالی سال 2021-22 میں ڈائریکٹرز اور سی ای او کے معاوضے کے بارے میں مزید تفصیلات کیلئے، براہ کرم مالیاتی گوشوارے میں نوٹ 38 ملاحظہ فرمائیں۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز سائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں، اور اہلیت کی بنا پر خود کو دوبارہ تفری کیلئے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی میسرز سائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تفری کی سفارش کرتی ہے۔

اندرونی آڈٹ

ادارے کا ایک خود مختار اندرونی آڈٹ فنکشن ہے۔ بورڈ آف آڈٹ اس فنکشن کے وسائل اور اختیار کی مناسبت سے ہر سہ ماہی جائزہ لیتی ہے۔ اندرونی آڈٹ کا سربراہ بورڈ کی آڈٹ کمیٹی کو عملی طور پر رپورٹ کرتا ہے۔ بورڈ کی آڈٹ کمیٹی کاروباری شعبوں کی سالانہ اور سہ ماہی تشخیص کی بنیاد پر آڈٹ پلان کی منظوری دیتی ہے۔ اندرونی آڈٹ فنکشن مالیاتی آپریشنل اور کمپلائنس کنٹرولز کا جائزہ لیتا ہے اور بورڈ کی آڈٹ کمیٹی کو نتائج کی رپورٹ دیتا ہے۔

اہم تبدیلیاں

30 جون 2022 سے اس رپورٹ کی تاریخ تک کوئی قابل ذکر تبدیلی نہیں آئی ہے اور کمپنی نے اس عرصے میں ایسا کوئی اہم معاہدہ نہیں کیا ہے، جس سے کمپنی کی مالی حیثیت پر منفی اثرات مرتب ہوں۔ تمام اہم واقعات اور دیگر قیمتوں کے اعتبار سے حساس معلومات کی پی ایس ایکس (PSX) کو چھپی ہے جہاں ہے کہ بنیاد پر اطلاعات دی جاتی ہیں۔

حصص کی ملکیت کا اسلوب

ادارے کے حصص کی ملکیت کا اسلوب اس رپورٹ کے ساتھ منسلک کر دیا گیا ہے۔

متعلقہ پارٹی سے لین دین

متعلقہ پارٹیوں سے تمام لین دین اثر و رسوخ سے آزادانہ انداز میں سرانجام دیا جاتا ہے اور مالیاتی گوشواروں میں متعلقہ نوٹس کا انکشاف کیا جاتا ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاسوں میں حاضری کی تعداد
1	جناب پولاد مروان پولاد	4
2	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	3
3	جناب محمد ضیا	4
4	جناب محمد سلیم بیگ	4
5	جناب سلمان رشید (FCA)	4

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2021-22 کے دوران بورڈ آف ڈائریکٹرز کے سات (7) اجلاس ہوئے، جن میں ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	حیثیت	اجلاسوں میں حاضری کی تعداد
1	جناب رضا قلی خان خٹک (مرحوم)*	2 فروری 2022 کو دوبارہ منتخب ہوئے	4
2	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	2 فروری 2022 کو دوبارہ منتخب ہوئے	7
3	جناب احمد قلی خان خٹک	2 فروری 2022 کو دوبارہ منتخب ہوئے	6
4	جناب سید ہارون رشید	2 فروری 2022 کو دوبارہ منتخب ہوئے	7
5	جناب محمد ضیا	2 فروری 2022 کو دوبارہ منتخب ہوئے	7
6	جناب محمد سلیم بیگ	2 فروری 2022 کو دوبارہ منتخب ہوئے	7
7	جناب پولاد مروان پولاد	2 فروری 2022 کو دوبارہ منتخب ہوئے	7
8	محترمہ شہناز سجاد احمد	2 فروری 2022 کو دوبارہ منتخب ہوئیں	7
9	جناب سلمان رشید (FCA)	2 فروری 2022 کو دوبارہ منتخب ہوئے	7
10	جناب محمد جاوید اقبال	2 فروری 2022 کو دوبارہ منتخب ہوئے	5
11	جناب سکندر قلی خان خٹک**	27 اپریل 2022 کو منتخب ہوئے	1

بورڈ میٹنگ کا اجلاس اٹینڈ نہ کرنے والے ڈائریکٹر کی رخصت منظور کی گئی۔

* حالیہ سال کے دوران انتقال فرما گئے۔

** حالیہ سال کے دوران تعینات کیے گئے۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کا تجزیہ

بورڈ کی نگرانی اور اس کی اثر انگیزی کا تجزیہ لگا تا عمل ہے، جس کا جائزہ بورڈ خود لیتا ہے۔ توجہ کے بنیادی شعبے درج ذیل ہیں۔

• ادارے کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی صف بندی

• پائیدار آپریشن کیلئے حکمت عملی کی تشکیل

• بورڈ کی خود مختاری اور

• متعلقہ دفعات میں بورڈ کی طے شدہ ذمہ داریوں کا نبھانے کے سلسلے میں ان کی کارکردگی کا تجزیہ

مالی سال کے دوران پیش رفت

مالی سال 2022 کے دوران ادارے نے چیری آٹوموبائل کمپنی (Chery Automobile Company) کی Tiggo سیریز کی SUVs کی جدید ترین جزییشن متعارف کروائی جو چین کی معروف آٹوموبائل ایکسپورٹ کمپنی ہے۔ یہ انداز، عیش، آرام اور تحفظ کا بہترین امتزاج پیش کرتی ہے۔ ادارے نے مارچ 2022 کے دوران Chery Tiggo-4 Pro اور Tiggo-8 Pro کو مقامی طور پر اسمبل کرنے کا آغاز کر دیا ہے۔ ہمیں یہ اعلان کرتے ہوئے مسرت ہو رہی ہے کہ ادارے کو چیری کی مصنوعات کے حوالے سے زبردست رد عمل ملا ہے۔

ہولڈنگ کمپنی

پیو جی سروسز (پرائیویٹ) لمیٹڈ، جس کی تشکیل پاکستان میں ہوئی، گندھارا انسان لمیٹڈ کی ہولڈنگ کمپنی ہے۔

چیئر مین کا جائزہ

سالانہ رپورٹ میں شامل چیئر مین کا جائزہ دیگر امور کے علاوہ کاروبار کی نوعیت، ادارے کی کارکردگی، مستقبل کے امکانات اور غیر یقینی صورتحال سے متعلق ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ تین (3) خود مختار ڈائریکٹرز، ایک (1) ایگزیکٹو اور چھ (6) نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ادارے کے ڈائریکٹرز 2 فروری 2022 کو ادارے میں منعقد ہونے والے غیر معمولی اجلاس عام میں منتخب کیے گئے تھے۔ 18 مارچ 2022 کو جناب رضاقلی خان خٹک کی رحلت کے نتیجے میں خالی ہونے والی عارضی آسامی کو پُر کرنے کیلئے 27 اپریل 2022 کو جناب سکندر قلی خان خٹک کی تعیناتی عمل میں آئی۔ صنفی مساوات کی بورڈ پالیسی کے مطابق، ادارہ بورڈ میں ایک خاتون ممبر کے ساتھ بورڈ آف ڈائریکٹرز میں خواتین کی نمائندگی کو برقرار رکھتا ہے۔

انسانی وسائل اور معاوضہ (HR&R) کی کمیٹی

ملازمین کے مشاہرے / معاوضے کا جائزہ لینے اور بہتری کی سفارش کرنے اور سینئر ایگزیکٹوز کی ترقی کی پالیسیاں وضع کرنے کیلئے کمیٹی کا ہر سال اجلاس منعقد ہوتا ہے۔ ادارے کے سی ای او اور ہیومن ریسورس کے سربراہ انسانی وسائل اور معاوضہ (HR&R) کی کمیٹی کے اجلاس میں شرکت کرتے ہیں۔ کمیٹی نے 2021-22 کے ایک بار ملاقات کی۔

بورڈ کی آڈٹ کمیٹی (BAC)

بورڈ کی آڈٹ کمیٹی بورڈ کی نگرانی کی ذمہ داریوں کو پورا کرنے، بنیادی طور پر مالیاتی اور غیر مالیاتی معلومات کا جائزہ لینے اور حصص یافتگان کو رپورٹ دینے میں، انٹرنل کنٹرول کے نظام اور ریسک مینجمنٹ اور آڈٹ کے عمل میں مدد کرتی ہے۔ اسے خود مختاری حاصل ہے کہ وہ انتظامیہ سے معلومات طلب کرے اور موزوں سمجھے تو ایکسٹرنل آڈیٹرز یا مشیروں سے براہ راست مشاورت کرے۔ چیف فنانشل آفیسر دعوت نامے کے ذریعے بورڈ آڈٹ کمیٹی کے اجلاسوں میں باقاعدگی سے شرکت کرتا ہے۔ ہر اجلاس کے بعد کمیٹی کا چیئر مین بورڈ کو رپورٹ پیش کرتا ہے۔

سال 2021-22 کے دوران بورڈ آڈٹ کمیٹی کے چار اجلاس ہوئے، جن میں ہر ممبر کی حاضری درج ذیل ہے:

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2022 کو ختم ہونے والے سال کیلئے آڈٹ شدہ حسابات کے ہمراہ ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

بنیادی سرگرمیاں

ادارے کا بنیادی کاروبار، گاڑیاں بشمول چیری SUVs کی پینچر کاریں، JAC ٹرکس کی اسمبلی، پروگریسیو مینوفیکچرنگ، مکمل تیار حالت میں نسان، ڈونگ فینگ اور رینالٹ گاڑیوں کی درآمد اور فروخت اور کنٹریکٹ ایگریمنٹ کے تحت دیگر گاڑیوں کی اسمبلی ہے۔

30 جون 2022 کو ختم ہونے والے سال کیلئے مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

2021	2022	
		(روپے ہزاروں میں)
3,225,727	5,359,062	آمدنی
115,554	130,528	قبل از ٹیکس منافع
		ٹیکس
(9,597)	(69,001)	موجودہ
24,795	39,628	مؤخر شدہ
(15,198)	(29,373)	
130,752	101,155	بعد از ٹیکس منافع
(1,776)	(12,150)	دیگر جامع نقصان
128,976	89,005	مجموعی جامع آمدنی
		جمع شدہ منافع
1,982,600	2,158,630	آگے منتقل کیا گیا
47,054	33,716	اضافی فرسودگی
2,029,654	2,192,346	
2,158,630	2,281,351	آگے منتقل کیا گیا جمع شدہ منافع
2.29	1.77	نی حصص آمدنی (روپے)

Independent Auditor's Report





SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHANDHARA NISSAN LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Gandhara Nissan Limited** (the Company), which comprise the statement of financial position as at June 30, 2022, 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, 2022 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 matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S.No. Key Audit Matter

How the matter was addressed in our audit

1. Capitalization of property, plant and equipment

As disclosed in notes 4.1.1 and 5 to the financial statements, the Company, during the year, has capitalised / incurred significant capital expenditure with additions of Rs.2,022,721 thousand made to its operating fixed asset on account of Chery car project, land and buildings. We identified capital expenditure incurred during the year as a key audit matter as this represents significant transaction and involves certain judgemental area such as capitalization of eligible cost as per accounting and reporting standards.

Our audit procedures in respect of this area included:

- Obtained an understanding of the management controls over capitalization and on a sample basis, tested relevant controls over authorization and recording in the system;
- On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;
- Evaluate the nature of costs on a sample basis to ensure capitalization criteria of relevant 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).

2. Stock-in-trade

Refer note 4.8 and 11 to the financial statements, the Company has stock-in-trade aggregating Rs.2,731,376 thousand (2021: Rs.687,788 thousand) comprising raw materials, stock in transit and finished goods including trading goods. We identified this area as a key audit matter because stock-in-trade constitutes 20.70% of the total assets of the Company as at June 30, 2022 and determining an appropriate valuation as a result of net realizable value (NRV) involves management judgement and estimation.

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 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.



SHINING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI; October 04, 2022
UDIN : AR202210104vcQhrmtnV

Financial Statements (Standalone)



Statement of Financial Position

AS AT JUNE 30, 2022

ASSETS	<i>Note</i>	2022	2021
		(Rupees in '000)	
Non current assets			
Property, plant and equipment	5	5,427,099	4,065,389
Intangible assets	6	1,960	1,976
Long term investments	7	222,906	222,906
Long term loans	8	4,754	5,834
Long term deposits	9	23,148	27,461
Due from the Subsidiary Company	10	797,027	549,285
		6,476,894	4,872,851
Current assets			
Stores, spares and loose tools		169,235	136,467
Stock-in-trade	11	2,731,376	687,788
Trade debts	12	330,323	355,971
Loans and advances	13	55,414	9,899
Deposits and prepayments	14	613	60,602
Investments	15	675,863	-
Other receivables including sales tax	16	289,942	16,439
Accrued interest / mark-up	17	43,121	20,405
Taxation - net		305,357	110,854
Bank balances	18	2,119,985	1,029,202
		6,721,229	2,427,627
Total assets		13,198,123	7,300,478



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Statement of Financial Position

AS AT JUNE 30, 2022

	Note	2022	2021
(Rupees in '000)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	570,025	570,025
Capital reserves			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets	20	2,142,524	2,176,240
		3,245,245	3,278,961
Revenue reserve - unappropriated profit		2,281,351	2,158,630
Total equity		6,096,621	6,007,616
Liabilities			
Non current liabilities			
Lease liabilities	21	43,063	62,858
Long term borrowings	22	845,553	46,397
Deferred income - government grant	23	196,854	953
Long term deposits	24	28,226	27,726
Deferred taxation	25	252,289	296,879
		1,365,985	434,813
Current liabilities			
Trade and other payables	26	5,274,185	601,834
Accrued mark-up		36,739	5,386
Short term borrowings	27	93,765	100,000
Current portion of lease liabilities	21	20,359	23,928
Current maturity of long term borrowings	22	258,146	109,100
Current portion of deferred income - government grant	23	41,722	7,200
Unclaimed dividend		10,601	10,601
		5,735,517	858,049
Total liabilities		7,101,502	1,292,862
Contingencies and commitments			
	28		
Total equity and liabilities		13,198,123	7,300,478

The annexed notes from 1 to 47 form an integral part of these financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue	29	5,359,062	3,225,727
Cost of sales	30	(4,946,808)	(2,879,812)
Gross profit		412,254	345,915
Distribution cost	31	(107,183)	(90,020)
Administrative expenses	32	(224,661)	(222,162)
Other income	33	215,633	119,474
Other expenses	34	(19,284)	(14,306)
Profit from operations		276,759	138,901
Finance cost	35	(146,231)	(23,347)
Profit before taxation		130,528	115,554
Taxation	36	(29,373)	15,198
Profit after taxation		101,155	130,752
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(17,112)	(2,501)
Impact of deferred tax		4,962	725
Other comprehensive loss for the year - net of tax		(12,150)	(1,776)
Total comprehensive income for the year		89,005	128,976
(Rupees)			
Earnings per share - basic and diluted	37	1.77	2.29

The annexed notes from 1 to 47 form an integral part of these financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	Share capital	Capital reserves		Revenue reserve	Total
		Share premium	Surplus on revaluation of fixed assets	Unappropriated profit	
			(Rupees in '000)		
Balance as at July 1, 2020	570,025	1,102,721	2,223,294	1,982,600	5,878,640
Total comprehensive income for the year ended June 30, 2021					
Profit for the year	-	-	-	130,752	130,752
Other comprehensive loss	-	-	-	(1,776)	(1,776)
	-	-	-	128,976	128,976
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation / disposal - net of deferred tax	-	-	(47,054)	47,054	-
Balance as at June 30, 2021	570,025	1,102,721	2,176,240	2,158,630	6,007,616
Total comprehensive income for the year ended June 30, 2022					
Profit for the year	-	-	-	101,155	101,155
Other comprehensive loss	-	-	-	(12,150)	(12,150)
	-	-	-	89,005	89,005
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(33,716)	33,716	-
Balance as at June 30, 2022	570,025	1,102,721	2,142,524	2,281,351	6,096,621

The annexed notes from 1 to 47 form an integral part of these financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	130,528	115,554
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	197,345	139,004
Provision for gratuity	12,015	12,364
Reversal of expected credit losses	(64)	(1,780)
Provision for slow moving inventories	-	1,950
Fair value gain on investments in mutual funds	(392)	-
Interest income	(178,300)	(75,210)
Dividend income	(619)	(8,703)
Gain on disposal of property, plant and equipment	(2,308)	(4,284)
Gain on disposal of investments	-	(2,734)
Fixed assets - written off	-	4,746
Finance cost	139,758	18,715
Exchange loss / (gain) - net	9,610	(868)
Operating profit before working capital changes	307,573	198,754
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(32,768)	37
Stock-in-trade	(2,043,588)	212,758
Trade debts	25,712	(32,080)
Loans and advances	(45,515)	171
Deposit and prepayments	59,989	(55,196)
Other receivables	(273,503)	124,884
	(2,309,673)	250,574
Increase in trade and other payables	4,648,478	164,759
Cash generated from operations	2,646,378	614,087
Gratuity paid	(14,864)	(10,513)
Long term loans - net	1,080	2,610
Long term deposits - net	500	5,115
Finance cost paid	(108,405)	(25,499)
Income taxes (paid) / refunds - net	(263,504)	16,584
Net cash generated from operating activities - carried forward	2,261,185	602,384

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in '000)	
Net cash generated from operating activities - brought forward	2,261,185	602,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed capital expenditure	(1,552,548)	(101,801)
Payments for intangible assets	(499)	(595)
Proceeds from disposal of property, plant and equipment	13,247	24,728
Interest income received	155,584	69,287
Due from Subsidiary Company - net	(247,742)	10,439
Gain on disposal of Investments	-	2,734
Long term deposits - net	4,313	(4,920)
Investments	(675,471)	-
Dividend received	619	8,703
Net cash (used in) / generated from investing activities	(2,302,497)	8,575
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(40,295)	(32,138)
Long term borrowings - obtained	1,312,000	144,563
Long term borrowings - repaid	(133,375)	(54,550)
Short term borrowings - net	(6,235)	49,279
Dividend paid	-	(2)
Net cash generated from financing activities	1,132,095	107,152
Net increase in cash and cash equivalents	1,090,783	718,111
Cash and cash equivalents at beginning of the year	1,029,202	311,091
Cash and cash equivalents at end of the year	2,119,985	<u>1,029,202</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

Gandhara Nissan Limited (the Company) was incorporated on August 8, 1981 in Pakistan as a private limited company and subsequently converted into a public limited company on May 24, 1992. The Company is a subsidiary of Bibojee Services (Private) Limited (BSL). The registered office of the Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi and regional offices in Lahore and Rawalpindi. The Company's shares are listed on Pakistan Stock Exchange Limited.

The principal business of the Company is assembly / progressive manufacturing of vehicles including JAC Trucks and Chery SUVs, import and sale of parts / Nissan, Dongfeng and Renault vehicles in completely built-up condition and assembly of other vehicles under contract agreement.

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 Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

2.2 Functional and presentation currency

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

2.3 New and amended standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2021:

- (a) Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020 and April 1, 2021. 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. The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. 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, 2021 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, 2021 and have not been early adopted by the Company:

- (a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Company's financial statements.
- (b) 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 amendment. The amendment not expected to have material impact on the Company's financial statements.
- (c) 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 amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- (d) Amendment to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments 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.
- (e) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be 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.
- (f) Amendments to IAS 12, 'Income taxes' will be applicable on accounting periods beginning on or after January 1, 2023. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

There are a 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 provision for gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.
- 3.2** The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, 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 judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 4.1 and 4.2)
- (ii) Stock-in-trade (note 4.8)
- (iii) Provision for expected credit losses (note 4.9)
- (iv) Provision for staff benefits (note 4.14)
- (v) Provision for warranty (note 4.16)
- (vi) Provision for taxation (note 4.18)

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

4.1.1 Operating fixed assets

Owned assets

Operating fixed assets except for freehold land, building on freehold land and plant & machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount and building on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent cost

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of operating fixed assets is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the statement of during the period in which they are incurred.

