

Half Yearly Report

DECEMBER 31, 2022

(Un-Audited)

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GHANDHARA
NISSAN LIMITED

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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

Ms. Bushra Hanif Farooqui (ACA)

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 - (Shariah)
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 Shakra-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.

Half Yearly Report

DECEMBER 31, 2022

Gandhara Nissan Limited



Directors' Report

Your Directors are pleased to present the report alongwith the unaudited condensed interim financial statements of Ghandhara Nissan Limited for the half year ended December 31, 2022.

The automotive industry has seen crisis since July 2022 due to SBP's restrictions on imports, which led to a 50% decline in sales volumes. This crisis has also resulted in unemployment, with the only solution that OEMs, Government and other stakeholders of the industry thrive on localization and focus on export-oriented growth, going forward.

As per PAMA, sales volumes of auto industry for Heavy Commercial Vehicles (HCVs) were 1,627 units during the half year ended December 31, 2022 as compared to 2,802 units during the corresponding period of last year showing a decline of 42%. For Light Commercial Vehicles (LCVs), sales were 68,900 units during the half year ended December 31, 2022 as compared to 114,774 units during the corresponding period of last year showing a decline of 40%.

Financial Results of the Company

The financial results for the half year ended December 31, 2022 are summarized below:

	Half Year Ended	
	December 2022	December 2021
	(Rupees in thousands)	
Revenue	5,203,272	2,064,618
Gross Profit	155,471	252,768
Operating Profit	110,585	161,022
Net (Loss)/ Profit after tax	(65,882)	112,063
(Loss)/ Earnings Per Share (Rupees)	(1.14)	1.97

Reasons for the Loss and Future Prospects of Profit

Automobile sector is facing multiple risk management challenges in the current economic and political uncertainty due to SBP's restrictions on imports, which led to a 50% decline in sales volumes. This crisis has also resulted in unemployment.

The main reason of loss during the half year is fall in gross profit of the company as a result of FOREX impact on the cost of imported material and higher cost of doing business.

Management is closely monitoring macro-economic developments and modifying its strategy to ensure sustainable operations for the longest possible time with available raw materials in hand and incoming shipments against letters of credit already established to its valued customers.

Related Party Transactions

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

Future Outlook

The Company understands the initiatives and measures taken by the Government to confront the economic challenges being faced by the Country. However, the Company urges the Government to reconsider its restrictions placed on CKD imports.

Despite the challenges and higher inflationary environment, company is trying to manage the cost pressures and remains committed to the contribution, dedication and efficiency from all levels in the Company, to ensure maximum customer satisfaction throughout the supply chain.

The directors are grateful to the Principals, customers, vendors, bankers and other business associates for their continued patronage and support.

For and on behalf of the Board of Directors



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director

Karachi
Dated: February 24, 2023

ششماہی کے دوران مجموعی منافع میں کمی ادارے کے نقصان کی بڑی وجہ تھی جس کی بنیادی وجوہات میں درآمدی میٹریل کی لاگت پر فاران آپکھینج کے اثرات اور کاروبار کرنے کی زیادہ لاگت شامل ہیں۔

انتظامیہ میکر واکٹناک پیش رفت پر گہری نظر رکھے ہوئے ہے اور اپنی حکمت عملی میں ترمیم کر رہی ہے تاکہ دستیاب خام مال کے ساتھ طویل ترین ممکنہ مدت تک پائیدار کاوشوں اور اپنے قابل قدر صارفین کیلئے پہلے سے پیش کردہ لیٹرز آف کریڈٹ پر آنے والی شہمنس سے کاروبار کو جاری رکھا جاسکے۔

متعلقہ پارٹی لین دین

متعلقہ پارٹیز کے ساتھ تمام لین دین کو مکمل طور پر انجام دیا گیا ہے اور مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔

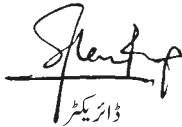
مستقبل کا منظر نامہ

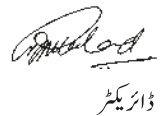
ادارے ملک کو درپیش معاشی چیلنجوں کا مقابلہ کرنے کیلئے حکومت کے اقدامات اور سفارشات کو سمجھتا ہے۔ تاہم، ادارہ حکومت پر زور دیتا ہے کہ وہ CKD کی درآمدات پر عائد پابندیوں پر نظر ثانی کرے۔

چیلنجوں اور بڑھتے ہوئے اخراجات کے ماحول کے باوجود، ادارہ لاگت کے دباؤ کو سنبھالنے کی کوشش کر رہا ہے اور ہر سطح پر اپنی صلاحیت، لگن اور کارکردگی دکھانے کیلئے پرعزم ہے، تاکہ اپنی مکمل سہولتی چین میں زیادہ سے زیادہ صارفین کے اطمینان کو یقینی بنایا جاسکے۔

ڈائریکٹر اپنے اہم شرکاء داروں، کسٹمرز، ہیڈرز، بینکرز اور دیگر کاروباری ساتھیوں کی مسلسل سرپرستی اور تعاون کے شکرگزار ہیں۔

یور ڈآف ڈائریکٹرز کی جانب سے


ڈائریکٹر


ڈائریکٹر

کراچی

مورخہ: 24 فروری 2023

ڈائریکٹرز کا جائزہ

آپ کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے لیے گندھارا انسان لمیٹڈ کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی گوشواروں کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

اسٹیٹ بینک آف پاکستان کی درآمدات پر پابندیوں کی وجہ سے جولائی 2022 سے آٹوموبائل انڈسٹری بحران کا شکار ہے، جس کی وجہ سے فروخت کے حجم میں 50% کمی واقع ہوئی۔ اس بحران کا نتیجہ میں بے روزگاری نے بھی سراٹھایا، جس کا واحد حل یہی ہے کہ اور جنرل ایکویپمنٹ مینوفیکچررز (OEMs)، حکومت اور صنعت کے دیگر اسٹیک ہولڈرز متغی طور پر ترقی کریں اور آگے بڑھتے ہوئے برآمدی ترقی پر توجہ مرکوز کرتے رہیں۔

PAMA کے مطابق، 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے دوران ہیوی کمرشل و ہیکلز (HCVs) کے لیے آٹوموبائل انڈسٹری کی فروخت کا حجم 1,627 گاڑیاں تھا جو کہ گزشتہ سال کی اسی مدت کے دوران 2,802 گاڑیوں کے مقابلے میں 42% کمی کو ظاہر کرتا ہے۔ ہلکی کمرشل گاڑیوں (LCVs) کیلئے، 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے دوران فروخت 68,900 گاڑیاں رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 114,774 گاڑیوں کے مقابلے میں 40% کمی کو ظاہر کرتی ہے۔

ادارے کے مالیاتی نتائج

31 دسمبر 2022 کو ختم ہونے والی ششماہی کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

نصف سال کے اختتام پر

دسمبر 2021	دسمبر 2022	
		(روپے ہزاروں میں)
2,064,618	5,203,272	آمدنی
252,768	155,471	مجموعی منافع
161,022	110,585	آپریٹنگ منافع
112,063	(65,882)	خالص (نقصان) / منافع بعد از ٹیکس
1.97	(1.14)	(نقصان) / آمدنی فی شیئر (روپے میں)

نقصان کی وجوہات اور مستقبل میں منافع کے امکانات

اسٹیٹ بینک آف پاکستان کی درآمدات پر پابندیوں کی وجہ سے موجودہ معاشی اور سیاسی غیر یقینی صورتحال میں آٹوموبائل سیکٹر کو متعدد رسک منجمنٹ چیلنجز کا سامنا ہے، جس کی وجہ سے فروخت کے حجم میں 50% کمی واقع ہوئی۔ اس بحران کے نتیجے میں بے روزگاری نے بھی جنم لیا۔

Independent Auditor's Review Report to The Members of Ghandhara Nissan Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statements of financial position of Ghandhara Nissan Limited as at December 31, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Osman Hameed Chaudhri.