Depreciation

Depreciation on all items of operating fixed assets other than freehold land is charged to statement of profit or loss applying the reducing balance method at the rates stated in note 5.1. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets 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.

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 assets and are included in the statement of profit or loss.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the 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 statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of operating fixed assets is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on operating fixed assets relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders.

4.1.2 Right of use assets

The Company generally leases vehicles for his employees and own use. 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 term for vehicle is normally for five years.

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. Lease payment includes principle along with interest. 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 reducing balance method. 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.

Impairment

The Company assesses at each reporting date whether there is any indication that operating fixed assets 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 statement of 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.

4.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Cost associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer software programs beyond their original specifications are recognised as capital improvement and added to the original cost of the software.

Amortisation

Intangible assets are amortised using the reducing balance method at the rate stated in note 6.

4.3 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.4 Financial assets

4.4.1 Classification

The Company has classified its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

(a) Financial assets at amortised cost

A financial asset shall be classified as financial asset at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income

The fair value through other comprehensive income classification is mandatory for certain debt instrument assets unless the option to classify as fair value through profit or loss is taken.

If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in statement of profit or loss.

(c) Financial assets at fair value through profit or loss

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

4.4.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, an entity shall measure a financial asset at fair value or amortised cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'Other income / other expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of 'Other income' when the Company's right to receive payments is established.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in statement of profit or loss.

4.5 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method unless financial liabilities are held for trading, in which case it is required to be measured at fair value through profit or loss or where entity elects to measure at financial liability, under fair value option.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the statement of profit or loss.

4.6 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.

4.7 Stores, spares and loose tools

Stores, spares and loose tools are stated at the cost which is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated up to the reporting date.

4.8 Stock-in-trade

These are valued at lower of cost and net realisable value. The cost of various classes of stock-in-trade is determined as follows:

Stock category

Complete Knock Down Kits (CKD)
Complete Built-up Units (CBU)
Local raw materials
Work-in-process and finished goods

Valuation method

Specific cost identification
Specific cost identification
At cost on weighted average basis.
At cost which comprises of raw materials, import incidentals, direct labour and appropriate portion of manufacturing overheads.
At invoice price plus all charges paid thereon up to the reporting date.

Stock-in-transit

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.9 Trade debts and other receivables and related impairment

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. 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. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

4.10 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities outstanding for more than 12 months as at the reporting date, in which case, they are classified as non-current assets.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purpose of cash flow statement, cash and cash equivalents comprise of balances with banks and cash in hand.

4.12 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.13 Mark-up bearing loans and borrowings

Mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.14 Staff benefits

4.14.1 Defined benefit plan

The Company operates funded gratuity scheme which defines the amount of benefit that an employee will receive on retirement subject to 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. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2022 on the basis of the projected unit credit method by an independent Actuary. 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 the fair value of plan assets.

The amount arising as a result of re-measurement is 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.

4.14.2 Defined contribution plan

The Company operates defined contribution plan (i.e. recognised provident fund scheme) for all its permanent employees. The Company and the employees make equal monthly contributions to the fund at the rate of 8.33% of the basic salary and cost of living allowance. The assets of the fund are held separately under the control of trustees.

4.15 Trade and other payables

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

4.16 Warranty obligations

The Company recognises the estimated liability, on an accrual basis, to replace or repair parts of trucks under warranty at the reporting date, and recognises the estimated product warranty costs in statement of profit or loss net off amount received from principle on account of warranty claims when the sale is recognised.

4.17 Research and development cost

Research and development cost is charged in the year in which it is incurred. Development costs previously charged to income are not recognised as an asset in the subsequent period.

4.18 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4.19 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.20 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

The Company sales locally assemble heavy & light commercial vehicles and their parts. 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 dispatched to customers. Income from different sources other than above is recognised on the following basis:

- Return on bank deposits, term deposit receipts and scrap sales is accounted for on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

4.21 Borrowing cost

Borrowing cost are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.22 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all conditions of the grant. The benefit of a government loan at a below-market rate of interest is treated as a government grant. Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.23 Foreign currency transactions and translation

The foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of the transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss with other income / other operating expenses.

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

4.25 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 the performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

4.26 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 attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.27 Dividend and appropriation to reserves

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
(Rupees in '000)			
Operating fixed assets	5.1	5,278,619	3,463,667
Capital work-in-progress includes:			
Buildings	5.8	29,278	436,170
Plant and machinery		112,057	84,158
Advance against purchase of land		-	67,513
Vehicles		-	12,904
Computers and servers		7,145	977
		148,480	601,722
		5,427,099	4,065,389

5.1 Operating fixed assets

	Freehold land (note 5.2)	Leasehold land (note 5.2)	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Assembly jigs	Furniture and fixture	Owned vehicles	Other equipment	Office equipment	Computers and servers	Flight of use assets	Total
At July 1, 2020														
Revaluation / cost	1,567,875	222,980	773,590	93,745	87,206	887,159	53,335	44,488	109,201	33,711	14,743	17,554	130,078	4,035,665
Accumulated depreciation	-	(69,537)	(54,190)	(5,059)	(8,833)	(98,359)	(45,928)	(10,033)	(72,846)	(24,112)	(11,649)	(14,709)	(35,388)	(450,643)
Net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	7,407	34,455	36,355	9,599	3,094	2,845	94,690	3,585,022
Year ended June 30, 2021														
Opening net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	7,407	34,455	36,355	9,599	3,094	2,845	94,690	3,585,022
Additions	-	-	3,094	-	-	7,651	-	43	-	3,280	310	6,495	21,444	42,317
Disposals (Note 5.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	(16,775)	(33,120)	(173)	(17,384)	(73)	-	(123)	(1,814)	(69,462)
- accumulated depreciation	-	-	-	-	-	2,419	33,120	28	12,389	64	-	66	932	49,018
Written - off	-	-	-	-	-	(14,356)	-	(145)	(4,995)	(9)	-	(57)	(882)	(20,444)
- cost	-	-	-	-	-	(5,246)	-	-	-	-	-	-	-	(5,246)
- accumulated depreciation	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Transferred from right of use assets to owned assets	-	-	-	-	-	(4,746)	-	-	-	-	-	-	-	(4,746)
- cost	-	-	-	-	-	-	-	-	3,159	-	-	-	-	(3,159)
- accumulated depreciation	-	-	-	-	-	-	-	-	(2,006)	-	-	-	-	2,006
Depreciation charge (Note 5.5)	-	(15,344)	(36,125)	(4,434)	(3,919)	(39,390)	(1,481)	(3,437)	(6,694)	(3,830)	(1,101)	(2,031)	(20,696)	(138,482)
Closing net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	5,926	30,916	25,819	9,040	2,303	7,252	93,403	3,463,667
At June 30, 2022														
Revaluation / cost	1,567,875	222,980	776,684	93,745	87,206	872,789	20,215	44,358	94,976	36,918	15,053	23,926	146,549	4,003,274
Accumulated depreciation	-	(84,881)	(90,315)	(9,493)	(12,752)	(134,830)	(14,289)	(13,442)	(69,157)	(27,878)	(12,750)	(16,674)	(53,146)	(539,607)
Net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	5,926	30,916	25,819	9,040	2,303	7,252	93,403	3,463,667
Year ended June 30, 2022														
Opening net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	5,926	30,916	25,819	9,040	2,303	7,252	93,403	3,463,667
Additions	-	202,336	3,300	441,424	-	532,903	794,041	11,298	13,988	1,627	1,487	3,416	16,931	2,022,721
Disposals (Note 5.7)	-	-	-	-	-	-	-	-	(6,825)	-	-	-	(10,148)	(16,973)
- cost	-	-	-	-	-	-	-	-	2,417	-	-	-	3,617	6,034
- accumulated depreciation	-	-	-	-	-	-	-	-	(4,403)	-	-	-	(6,531)	(10,939)
Depreciation charge (Note 5.5)	-	(15,496)	(34,344)	(6,052)	(3,723)	(45,136)	(54,121)	(3,498)	(6,858)	(3,120)	(986)	(3,017)	(20,479)	(196,830)
Closing net book value	1,567,875	324,939	655,325	519,624	70,731	1,225,726	745,846	38,716	28,511	7,547	2,804	7,651	83,324	5,278,619
At June 30, 2022														
Revaluation / cost	1,567,875	425,316	779,984	535,169	87,206	1,405,692	814,256	55,656	102,109	38,545	16,540	27,342	153,332	6,009,022
Accumulated depreciation	-	(100,377)	(124,659)	(15,545)	(16,475)	(179,966)	(68,410)	(16,940)	(73,598)	(30,998)	(13,736)	(19,691)	(70,008)	(730,403)
Net book value	1,567,875	324,939	655,325	519,624	70,731	1,225,726	745,846	38,716	28,511	7,547	2,804	7,651	83,324	5,278,619
Depreciation rate (% per annum)	10	5	5	5	5	5	20	10	20	33	33	33	33	20

- 5.2** Particulars of immovable property (i.e. freehold lands and leasehold lands) of the Company are as follows:

Location	Total area (in acres)
Talka & District Karachi (East)	
(i) Naiclass No. 362, Deh Joreji, Tapo Joreji.	16.00
(ii) Survey Nos. 37/6-39 and 111/2-12, Deh Khanto, Tapo Landhi.	9.11
(iii) Survey No. 36, Deh Khanto, Tapo Landhi.	8.10
(iv) Survey No. 112, Deh Khanto, Tapo Landhi.	4.14
(v) Survey No. 113, Deh Khanto, Tapo Landhi.	6.30
District Malir Karachi	
(vi) Survey No. 38, Deh Khanto, Tapo Landhi.	10.00
(vii) Survey Nos. 542, 543 544 and 545, Deh Joreji, Taluka Bin Qasim.	16.00

- 5.3** Freehold land, buildings on freehold land and plant & machinery had previously been revalued on June 30, 1997, June 30, 1999, January 1, 2004, June 30, 2009 and June 30, 2014.

The Company as on December 31, 2018 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Tristar International Consultant (Private) Limited, (Approved valuers of Pakistan Banks' Association) Room No. 17, 3rd Floor, Davis Hynes, 38-Davis Road, Lahore. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 are mentioned in note 41.2.

The surplus arisen on latest revaluation exercise aggregating Rs.1,431,103 thousand has been incorporated in the books of the Company and at the time of latest revaluation, forced sale value of the freehold lands, buildings on freehold lands and plant & machinery along with jigs were Rs.1,254,300 thousand, Rs.596,642 thousand and Rs.478,906 thousand respectively.

- 5.4** Had the operating fixed assets been recognised under the cost model, the carrying amount of each revalued class of operating fixed assets would have been as follows:

	Note	2022	2021
		(Rupees in '000)	
Freehold land		61,456	61,456
Buildings on freehold land		116,181	118,850
Plant and machinery		851,810	344,362
Assembly jigs		744,615	4,388

- 5.5 Depreciation charge has been allocated as follows:**

Cost of goods manufactured	30.1	170,353	111,851
Administrative expenses	32	26,477	26,631
		196,830	138,482

- 5.6** The Company's present and future land, buildings on freehold land, plant & machinery and specific vehicles are under mortgaged / hypothecated charged up to Rs.2,677,667 thousand (2021: Rs.2,010,667 thousand) with banks for finance facilities.

5.7 The details of operating fixed assets disposed during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
(Rupees in '000')							
Item having book value exceeding Rs. 500,000 each Vehicles							Ex - Employee
	3,013	2,036	977	977	-	Company policy	Mr. Mauzzam Pervaiz Khan
	5,955	2,184	3,771	3,771	-		Mr. Mauzzam Pervaiz Khan
	1,406	692	714	714	-		Ms. Rehana Yasmeen
	2,787	741	2,046	2,600	554	Arm Length Price	BSL - The Holding Company
	3,812	381	3,431	5,185	1,754	Market value	Mrs. Alafia Hussain, Karachi
	16,973	6,034	10,939	13,247	2,308		
Items having book value up to Rs.500,000 each	-	-	-	-	-		
June 30, 2022	16,973	6,034	10,939	13,247	2,308		
June 30, 2021	69,462	49,018	20,444	24,728	4,284		

5.8 Include Rs. 25,000 thousand advance paid to Business Vision (Private) Limited - a related party against reservation of floor in project name SKY GARDEN located at office building at plot no.108, C.F, 1-5, old clifton quarters, Karachi.

6. INTANGIBLE ASSETS

These represent computer software licenses.

Note

2022

2021

(Rupees in '000)

Cost

At beginning of the year

4,620

4,025

Addition during the year

499

595

At end of the year

5,119

4,620

Accumulated amortisation

At beginning of the year

2,644

2,122

Charge for the year

32

515

522

At end of the year

3,159

2,644

Net book value

1,960

1,976

Rate of amortisation (% - per annum)

25

25

7. LONG TERM INVESTMENTS

Subsidiary Company - at cost

Gandhara DF (Private) Limited

14,999,500 (2021: 14,999,500) ordinary shares of Rs.10 each

149,995

149,995

Equity held: 99.99% (2021: 99.99%)

Break-up value per share on the basis of latest financial statements is Rs.36.93 (2021:Rs.42.53)

Associated Company - at cost

Gandhara Industries Limited (GIL)

8,132,336 (2021: 8,132,336) ordinary shares of Rs.10 each

7.1

72,911

72,911

Equity held: 19.09% (2021: 19.09%)

Fair value: Rs.1,284,665 thousand (2021: Rs.2,269,084 thousand)

Others - available for sale

Automotive Testing & Training Centre (Private) Limited

187,500 (2021: 187,500) ordinary shares of Rs.10 each - cost

1,875

1,875

Provision for impairment

(1,875)

(1,875)

-

-

222,906

222,906

7.1 3,924,684 (2021: Nil) shares of GIL having fair value Rs.619,982 thousand (2021: Rs. Nil) are under lien of a commercial bank as collateral against short term finance facility.

8. LONG TERM LOANS - Unsecured, considered good and interest free

	Note	2022	2021
(Rupees in '000)			
Loans to employees			
Related parties - Key Management Personnel	8.1 & 8.2	579	1,731
Other employees	8.1	9,158	8,595
		<u>9,737</u>	<u>10,326</u>
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		579	1,152
Other employees		4,404	3,340
	13	<u>4,983</u>	<u>4,492</u>
		<u>4,754</u>	<u>5,834</u>

8.1 These represent interest free loans provided to employees of the Company as per terms of employment for various purposes. These loans are repayable on monthly instalments, which vary from case to case.

8.2 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2022 from Key Management Personnel aggregated to Rs.1,635 thousand (2021: Rs.2,715 thousand).

8.3 The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

9. LONG TERM DEPOSITS - Unsecured, considered good and interest free

	Note	2022	2021
(Rupees in '000)			
Deposits held with / against:			
Central Depository Company of Pakistan Limited		25	25
Lease facilities		13,013	17,326
Utilities		9,989	9,989
Others		121	121
		<u>23,148</u>	<u>27,461</u>

10. DUE FROM THE SUBSIDIARY COMPANY - Unsecured and interest bearing

10.1 The Company has an aggregate cash limit of Rs.800,000 thousand (2021: Rs.800,000 thousand) that can be provided as loan to Ghandhara DF (Private) Limited (Subsidiary company) for its working capital requirements. This advance is unsecured and has been granted for a period of three years. It carries mark-up at rate of six months KIBOR+1.85% and is receivable on quarterly basis.

10.2 The maximum aggregate amount of loan at the end of any month during the year was Rs.797,027 thousand (2021: Rs.730,710 thousand).

11. STOCK-IN-TRADE	Note	2022	2021
		(Rupees in '000)	
Raw materials			
In hand		942,058	97,715
Provision for slow moving inventories	11.1	(11,184)	(11,184)
		<u>930,874</u>	<u>151,529</u>
In transit		817,959	-
		<u>1,748,833</u>	<u>86,531</u>
Finished goods			
In hand			
Complete built units - trucks and cars		303,445	220,055
Complete knockdown units - trucks and cars		256,784	94,292
Spare parts		172,559	86,696
Held with third parties			
Complete built units - trucks and cars		98,948	89,199
Complete knockdown units - trucks and cars		138,967	41,028
In transit			
Complete built units - trucks		2,326	63,330
Spare parts		9,514	6,657
		<u>982,543</u>	<u>601,257</u>
		<u>2,731,376</u>	<u>687,788</u>

11.1 Movement of provision for slow moving inventories

At beginning of the year,		11,184	15,000
Provision made during the year	30.1	-	1,950
Provision written - off during the year		-	(5,766)
At the end of the year		<u>11,184</u>	<u>11,184</u>

11.2 The present and future stock-in-trade, trade debts and receivables aggregating Rs.6,420,683 thousand (2021: Rs.4,635,017 thousand) are under pledge / joint hypothecation charge with banks against short term borrowings (Refer note 27).

12. TRADE DEBTS - Unsecured	Note	2022	2021
		(Rupees in '000)	
Considered good against sale of			
Vehicles and assembly charges	12.1	317,331	350,832
Spare parts		12,992	5,139
		<u>330,323</u>	<u>355,971</u>
Considered doubtful			
Provision for expected credit losses	12.4	4,575	4,639
		<u>334,898</u>	<u>360,610</u>
		<u>(4,575)</u>	<u>(4,639)</u>
		<u>330,323</u>	<u>355,971</u>

12.1 Trade debts include the following amounts due from related parties:

Gandhara DF (Private) Limited		6,142	10,354
Gandhara Industries Limited		98,679	19,325
		<u>104,821</u>	<u>29,679</u>

12.2 The ageing of the trade debts receivable from related parties as at the reporting date is as follows:

	2022	2021
	(Rupees in '000)	
Up to 3 months	<u>104,821</u>	<u>29,679</u>

12.3 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.159,850 thousand (2021: Rs.123,390 thousand).

12.4 Movement in provision for expected credit losses	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		4,639	6,419
Reversal for the year - net		(64)	(1,780)
Balance at end of the year		<u>4,575</u>	<u>4,639</u>

13. **LOANS AND ADVANCES - Unsecured, considered good and interest free**

Current portion of long term loans	8	4,983	4,492
Advances to / against:			
Related party - Key Management Personnel		18	20
Other employees		3,059	1,519
Provision for other employees		(454)	(454)
Suppliers, contractors and others		47,445	3,408
		<u>50,068</u>	<u>4,493</u>
Letters of credit		363	914
		<u>55,414</u>	<u>9,899</u>

14. **DEPOSITS AND PREPAYMENTS**

Prepaid			
- rent [BSL - the Holding Company]		-	6,050
- rent others		-	274
- insurance		-	5,000
		-	<u>11,324</u>
Current account balances with statutory authorities		613	49,278
		<u>613</u>	<u>60,602</u>

15. **INVESTMENTS**

2022	2021		
(Number of Units)			
2,998,639	-	HBL Financial Sector Income Fund Plan I	300,000
1,002,513	-	Meezan Rozana Amdani Fund	50,126
1,484,740	-	HBL Cash Fund	150,423
15,128,863	-	NBP Money Market Fund	150,246
247,981	-	UBL Liquidity Plus Fund - Class 'C'	25,068
			<u>675,863</u>

16. **OTHER RECEIVABLES**

Considered good and interest free

Due from Subsidiary Company	16.1	951	1,280
Sales tax refundable / adjustable		179,688	-
Margin against letters of credit		99,239	1,249
Security deposits and earnest money - interest free		3,562	4,394
Provision for security deposits and earnest money		(3,442)	(3,442)
		120	952
Workers' profit participation fund	26.5	2,990	-
Others including insurance claim receivable		6,954	12,958
		<u>289,942</u>	<u>16,439</u>

16.1 This represents commission accrued on corporate guarantees given to the commercial banks by the Company against banking facilities utilised by the Subsidiary Company.

17. ACCRUED INTEREST / MARK-UP

Note **2022** 2021
(Rupees in '000)

Interest / mark-up accrued on:

- long term advance to Subsidiary Company
- term deposits receipts

32,414	11,354
10,707	9,051
43,121	20,405

18. BANK BALANCES

Cash at banks in:

- current accounts
- saving accounts
- deposit account
- term deposits receipts

18.1
18.2 & 18.4
18.3 & 18.4

133,133	49,687
1,077,563	75,954
410,557	406,473
502,644	501,000
2,123,897	1,033,114
(3,912)	(3,912)
2,119,985	1,029,202

Provision for doubtful bank balance

18.5

18.1 At reporting date, these carry mark-up up to the rate of 12.25% (2021:5.50%) per annum.

18.2 This carries mark-up at the rate 13.00% (2021: 6.25%) per annum.

18.3 Term deposit receipts (TDRs) have expected maturity of 90 (2021:90) days from respective dates of acquisition. These TDRs carry mark-up at rate 11.65% (2021: 6.40% to 7.25%) per annum.

18.4 These are under lien as cash margin against financing facilities availed from financial institutions under Temporary Economic Refinance Facility (TERF). (Refer note 22).

18.5 This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42,586 thousand deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Company considers that it has discharged its obligation against the said letters of credit.

19. SHARE CAPITAL

19.1 Authorized capital

2022 2021
(Rupees in '000)

80,000,000 (2021: 80,000,000) ordinary shares of Rs.10 each

800,000	800,000
----------------	---------

19.2 Issued, subscribed and paid-up capital

2022 2021
(No. of shares)

26,800,000	26,800,000	Ordinary shares of Rs.10 each fully paid in cash	268,000	268,000
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
57,002,500	57,002,500		570,025	570,025

19.3 At June 30, 2022, Bibojee Services (Private) Limited (the Holding Company) holds 57.76% (2021: 57.76%) of share capital of the Company.

19.4 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.

20. SURPLUS ON REVALUATION OF FIXED ASSETS - Net

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	2,451,541	2,517,815
Surplus pertaining to assets disposed off during the year	-	(15,416)
Transferred to unappropriated profit on account of incremental depreciation for the year	(47,487)	(50,858)
	2,404,054	2,451,541
Less: related deferred tax of:		
- opening balance	275,301	294,521
- surplus pertaining to assets disposed off	-	(4,471)
- incremental depreciation for the year	(13,771)	(14,749)
- closing balance	261,530	275,301
Balance at end of the year	2,142,524	2,176,240

21. LEASE LIABILITIES - Secured

Balance at beginning of the year	86,786	97,480
Assets acquired during the year	12,932	17,693
Repaid / adjusted during the year	(36,296)	(28,387)
	63,422	86,786
Current portion grouped under current liabilities	(20,359)	(23,928)
Balance at end of the year	43,063	62,858

21.1 These represent vehicles acquired under diminishing musharakah arrangements from First Habib Modaraba. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 8.45% to 16.63% (2021: 8.24% to 12.00%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Company intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

Particulars	2022			2021		
	Upto one year	From one to five years		Upto one year	From one to five years	
	(Rupees in '000)			(Rupees in '000)		
Minimum lease payments	27,035	49,082	76,117	29,087	68,272	97,359
Finance cost allocated to future periods	(6,676)	(6,019)	(12,695)	(5,159)	(5,414)	(10,573)
Present value of minimum lease payments	20,359	43,063	63,422	23,928	62,858	86,786

22. LONG TERM BORROWINGS	Note	2022	2021
		(Rupees in '000)	
Loan under refinance scheme for payment of wages and salaries	22.1.1	68,049	163,650
Demand finance loan	22.1.2	374,544	-
Temporary Economic Refinance Facility (TERF)	22.1.3	499,682	-
Islamic Temporary Economic Refinance Facility (ITERF)	22.1.4	400,000	-
		1,342,275	163,650
Adjustment pertaining to fair value of loan at below market interest rate (government grant) - net		(238,576)	(8,153)
		1,103,699	155,497
Current portion grouped under current liabilities		(258,146)	(109,100)
		845,553	46,397

22.1 Movement in face value of long term loan

Balance at the beginning of the year	163,650	73,637
Loan obtained during the year	1,312,000	144,563
Loan re-paid during the year	(133,375)	(54,550)
Balance at the end of the year	1,342,275	163,650

22.1.1 This represents long term loans received from Bank Alfalah Limited and Bank of Punjab under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by the State Bank of Pakistan. These facilities are secured first equitable mortgage charge over industrial plot (land) limited to Rs.200 million with 25% margin. Mark-up on loans is chargeable at 1% and 2.50%. The principal is repayable in eight quarterly installments started from January, 2021. The Company during the year repaid Rs.95,601 thousand.

22.1.2 The Company has obtained demand finance loan facility amounting Rs.500,000 thousand from Karandaaz Pakistan for the purpose of onwards lending to SME truck owners. The loan carries mark-up at the rate of 3 months KIBOR plus 1.50% and is secured against first pari passu by the way of hypothecation charge over all present and future current assets with 25% margin. This loan is for up to three years from the date of disbursement and is repayable in monthly equal instalments. The Company during the year repaid Rs.37,774 thousand.

22.1.3 This represents loan received from JS Bank Limited under Temporary Economic Refinance Facility (TERF) introduced by State Bank of Pakistan for the purpose to finance / retire letter of credits for import / purchase of brand new plant and machinery for Chery car project. The facility is secured against 100% cash collateral in shape of lien over 3 months term deposit. Mark-up is chargeable at SBP rate (1%) plus 3.50% bps per annum. The loan is for ten years with a grace period of two years and is repayable in thirty two equal quarterly instalments.

22.1.4 This represents loan received from Dubai Islamic Bank under Islamic Temporary Economic Refinance Facility (ITERF) introduced by State Bank of Pakistan for the purpose to finance import of brand new plant and machinery for Chery car project. The facility is secured against 100% cash margin under lien over deposit account. Mark-up is chargeable at SBP rate (1%) plus 3% bps per annum. The loan is for seven years with a grace period of two years and is repayable in twenty equal quarterly instalments.

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

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	8,153	5,883
Difference of fair value of loan and loan received	253,558	13,052
Amortisation of loan	(23,135)	(10,782)
Balance at end of the year	238,576	8,153

23. DEFERRED INCOME - GOVERNMENT GRANT	<i>Note</i>	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		8,153	5,883
Grant recognised on loan at below market interest rate	23.1	253,558	13,052
Released to statement of profit or loss		(23,135)	(10,782)
		238,576	8,153
Current portion grouped under current liabilities		(41,722)	(7,200)
Balance at end of the year		196,854	953
23.1	The Company recognised government grant on below market interest loan received - (note 21.1.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.		
24. LONG TERM DEPOSITS - Interest free	<i>Note</i>	2022	2021
		(Rupees in '000)	
Dealers' deposits		21,115	19,615
Vendors		111	111
Others		7,000	8,000
		28,226	27,726
25. DEFERRED TAXATION - Net			
The liability for deferred taxation comprises of temporary differences relating to:			
- accelerated tax depreciation allowance		233,893	96,970
- surplus on revaluation of fixed assets		261,530	275,301
- lease finances		5,772	5,661
- provision for expected credit losses		(1,327)	(1,345)
- provision for other receivables		(998)	(998)
- provision for obsolete / slow moving inventories		(3,243)	(3,243)
- provision for bank balances		(1,134)	(1,134)
- unabsorbed tax losses		(242,204)	(74,333)
		252,289	296,879
26. TRADE AND OTHER PAYABLES			
Trade creditors	26.1	209,737	119,627
Bills payable		543,901	118,463
Accrued liabilities	26.2	95,808	100,915
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	26.3	4,185,803	69,843
Commission		71,490	42,927
Unclaimed gratuity		231	231
Dealers' / contractor's deposits - interest free		-	962
Payable to gratuity fund	26.4	29,127	14,864
Provision against additional custom duty		80,669	70,239
Sales tax payable		-	12,297
Withholding tax		12,506	1,168
Workers' profit participation fund	26.5	-	6,256
Workers' welfare fund		2,664	3,415
Retention money		2,175	2,175
Others	26.6	38,671	37,049
		5,274,185	601,834
26.1	Includes Rs.2,060 thousand (2021: Rs.4,337 thousand) and Rs.1,331 thousand (Rs. Nil) payable to Ghandhara Tyre and Rubber Company Limited - an Associated Company and Bibojee Services (Private) Limited - the Holding Company respectively.		
26.2	Includes Rs. 5,363 thousand (2021: Rs.12,266 thousand) which pertains to a Key Management Person.		

26.3 These represent advances from customers against sale of cars and trucks.

26.4 Provision for gratuity

The Company has established a Fund - 'Ghandhara Nissan Limited - Employees Gratuity Fund' governed under an irrevocable trust to pay / manage gratuities of eligible employees. This is a trustee-administered fund and is governed by local regulations which mainly includes Trust Act, 1882, Companies Act, 2017, Income Tax Ordinance, 2001, Income Tax Rules, 2002 and Rules under the Trust deed of the Scheme. Responsibility for governance of the Scheme, including investment decisions and contributions schedules lies with the board of trustees. Trustee of the Fund are appointed by the Company and are employees of the Company.

The latest actuarial valuation of the Scheme as at June 30, 2022 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

26.4.1 Statement of financial position reconciliation

	2022	2021
	(Rupees in '000)	
Present value of defined benefit obligation	198,893	177,555
Fair value of plan assets	(187,621)	(171,934)
Benefits payable	17,855	9,243
Net liability at end of the year	<u>29,127</u>	<u>14,864</u>

26.4.2 Net liability recognised

Net liability at beginning of the year	14,864	10,512
Charge to statement of profit or loss	12,015	12,364
Contributions made by the Company	(14,864)	(10,513)
Re-measurement recognised in other comprehensive income	17,112	2,501
Net liability at end of the year	<u>29,127</u>	<u>14,864</u>

26.4.3 Movement in the present value of defined benefit obligation

Balance at beginning of the year	177,555	164,362
Current service cost	12,627	12,632
Interest expense	16,934	13,331
Benefits paid	(7,824)	(12,247)
Liability transferred to the Subsidiary Company	-	(2,203)
Benefits due but not paid	(8,613)	(2,798)
Re-measurement	8,214	4,478
Balance at end of the year	<u>198,893</u>	<u>177,555</u>

26.4.4 Movement in the fair value of plan assets

Balance at beginning of the year	171,934	163,632
Contribution received during the year	14,864	10,513
Interest income	17,545	13,599
Liability transferred to the Subsidiary Company	-	(2,203)
Benefits paid	(7,824)	(15,584)
Re-measurement	(8,898)	1,977
Balance at end of the year	<u>187,621</u>	<u>171,934</u>

26.4.5 Expense recognised in statement of profit or loss

Current service cost	12,627	12,632
Net interest income	(612)	(268)
	<u>12,015</u>	<u>12,364</u>

26.4.6 Re-measurement recognised in other comprehensive income

	2022	2021
	(Rupees in '000)	
Financial assumptions	673	272
Experience adjustments	7,541	4,206
Re-measurements of plan assets	8,898	(1,977)
	<u>17,112</u>	<u>2,501</u>

26.4.7 Plan assets comprise of

Fixed income instruments	-	167,444
Mutual fund securities	67,328	3,460
Cash at bank	120,293	1,030
	<u>187,621</u>	<u>171,934</u>

26.4.8 Significant actuarial assumptions and sensitivity

	2022	2021
	(% per annum)	
Discount rate	13.25	8.50
Expected rate of increase in future salaries	13.25	10.00
Mortality rates (for death in service)	SLIC (2001-2005)-1	SLIC (2001-2005)-1

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

Impact on defined benefit obligation

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees in '000)		
Discount rate	1.00%	<u>182,122</u>	<u>218,358</u>
Increase in future salaries	1.00%	<u>218,394</u>	<u>181,790</u>

The above 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 projected 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.

26.4.9 Based on actuary's advice, the expected charge to statement of profit or loss for the year ending June 30, 2023 amounts to Rs.14,482 thousand.

26.4.10 The weighted average duration of the scheme is 9 years.

26.4.11 Historical information

	2022	2021	2020	2019	2018
	(Rupees in '000)				
Present value of defined benefit obligation	<u>198,893</u>	<u>177,555</u>	<u>164,362</u>	<u>148,318</u>	<u>124,341</u>
Experience adjustment	<u>17,112</u>	<u>2,501</u>	<u>(1,828)</u>	<u>8,195</u>	<u>4,200</u>

26.4.12 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 '000)				
At June 30, 2022	<u>19,109</u>	<u>7,751</u>	<u>45,380</u>	<u>3,836,741</u>	<u>3,908,981</u>

26.5 Workers' profit participation fund	<i>Note</i>	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		6,256	-
Allocation for the year	34	7,010	6,256
Interest on funds utilised in the Company's business	35	201	-
		13,467	6,256
Payment made during the year		(16,457)	-
Balance at end of the year		(2,990)	6,256
26.6	Includes deposits and instalments under the Company's staff vehicle policy aggregating Rs.26,326 thousand (2021: Rs.22,116 thousand).	2022	2021
		(Rupees in '000)	
27. SHORT TERM BORROWINGS			
Term finance - short term loan		-	100,000
Finance against imported merchandise		93,751	-
Running finances		14	-
		93,765	100,000
27.1	Running finance and short term facilities available from commercial banks under mark-up arrangement aggregated to Rs.990,000 thousand including sub limit of Rs.565,000 thousand (2021: Rs.875,000 thousand) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 8.51% to 15.31% (2021: 8.03% to 9.59%) per annum. The arrangements are expiring on December 31, 2022.		
27.2	The facilities for opening letters of credits (LCs) as at June 30, 2022 aggregated to Rs.4,550,000 thousand (2021: Rs.2,600,000 thousand) of which the amount remained unutilised at the year-end was Rs.4,123,814 thousand (2021: Rs.1,843,961 thousand). Further, the Company also has facilities for Finance against Import Merchandise aggregating Rs.2,800,000 thousand (2021: Rs.2,350,000 thousand) and letters of guarantee facilities aggregating Rs.400,000 thousand (2021: Rs.300,000 thousand) as sub limits of these LCs facilities. These facilities are secured against effective pledge of imported consignment, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.		
27.3	Above facilities aggregated to Rs.1,600,000 thousand (2021: Rs.1,350,000 thousand) for opening letters of credits, letter of guarantees facilities and finance against import merchandise facilities are also available to the Subsidiary Company at Group level.		
28. CONTINGENCIES AND COMMITMENTS			
28.1	Certain cases have been filed against the Company in respect of employees matters. These cases are pending before High Court of Sindh and National Industrial Relations Commission, Karachi. The management is confident that the outcome of these cases will be in the Company's favour.		
28.2	Commitments outstanding for irrevocable letters of credit relating to capital expenditure, raw materials and components as at June 30, 2022 aggregated to Rs.826,186 thousand (2021: Rs.1,561,635 thousand).		
28.3	Guarantees aggregating Rs.27,134 thousand (2021: Rs.23,830 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.583,954 thousand (2021: Rs.484,716 thousand) to the commercial banks against running finances and letters of credit facilities utilised by the Subsidiary Company.		

29. REVENUE - Net	Note	2022	2021
		(Rupees in '000)	
Manufacturing activity			
Sales		5,448,880	2,921,322
Less:			
- sales tax and federal excise duty		841,556	426,340
- commission		124,565	72,040
		966,121	498,380
		4,482,759	2,422,942
Trading activity			
Sales		1,034,186	946,629
Less:			
- sales tax		150,266	137,375
- discount and commission		7,617	6,469
		157,883	143,844
		876,303	802,785
		5,359,062	3,225,727
30. COST OF SALES			
Finished goods at beginning of the year		531,270	749,729
Cost of goods manufactured	30.1	4,454,845	2,275,816
Purchases - trading goods		931,396	385,537
		5,386,241	2,661,353
Finished goods at end of the year	11	(970,703)	(531,270)
		4,946,808	2,879,812
30.1 Cost of goods manufactured			
Raw materials and parts consumed	30.2	3,432,583	1,520,735
Fabrication of contract vehicles		27,127	17,019
Stores and spares consumed		108,866	53,891
Salaries, wages and benefits	30.3	463,458	396,121
Transportation		36,136	23,718
Repair and maintenance		50,637	38,831
Depreciation	5.5	170,353	111,851
Provision for slow moving inventories	11.1	-	1,950
Insurance		4,229	3,121
Communication		2,171	2,565
Rent, rates and taxes		1,961	1,945
Travelling and entertainment		459	475
Plant utilities		121,980	78,669
Printing, stationery and office supplies		2,471	1,751
Royalty expense		12,388	4,565
Plant security		18,056	16,940
Other manufacturing expenses		1,970	1,669
		4,454,845	2,275,816
30.2 Raw materials and parts consumed			
Stocks at beginning of the year		86,531	151,529
Purchases		4,276,926	1,455,737
		4,363,457	1,607,266
Stocks at end of the year	11	(930,874)	(86,531)
		3,432,583	1,520,735
30.3			
Salaries, wages and benefits include Rs.7,448 thousand (2021: Rs.7,337 thousand) and Rs.5,769 thousand (2021: Rs.6,022 thousand) in respect of staff retirement gratuity and staff provident fund respectively.			