A handwritten signature in blue ink that reads 'Shining Hameed Chaudhri & Co.'.

SHINewing HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

KARACHI; February 24, 2023

UDIN : RR202210104HVBRwy462

Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2022

		Un-audited	Audited
	Note	December 31, 2022	June 30, 2022
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	5,404,507	5,427,099
Intangible assets		1,715	1,960
Long term investments		222,906	222,906
Long term loans		3,465	4,754
Long term deposits		27,994	23,148
Due from the Subsidiary Company		671,562	797,027
		6,332,149	6,476,894 0
Current assets			
Stores, spares and loose tools		196,093	169,235
Stock-in-trade	6	3,783,889	2,731,376
Trade debts		629,002	330,323
Loans and advances		59,478	55,414
Deposits and prepayments	7	58,044	613
Short term investments - mutual funds		-	675,863
Other receivables including sales tax	8	508,558	289,942
Accrued interest / mark-up		53,232	43,121
Taxation - net		504,806	305,357
Bank balances		1,565,445	2,119,985
		7,358,547	6,721,229
Total assets		13,690,696	13,198,123



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised capital		
- 80,000,000 (June 30, 2022: 80,000,000) ordinary shares of Rs.10 each	800,000	800,000
Issued, subscribed and paid-up capital		
- 57,002,500 (June 30, 2022: 57,002,500) ordinary shares of Rs.10 each	570,025	570,025
Capital reserves		
- share premium	1,102,721	1,102,721
- surplus on revaluation of fixed assets - net	2,126,526	2,142,524
	3,229,247	3,245,245
Revenue reserve - unappropriated profits	2,231,887	2,281,351
Total equity	6,031,159	6,096,621
Liabilities		
Non current liabilities		
Lease liabilities	75,772	43,063
Long term borrowings	798,063	845,553
Deferred income - government grant	174,512	196,854
Long term deposits	29,726	28,226
Deferred taxation - net	251,315	252,289
	1,329,388	1,365,985
Current liabilities		
Trade and other payables	4,768,656	5,274,185
Accrued mark-up	45,756	36,739
Short term borrowings	1,203,662	93,765
Current portion of lease liabilities	28,690	20,359
Current maturity of long term borrowings	229,020	258,146
Current portion of deferred income - government grant	43,206	41,722
Unclaimed dividend	10,579	10,601
	6,329,569	5,735,517
Total liabilities	7,658,957	7,101,502
Contingencies and commitments	9	
Total equity and liabilities	13,690,696	13,198,123
	10	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Quarter ended		Half year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in '000)					
Revenue - net		2,275,549	1,094,702	5,203,272	2,064,618
Cost of sales	11	(2,175,080)	(984,776)	(5,047,801)	(1,811,850)
Gross profit		100,469	109,926	155,471	252,768
Distribution cost		(39,712)	(21,967)	(79,590)	(47,058)
Administrative expenses		(59,464)	(53,070)	(122,826)	(106,412)
Other income		115,819	39,977	210,148	79,430
Other expenses		11,780	(7,526)	(52,618)	(17,706)
Profit from operations		128,892	67,340	110,585	161,022
Finance cost		(72,242)	(20,743)	(110,124)	(33,011)
Profit before taxation		56,650	46,597	461	128,011
Taxation		(43,746)	(1,601)	(65,343)	(15,948)
Profit / (loss) after taxation		12,904	44,996	(64,882)	112,063
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		12,904	44,996	(64,882)	112,063
(Rupees)					
Earnings / (loss) per share - basic and diluted		0.23	0.79	(1.14)	1.97