31. DISTRIBUTION COST	<i>Note</i>	2022	2021
		(Rupees in '000)	
Salaries and benefits	31.1	73,589	73,140
Utilities		766	887
Rent		5,317	6,788
Insurance		1,333	927
Repair and maintenance		554	816
Travelling and entertainment		2,058	1,073
Telephone and postage		451	314
Vehicle running		846	988
Printing, stationery and office supplies		2,096	209
Security		-	350
Warranty services		831	558
Godown and forwarding		7,422	1,329
Sales promotion expenses		11,834	2,518
Others		86	123
		107,183	90,020

31.1 Salaries and benefits include Rs.980 thousand (2021: Rs.922 thousand) and Rs.2,580 thousand (2021: Rs.2,628 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

32. ADMINISTRATIVE EXPENSES	<i>Note</i>	2022	2021
		(Rupees in '000)	
Salaries and benefits	32.1	135,448	135,298
Utilities		1,695	1,365
Rent, rates and taxes		15,673	12,944
Directors' fee		4,150	3,450
Insurance		2,151	1,762
Repairs and maintenance		3,398	3,528
Depreciation and amortisation	5.5 & 6	26,992	27,153
Auditors' remuneration	32.2	1,284	1,204
Advertising		-	659
Travelling and conveyance		2,419	3,955
Legal and professional charges		9,312	11,342
Vehicle running		2,351	4,069
Telephone and postage		7,094	5,232
Printing and stationery		3,639	3,027
Donation	32.3	490	-
Subscriptions		5,041	5,362
Others		3,524	1,812
		224,661	222,162

32.1 Salaries and benefits include Rs.3,587 thousand (2021: Rs.4,105 thousand) and Rs.4,044 thousand (2021: Rs.3,631 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

32.2 Auditors' remuneration	<i>Note</i>	2022	2021
		(Rupees in '000)	
Remuneration in respect of auditors' services for:			
- statutory audit and half yearly review		1,000	1,000
- certification and others		144	70
- audits of retirement fund and workers' profit participation fund		45	45
- sindh sales tax @ 8%		95	89
		1,284	1,204

32.3 None of the directors or their spouses had any interest in the donees.

33. OTHER INCOME	<i>Note</i>	2022	2021
		(Rupees in '000)	
Income from financial assets			
Interest / mark-up earned on:			
- deposit accounts	33.1	52,243	9,532
- term deposit receipts	33.1	39,053	15,657
- long term advance to Subsidiary Company	33.2	87,004	50,021
Gain from sale of investment in mutual funds		-	2,734
Fair value gain on investments in mutual funds		392	-
Dividend income - mutual funds' investment		555	6,923
Reversal of provision for expected credit losses		64	1,780
		179,311	86,647
Income from non-financial assets			
Scrap sales - net of sales tax		14,245	10,886
Gain on disposal of operating fixed assets	5.7	2,308	4,284
Commission income against corporate guarantee		7,290	3,733
Exchange gain - net		-	868
Rental income		6,750	-
Service income - net of sales tax		880	1,191
Reversal of provision / liabilities written back		3,920	9,885
Others		929	1,980
		36,322	32,827
		215,633	119,474
33.1	Interest at the rates ranged from 6.40% to 11.65% (2021: 6.30% to 11.64%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.		
33.2	Interest at the rates ranged from 10.00% to 17.20% (2021: 7.20% to 9.73%) per annum has been earned during the year on long term advance to Subsidiary Company.		
34. OTHER EXPENSES	<i>Note</i>	2022	2021
		(Rupees in '000)	
Workers' profit participation fund	26.5	7,010	6,256
Workers' welfare fund		2,664	3,304
Exchange loss		9,610	-
Fixed assets - written off		-	4,746
		19,284	14,306
35. FINANCE COST			
Mark-up on:			
- long term borrowings		24,363	3,381
- short term borrowings		53,877	1,370
- running finances		54,345	7,392
		132,585	12,143
Lease finance charges		6,972	6,572
Interest on workers' profit participation fund	26.5	201	-
Bank and other charges		6,473	4,632
		146,231	23,347
36. TAXATION			
Current tax			
Current tax on profits for the year		69,001	51,521
Adjustment for current tax of prior years		-	(41,924)
		69,001	9,597
Deferred tax			
Origination and reversal of temporary differences		(39,628)	(24,795)
		29,373	(15,198)

36.1 No numeric tax rate reconciliation for the current year and preceding year is given in the financial statements, as provision made primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 150 and 153 of the Ordinance.

37. EARNINGS PER SHARE - BASIC AND DILUTED

37.1 Basic earnings per share

	2022	2021
	(Rupees in '000)	
Profit after taxation	<u>101,155</u>	<u>130,752</u>
	2022	2021
	(Number of shares)	
Weighted average ordinary shares in issue	<u>57,002,500</u>	<u>57,002,500</u>
	2022	2021
	(Rupees)	
Earnings per share - basic and diluted	<u>1.77</u>	<u>2.29</u>

37.2 Diluted earnings per share

No figures for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	(Rupees in '000)					
Managerial remuneration	15,780	-	100,206	15,780	-	97,442
Bonus	1,400	-	9,400	2,800	-	15,657
Contribution to provident fund	850	-	4,394	850	-	4,067
Gratuity	850	-	3,029	850	-	2,739
Utilities	1,020	-	5,656	1,020	-	6,114
	<u>19,900</u>	<u>-</u>	<u>122,685</u>	<u>21,300</u>	<u>-</u>	<u>128,312</u>
Number of persons	<u>1</u>	<u>-</u>	<u>32</u>	<u>1</u>	<u>-</u>	<u>22</u>

38.1 The Chief Executive is also entitled for the use of the Company maintained car, security, telephone, club and medical expenses at actual. He is also entitled to receive other benefits as per Company policy applicable to all management employees.

38.2 Certain Executives of the Company are also provided with free use of the Company maintained vehicles.

38.3 Remuneration to other directors

Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.4,150 thousand (2021: Rs.3,450 thousand).

39. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, the Subsidiary Company, Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit plans, key management personnel (Head of Department) and close members of the families of the directors & key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Related party name along with relation	Nature of transactions	2022	2021
		(Rupees in '000)	
(i) Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	7,381	6,655
	Contract assembly charges	2,106	-
	Sale of fleet vehicle	2,600	-
	Reimbursement of expenses	652	-
(ii) Subsidiary Company			
Gandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	47,245	55,598
	Purchase of parts	631	23
	Sale of parts	164	1,876
	Long term advances given - net	247,742	-
	Payment received against long term advances - net	-	10,439
	Interest income	87,004	50,021
	Guarantee commission	8,238	4,218
	Rental income	6,750	-
(iii) Associated Companies			
Gandhara Industries Limited 19.09% shares held by the Company (39.1)	Contract assembly charges	847,987	588,843
	Purchase of parts	204	621
	Reimbursement of expenses	108	638
	Head office rent	3,962	3,572
	Fabrication of vehicle	750	-
	Sale of vehicle	-	2,540
General Tyre and Rubber Company Limited (39.1)	Purchase of tyres, tubes and flaps	26,397	30,063
Gammon Pakistan Limited (39.1)	Regional office rent	3,691	3,300
Business Vision (Private) Limited (39.1)	Booking advance for office floor	25,000	-
Janana De Malucho Textile Mills Limited (39.1)	Reimbursement of expenses	2,605	2,275
(iv) Others			
Staff provident fund	Contribution made	12,393	12,281
Staff gratuity fund	Contribution made	14,864	10,513
Key management personnel	Remuneration and other short term benefits	103,625	113,678

39.1 Associated company by virtue of common directorship.

40. PLANT CAPACITY

Against the production capacity of 4,800 (2021: 4,800) trucks, buses and pickups on single shift basis, the Company assembled 5,200 (2021: 3,710) trucks and buses of JAC, DongFeng and Isuzu on single shift along with overtime basis. The Company has also processed 5,092 (2021: 3,627) truck cabs and pickups through paint shop.

Against the designed annual production capacity of 6,000 (2021: 6,000) vehicles at car plant on single shift basis, the Company during the year has again commenced its production in car plant and assembled 226 Chery SUVs, while the plant was idle during the year ended June 30, 2021.

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign exchange risk, interest rate risk and price risk).

The Company overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors has overall responsibility for the establishment and overview of Company's risk management frame work. The Board is also responsible for developing and monitoring the Company's risk management policies.

(a) Credit risk

Credit risk represents the risk of financial loss being caused if counterparty fails to perform as contracted or discharge an obligation.

Credit risk primarily arises from long term loans, long term deposits, due from Subsidiary Company, trade debts, loans and advances, other receivables, accrued interest / mark-up, short term investment and bank balances. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained. Credit risk on bank balances and margin held with banks is limited as the counter parties are banks with reasonably crediting ratings.

The maximum exposure to credit risk as at June 30, 2022 along with comparative is tabulated below:

	2022	2021
	(Rupees in '000)	
Long term loans	4,754	5,834
Long term deposits	10,135	10,135
Due from Subsidiary Company	797,027	549,285
Trade debts	330,323	355,971
Loans and advances	4,983	4,492
Other receivables	110,254	16,439
Accrued interest / mark-up	43,121	20,405
Bank balances	2,119,985	1,029,078
	<u>3,420,582</u>	<u>1,991,639</u>

All exposure to credit risk for trade debts at the reporting date by geographic region is with-in Pakistan.

	2022	2021
	(Rupees in '000)	
The ageing of trade debts at the reporting date is as follows:		
Up to 3 months	321,460	347,651
3 to 6 months	10,464	7,144
6 to 12 months	-	3,257
More than 12 months	2,974	2,558
Provision for expected credit losses	(4,575)	(4,639)
	<u>330,323</u>	<u>355,971</u>

Provision has been recorded for expected credit losses using project matrix method.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty, in meeting obligation associated with financial liabilities. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
(Rupees in '000)				
June 30, 2022				
Lease liabilities	63,422	76,117	27,035	49,082
Long term borrowings	1,103,699	1,600,591	341,584	1,259,007
Long term deposits	28,226	28,226	-	28,226
Trade and other payables	1,073,212	1,073,212	1,073,212	-
Accrued mark-up	36,739	36,739	36,739	-
Short term borrowings	93,765	97,354	97,354	-
Unclaimed dividend	10,601	10,601	10,601	-
	2,409,664	2,922,840	1,586,525	1,336,315
(Rupees in '000)				
June 30, 2021				
Lease liabilities	86,786	97,359	29,087	68,272
Long term borrowings	155,497	165,653	83,239	82,414
Long term deposits	27,726	27,726	-	27,726
Trade and other payables	508,855	508,855	508,855	-
Accrued mark-up	5,386	5,386	5,386	-
Short term borrowings	100,000	100,683	100,683	-
Unclaimed dividend	10,601	10,601	10,601	-
	894,851	916,263	737,851	178,412

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk on import of raw materials, stores & spares and commission income denominated in U.S. Dollar, Euro and Chinese Yuan Renminbi (RMB). The Company's exposure is as follows:

	Rupees	Euro	U.S. Dollar	RMB
(Rupees in '000)				
June 30, 2022				
Trade and other payables	560,037	5	78	17,548
June 30, 2021				
Trade and other payables	126,188	24	42	4,645

The following significant exchange rates have been applied:

	Reporting date rate	
	2022	2021
	(Rupees in '000)	
RMB to Rupee	30.93	24.76
U.S. Dollar to Rupee	206.00	158.30
Euro to Rupee	215.79	188.71

Sensitivity analysis

At June 30, 2022, if Rupee had strengthened by 5% against RMB, Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of net financial liabilities.

	2022	2021
	(Rupees in '000)	
RMB to Rupee	27,139	5,751
U.S. Dollar to Rupee	807	332
Euro to Rupee	56	226
	28,002	6,309

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Company arises from short term borrowings from banks, due from Subsidiary Company, short term investment and balances held with banks. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2022	2021
	(Rupees in '000)	
Fixed rate instruments - financial assets		
Bank balances	1,990,764	983,427
Variable rate instruments		
Financial assets		
Due from the Subsidiary Company	797,027	549,285
Financial liabilities		
Long term borrowings	1,103,699	155,497
Short term borrowings	93,765	100,000
Liabilities against assets subject to finance lease	63,422	86,786
	1,260,886	342,283

Sensitivity analysis

At June 30, 2022, if the interest rates on the Company's variable rate instruments had been 1% higher / (lower) with all other variables held constant, profit before tax for the year would have been Rs.4,639 thousand (2021: Rs.2,070 thousand) lower / higher mainly as a result of net higher / (lower) interest income.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

41.2 Fair value 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 carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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].

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

41.3 Financial instruments by category

	2022	2021
Financial assets as per statement of financial position		
At amortised cost		(Rupees in '000)
Long term loans	4,754	5,834
Long term deposits	23,148	27,461
Due from Subsidiary Company	797,027	549,285
Trade debts	330,323	355,971
Loans and advances	7,606	5,577
Accrued interest / mark-up	43,121	20,405
Other receivables including sales tax	110,254	16,439
Bank balances	2,119,985	1,029,202
At fair value through profit and loss		
Investments	675,863	-
	4,112,081	2,010,174
Financial liabilities as per statement of financial position		
Lease liabilities	63,422	86,786
Long term borrowings	1,103,699	155,497
Long term deposits	28,226	27,726
Trade and other payables	1,073,212	508,855
Accrued mark-up	36,739	5,386
Short term borrowings	93,765	100,000
Unclaimed dividend	10,601	10,601
	2,409,664	894,851

42. 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 or issue new shares and obtain further loan facilities. 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:

	2022	2021
	(Rupees in '000)	
Total borrowings	1,260,886	342,283
Bank balances	(2,119,985)	(1,029,202)
Net bank balance	(859,099)	(686,919)
Total equity	6,096,621	6,007,616
Total capital	5,237,522	5,320,697
Gearing ratio	0.00%	0.00%

43. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2022 were 1057 (2021: 949), average number of employees during the year were 969 (2021: 976).

44. PROVIDENT FUND RELATED DISCLOSURES

44.1 The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2022:

	2022	2021
	(Rupees in '000)	
Size of the Fund - total assets	190,432	178,784
Cost of investments made	114,070	123,424
Percentage of investments made	59.90%	69.04%
Fair value of investments	202,063	194,693

44.2 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

45. SHAHRIAH SCREENING DISCLOSURE

	2022		2021	
	Convent- -ional	Shariah Compliant (Rupees in '000)	Convent- -ional	Shariah Compliant
Cash and bank balances	1,368,218	755,679	608,037	425,077
Accrued mark-up	6,241	36,880	6,963	13,442
Accrued mark-up on borrowings	28,013	8,726	4,647	739
Revenue	-	5,359,062	-	3,225,727
Other income				
a) Profit on saving accounts, term deposit receipts and loan to subsidiary	143,741	34,559	70,083	5,127
b) Gain from sale of investment	-	-	1,016	1,718
c) Dividend income	407	148	1,553	5,370
d) Others including exchange gain on actual currency	-	36,386	-	34,607
Mark-up / interest expense	114,887	24,670	15,534	3,181

46. 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.

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 4, 2022 by the Board of Directors of the Company.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

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

Name of company **Ghandhara Nissan Limited**
Year Ended: 30th June 2022

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 10 as per the following:-

- a. Male: 09
- b. Female: 01

2. The composition of the Board is as follows:

Sr. No.	Name of Directors	Category	Number
1.	Mr. Polad Merwan Polad		
2.	Mr. Salman Rasheed (FCA)	Independent Directors	3
3.	Mr. Muhammad Jawaid Iqbal (CFA)		
4.	Lt. Gen. (Retd.) Ali Kuli Khan Khattak		
5.	Mr. Sikandar Kuli Khan Khattak	Non - Executive Directors	5
6.	Mr. M. Saleem Baig		
7.	Syed Haroon Rashid		
8.	Mr. Muhammad Zia		
9.	Mrs. Shahnaz Sajjad Ahmad	Non-Executive Director/ Female Director	1
10.	Mr. Ahmad Kuli Khan Khattak	Executive Director	1

The Board was reconstituted on February 2, 2022 for a term of three years.

The company encourages representation of independent non-executive directors and directors representing minority interests on its Board.

The independent directors meet the criteria of independence under clause 1(b) of the CCG.

A casual vacancy occurred during the financial year 2022 on demise of Mr. Raza Kuli Khan Khattak. The process of filling the casual vacancy had been completed within the stipulated time period resultantly Mr. Sikandar Kuli Khan Khattak had been appointed on 27th April, 2022.

- 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 the significant policies along with their date of approval or updating is maintained by the company.
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations, 2019.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of the ten Directors; two directors are exempted from Directors' Training Program based on their experience as director on the board of Listed Companies and eight directors have obtained certificate of Directors' Training Program.
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. CEO and CFO have duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below.-
 - a) Audit Committee:
 - Mr. Polad Merwan Polad - Chairman
 - Lt.Gen (Retd.) Ali Kuli Khan Khattak - Member
 - Mr. Salman Rasheed (FCA) - Member
 - Mr. Muhammad Zia - Member
 - Mr. Muhammad Saleem Baig - Member
 - b) Human Resource and Remuneration Committee:
 - Mr. Muhammad Jawaid Iqbal - Chairman
 - Mr. Ahmad Kuli Khan Khattak - Member
 - Mrs. Shahnaz Sajjad Ahmad - Member
 - Mr. Muhammad Zia - Member
 - Mr. Polad Merwan Polad - Member
13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the Committees were as per following:-
 - a) Audit Committee:
 - 1st Meeting : within one month of end of quarter.
 - 2nd Meeting : within two months of end of half year.
 - 3rd Meeting : within one month of end of quarter.
 - 4th Meeting : within three months of end of quarter
 - b) Human Resource and Remuneration Committee:
 - Held once during the financial year

15. The Board has set up an effective internal Audit Function which functionally reports to the Audit Committee.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (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 ICAP 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.

Three Independent Directors were re-elected in the EOGM held on 02-02-2022. The number of Independent Directors as fixed during Board of Directors meeting held on 29-10-2021 was 3 rather than one third (3.33) of the total number (10) of directors as 0.33 being less than 0.5. Moreover, the Board believes that three Independent Directors are sufficient enough to maintain independence at Board level.

On Behalf of the Board of Directors



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

Karachi
Dated: 4th October 2022



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF GANDHARA NISSAN LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED
COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gandhara Nissan Limited (the Company) for the year ended June 30, 2022, 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, 2022.

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI; October 04, 2022
UDIN: CR2022101048jozLmNxa

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Catalyst for success

Key Operating and Financial Data

Particulars	Jun-22	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17
Sales	5,359,062	3,225,727	1,663,080	2,373,750	2,218,734	4,858,178
Gross profit / (Loss)	412,254	345,915	5,022	320,089	433,304	930,995
Profit / (Loss) before tax	130,528	115,554	(215,932)	5,421	1,252,196	740,609
Profit / (Loss) after tax	101,155	130,752	(206,623)	(28,806)	1,037,521	409,960
Share Capital	570,025	570,025	570,025	570,025	450,025	450,025
Shareholders equity without revaluation surplus	3,954,097	3,831,376	3,655,346	3,822,607	3,695,640	1,803,568
Shareholders equity with revaluation surplus	6,096,621	6,007,616	5,878,640	6,083,965	4,667,881	2,792,138
Fixed Assets	5,427,099	4,065,389	4,105,816	3,912,436	2,133,465	1,983,445
Total Assets	13,198,123	7,300,478	6,901,852	7,097,988	5,825,353	3,857,777
Unit Produced and Supplied (Contract Assembly)	3,959	2,301	2,282	4,336	4,525	4,197
Units Produced	5,200	3,710	2,713	618	359	720
Units Sold (CBU)	74	83	50	94	526	69
Units Sold (CKD)	1,410	955	155	618	177	702
Interim Dividend - Cash	-	-	-	-	-	-
Dividend - Cash	-	-	-	-	-	50%
Ratios						
Profitability						
Gross profit margin	7.7%	10.7%	0.3%	13.5%	19.5%	19.2%
Profit/(Loss) before tax	2.44%	3.58%	-12.98%	0.23%	56.44%	15.24%
Profit/(Loss) after tax	1.9%	4.1%	-12.4%	-1.2%	46.8%	8.4%
Return to shareholders:						
Return/(Loss) on Equity without surplus(BT)	3.3%	3.0%	-5.9%	0.1%	33.9%	41.1%
Return/(Loss) on Equity without surplus (AT)	2.6%	3.4%	-5.7%	-0.8%	28.1%	22.7%
Earning/(Loss) per share (BT)-Rs.	2.29	2.03	(3.79)	0.10	27.79	16.45
Basic Earning Per Share	1.77	2.29	(3.62)	(0.51)	23.02	9.10
Activity:						
Sales to total assets - Times	0.41	0.44	0.24	0.33	0.38	1.26
Sales to fixed assets -Times	0.99	0.79	0.41	0.61	1.04	2.45
Liquidity:						
Current ratio -Times	1.17	2.83	3.57	3.77	3.20	1.60
Break-up value per share- Rs.	106.95	105.39	103.13	106.73	103.72	62.04