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Condensed Interim Statement of Changes In Equity (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserve - Unappro- priated profit	Total
		Share premium	Surplus on revaluation of fixed assets		
Balance as at July 1, 2021 (audited)	570,025	1,102,721	2,176,240	2,158,630	6,007,616
Total comprehensive income for the six months period ended December 31, 2021					
Profit for the period	-	-	-	112,063	112,063
Other comprehensive income	-	-	-	-	-
	-	-	-	112,063	112,063
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	(16,858)	16,858	-
Balance as at December 31, 2021 (un-audited)	570,025	1,102,721	2,159,382	2,287,551	6,119,679
Balance as at July 1, 2022 (audited)	570,025	1,102,721	2,142,524	2,281,351	6,096,621
Total comprehensive loss for the six months period ended December 31, 2022					
Loss for the period	-	-	-	(64,882)	(64,882)
Other Comprehensive income	-	-	-	-	-
	-	-	-	(64,882)	(64,882)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	(15,998)	15,998	-
Balance as at December 31, 2022 (un-audited)	570,025	1,102,721	2,126,526	2,232,467	6,031,739

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Polad Merwan Polad
 Director



Muhammad Saleem Baig
 Director



Bushra Hanif Farooqui
 Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for non-cash charges and other items:

Depreciation and amortisation

Provision for gratuity

Interest income

Gain on disposal of operating fixed assets

Dividend income

Gain from sale of investment in mutual funds

Finance cost

Exchange loss - net

Operating profit before working capital changes

(Increase) / decrease in current assets:

Stores, spares and loose tools

Stock-in-trade

Trade debts

Loans and advances

Deposit and prepayments

Other receivables

(Decrease) / increase in trade and other payables

Cash used in operations

Gratuity paid

Long term loans - net

Long term deposits - net

Finance cost paid

Income taxes paid

Net cash used in operating activities - carried forward

December 31, 2022	December 31, 2021
(Rupees in '000)	
461	128,011
169,947	65,443
7,420	6,332
(171,784)	(63,907)
(1,081)	(554)
(6,372)	-
(13,186)	-
108,706	32,021
52,618	8,218
146,729	175,564
(26,858)	6,156
(1,052,513)	(381,409)
(298,679)	19,157
(4,064)	(18,089)
(57,431)	30,074
(218,616)	(184,739)
(1,658,161)	(528,850)
(536,439)	169,947
(2,047,871)	(183,339)
(29,127)	(14,864)
1,289	(103)
(4,846)	3,431
(99,689)	(18,901)
(265,766)	(75,392)
(2,446,010)	(289,168)



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	(Rupees in '000)	
Net cash used in operating activities - brought forward	(2,446,010)	(289,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed capital expenditure	(126,769)	(1,221,187)
Proceeds from disposal of property, plant and equipment	5,669	8,063
Interest income received	161,673	58,497
Dividend received	6,372	-
Due from Subsidiary Company - net	125,465	(31,054)
Short term investments - net	689,049	-
Net cash generated from / (used in) investing activities	861,459	(1,185,681)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities - net	16,110	(24,322)
Long term borrowings - obtained	67,127	899,682
Long term borrowings - repaid	(164,601)	(41,050)
Long term deposits - net	1,500	49,000
Short term borrowings - net	1,109,897	604,108
Dividend paid	(22)	-
Net cash generated from financing activities	1,030,011	1,487,418
Net (decrease) / increase in cash and cash equivalents	(554,540)	12,569
Cash and cash equivalents at beginning of the period	2,119,985	1,029,202
Cash and cash equivalents at end of the period	1,565,445	1,041,771

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Polad Merwan Polad
 Director



Muhammad Saleem Baig
 Director



Bushra Hanif Farooqui
 Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEARLY PERIOD ENDED DECEMBER 31, 2022

1. THE COMPANY AND ITS OPERATIONS

Ghandhara 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. 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 Chery SUVs and JAC Trucks, 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 condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- 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 the provisions of and directives issued under the Act differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Act have been followed.

- 2.2 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and do not include all the statements and disclosures as required in the annual financial statements, so should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2022.