Pattern of Shareholding

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
1033	1	100	53,982
2067	101	500	793,253
1151	501	1000	1,004,207
1539	1001	5000	3,788,419
274	5001	10000	2,007,349
95	10001	15000	1,196,917
42	15001	20000	758,442
23	20001	25000	518,016
17	25001	30000	471,738
9	30001	35000	295,699
8	35001	40000	311,100
2	40001	45000	88,100
9	45001	50000	439,100
4	55001	60000	230,700
3	60001	65000	191,664
3	65001	70000	207,500
6	70001	75000	438,370
2	75001	80000	156,588
3	80001	85000	249,100
3	85001	90000	265,400
2	90001	95000	189,830
1	95001	100000	96,000
2	100001	105000	206,000
1	105001	110000	106,900
1	130001	135000	132,500
1	135001	140000	135,700
1	140001	145000	144,500
1	145001	150000	150,000
1	150001	155000	153,500
1	170001	175000	175,000
1	175001	180000	179,600
1	200001	205000	203,500
1	215001	220000	215,500
2	220001	225000	448,800
1	245001	250000	245,813
1	290001	295000	293,182
1	385001	390000	388,500
1	520001	525000	525,000
1	695001	700000	700,000
1	765001	770000	766,901
1	1525001	1530000	1,526,582
1	3645001	3650000	3,647,090
1	6485001	6490000	6,485,029
1	26420001	26425000	26,421,429
6320			57,002,500

Category of Shareholders

As at of June 30, 2022

S.No.	Categories of Shareholders	Number of Shares held	Category wise no. of Folios/ CDC Accounts	Category wise Shares held	Percentage
1	Director, CEO, their Spouses and minor children Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Sikandar Kuli Khan Khattak Mr. Muhammad Zia Mr. Muhammad Saleem Baig Mr. Polad Merwan Polad Mr. Salman Rasheed (FCA) Mr. Muhammad Jawaid Iqbal	76,086 88,113 23,567 100 648 632 1281 500 1	16	190,928	0.3349
2	Associate Companies Bibojee Services (Pvt) Ltd.	32,921,887	4	32,921,887	57.7552
3	NIT & ICP CDC - Trustee National Investment (unit) Trust Investment Corporation of Pakistan	1,526,582 5,750	2	1,532,332	2.6882
4	Banks, DFI & NBFi National Bank of Pakistan MCB Bank Limited – Treasury Pak-Qatar Investment (Pvt.) Limited	1,510 766,901 10,000	3	778,411	1.3656
5	Insurance Companies Gulf Insurance Company Limited EFU LIFE ASSURANCE LIMITED PREMIER INSURANCE LIMITED	17,800 203,500 3,900	4	225,200	0.3951
6	Modarabas & Mutual Funds CDC - TRUSTEE FAYSAL MTS FUND - Mutual Fund CDC - TRUSTEE HBL INCOME FUND - Mutual Fund AL HABIB CAPITAL MARKETS (PRIVATE) LIMITED - Mutual Fund	84,000 28,500 81,500	3	194,000	0.3403
7	General Public (Local)		5,945	15,153,805	26.5845
8	General Public (Foreign)		268	552,588	0.9694
9	Foreign Companies		1	3,647,090	6.3981
10	Others		74	1,806,259	3.1687
			6,320	57,002,500	100.0000

Shareholders holding 10% or more
Voting interest in the Company
Bibojee Services (Pvt.) Limited

Share held Percentage
32,921,887 57.76

Consolidated Reports



Directors' Report on Consolidated Financial Statements

The directors are pleased to present their report together with consolidated financial statements of Ghandhara Nissan Limited and its subsidiary Ghandhara DF (Pvt.) Limited for the year ended 30th June, 2022.

The economic outlook looks dismal in the light of global and domestic uncertainties together with historic flooding in Pakistan. This has deteriorated the export-oriented sectors and will resultantly further dent the FOREX position.

The Government has tightened the imports to control the current account deficit. This will bring the economy into comparatively stable state and eventually support the PKR against USD.

The financial results for the year ended June 30, 2022 are summarized below:

	2022 (Rupees in '000)	2021
Revenue	6,381,609	4,413,360
Gross Profit	560,641	574,327
Operating Profit	259,427	242,087
Profit after Tax	280,667	126,778
Earnings per share (Rs.)	4.92	2.22

Going forward, the Company aims to capitalize on the opportunities offered by the market through expanding its product line-up.

For and on behalf of the Board of Directors



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director

Karachi
Dated: 4th October, 2022

مجموعی مالیاتی گوشواروں پر ڈائریکٹرز رپورٹ

ڈائریکٹرز گندھارا نسان لمیٹڈ اور اس کے ذیلی ادارے گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے 30 جون 2022 کو ختم ہونے والے سال کے مجموعی مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

پاکستان میں تاریخی سیلاب کے ساتھ ساتھ عالمی اور ملکی غیر یقینی صورتحال کی روشنی میں مستقبل کا معاشی منظر نامہ مایوس کن نظر آتا ہے۔ اس سلسلے میں برآمدات پر مبنی شعبوں کی حالت بہتر نہیں ہے اور اس کے نتیجے میں فاریکس کی پوزیشن مزید خراب ہوتی نظر آتی ہے۔

حکومت نے کرنٹ اکاؤنٹ خسارے پر قابو پانے کے لیے درآمدات پر جو سخت پابندیاں عائد کی ہیں، ان سے معیشت کو نسبتاً مستحکم حالت میں آنے کا موقع ملے گا اور بالآخر پاکستانی کرنسی کو امریکی ڈالر کے مقابلے میں سپورٹ حاصل ہوگی۔

30 جون 2022 کو ختم ہونے والے سال کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

2021	2022	
		(روپے ہزاروں میں)
4,413,360	6,381,609	آمدنی
574,327	560,641	مجموعی منافع
242,087	259,427	آپریٹنگ منافع
126,778	280,667	بعد از ٹیکس منافع
2.22	4.92	فی شیئر آمدنی (روپے)

بہتر مستقبل کے تناظر میں کمپنی کا مقصد اپنی مصنوعات کی لائن اپ میں اضافہ کرتے ہوئے مارکیٹ کی جانب سے پیش کردہ مواقع سے فائدہ اٹھانا ہے۔

برائے و منجانب بورڈ آف ڈائریکٹرز



ڈائریکٹر



چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 104 اکتوبر 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHANDHARA NISSAN LIMITED

Opinion

We have audited the annexed consolidated financial statements of **Ghandhara Nissan Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss and other 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, 2022, 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 are the Key Audit Matters:

S.No. Key Audit Matter

How the matter was addressed in our audit

1. Capitalization of property, plant and equipment

As disclosed in notes 4.1.1 and 5 to the financial statements, the Group, during the year, has capitalised / incurred significant capital expenditure with additions of Rs.2,026,200 thousand made to its operating fixed asset on account of Chery car project, land and buildings. We identified capital expenditure incurred during the year as a key audit matter as this represents significant transaction and involves certain judgemental area such as capitalization of eligible cost as per accounting and reporting standards.

Our audit procedures in respect of this area included:

- Obtained an understanding of the management controls over capitalization and on a sample basis, tested relevant controls over authorization and recording in the system;
- On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;
- Evaluate the nature of costs on a sample basis to ensure capitalization criteria of relevant accounting and reporting standards; and

How the matter was addressed in our audit

- 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).

2. Stock-in-trade

Refer note 4.8 and 10 to the financial statements, the Group has stock-in-trade aggregating Rs.4,331,960 thousand (2021: Rs.1,262,448 thousand) comprising raw materials, stock in transit and finished goods including trading goods. We identified this area as a key audit matter because stock-in-trade constitutes 27.37% of the total assets of the Group as at June 30, 2022 and determining an appropriate valuation as a result of net realizable value (NRV) involves management judgement and estimation.

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 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 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.

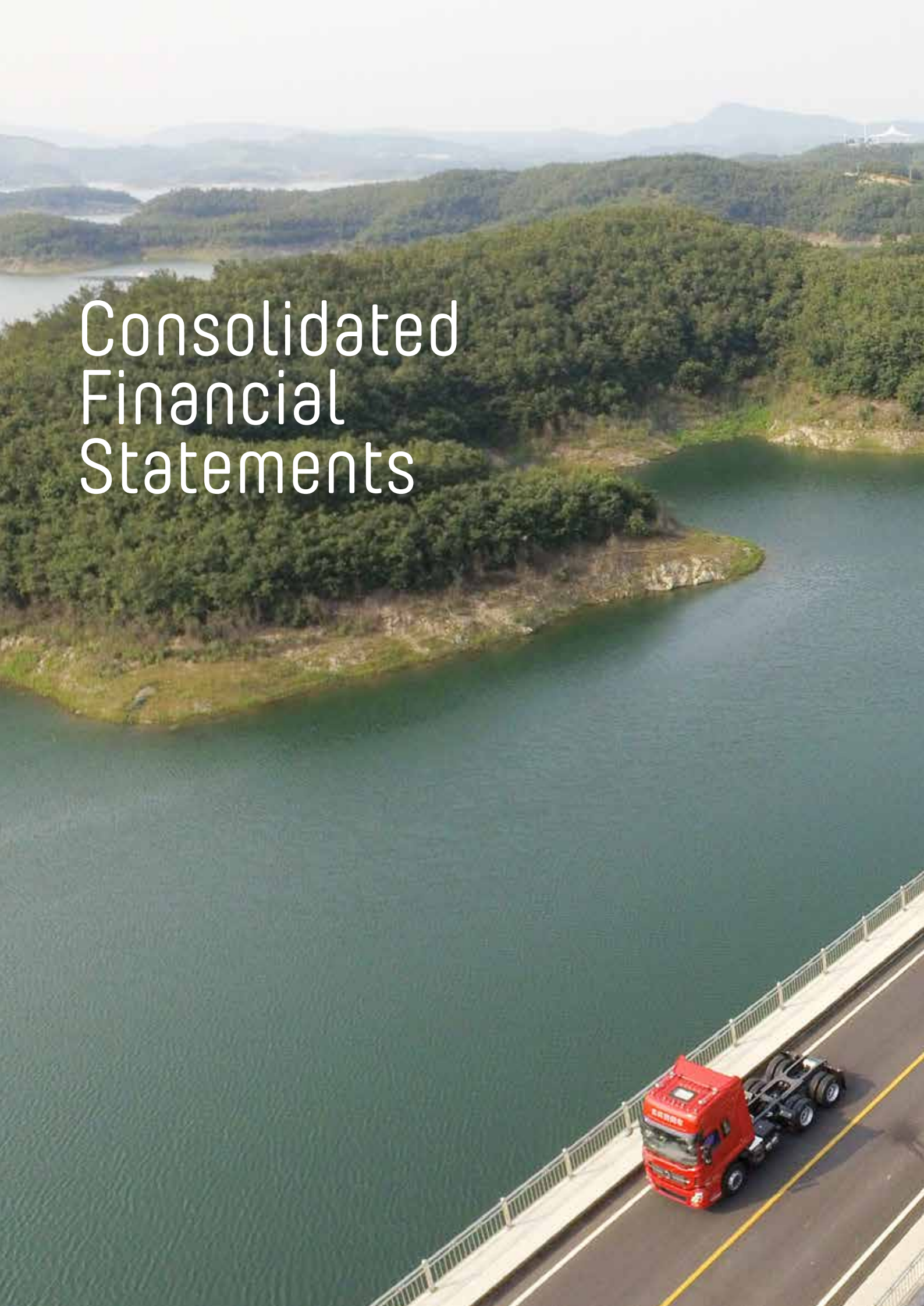
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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.
CHARTERED ACCOUNTANTS
KARACHI; October 04, 2022
UDIN : AR202210104dgiovIMFy

Consolidated Financial Statements





Consolidated Statement of Financial Position

AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
ASSETS			
Non current assets			
Property, plant and equipment	5	5,442,916	4,154,782
Intangible assets	6	3,874	4,094
Long term investments	7	1,312,254	1,049,588
Long term loans	8	9,914	14,529
Long term deposits	9	25,708	29,139
		6,794,666	5,252,132
Current assets			
Stores, spares and loose tools		169,235	136,467
Stock-in-trade	10	4,331,960	1,262,448
Trade debts	11	697,381	897,206
Loans and advances	12	56,531	11,965
Deposits and prepayments	13	5,738	73,888
Investments	14	675,863	-
Accrued interest / mark-up		11,074	9,342
Other receivables including sales tax	15	456,538	18,048
Taxation - net		387,383	312,247
Cash and bank balances	16	2,239,593	1,085,823
		9,031,296	3,807,434
Total assets		15,825,962	9,059,566



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Consolidated Statement of Financial Position

AS AT JUNE 30, 2022

	Note	2022	2021
(Rupees in '000)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	570,025	570,025
Capital reserves			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets - net	18	2,813,584	2,849,529
- Items directly credited to equity by an Associate		77,594	75,365
		3,993,899	4,027,615
Revenue reserve - unappropriated profit		3,175,876	2,874,533
Equity attributable to shareholders of the Holding Company		7,739,800	7,472,173
Non-controlling interest		46	54
Total equity		7,739,846	7,472,227
Liabilities			
Non current liabilities			
Lease liabilities	19	45,298	67,234
Long term borrowings	20	845,553	46,397
Deferred income - government grant	21	196,854	953
Long term deposits	22	35,226	33,226
Deferred taxation - net	23	249,307	289,062
		1,372,238	436,872
Current liabilities			
Trade and other payables	24	5,752,007	748,911
Accrued mark-up		48,356	8,784
Short term borrowings	25	581,211	240,189
Current portion of lease liabilities	19	21,835	25,682
Current maturity of long term borrowings	20	258,146	109,100
Current portion of deferred income - government grant	21	41,722	7,200
Unclaimed dividend		10,601	10,601
		6,713,878	1,150,467
Total liabilities		8,086,116	1,587,339
Contingencies and commitments	26		
Total equity and liabilities		15,825,962	9,059,566

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue	27	6,381,609	4,413,360
Cost of sales	28	(5,820,968)	(3,839,033)
Gross profit		560,641	574,327
Distribution cost	29	(140,148)	(126,942)
Administrative expenses	30	(277,483)	(269,837)
Other income	31	138,028	78,846
Other expenses	32	(21,611)	(14,307)
Profit from operations		259,427	242,087
Finance cost	33	(194,482)	(33,909)
		64,945	208,178
Share of profit / (loss) of an Associate	7.1	263,414	(77,298)
Profit before taxation		328,359	130,880
Taxation	34	(47,692)	(4,102)
Profit after taxation		280,667	126,778
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(17,324)	(2,482)
Impact of deferred tax		5,024	720
Share of other comprehensive income of an Associate of:			
- surplus on revaluation of fixed assets - net		-	326,350
- re-measurement of staff retirement benefit obligation - net		(748)	(140)
Other comprehensive (loss) / income for the year - net of tax		(13,048)	324,448
Total comprehensive income for the year		267,619	451,226
Attributable to:			
- Shareholders of the Holding Company		267,627	451,219
- Non-controlling interest		(8)	7
		267,619	451,226
		(Rupees)	
Earnings per share - basic and diluted	35	4.92	2.22

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

2022 2021
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	328,359	130,880
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	201,172	142,195
Provision for gratuity	14,201	15,787
Reversal of provision for expected credit losses	(14,938)	(2,802)
Provision for slow moving inventories	-	1,950
Interest income	(94,342)	(28,773)
Gain on disposal of property, plant and equipment	(5,391)	(4,284)
Gain on disposal of investment	-	(2,734)
Fair value gain on investments in mutual funds	(392)	-
Dividend income - mutual funds' investment	(555)	(6,923)
Fixed assets - written off	-	4,747
Share of (profit) / loss of an Associate	(263,414)	77,298
Finance cost	194,482	33,909
Exchange loss / (gain) - net	11,937	(8,006)
Operating profit before working capital changes	371,119	353,244
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(32,768)	37
Stock-in-trade	(3,069,512)	385,567
Trade debts	214,763	(219,633)
Loans and advances	(44,566)	90
Deposit and prepayments	68,150	(62,583)
Other receivables including sales tax	(438,490)	175,374
	(3,302,423)	278,852
Increase in trade and other payables	4,977,887	206,628
Cash generated from operations	2,046,583	838,724
Gratuity paid	(18,268)	(10,513)
Long term loans - net	4,615	108
Long term deposits - net	2,000	6,115
Finance cost paid	(154,910)	(47,663)
Income taxes (paid) / refunds - net	(157,559)	143,391
Net cash generated from operating activities - carried forward	1,722,461	930,162

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in '000)	
Net cash generated from operating activities - brought forward	1,722,461	930,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed capital expenditure	(1,554,305)	(175,204)
Payments for intangible assets	(899)	(2,742)
Proceeds from disposal of property, plant and equipment	88,455	24,728
Interest income received	92,610	19,818
Long term deposits - net	3,431	7,092
Investments	(675,471)	2,734
Dividend received	555	6,923
Net cash used in investing activities	(2,045,624)	(116,651)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(42,714)	(55,475)
Long term borrowings - obtained	1,312,000	144,563
Long term borrowings - repaid	(133,375)	(54,550)
Short term borrowings - net	341,022	(115,740)
Dividend paid	-	(2)
Net cash generated from / (used in) financing activities	1,476,933	(81,204)
Net increase in cash and cash equivalents	1,153,770	732,307
Cash and cash equivalents at beginning of the year	1,085,823	353,516
Cash and cash equivalents at end of the year	2,239,593	1,085,823

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Gandhara Nissan Limited (the Holding Company) and Gandhara DF (Private) Limited (the Subsidiary Company).

1.2 Gandhara Nissan Limited

Gandhara Nissan Limited (the Holding Company) was incorporated on August 8, 1981 in Pakistan as a private limited company and subsequently converted into a public limited company on May 24, 1992. The registered office of the Holding Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi and regional offices in Lahore and Rawalpindi. The Holding Company's shares are listed on Pakistan Stock Exchange Limited. Bibojee Services (Private) Limited (BSL) is the ultimate holding company of the Group.

The principal business of the Company is assembly / progressive manufacturing of vehicles including JAC Trucks and Chery SUVs, import and sale of parts / Nissan, Dongfeng and Renault vehicles in completely built-up condition and assembly of other vehicles under contract agreement.

1.3 Gandhara DF (Private) Limited

Gandhara DF (Private) Limited (the Subsidiary Company) was incorporated on June 25, 2013 in Pakistan as a private limited company. The registered office of the Subsidiary Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. It has outsourced assembly of the vehicles to the Holding Company.

The Subsidiary Company has cooperation agreement with DongFeng Commercial Vehicles Limited dated December 11, 2013 as well as 'Motor Vehicles & Related Products Distribution' agreements with Wuhan DongFeng Foreign Trade Company Limited (a subsidiary company of DongFeng Automobile Company Limited) dated January 24, 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at June 30, 2022 and June 30, 2021.

Subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiary;
- is exposed to variable returns from the subsidiary; and
- decision making power allows the Group to affect its variable returns from the subsidiary.

Subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-recognized from the date the control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated.

2.3 Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4 Functional and presentation currency

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

2.5 Changes in accounting standards and interpretations

2.5.1 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, 2021:

- (a) Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020 and April 1, 2021. 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. The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. 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, 2021 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

2.5.2 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, 2021 and have not been early adopted by the Group:

- (a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling

the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Group’s financial statements.

- (b) 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 property, plant and equipment 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 amendment. The amendment not expected to have material impact on the Group’s financial statements.
- (c) 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 amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- (d) Amendment to IAS 1, ‘Presentation of Financial Statements’ is applicable on accounting periods beginning on or after January 1, 2023. The amendments 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.
- (e) Amendments to IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’ will be 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.
- (f) Amendments to IAS 12, ‘Income taxes’ will be applicable on accounting periods beginning on or after January 1, 2023. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

There are a 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 consolidated 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, certain financial assets carried at fair value and provision for gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

3.2 The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, 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 judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 4.1 and 4.2)
- (ii) Stock-in-trade (note 4.8)
- (iii) Provision for expected credit losses (note 4.9)
- (iv) Provision for staff benefits (note 4.14)
- (v) Provision for warranty (note 4.16)
- (vi) Provision for taxation (note 4.18)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated 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

4.1.1 Operating fixed assets

Owned assets

Operating fixed assets except for freehold land, building on freehold land and plant & machinery including assembly jigs are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount and building on freehold land and plant & machinery including assembly jigs are stated at revalued amounts less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent cost

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of operating fixed assets is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the consolidated profit or loss during the period in which they are incurred.