3. ACCOUNTING POLICIES

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

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

- 3.2 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on June 30, 2022. The impact of re-measurement of post-employment benefit plans has not been incorporated in these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEARLY PERIOD ENDED DECEMBER 31, 2022

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

	Note	Un-audited December 31, 2022	Audited June 30, 2022
(Rupees in '000)			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,060,632	5,195,295
Right of use assets		95,134	83,324
Capital work-in-progress		248,741	148,480
		5,404,507	5,427,099
5.1 Operating fixed assets			
Book value at beginning of the period / year		5,195,295	3,370,264
Additions during the period / year	5.2	26,508	2,005,790
Transfer from right of use asset		1,419	-
Disposals costing Rs. 5,290 thousand (June 30, 2022: Rs.6,825 thousand)		(1,419)	(4,408)
- at book value		(161,171)	(176,351)
Depreciation charge for the period / year		5,060,632	5,195,295
Book value at end of the period / year		5,060,632	5,195,295
5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Leasehold land		-	202,336
Buildings on freehold land		1,025	3,300
Buildings on leasehold land		-	441,424
Plant and machinery		23,469	532,903
Assembly Jigs		-	794,041
Furniture and fixtures		37	11,298
Owned vehicles		657	13,958
Other equipment		341	1,627
Office equipment		427	1,487
Computers		552	3,416
		26,508	2,005,790
6. STOCK IN TRADE			
Raw materials			
- in hand		1,846,809	930,874
- in transit		793,162	817,959
		2,639,971	1,748,833
Finished goods			
- in hand		1,129,250	970,703
- in transit		14,668	11,840
		1,143,918	982,543
		3,783,889	2,731,376

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEARLY PERIOD ENDED DECEMBER 31, 2022

7. DEPOSITS AND PREPAYMENTS	Un-audited	Audited
	December 31, 2022	June 30, 2022
	(Rupees in '000)	
Prepaid insurance	8,868	-
Current account balances with statutory authorities	49,176	613
	58,044	613

8. Includes margins against letter of credit Rs.300,458 thousand (June 30, 2022: Rs. 99,239 thousand).

9. SHORT TERM BORROWINGS - Secured	Un-audited	Audited
	December 31, 2022	June 30, 2022
	(Rupees in '000)	
Running finances / musharakah	117,143	14
Finance against trust receipts	286,551	-
Finance against imported merchandise	399,968	93,751
Short term loan	400,000	-
	1,203,662	93,765

10. CONTINGENCIES AND COMMITMENTS

10.1 There is no change in status of the contingencies as disclosed in note 28.1 of the audited annual financial statements of the Company for the year ended June 30, 2022.

10.2 Commitment in respect of irrevocable letters of credit as at December 31, 2022 aggregate to Rs.711,482 thousand (June 30, 2022: Rs.826,186 thousand).

10.3 Commitments outstanding for capital expenditure other than through letters of credit as at December 31, 2022 aggregated to Rs. 391,950 thousand (June 30, 2022: Rs. 425,000 thousand).

10.4 Guarantees aggregating Rs.17,125 thousand (June 30, 2022: Rs.27,134 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.1,088,460 thousand (June 30, 2022: Rs.583,954 thousand) to the commercial banks against banking facilities utilised by the Subsidiary Company.

11. COST OF SALES

Note	(Un-audited)			
	Three months period ended		Six months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000)			
Finished goods at beginning of the period	1,176,463	530,514	970,703	531,270
Cost of goods manufactured	2,046,457	831,467	5,067,155	1,507,397
Purchases - trading goods	81,410	215,466	139,193	365,854
	2,127,867	1,046,933	5,206,348	1,873,251
	3,304,330	1,577,447	6,177,051	2,404,521
Finished goods at end of the period	(1,129,250)	(592,671)	(1,129,250)	(592,671)
	2,175,080	984,776	5,047,801	1,811,850

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEARLY PERIOD ENDED DECEMBER 31, 2022

11.1 Cost of goods manufactured

	(Un-audited)			
	Three months period ended		Six months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in '000).....			
Raw materials and parts consumed	1,667,233	631,115	4,328,249	1,102,955
Factory overheads	379,224	200,352	738,906	404,442
	2,046,457	831,467	5,067,155	1,507,397

12. 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 and are settled in ordinary course of business. Significant transactions with and balance of related parties are as follows:

Related party name along with relation	Nature of transaction	Un-audited December 31, 2022	Un-audited December 31, 2021
(Rupees in '000)			
(i) Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	3,993	3,630
	Contract assembly charges	2,633	2,106
	Sale of fleet vehicle	-	2,600
(ii) Subsidiary Company			
Ghandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	45,806	22,745
	Purchase of parts	157	514
	Sale of parts	42	130
	Long term advances given - net	-	31,054
	Payments received against long term advances - net	125,465	-
	Rental income	4,800	2,250
	Interest income	75,260	30,454
	Guarantee commission	4,180	3,798

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEARLY PERIOD ENDED DECEMBER 31, 2022

Related party name along with relation	Nature of transaction	Un-audited December 31, 2022	Un-audited December 31, 2021
(Rupees in '000)			
(iii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Company (12.1)	Contract assembly charges Purchase of parts Sale of vehicles Advance against vehicles Head office rent Fabrication of vehicle Reimbursement of expenses	435,429 79 11,208 10,038 2,126 - -	379,223 83 - - 1,932 750 35
Ghandhara Tyre and Rubber Company Limited (12.1)	Purchase of tyres, tubes and flaps	15,124	16,559
Gammon Pakistan Limited (12.1)	Office rent	1,997	1,815
Janana De Malucho Textile Mills Limited (12.1)	Advance against vehicles Reimbursement of expenses	22,899 1,289	- 1,344
Bannu Woollen Mills Limited (12.1)	Sale of vehicle Advance against vehicles	5,607 2,000	-
Business Vision (Private) Limited (12.1)	Installments for office floor	50,000	-
Universal Insurance Company Limited (12.1)	Sale of vehicle Reimbursement of expenses	5,604 815	- -
(iv) Others			
Staff provident fund	Contribution made	6,828	5,914
Staff gratuity fund	Contribution made	29,128	14,864
Key management personnel	Remuneration and other short term benefits Sale of fleet vehicles	48,483 555	47,835 -

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEARLY PERIOD ENDED DECEMBER 31, 2022

12.1 Associated company by virtue of common directorship.

Un-audited	Audited
December 31, 2022	June 30, 2022

12.2 Period / year end balances are as follows:

Debit balances / receivables from related parties

Property, plant and equipment

Long term investments

Trade debts

Loan and advances

Other receivables

Accrued interest / mark-up

Payable to related parties

Trade and other payables

(Rupees in '000)	
75,000	25,000
222,906	222,906
425,418	104,821
23	597
1,203	951
40,201	32,414
59,073	37,881

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Company for the year ended June 30, 2022.

14. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for the year ended June 30, 2022 and the corresponding figures in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the six months ended December 31, 2021. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 24, 2023 by the Board of Directors of the Company.



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Consolidated Financial Statements





Directors' Report

The directors are presenting their report together with consolidated financial statements of Ghandhara Nissan Limited and its subsidiary Ghandhara DF (Pvt.) Limited for the half year ended 31st December, 2022.

The uncertain economic situation and abnormal inflation prevalent in the country during the second quarter of the year continued to result in a challenging business environment, including rising material costs – particularly energy prices, sharp increase in interest rates, difficulties in obtaining import financing and energy shortages. This has adversely impacted the Company's business during the period under review.

The financial results for the half year ended December 31, 2022 are summarized below:

	Half Year Ended	
	December 2022	December 2021
	(Rupees in thousands)	
Revenue	6,356,775	2,416,707
Gross Profit	350,857	322,066
Operating Profit	180,025	150,629
Net (Loss)/ Profit after tax	(108,972)	205,819
(Loss)/ Earnings Per Share (Rupees)	(1.91)	3.61

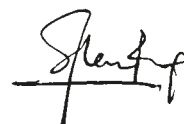
The main reason of loss during the half yearly is fall in gross profit of the company as a result of FOREX impact on the cost of goods sold and higher cost of financing business, increase in finance cost and share of loss accounted for an associated company under Equity method.

Going forward, with the expected recovery in macro-economic variables, we are hopeful of steady improvement in financial performance of the group. The group is taking adequate measures to bring efficiencies and create value for the stakeholder. The Group aims to capitalize on the opportunities to achieve cost reduction in order to improve margins.