Depreciation

Depreciation on all items of operating fixed assets other than freehold land is charged to profit or loss applying the reducing balance method at the rates stated in note 5.1. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets 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.

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 assets and are included in the consolidated profit or loss.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the 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 operating fixed assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on operating fixed assets relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Group’s shareholders.

4.1.2 Right of use assets

The Group generally leases vehicles for his employees and own use. 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 term for vehicle is normally for five years.

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. Lease payment includes principle along with interest. 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 reducing balance method. 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.

Impairment

The Group assesses at each reporting date whether there is any indication that operating fixed assets 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 consolidated 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.

4.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Cost associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer software programs beyond their original specifications are recognised as capital improvement and added to the original cost of the software.

Amortisation

Intangible assets are amortised using the reducing balance method at the rate stated in note 6.

4.3 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.4 Financial assets

4.4.1 Classification

The Group has classified its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

(a) Financial assets at amortised cost

A financial asset shall be classified as financial asset at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income

The fair value through other comprehensive income classification is mandatory for certain debt instrument assets unless the option to classify as fair value through profit or loss is taken.

If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in profit or loss.

(c) Financial assets at fair value through profit or loss

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Group has elected to present value changes in other comprehensive income.

4.4.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

After initial recognition, an entity shall measure a financial asset at fair value or amortised cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'Other income / other expenses' in the

period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of 'Other income' when the Group's right to receive payments is established.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in profit or loss.

4.5 Financial liabilities

Financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method unless financial liabilities are held for trading, in which case it is required to be measured at fair value through profit or loss or where entity elects to measure at financial liability, under fair value option.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the profit and loss account.

4.6 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated 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.

4.7 Stores, spares and loose tools

Stores, spares and loose tools are stated at the cost which is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated up to the reporting date.

4.8 Stock-in-trade

These are valued at lower of cost and net realisable value. The cost of various classes of stock-in-trade is determined as follows:

Stock category

Complete Knock Down Kits (CKD)
Complete Built-up Units (CBU)
Local raw materials
Work-in-process and finished goods

Valuation method

Specific cost identification
Specific cost identification
At cost on weighted average basis.
At cost which comprises of raw materials, import incidentals, direct labour and appropriate portion of manufacturing overheads.
At invoice price plus all charges paid thereon up to the reporting date.

Stock-in-transit

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. 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. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

4.10 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities outstanding for more than 12 months as at the reporting date, in which case, they are classified as non current assets.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents include cash and bank balances, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

4.12 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.13 Mark-up bearing loans and borrowings

Mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.14 Staff benefits

4.14.1 Defined benefit plan - The Holding Company

The Group operates funded gratuity schemes which defines the amount of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the schemes. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuations were conducted on June 30, 2022 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the consolidated 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 the fair value of plan assets.

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

4.14.2 Defined contribution plan

The Group operates defined contributions plans (i.e. recognised provident fund schemes) for all its permanent employees. The Group and the employees make equal monthly contributions to the fund at the rate of 8.33% of the basic salary and cost of living allowance. The assets of the fund are held separately under the control of trustees.

4.15 Trade and other payables

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

4.16 Warranty obligations

The Group recognises the estimated liability, on an accrual basis, to replace or repair parts of trucks under warranty at the reporting date, and recognises the estimated product warranty costs in profit or loss net off amount received from principle on account of warranty claims when the sale is recognised.

4.17 Research and development cost

Research and development cost is charged in the year in which it is incurred. Development costs previously charged to income are not recognised as an asset in the subsequent period.

4.18 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4.19 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.20 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

The Group sales locally assemble heavy & light commercial vehicles and their parts. Revenue from sale of goods is recognised when the Group satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers. Income from different sources other than above is recognised on the following basis:

- Return on bank deposits, term deposit receipts and scrap sales is accounted for on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

4.21 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all conditions of the grant. The benefit of a government loan at a below-market rate of interest is treated as a government grant. Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.22 Borrowing cost

Borrowing cost are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.23 Foreign currency transactions and translation

The foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of the transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account with other income / other operating expenses.

4.24 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 consolidated profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

4.25 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.

4.26 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 consolidated profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

4.27 Dividend and appropriation to reserves

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in '000)	
Operating fixed assets	5.1	5,294,436	3,480,116
Capital work-in-progress includes:			
Buildings	5.8 & 5.9	29,278	507,392
Plant and machinery		112,057	84,158
Advance against purchase of land		-	67,513
Vehicles		-	12,904
Computers and servers		7,145	2,699
		148,480	674,666
		5,442,916	4,154,782

5.1 Operating fixed assets

	Freehold land (note 5.2)	Leasehold land (note 5.2)	Buildings on freehold land	Buildings on lease hold land	Leasehold improvements	Plant and machinery	Assembly jigs	Furniture and fixture	Owned vehicles	Other equipment	Office equipment	Computers and servers	Right of use assets	Total
At July 1, 2020														
Revaluation / cost	1,567,875	222,980	773,590	93,745	87,206	887,159	67,248	52,688	109,201	33,711	14,743	17,554	139,965	4,067,665
Accumulated depreciation	-	(69,537)	(54,190)	(5,059)	(8,833)	(98,359)	(56,042)	(10,716)	(72,846)	(24,112)	(11,649)	(14,709)	(37,526)	(463,578)
Net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	11,206	41,972	36,355	9,599	3,094	2,845	102,439	3,604,087
Year ended June 30, 2021														
Opening net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	11,206	41,972	36,355	9,599	3,094	2,845	102,439	3,604,087
Additions	-	-	3,094	-	-	7,651	-	390	-	3,280	357	6,559	21,444	42,775
Disposals (Note 5.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	(173)	(17,384)	(73)	-	(123)	(1,814)	(69,462)
- accumulated depreciation	-	-	-	-	-	(2,419)	(33,120)	28	12,389	64	-	66	932	49,018
Written - off	-	-	-	-	-	(14,356)	-	(145)	(4,995)	(9)	-	(57)	(882)	(20,444)
- cost	-	-	-	-	-	(5,246)	-	-	-	-	-	-	-	(5,246)
- accumulated depreciation	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Transferred from lease to owned assets	-	-	-	-	-	(4,746)	-	-	-	-	-	-	-	(4,746)
- cost	-	-	-	-	-	-	-	-	3,159	-	-	-	-	(3,159)
- accumulated depreciation	-	-	-	-	-	-	-	-	(2,006)	-	-	-	-	2,006
Depreciation charge	-	-	-	-	-	-	-	-	1,153	-	-	-	-	(1,153)
Closing net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	8,965	38,023	25,819	9,040	2,347	7,312	99,602	3,480,116
At June 30, 2021														
Revaluation / cost	1,567,875	222,980	776,684	93,745	87,206	872,789	34,128	52,905	94,976	36,918	15,100	23,990	156,436	4,035,732
Accumulated depreciation	-	(84,881)	(90,315)	(9,493)	(12,752)	(134,830)	(25,163)	(14,882)	(69,157)	(27,878)	(12,753)	(16,678)	(56,834)	(555,616)
Net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	8,965	38,023	25,819	9,040	2,347	7,312	99,602	3,480,116
Year ended June 30, 2022														
Opening net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	8,965	38,023	25,819	9,040	2,347	7,312	99,602	3,480,116
Additions	-	202,336	3,300	441,424	-	532,903	794,041	11,372	13,988	5,032	1,487	3,416	16,931	2,026,200
Disposals (Note 5.7)	-	-	-	-	-	-	-	-	(6,825)	-	-	-	(11,714)	(18,539)
- cost	-	-	-	-	-	-	-	-	2,417	-	-	-	4,295	6,712
- accumulated depreciation	-	-	-	-	-	-	-	-	(4,408)	-	-	-	(7,419)	(11,827)
Depreciation charge (Note 5.5)	-	(15,496)	(34,344)	(6,052)	(3,723)	(45,136)	(54,729)	(4,215)	(6,858)	(3,891)	(986)	(3,017)	(21,606)	(200,053)
Closing net book value	1,567,875	324,939	655,325	519,624	70,731	1,225,726	748,277	45,180	28,511	10,181	2,848	7,711	87,508	5,294,436
At June 30, 2022														
Revaluation / cost	1,567,875	425,316	779,984	535,169	87,206	1,405,692	828,169	64,277	102,109	41,950	16,587	27,406	161,653	6,043,393
Accumulated depreciation	-	(100,377)	(124,659)	(15,545)	(16,475)	(179,966)	(79,892)	(19,097)	(73,598)	(31,769)	(13,739)	(19,695)	(74,145)	(748,957)
Net book value	1,567,875	324,939	655,325	519,624	70,731	1,225,726	748,277	45,180	28,511	10,181	2,848	7,711	87,508	5,294,436
Depreciation rate (% per annum)	10	5	5	5	5	5	20	10	20	33	33	33	20	20

5.2 Particulars of immovable property (i.e. freehold lands and leasehold lands) of the Holding Company are as follows:

Location	Total area (in acres)
Talka & District Karachi (East)	
(i) Naiclass No. 362, Deh Joreji, Tapo Joreji.	16.00
(ii) Survey Nos. 37/6-39 and 111/2-12, Deh Khanto, Tapo Landhi.	9.11
(iii) Survey No. 36, Deh Khanto, Tapo Landhi.	8.10
(iv) Survey No. 112, Deh Khanto, Tapo Landhi.	4.14
(v) Survey No. 113, Deh Khanto, Tapo Landhi.	6.30
District Malir Karachi	
(vi) Survey No. 38, Deh Khanto, Tapo Landhi.	10.00
(vii) Survey Nos. 542, 543 544 and 545, Deh Joreji, Taluka Bin Qasim.	16.00

5.3 Freehold land, buildings on freehold land and plant & machinery had previously been revalued on June 30, 1997, June 30, 1999, January 1, 2004, June 30, 2009 and June 30, 2014.

The Holding Company as on December 31, 2018 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Tristar International Consultant (Private) Limited, (Approved valuers of Pakistan Banks' Association) Room No. 17, 3rd Floor, Davis Hynes, 38-Davis Road, Lahore. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 and are mentioned in note 39.2.

The surplus arisen on latest revaluation exercise aggregating Rs.1,431,103 thousand has been incorporated in the books of the Holding Company and at the time of latest revaluation, forced sale value of the freehold lands, buildings on freehold lands and plant & machinery along with jigs were Rs.1,254,300 thousand, Rs.596,642 thousand and Rs.478,906 thousand respectively.

5.4 Had the operating fixed assets been recognised under the cost model, the carrying amount of each revalued class of operating fixed assets would have been as follows:

Note	2022	2021
	(Rupees in '000)	
Freehold land	61,456	61,456
Buildings on freehold land	116,181	118,850
Plant and machinery	851,810	344,362
Assembly Jigs	744,615	4,388

5.5 Depreciation charge has been allocated as follows:

Cost of goods manufactured	28.1	171,023	112,621
Distribution cost	29	2,553	2,304
Administrative expenses	30	26,477	26,631
		200,053	141,556

5.6 The Holding Company's present and future land, buildings on freehold land, plant & machinery and specific vehicles are under mortgaged / hypothecated charged up to Rs.2,677,667 thousand (2021: Rs.2,010,667 thousand) with banks for finance facilities.

5.7 The details of operating fixed assets disposed-off are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers					
(Rupees in 000')												
Item having book value exceeding Rs. 500,000 each Vehicles							Ex - Employee					
	3,013	2,036	977	977	-	<table border="1"> <tr> <td>Group policy</td> <td>Mr. Mauzzam Pervaiz Khan Mr. Mauzzam Pervaiz Khan Mr. Taha Yaseen</td> </tr> <tr> <td>Arm length price</td> <td>Ms. Rehana Yasmeen BSL - The Ultimate Holding Company</td> </tr> <tr> <td>Negotiation</td> <td>Mrs. Alafia Hussain, Karachi.</td> </tr> </table>	Group policy	Mr. Mauzzam Pervaiz Khan Mr. Mauzzam Pervaiz Khan Mr. Taha Yaseen	Arm length price	Ms. Rehana Yasmeen BSL - The Ultimate Holding Company	Negotiation	Mrs. Alafia Hussain, Karachi.
Group policy	Mr. Mauzzam Pervaiz Khan Mr. Mauzzam Pervaiz Khan Mr. Taha Yaseen											
Arm length price	Ms. Rehana Yasmeen BSL - The Ultimate Holding Company											
Negotiation	Mrs. Alafia Hussain, Karachi.											
	5,955	2,184	3,771	3,771	-							
	1,566	678	888	1,780	892							
	1,406	692	714	714	-							
	2,787	741	2,046	2,600	554							
	3,812	381	3,431	5,185	1,754							
	18,539	6,712	11,827	15,027	3,200							
Items having book value up to Rs.500,000 each	-	-	-	-	-							
June 30, 2022	18,539	6,712	11,827	15,027	3,200							
June 30, 2021	69,462	49,018	20,444	24,728	4,284							

5.8 Include Rs. 25,000 thousand advance paid to Business Vision (Private) Limited - a related party against reservation of floor in project name SKY GARDEN located at office building at plot no.108, C.F, 1-5, old clifton quarters, Karachi.

5.9 Included pre fabricated building material amounting Rs.71,237 thousand, sold to M/s. Rehman Cotton Mills Limited, a related party for net sale proceed of Rs.73,428 thousand and recorded a gain of Rs.2,191 thousand.

6. INTANGIBLE ASSETS

These represent computer software licenses.

Note

2022

2021

(Rupees in '000)

Cost

At beginning of the year

7,109

4,367

Addition during the year

899

2,742

At end of the year

8,008

7,109

Accumulated amortisation

At beginning of the year

3,015

2,376

Charge for the year

30

1,119

639

At end of the year

4,134

3,015

Net book value

3,874

4,094

Rate of amortisation (% - per annum)

25

25

7. LONG TERM INVESTMENTS

Associate - equity accounted investment

7.1

1,312,254

1,049,588

Others - available for sale

7.2

-

-

1,312,254

1,049,588

7.1 Gandhara Industries Limited

Balance at beginning of the year

1,049,588

800,676

Share of profit / (loss) for the year

263,414

(77,298)

Share of other comprehensive (loss) /

income for the year

(748)

326,210

Balance at end of the year

1,312,254

1,049,588

7.1.1 Investment in Gandhara Industries Limited (GIL) represents 8,132,336 (2021: 8,132,336) fully paid ordinary shares of Rs.10 each representing 19.09% (2021: 19.09%) of its issued, subscribed and paid-up capital as at June 30, 2022. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.

7.1.2 The summary of financial statements / reconciliation of GIL as of March 31, 2022 is as follows:

	March 31, 2022	March 31, 2021
	(Rupees in '000)	
Summarised Statement of Financial Position		
Non current assets	4,317,751	4,546,088
Current assets	12,043,187	11,002,722
	16,360,938	15,548,810
Non current liabilities	120,465	164,320
Current liabilities	9,375,985	9,896,224
	9,496,450	10,060,544
Net asset	6,864,488	5,488,266
Reconciliation to carrying amount		
Opening net assets	5,488,266	4,184,106
Profit / (loss) for the year	1,380,143	(404,998)
Other comprehensive (loss) / income	(3,921)	1,709,158
Closing net assets	6,864,488	5,488,266
Holding Company's share (Percentage)	19.086%	19.086%
Holding Company's share	1,310,156	1,047,490
Goodwill and other adjustment	2,098	2,098
Carrying amount of investment	1,312,254	1,049,588

	March 31, 2022	March 31, 2021
	(Rupees in '000)	
Summarised profit or loss account		
Revenue	17,755,871	10,602,848
Profit before tax	1,539,915	483,132
Profit after tax	1,189,537	413,607

7.1.3 The above figures are based on unaudited condensed interim financial information of GIL as at March 31, 2022. The latest financial statements of GIL as at June 30, 2022 are not presently available. Accordingly, results of operations of first three quarters of financial year 2022 and last quarter of financial year 2021 have been considered.

7.1.4 The investee company is an Associate of the Company by virtue of common directorship.

7.1.5 The market value of investment as at June 30, 2022 was Rs.1,284,665 thousand (2021: Rs.2,269,084 thousand).

7.1.6 3,924,684 (2021: Nil) shares of GIL having fair value Rs.619,982 thousand (2021: Rs. Nil) are under lien of a commercial bank as collateral against short term finance facility.

7.2 **Others - available for sale**

**Automotive Testing & Training Centre
(Private) Limited**

	2022	2021
	(Rupees in '000)	
187,500 (2021: 187,500) ordinary shares of Rs.10 each - cost	1,875	1,875
Provision for impairment	(1,875)	(1,875)
	-	-

8. LONG TERM LOANS - Unsecured, considered good and interest free

	Note	2022	2021
(Rupees in '000)			
Loans to employees			
Related parties - Key Management Personnel	8.1 & 8.2	579	1,731
Other employees	8.1	14,618	18,190
		15,197	19,921
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		579	1,152
Other employees		4,704	4,240
	12	5,283	5,392
		9,914	14,529

8.1 These represent interest-free loans provided to employees of the Group as per terms of employment for various purposes. These loans are repayable on monthly instalments, which vary from case to case.

8.2 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2022 from Key Management Personnel aggregated to Rs.1,635 thousand (2021: Rs.2,715 thousand).

8.3 The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

9. LONG TERM DEPOSITS - Unsecured, considered good and interest free

	Note	2022	2021
(Rupees in '000)			
Deposits held with / against:			
Central Depository Company of Pakistan Limited		25	25
Lease facilities		13,953	18,421
Utilities		11,609	10,572
Others		121	121
		25,708	29,139

10. STOCK-IN-TRADE

Raw materials

In hand		1,603,899	277,572
Provision for obsolete / slow moving inventories	10.1	(11,184)	(11,184)
		1,592,715	266,388
In transit		1,002,534	-
		2,595,249	266,388

Finished goods

In hand

Complete built units - trucks and cars		312,196	220,055
Complete knockdown units - trucks and cars		719,858	356,226
Spare parts		331,294	194,399

Held with third parties

Complete built units - trucks and cars		90,197	89,199
Complete knockdown units - trucks and cars		271,326	66,194

In transit

Complete built units - trucks		2,326	63,330
Spare parts		9,514	6,657
		1,736,711	996,060
		4,331,960	1,262,448

10.1	Movement of provision for slow moving inventories	Note	2022	2021
			(Rupees in '000)	
	At beginning of the year,		11,184	15,000
	Provision made during the year	28.1	-	1,950
	Provision written - off during the year		-	(5,766)
	At the end of the year		<u>11,184</u>	<u>11,184</u>
10.2	The present and future stock-in-trade, trade debts and receivables aggregating Rs.9,821,018 thousand (2021: Rs.7,968,685 thousand) are under pledge / joint hypothecation charge with banks against short term finances and running finances (Refer note 25).			
11.	TRADE DEBTS - Unsecured			
	Considered good against sale of Vehicles and assembly charges	Note	2022	2021
	- due from Ghandhara Industries Limited an Associated Company		(Rupees in '000)	
	- others	11.1	98,679	19,325
			575,494	861,279
			674,173	880,604
	Spare parts		23,208	16,602
			697,381	897,206
	Considered doubtful		17,436	32,374
			714,817	929,580
	Provision for expected credit losses		(17,436)	(32,374)
			<u>697,381</u>	<u>897,206</u>
11.1	The ageing of the trade debts receivable from an Associated Company as at the reporting date is as follows:			
			2022	2021
			(Rupees in '000)	
	Up to 3 months		98,679	19,325
11.2	The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.147,144 thousand (2021: Rs.98,593 thousand).			
11.3	Movement in provision for expected credit losses	Note	2022	2021
			(Rupees in '000)	
	Balance at beginning of the year		32,374	35,176
	Reversal for the year - net		(14,938)	(2,802)
	Balance at end of the year		<u>17,436</u>	<u>32,374</u>
12.	LOANS AND ADVANCES - Unsecured, considered good and interest free			
	Current portion of long term loans	8	5,283	5,392
	Advances to:			
	Related party- Key Management Personnel		18	20
	Other employees		3,291	2,048
	Provision for doubtful loans - other employees		(454)	(454)
	Suppliers, contractors and others		47,941	3,676
			50,796	5,290
	Letters of credit		452	1,283
			<u>56,531</u>	<u>11,965</u>

13. DEPOSITS AND PREPAYMENTS	Note	2022	2021
		(Rupees in '000)	
Deposits - considered good and interest free		-	260
Prepaid			
- rent [BSL - the Ultimate Holding Company]		-	12,100
- rent others		238	274
- insurance		-	5,000
		238	17,374
Current account balances with statutory authorities		5,500	56,254
		5,738	73,888

14. INVESTMENTS	2022	2021		
	(Number of Units)			
2,998,639	-		HBL Financial Sector Income Fund Plan I	300,000
1,002,513	-		Meezan Rozana Amdani Fund	50,126
1,484,740	-		HBL Cash Fund	150,423
15,128,863	-		NBP Money Market Fund	150,246
247,981	-		UBL Liquidity Plus Fund - Class 'C'	25,068
				675,863

15. OTHER RECEIVABLES Considered good and interest free			
Sales tax refundable / adjustable		305,997	-
Margin against letter of credits		138,232	1,249
Security deposits and earnest money - interest free		3,562	4,394
Provision for doubtful deposits and earnest money		(3,442)	(3,442)
		120	952
Workers' profit participation fund	24.5	2,990	-
Others including insurance claim receivable		9,199	15,847
		456,538	18,048

16. CASH AND BANK BALANCES			
Cash in hand		394	393
Cash at banks on:			
- current accounts		151,828	52,922
- saving accounts	16.1	1,115,982	121,447
- deposit account	16.2 & 16.4	410,557	406,473
- term deposits receipts	16.3 & 16.4	564,744	508,500
		2,243,111	1,089,342
Provision for doubtful bank balance	16.5	(3,912)	(3,912)
		2,239,199	1,085,430
		2,239,593	1,085,823

- 16.1** At reporting date, these carry mark-up up to the rate of 12.25% (2021:5.50%) per annum.
- 16.2** This carries mark-up at the rate 13.00% (2021: 6.25%) per annum.
- 16.3** Term deposit receipts (TDRs) have expected maturity up to 90 (2021:90) days from respective dates of acquisition. These TDRs carry mark-up at rate ranging from 9.80% to 11.65% (2021: 6.40% to 7.25%) per annum.
- 16.4** These are under lien as cash margin against financing facilities availed from financial institutions under Temporary Economic Refinance Facility (TERF). (Refer note 20).
- 16.5** This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42,586 thousand deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Group considers that it has discharged its obligation against the said letters of credit.

17. SHARE CAPITAL**17.1 Authorized capital**

	2022	2021
	(Rupees in '000)	
80,000,000 (2021: 80,000,000) ordinary shares of Rs.10 each	800,000	800,000

17.2 Issued, subscribed and paid-up capital

	2022	2021		2022	2021
	(No. of shares)				
26,800,000	26,800,000		Ordinary shares of Rs.10 each fully paid in cash	268,000	268,000
200,000	200,000		Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500		Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
57,002,500	57,002,500			570,025	570,025

17.3 At June 30, 2022, Bibojee Services (Private) Limited (the Ultimate Holding Company) holds 57.76% (2021: 57.76%) of share capital of the Holding Company.

17.4 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 Holding Company's residual assets.

18. SURPLUS ON REVALUATION OF FIXED ASSETS - Net

	Note	2022	2021
		(Rupees in '000)	
Surplus on revaluation of the Holding Company's fixed assets	18.1	2,142,524	2,176,240
Share of surplus on revaluation of fixed assets of an Associated Company		671,060	673,289
		2,813,584	2,849,529

18.1 Surplus on revaluation of the Holding Company's fixed assets

Balance at beginning of the year		2,451,541	2,517,815
Surplus pertaining to assets disposed off during the year	8	-	(15,416)
Transferred to unappropriated profit on account of incremental depreciation for the year		(47,487)	(50,858)
		2,404,054	2,451,541
Less: related deferred tax of:			
- opening balance		275,301	294,521
- surplus pertaining to assets disposed off		-	(4,471)
- incremental depreciation for the year		(13,771)	(14,749)
- closing balance		261,530	275,301
Balance at end of the year		2,142,524	2,176,240

19. LEASE LIABILITIES - Secured

Balance at beginning of the year	92,916	126,947
Assets acquired during the year	12,932	17,693
Repaid / adjusted during the year	(38,715)	(51,724)
	67,133	92,916
Current portion grouped under current liabilities	(21,835)	(25,682)
Balance at end of the year	45,298	67,234

- 19.1** These represent vehicles acquired under diminishing musharakah arrangements from two financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 8.45% to 16.63% (2021: 8.24% to 12.00%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Group intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

The future minimum lease payments to which the Group is committed under the agreements will be due as follows:

Particulars	Upto one year	From one to five years	2022	Upto one year	From one to five years	2021
			(Rupees in '000')			
Minimum lease payments	28,843	51,459	80,302	31,368	73,108	104,476
Finance cost allocated to future periods	(7,008)	(6,161)	(13,169)	(5,686)	(5,874)	(11,560)
Present value of minimum lease payments	<u>21,835</u>	<u>45,298</u>	<u>67,133</u>	<u>25,682</u>	<u>67,234</u>	<u>92,916</u>

20. LONG TERM BORROWINGS

	Note	2022	2021
		(Rupees in '000)	
Loan under refinance scheme for payment of wages and salaries	20.1.1	68,049	163,650
Demand finance loan	20.1.2	374,544	-
Temporary Economic Refinance Facility (TERF)	20.1.3	499,682	-
Islamic Temporary Economic Refinance Facility (ITERF)	20.1.4	400,000	-
		<u>1,342,275</u>	<u>163,650</u>
Adjustment pertaining to fair value of loan at below market interest rate (government grant) - net		(238,576)	(8,153)
		<u>1,103,699</u>	<u>155,497</u>
Current portion grouped under current liabilities		(258,146)	(109,100)
		<u>845,553</u>	<u>46,397</u>

20.1 Movement in face value of long term loan

Balance at the beginning of the year	163,650	73,637
Loan obtained during the year	1,312,000	144,563
Loan re-paid during the year	(133,375)	(54,550)
Balance at the end of the year	<u>1,342,275</u>	<u>163,650</u>

- 20.1.1** This represents long term loans received from Bank Alfalah Limited and Bank of Punjab under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by the State Bank of Pakistan. These facilities are secured first equitable mortgage charge over industrial plot (land) limited to Rs.200 million with 25% margin. Mark-up on loans is chargeable at 1% and 2.50%. The principal is repayable in eight quarterly installments started from January, 2021. The Holding Company during the year repaid Rs.95,601 thousand.

- 20.1.2** The Holding Company has obtained demand finance loan facility amounting Rs.500,000 thousand from Karandaz Pakistan for the purpose of onwards lending to SME truck owners. The loan carries mark-up at the rate of 3 months KIBOR plus 1.50% and is secured against first pari passu by the way of hypothecation charge over all present and future current assets with 25% margin. This loan is for up to three years from the date of disbursement and is repayable in monthly equal instalments. The Holding Company during the year repaid Rs.37,774 thousand.

- 20.1.3** This represents loan received from JS Bank Limited under Temporary Economic Refinance Facility (TERF) introduced by State Bank of Pakistan for the purpose to finance / retire letter of credits for import / purchase of brand new plant and machinery for Chery car project. The facility is secured against 100% cash collateral in shape of lien over 3 months term deposit. Mark-up is chargeable at SBP rate (1%) plus 3.50% bps per annum. The loan is for ten years with a grace period of two years and is repayable in thirty two equal quarterly instalments.

20.1.4 This represents loan received from Dubai Islamic Bank under Islamic Temporary Economic Refinance Facility (ITERF) introduced by State Bank of Pakistan for the purpose to finance import of brand new plant and machinery for Chery car project. The facility is secured against 100% cash margin under lien over deposit account. Mark-up is chargeable at SBP rate (1%) plus 3% bps per annum. The loan is for seven years with a grace period of two years and is repayable in twenty equal quarterly instalments.

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

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	8,153	5,883
Difference of fair value of loan and loan received	253,558	13,052
Amortisation of loan	(23,135)	(10,782)
Balance at end of the year	<u>238,576</u>	<u>8,153</u>

21. DEFERRED INCOME - GOVERNMENT GRANT

Balance at beginning of the year	8,153	5,883
Grant recognised on loan at below market interest rate	253,558	13,052
Released to statement of profit or loss	(23,135)	(10,782)
	<u>238,576</u>	<u>8,153</u>
Current portion grouped under current liabilities	(41,722)	(7,200)
Balance at end of the year	<u>196,854</u>	<u>953</u>

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

22. LONG TERM DEPOSITS - Interest free

	2022	2021
	(Rupees in '000)	
Dealers' deposit	28,115	25,115
Vendors	111	111
Others	7,000	8,000
	<u>35,226</u>	<u>33,226</u>

23. DEFERRED TAXATION - Net

The liability for deferred taxation comprises of temporary differences relating to:

- accelerated tax depreciation allowance	234,502	97,176
- surplus on revaluation of fixed assets	261,530	275,301
- lease finances	5,911	5,681
- provision for expected credit losses	(5,057)	(9,388)
- provision for other receivables	(998)	(998)
- provision for warranty claims	-	-
- provision for obsolete / slow moving inventories	(3,243)	(3,243)
- provision for bank balances	(1,134)	(1,134)
- unabsorbed tax losses of the Holding Company	(242,204)	(74,333)
	<u>249,307</u>	<u>289,062</u>

24. TRADE AND OTHER PAYABLES	Note	2022	2021
		(Rupees in '000)	
Trade creditors	24.1	271,850	144,159
Bills payable		728,177	118,463
Accrued liabilities	24.2	130,011	128,650
Refundable - CKD / CBU business		1,403	1,403
Contract liabilities - customers advances and credit balances	24.3	4,282,749	72,948
Commission		82,443	54,051
Unclaimed gratuity		231	231
Dealers' / contractor's deposits - interest free		-	962
Payable to gratuity fund	24.4	31,525	18,268
Provision against additional custom duty		130,897	120,467
Sales tax payable		-	8,053
Withholding tax		29,144	12,444
Workers' profit participation fund	24.5	-	6,256
Workers' welfare fund		2,664	3,415
Retention money		2,175	2,175
Others	24.6	58,738	56,966
		5,752,007	748,911

24.1 Includes Rs.2,060 thousand (2021: Rs.4,337 thousand) and Rs.2,662 thousand (Rs. Nil) payable to Gandhara Tyre and Rubber Company Limited - an Associated Company and Bibojee Services (Private) Limited - the Holding Company respectively.

24.2 Includes Rs.5,363 thousand (2021: Rs.12,266 thousand) which pertains to a Key Management Person.

24.3 These represent advances from customers against sales of vehicles.

24.4 Provision for gratuity

The Holding Company and the Subsidiary Company have established separate funds namely 'Gandhara Nissan Limited - Employees Gratuity Fund' [GNL-GF] and 'Gandhara DF (Private) Limited - Employees Gratuity Fund' [GDF-GF] respectively, which are governed under an irrevocable trust to pay / manage gratuities of eligible employees. These are trustee-administered fund and are governed by local regulations which mainly includes Trust Act, 1882, Companies Act, 2017, Income Tax Ordinance, 2001, Income Tax Rules, 2002 and Rules under the Trust deeds of the respective Schemes. Responsibility for governance of the Schemes, including investment decisions and contributions schedules lies with the board of trustees. Trustee of the Fund are appointed by the Group and are employees of the Holding Company.

The latest actuarial valuation of both Schemes as at June 30, 2022 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

24.4.1 Statement of financial position reconciliation	2022	2021
	(Rupees in '000)	
Present value of defined benefit obligation	206,685	183,163
Fair value of plan assets	(193,115)	(174,138)
Benefits payable	17,955	9,243
Net liability at end of the year	31,525	18,268

24.4.2 Net liability recognised

Net liability at beginning of the year	18,268	10,512
Charge to profit or loss	14,201	15,787
Contributions made by the Holding Company	(18,268)	(10,513)
Re-measurement recognised in other comprehensive income	17,324	2,482
	31,525	18,268

24.4.3 Movement in the present value of defined benefit obligation

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	183,163	164,362
Past service cost - subsidiary company	-	2,105
Current service cost	14,640	13,950
Interest expense	17,498	13,360
Benefits paid	(8,193)	(12,247)
Benefits due but not paid	(8,713)	(2,798)
Re-measurement	8,290	4,431
Balance at end of the year	<u>206,685</u>	<u>183,163</u>

24.4.4 Movement in the fair value of plan assets

Balance at beginning of the year	174,138	163,632
Contribution received during the year	18,268	10,513
Interest income	17,936	13,628
Benefits paid	(8,193)	(15,584)
Re-measurement	(9,034)	1,949
Balance at end of the year	<u>193,115</u>	<u>174,138</u>

24.4.5 Expense recognised in consolidated statement of profit or loss

Current service cost	14,640	13,950
Past service cost	-	2,105
Net interest income	(439)	(268)
	<u>14,201</u>	<u>15,787</u>

24.4.6 Re-measurement recognised in consolidated other comprehensive income

Financial assumptions	724	225
Experience adjustments	7,566	4,206
Re-measurements of plan assets	9,034	(1,949)
	<u>17,324</u>	<u>2,482</u>

24.4.7 Plan assets comprise of

Fixed income instruments	3,000	167,444
Mutual fund securities	69,363	3,460
Cash at bank	120,752	3,234
	<u>193,115</u>	<u>174,138</u>

24.4.8 Significant actuarial assumptions and sensitivity

	2022	2021
	(% per annum)	
Discount rate	13.25	8.50
Expected rate of increase in future salaries	13.25	10.00
Mortality rates (for death in service)	SLIC	SLIC
	<u>(2001-2005)-1</u>	<u>(2001-2005)-1</u>

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 '000)		
Discount rate	1.00%	188,829	227,492
Increase in future salaries	1.00%	227,532	185,174

The above 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 projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

24.4.9 Based on actuary's advice, the expected charge to consolidated statement of profit or loss for the year ending June 30, 2023 amounts to Rs.16,753 thousand.

24.4.10 The weighted average durations of GNL-GF and GDF-GF schemes are 9 years and 16 years respectively.

24.4.11 Historical information

	2022	2021	2020	2019	2018
			(Rupees in '000)		
Present value of defined benefit obligation	206,685	183,163	164,362	148,318	124,341
Experience adjustment	17,324	2,482	(1,828)	8,195	4,200

24.4.12 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 '000)		
At June 30, 2022	19,400	8,169	47,367	5,120,316	5,195,252

24.5 Workers' profit participation fund

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		6,256	-
Allocation for the year	32	7,010	6,256
Interest on funds utilised in the Holding Company's business	33	201	-
		13,467	6,256
Payment made during the year		(16,457)	-
Balance at end of the year		(2,990)	6,256

24.6 Includes deposits and instalments under the Group's staff vehicle policy aggregating Rs.28,453 thousand (2021: Rs.23,985 thousand).

25. SHORT TERM BORROWINGS

	2022	2021
	(Rupees in '000)	
Running finances / musharakah	347,460	189
Finance against imported merchandise	93,751	-
Term finance - short term loans carry mark-up @ 14.81 (2021:8.20%)	140,000	240,000
	581,211	240,189

25.1 Running finances facilities available from commercial banks under mark-up arrangements aggregate to Rs.1,405,000 thousand including sub limits of facilities for opening letters of credits (2021:Rs.1,390,000 thousand) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Group. These, during the current financial year, carry mark-up at the rates ranging from 8.51% to 15.31% (2021: 8.03% to 12.19%) per annum. The arrangements are expiring on December 31, 2022.

- 25.2** The facilities for opening letters of credit as at June 30, 2021 aggregate to Rs.5,450,000 thousand (2021: Rs.5,050,000 thousand) of which the amount remained unutilised at the year-end was Rs.6,582,682 thousand (2021: Rs.3,978,945 thousand). Further, the Group also has facilities of Finance against Import Merchandise aggregating Rs.3,350,000 thousand (2021: Rs.4,000,000 thousand) as sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.562,000 thousand (2021: Rs.400,000 thousand) including Rs.400,000 thousand as sub limits of these letters of credit facilities. These facilities are secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts. The arrangements are expiring on December 31, 2022.
- 25.3** Facilities aggregated Rs.1,600,000 thousand (2021: Rs.1,350,000 thousand) out of the above mentioned facilities are also available to the Group level.

26. CONTINGENCIES AND COMMITMENTS

- 26.1** Certain cases have been filed against the Holding Company in respect of employees matters. These cases are pending before High Court of Sindh and National Industrial Relations Commission, Karachi . The management is confident that the outcome of these cases will be in the Holding Company's favour.
- 26.2** Commitment in respect of irrevocable letters of credit as at June 30, 2022 aggregate to Rs.1,067,318 thousand (2021: Rs.1,876,651 thousand).
- 26.3** Guarantees aggregating Rs.89,234 thousand (2021: Rs.23,830 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.583,954 thousand (2021: Rs.484,716 thousand) to the commercial banks against running finances and letters of credit facilities utilised by the Subsidiary Company.