For and on behalf of the Board of Directors



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director

Karachi
Dated: February 24, 2023

مجموعی عبوری مالیاتی گوشواروں پر ڈائریکٹرز کا جائزہ

ڈائریکٹرز گندھارا انسان لمیٹڈ اور اس کے ذیلی ادارے گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے 31 دسمبر 2022 کو ختم ہونے والے سال کے مجموعی عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کر رہے ہیں۔

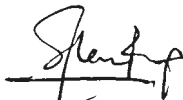
سال کی دوسری سہ ماہی کے دوران ملک میں غیر یقینی معاشی صورتحال اور غیر معمولی افراط زر کے نتیجے میں ایک چیلنجنگ کاروباری ماحول رہا، جس کے نتیجے میں میٹریل کی لاگت میں اضافہ، خاص طور پر توانائی کی قیمتیں، شرح سود میں ہوشربا اضافہ، ایمپورٹ فنانسنگ کے حصول میں مشکلات اور توانائی کی قلت کا سامنا کرنا پڑا، جس کی وجہ سے زیر جائزہ مدت کے دوران ادارے کا کاروبار بری طرح متاثر ہوا۔ 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:


نصف سال کے اختتام پر		
دسمبر 2021	دسمبر 2022	
(روپے ہزاروں میں)		
2,416,707	6,356,775	آمدنی
322,066	350,857	مجموعی منافع
150,629	180,025	آپریٹنگ منافع
205,819	(108,972)	خالص (نقصان) / منافع بعد از ٹیکس
3.61	(1.91)	(نقصان) / آمدنی فی شیئر (روپے میں)

مذکورہ ششماہی کے دوران نقصان کی بنیادی وجہ ادارے کے مجموعی منافع میں کمی ہے جس کی وجوہات میں فروخت شدہ سامان کی لاگت پر فارن ایکسچج کے اثرات اور فنانسنگ کاروبار کی زیادہ لاگت سمیت مالیاتی لاگت میں اضافہ اور ایکویٹی طریقہ کار کے تحت ایسوسی ایٹڈ ادارے کے نقصان میں حصہ داری بھی شامل ہے۔

مزید برآں، میکرو اکنامک متغیرات میں متوقع بحالی کے ساتھ، ہم گروپ کی مالی کارکردگی میں مسلسل پیش رفت کیلئے پر امید ہیں۔ گروپ استعداد کار میں بہتری لانے اور اسٹیک ہولڈرز کے منافع میں اضافے کیلئے مناسب اقدامات کر رہا ہے۔ گروپ کا مقصد مارجن کو بہتر بنانے کیلئے لاگت میں کمی حاصل کرنے کے مواقع سے فائدہ اٹھانا ہے۔

برائے و مخائب بورڈ آف ڈائریکٹرز


ڈائریکٹر


ڈائریکٹر

کراچی

مورخہ: 24 فروری 2023

Consolidated Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2022

		Un-audited	Audited
		December 31,	June 30,
		2022	2022
		(Rupees in '000)	
ASSETS	<i>Note</i>		
Non-current assets			
Property, plant and equipment	6	5,422,402	5,442,916
Intangible assets		3,364	3,874
Long term investments	7	1,236,740	1,312,254
Long term loans		8,575	9,914
Long term deposits		30,812	25,708
		6,701,893	6,794,666
Current assets			
Stores, spares and loose tools		196,093	169,235
Stock-in-trade	8	5,255,140	4,331,960
Trade debts		1,062,801	697,381
Loans and advances		65,172	56,531
Deposits and prepayments	9	77,297	5,738
Short term investments - mutual funds		-	675,863
Accrued interest / mark-up		13,398	11,074
Other receivables	10	818,867	456,538
Taxation - net		591,906	387,383
Cash and bank balances		1,616,551	2,239,593
		9,697,225	9,031,296
Total assets		16,399,118	15,825,962