27. REVENUE - Net

	Note	2022	2021
(Rupees in '000)			
Manufacturing activity			
Sales		6,456,903	4,251,679
Less:			
- sales tax and federal excise duty		988,021	619,640
- commission		127,692	85,037
		1,115,713	704,677
		5,341,190	3,547,002
Trading activity			
Sales		1,231,625	1,024,229
Less:			
- sales tax		178,954	146,923
- discount and commission		12,252	10,948
		191,206	157,871
		1,040,419	866,358
		6,381,609	4,413,360

28. COST OF SALES

Finished goods at beginning of the year		926,073	1,120,180
Cost of goods manufactured	28.1	5,502,102	3,188,454
Purchases - trading goods		1,117,664	456,472
		6,619,766	3,644,926
Finished goods at end of the year	10	(1,724,871)	(926,073)
		5,820,968	3,839,033

28.1 Cost of goods manufactured	Note	2022	2021
		(Rupees in '000)	
Raw materials and parts consumed	28.2	4,436,736	2,403,723
Fabrication of contract vehicles		30,698	26,099
Stores and spares consumed		113,469	57,483
Salaries, wages and benefits	28.3	494,796	410,478
Transportation		36,136	23,718
Repair and maintenance		50,637	38,831
Depreciation	5.5	171,023	112,621
Provision for slow moving inventories	10.1	-	1,950
Insurance		5,195	3,590
Communication		2,171	2,565
Rent, rates and taxes		1,961	1,945
Travelling and entertainment		868	619
Plant utilities		121,980	78,669
Printing, stationery and office supplies		2,471	1,751
Royalty expense		13,935	5,803
Plant security		18,056	16,940
Other manufacturing expenses		1,970	1,669
		5,502,102	3,188,454

28.2 Raw materials and parts consumed

Stocks at beginning of the year		266,388	513,375
Purchases		5,763,063	2,156,736
		6,029,451	2,670,111
Stocks at end of the year	10	(1,592,715)	(266,388)
		4,436,736	2,403,723

28.3 Salaries, wages and benefits include Rs.8,367 thousand (2021: Rs.9,441 thousand) and Rs.6,768 thousand (2021: Rs.6,267 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

29. DISTRIBUTION COST

	Note	2022	2021
		(Rupees in '000)	
Salaries and benefits	29.1	96,787	100,258
Utilities		766	887
Rent		5,317	6,788
Insurance		1,582	1,201
Repair and maintenance		554	816
Travelling and entertainment		2,433	1,470
Telephone and postage		643	1,267
Depreciation	5.5	2,553	2,304
Vehicle running		998	988
Printing, stationery and office supplies		2,721	209
Security		360	670
Warranty services		1,921	2,858
Godown and forwarding		7,946	3,196
Sales promotion expenses		14,546	3,428
Others		1,021	602
		140,148	126,942

29.1 Salaries and benefits include Rs.2,105 thousand (2021: Rs.2,241 thousand) and Rs.3,378 thousand (2021: Rs.3,559 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

30. ADMINISTRATIVE EXPENSES

	Note	2022	2021
(Rupees in '000)			
Salaries and benefits	30.1	151,635	150,260
Utilities		2,689	2,483
Rent, rates and taxes		27,973	24,290
Directors' fee		4,223	3,540
Insurance		2,155	1,767
Repairs and maintenance		5,101	5,962
Depreciation and amortisation	5.5 & 6	27,596	27,270
Auditors' remuneration	30.2	1,869	1,615
Advertising		-	659
Travelling and conveyance		4,798	6,530
Legal and professional charges		11,365	14,388
Vehicle running		3,180	4,562
Telephone and postage		8,434	5,232
Printing and stationery		3,988	3,429
Subscriptions		5,222	5,454
Security expenses		13,241	10,084
Donation	30.3	490	500
Others		3,524	1,812
		277,483	269,837

30.1 Salaries and benefits include Rs.3,729 thousand (2021: Rs.4,105 thousand) and Rs.4,432 thousand (2021: Rs.3,936 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

	Note	2022	2021
(Rupees in '000)			
ShineWing Hameed Chaudhri & Co.		1,869	1,115
Junaidy, Shoaib, Asad		-	500
		1,869	1,615

30.3 None of the directors or their spouses had any interest in the donees.

31. OTHER INCOME**Income from financial assets**

Interest / mark-up earned on:

- deposit and saving accounts	31.1	55,289	13,116
- term deposit receipts	31.1	39,053	15,657
Gain from sale of investment in mutual funds		-	2,734
Fair value gain on investments in mutual funds		392	-
Dividend income - mutual funds' investment		555	6,923
Reversal of provision for expected credit losses		14,938	2,802
		110,227	41,232

Income from non-financial assets

Scrap sales - net of sales tax		16,116	11,898
Gain on disposal of operating fixed assets	5.7	5,391	4,284
Exchange gain - net		-	8,006
Service income - net of sales tax		1,414	1,561
Reversal of provision / liabilities written back		3,920	9,885
Others		960	1,980
		27,801	37,614
		138,028	78,846

31.1 Interest at the rates ranged from 6.40% to 11.65% (2021: 6.30% to 11.64%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.

32. OTHER EXPENSES	Note	2022	2021
		(Rupees in '000)	
Workers' profit participation fund	24.5	7,010	6,256
Workers' welfare fund		2,664	3,304
Exchange loss - net		11,937	-
Fixed assets - written off		-	4,747
		<u>21,611</u>	<u>14,307</u>

33. FINANCE COST

Mark-up on:

- long term borrowings		24,363	3,381
- running finances		85,591	14,730
- short term borrowings		69,616	3,289
		<u>179,570</u>	<u>21,400</u>

Lease finance charges

Interest on workers' profit participation fund	24.5	7,393	7,273
Bank and other charges		201	-
		7,318	5,236
		<u>194,482</u>	<u>33,909</u>

34. TAXATION

Current

Current tax on profits for the year		82,423	70,356
Adjustment for current tax of prior years		-	(41,924)
		<u>82,423</u>	<u>28,432</u>

Deferred

Origination and reversal of temporary differences		(34,731)	(24,330)
		<u>47,692</u>	<u>4,102</u>

34.1 No numeric tax rate reconciliation for the current year and preceding year is given in the consolidated financial statements, as provision made primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 150 and 153 of the Ordinance.

35. EARNINGS PER SHARE - BASIC AND DILUTED

35.1 Basic earnings per share

	2022	2021
	(Rupees in '000)	
Profit after taxation	<u>280,675</u>	<u>126,771</u>
	(Number of shares)	
Weighted average ordinary shares in issue	<u>57,002,500</u>	<u>57,002,500</u>
	(Rupees)	
Earnings per share - basic and diluted	<u>4.92</u>	<u>2.22</u>

35.2 Diluted earnings per share

No figures for diluted earnings per share has been presented as the Holding Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	(Rupees in '000)					
Managerial remuneration	15,780	-	106,200	15,780	-	103,279
Bonus	2,800	-	10,103	2,800	-	15,657
Contribution to provident fund	850	-	4,674	850	-	4,067
Gratuity	850	-	3,121	850	-	2,739
Utilities	1,020	-	6,001	1,020	-	6,114
Passage / privilege leave	-	-	-	-	-	2,293
	21,300	-	130,099	21,300	-	134,149
Number of persons	1	-	35	1	-	24

36.1 The Chief Executive of the Holding Company is also entitled for the use of the Company maintained car, security, telephone, club and medical expenses at actual. He is also entitled to receive other benefits as per Holding Company policy applicable to all management employees.

36.2 Certain Executives of the Holding Company are also provided with free use of the Holding Company maintained vehicles.

36.3 Aggregate amount charged in the Consolidated financial statements for meeting fee to Directors of Holding Company and Subsidiary Company was Rs.4,223 thousand (2021: Rs.3,540 thousand).

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Ultimate Holding Company, Associated Companies, directors of the Group, companies in which directors are interested, staff retirement benefit plans, key management personnel and close members of the families of the directors & key management personnel (head of department). The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Related party name along with relation	Nature of transactions	2022	2021
		(Rupees in '000)	
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	14,762	13,310
	Contract assembly revenue	2,106	-
	Sale of fleet vehicle	2,600	-
	Reimbursement of expenses	652	-
(ii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Company (37.1)	Contract assembly revenue	847,987	588,843
	Reimbursement of expenses	108	638
	Purchase of parts	204	621
	Sale of parts	-	4
	Head office rent	7,924	7,145
	Sale of vehicle	-	2,540
	Fabrication of vehicle	750	-
The General Tyre and Rubber Company of Pakistan Limited (37.1)	Purchase of tyres, tubes and flaps	26,397	30,063
Gammon Pakistan Limited (37.1)	Regional office rent	3,691	3,300
Rehman Cotton Mills Limited (37.1)	Sale of pre-fabricated building structure	86,878	-
Business Vision (Private) Limited (37.1)	Booking advance for office floor	25,000	-
Janana De Malucho Textile Mills Limited (37.1)	Reimbursement of expenses	2,605	2,275

Related partay name along with relation	Nature of transactions	2022	2021
		(Rupees in '000)	
(iii) Others			
Staff provident funds	Contribution made	14,578	13,762
Staff gratuity funds	Contribution made	18,268	10,513
Key management personnel	Remuneration and other short term benefits	104,180	115,208
	Sale of fleet vehicles	-	1,770

37.1 Associated company by virtue of common directorship.

38. PLANT CAPACITY

The Holding Company

Against the production capacity of 4,800 (2021: 4,800) trucks, buses and pickups on single shift basis, the Holding Company assembled 5,200 (2021: 3,710) trucks and buses of JAC, DongFeng and Isuzu on single shift along with overtime basis. The Holding Company has also processed 5,092 (2021: 3,627) truck cabs and pickups through paint shop.

Against the designed annual production capacity of 6,000 (2021: 6,000) vehicles at car plant on single shift basis, the Holding Company during the year has again commenced its production in car plant and assembled 226 Chery SUVs, while the plant was idle during the year ended June 30, 2021.

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Group has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign exchange risk, interest rate risk and price risk).

The Group overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders. The board of directors has overall responsibility for the establishment and overview of their Company's risk management frame work. The board is also responsible for developing and monitoring the their Company's risk management policies.

(a) Credit risk

Credit risk represents the risk of financial loss being caused if counterparty fails to perform as contracted or discharge an obligation.

Credit risk primarily arises from long term loans, long term deposits, trade debts, loans and advances, other receivables, accrued interest / mark-up, investments and bank balances. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from. Credit risk on bank balances and margin held with banks is limited as the counter parties are banks with reasonably crediting ratings.

The maximum exposure to credit risk as at June 30, 2022 along with comparative is tabulated below:

	2022	2021
	(Rupees in '000)	
Long term loans	9,914	14,529
Long term deposits	11,755	10,718
Trade debts	697,381	897,206
Loans and advances	8,138	7,006
Deposits and prepayments	-	260
Investments	675,863	-
Accrued interest / mark-up	11,074	9,342
Other receivables	150,541	18,048
Bank balances	2,239,593	1,085,822
	<u>3,804,259</u>	<u>2,042,931</u>

All exposure to credit risk for trade debts at the reporting date by geographic region is with-in Pakistan

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

	2022	2021
	(Rupees in '000)	
up to 3 months	676,177	879,769
3 to 6 months	11,668	11,842
6 to 12 months	2,492	9,577
more than 12 months	24,480	28,392
Provision for expected credit losses	(17,436)	(32,374)
	<u>697,381</u>	<u>897,206</u>

Provision has been recorded for expected credit losses using project matrix method.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty, in meeting obligation associated with financial liabilities. The Group's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent and ensuring the availability of adequate credit facilities. The Group's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	(Rupees in '000)			
June 30, 2022				
Lease liabilities	67,133	80,302	28,843	51,459
Long term borrowings	1,103,699	1,600,591	341,584	1,259,007
Long term deposits	35,226	35,226	-	35,226
Trade and other payables	1,437,450	1,437,450	1,437,450	-
Accrued mark-up	48,356	48,356	48,356	-
Short term borrowings	581,211	603,006	603,006	-
Unclaimed dividend	10,601	10,601	10,601	-
	<u>3,283,676</u>	<u>3,815,532</u>	<u>2,469,840</u>	<u>1,345,692</u>

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	(Rupees in '000)			
June 30, 2021				
Lease liabilities	92,916	104,476	31,368	73,108
Long term borrowings	155,497	165,653	83,239	82,414
Long term deposits	33,226	33,226	-	33,226
Trade and other payables	645,795	645,795	645,795	-
Accrued mark-up	8,784	8,784	8,784	-
Short term borrowings	240,189	241,829	241,829	-
Unclaimed dividend	10,601	10,601	10,601	-
	<u>1,187,008</u>	<u>1,210,364</u>	<u>1,021,616</u>	<u>188,748</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk on import of raw materials, stores & spares and commission income denominated in U.S. Dollar, Euro and Chinese Yuan Renminbi (RMB). The Group's exposure is as follows:

	Rupees	Euro	U.S. Dollar	RMB
	(Rupees in '000)			
June 30, 2022				
Trade and other payables	<u>752,046</u>	<u>5</u>	<u>287</u>	<u>22,366</u>
June 30, 2021				
Trade and other payables	<u>126,188</u>	<u>24</u>	<u>42</u>	<u>4,645</u>

The following significant exchange rates have been applied:

	Reporting date rate	
	2022	2021
RMB to Rupee	30.93	24.76
U.S. Dollar to Rupee	206.00	158.30
Euro to Rupee	215.79	188.71

Sensitivity analysis

At June 30, 2022, if Rupee had strengthened by 5% against RMB, Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of net financial liabilities.

	2022	2021
	(Rupees in '000)	
Effect on profit / loss for the year		
RMB to Rupee	34,588	5,751
U.S. Dollar to Rupee	2,957	332
Euro to Rupee	56	226
	<u>37,601</u>	<u>6,309</u>

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Group arises from short term borrowings from banks, investments and balances held with banks. At the reporting date the profile of the Group's interest bearing financial instruments is as follows:

	2022	2021
	(Rupees in '000)	
Fixed rate instruments - financial assets		
Bank balances	2,091,283	1,036,420
Variable rate instruments - financial liabilities		
Lease liabilities	67,133	92,916
Long term borrowings	1,103,699	155,497
Short term borrowings	581,211	240,189
	1,752,043	488,602

Sensitivity analysis

At June 30, 2022, if the interest rates on the Group's variable rate instruments had been 1% higher / (lower) with all other variables held constant, loss before tax for the year would have been Rs.17,520 thousand (2021: Rs.4,886 thousand) lower / higher mainly as a result of net higher / (lower) interest expense.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

39.2 Fair value 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 carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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].

There were no transfers amongst the levels during the current and preceding year. The Group's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

39.3 Financial instruments by categories

	2022	2021
Financial assets as per statement of financial position		
At amortised cost		
Long term loans	9,914	14,529
Long term deposits	11,755	10,718
Trade debts	697,381	897,206
Loans and advances	8,138	7,006
Deposits and prepayments	-	260
Accrued interest / mark-up	11,074	9,342
Other receivables	150,541	18,048
Bank balances	2,239,593	1,085,823
At fair value through profit and loss		
Investments	675,863	-
	3,128,396	2,042,932
Financial liabilities as per statement of financial position		
Lease liabilities	67,133	92,916
Long term borrowings	1,103,699	155,497
Long term deposits	35,226	33,226
Trade and other payables	1,437,450	645,795
Accrued mark-up	48,356	8,784
Short term borrowings	581,211	240,189
Unclaimed dividend	10,601	10,601
	3,283,676	1,187,008

40. 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 or issue new shares and obtain further borrowing facilities. 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:

	2022	2021
(Rupees in '000)		
Total borrowings	1,752,043	488,602
Bank balances	(2,239,199)	(1,085,430)
Net bank balances	(487,156)	(596,828)
Total equity	7,739,800	7,472,173
Total capital	7,252,644	6,875,345
Gearing ratio	0.00%	0.00%

41. OPERATING SEGMENTS

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

- (a) All non-current assets of the Group at June 30, 2022 and 2021 are located in Pakistan.
- (b) 100% (2021: 100%) of the Group's sales relate to customers in Pakistan.
- (c) Two (2021: Two) of the Group's customers contributed towards 30.47% (2021:31%) of the sales during the year aggregating Rs. 1,944,647 thousand (2021: Rs. 1,368,952 thousand) which exceeds 10% of the sales of the Group.

42. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2022 were 1,124 (2021: 1,035), average number of employees during the year were 1,045 (2021: 1,041).

43. PROVIDENT FUND RELATED DISCLOSURES

- 43.1 The following information is based on un-audited financial statements of the Holding Company's Fund for the year ended June 30, 2022:

	2022	2021
	(Rupees in '000)	
Size of the Fund - total assets	190,432	178,784
Cost of investments made	114,070	123,424
Percentage of investments made	59.90%	69.04%
Fair value of investments	202,063	194,693

- 43.2 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

44. SHAHRIAH SCREENING DISCLOSURE

	2022		2021	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	(Rupees in '000)			
Bank balances	1,479,982	763,129	662,363	426,979
Accrued mark-up	6,241	4,833	7,254	2,088
Accrued mark-up on borrowings	39,630	8,726	8,045	739
Revenue	-	6,381,609	-	4,413,360
Other income				
a) Profit on saving accounts and term deposit receipts	59,783	34,559	22,572	6,201
b) Gain from sale of investment	-	-	1,016	1,718
c) Dividend income	407	148	6,923	-
d) Others including exchange gain on actual currency	-	42,739	-	40,416
Mark-up / interest expense	162,494	24,670	24,791	3,882

45. 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.

46. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on October 4, 2022 by the Board of Directors of the Holding Company.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director



Haroon Ahmed Zuberi
Chief Financial Officer

Dividend Mandate Form

CDC Share Registrar Services Ltd.

CDC House, 99-B, Block-B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi.

Date: __/ __/ __/

I / We, Mr. / Ms. / Mrs. / M/s, _____, holding CNIC No. / Passport No. / NTN _____ and being the registered shareholder of Ghandhara Nissan Limited hereby authorize the Company to directly credit in my bank account cash dividend, if any declared by the Company in future, instead of issuance of dividend warrant. Following are my details to facilitate the aforementioned request:

SHAREHOLDER'S INFORMATION & BANK DETAILS

Name of Shareholder	
Folio No.	
CNIC No. / NTN / Passport No.	
(please attach an attested photocopy)	
Title of Bank Account	
Bank Account Number (COMPLETE)	
Bank's Name	
Bank's Branch Name	
Branch Code	
Address of Bank Branch	
Telephone Number (Landline)	
Telephone Number (Mobile)	

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above mentioned information to the company and its share registrar as soon as these occur.

Signature of Member: _____

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

Form of Proxy

I / We _____
of _____ being
a member(s) of Ghandhara Nissan Limited and holder of _____
Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No.
_____ hereby appoint _____
of _____
or failing him/her _____ of _____
_____ who is also member of Ghandhara
Nissan Limited vide Registered Folio No./CDC Participant's ID and Account No. _____ as
may/our proxy to vote for me/us and on my/our behalf at the 40th Annual General Meeting of the
Company to be held on Friday, 28th October 2022 at 10:30 A.M. and any adjournment thereof.

Signed this _____ day of _____ 2022.

		Signature	_____
Witness:	_____	Witness:	_____
Name with	_____	Name with	_____
CNIC No.:	_____	CNIC No.:	_____
Address:	_____	Address:	_____

AFFIX
REVENUE
STAMP
Rs.5/-

IMPORTANT:

1. This form of Proxy duly completed must be deposited at the Company's registered office F-3, Hub Chauki Road, S.I.T.E., Karachi, not later than 48 hours before the time of holding the meeting.
2. A Proxy should also be a member of the Company.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their computerized National Identity Card or Passport with this Proxy Form.

نمائندگی فارم

میں/ہم _____
جو _____ کے گندھارا انسان لمیٹڈ کے ممبر ہونے کے ناطے
شیرز رجسٹر فوئیو کے مطابق عام شیئر کے اہل ہیں / CDC کے شراکت کار کا شناختی نمبر _____
کا تقرر کرتے ہیں _____
جو _____ کے بیان کی ناکامی کی صورت میں _____ کے
میرے / ہمارے نمائندہ کے طور پر کمپنی کی 40 واں سالانہ جنرل میٹنگ میں میری / ہماری طرف سے میرے / ہمارے لیے میرے / ہمارے نائب کے طور پر ووٹ دے سکتے ہیں جو بروز جمعہ
128 اکتوبر 2022 کو صبح 10:30 بجے، منعقد ہونے والی ہے۔
دستخط _____ دن _____ 2022 کو کیے گئے۔

دستخط _____
گواہ _____
نام _____
شناختی کارڈ نمبر _____
پتہ _____
گواہ _____
نام _____
شناختی کارڈ نمبر _____
پتہ _____

5 روپے کے ریونیو ٹکٹ پر دستخط

اہم:

1. 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۔
2. نمائندہ خود بھی کمپنی کا ممبر ہونا چاہیے۔
3. CDC کے شیئر ہولڈرز اور ان کے نمائندے اس نمائندگی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ تصدیق شدہ کاپی ضرور منسلک کریں۔



GHANDHARA NISSAN LIMITED

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



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C H E R Y

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