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised capital		
- 80,000,000 (June 30, 2022: 80,000,000) ordinary shares of Rs.10 each	800,000	800,000
Issued, subscribed and paid-up capital		
- 57,002,500 (June 30, 2022: 57,002,500) ordinary shares of Rs.10 each	570,025	570,025
Capital reserves		
- share premium	1,102,721	1,102,721
- surplus on revaluation of fixed assets - net	2,796,471	2,813,584
- Items directly credited to equity by an Associate	78,709	77,594
	3,977,901	3,993,899
Revenue reserve - unappropriated profits	3,080,120	3,175,876
Equity attributable to shareholders of the Holding Company	7,628,046	7,739,800
Non-controlling interest	49	46
Total equity	7,628,095	7,739,846
Liabilities		
Non current liabilities		
Lease liabilities	80,160	45,298
Long term borrowings	11 798,063	845,553
Deferred income - government grant	11 174,512	196,854
Long term deposits	36,726	35,226
Deferred taxation - net	248,678	249,307
	1,338,139	1,372,238
Current liabilities		
Trade and other payables	5,575,515	5,752,007
Accrued mark-up	56,172	48,356
Short term borrowings	11 1,488,732	581,211
Current portion of lease liabilities	29,660	21,835
Current maturity of long term borrowings	11 229,020	258,146
Current portion of deferred income - government grant	43,206	41,722
Unclaimed dividend	10,579	10,601
	7,432,884	6,713,878
Total liabilities	8,771,023	8,086,116
Contingencies and commitments	12	
Total equity and liabilities	16,399,118	15,825,962

The annexed notes from 1 to 17 form an integral part of these consolidated condensed interim financial statements.



Polad Merwan Polad
 Director



Muhammad Saleem Baig
 Director



Bushra Hanif Farooqui
 Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Quarter ended		Half year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in '000)					
Revenue - net		2,766,114	1,285,250	6,356,775	2,416,707
Cost of sales	13	(2,581,963)	(1,144,058)	(6,005,918)	(2,094,641)
Gross profit		184,151	141,192	350,857	322,066
Distribution cost		(45,802)	(30,571)	(92,659)	(63,668)
Administrative expenses		(74,014)	(69,821)	(151,649)	(132,362)
Other income		76,163	18,257	131,761	47,110
Other expenses		6,113	(12,337)	(58,285)	(22,517)
Profit from operations		146,611	46,720	180,025	150,629
Finance cost		(81,718)	(28,563)	(135,613)	(47,033)
		64,893	18,157	44,412	103,596
Share of profit / (loss) of an Associate		15,259	86,647	(72,735)	123,026
Profit / (loss) before taxation		80,152	104,804	(28,323)	226,622
Taxation		(48,379)	(4,419)	(80,649)	(20,803)
Profit / (loss) after taxation		31,773	100,385	(108,972)	205,819
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Share of other comprehensive:					
- re-measurement of staff retirement benefit obligation - net		-	-	(2,779)	(748)
Other comprehensive loss - net of tax		-	-	(2,779)	(748)
Total comprehensive income / (loss) for the period		31,773	100,385	(111,751)	205,071
Attributable to:					
- Shareholders of the Holding Company		31,773	100,388	(111,754)	205,074
- Non-controlling interest		-	(3)	3	(3)
		31,773	100,385	(111,751)	205,071
(Rupees)					
Earnings / (loss) per share - basic and diluted		0.56	1.76	(1.91)	3.61

The annexed notes from 1 to 17 form an integral part of these consolidated condensed interim financial statements.



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Share Capital	Capital Reserve		Items directly credited to equity by an Associate	Revenue reserve Unappropriated profit	Total	Non - controlling interest
		Share premium	Surplus on revaluation of fixed assets				
----- (Rupees in '000) -----							
Balance as at July 1, 2021 (audited)	570,025	1,102,721	2,849,529	75,365	2,874,533	7,472,173	54
Total comprehensive income for the six months period ended December 31, 2021							
Profit for the period	-	-	-	-	205,822	205,822	(3)
Other comprehensive loss	-	-	-	-	(748)	(748)	-
	-	-	-	-	205,074	205,074	(3)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(16,858)	-	16,858	-	-
Effect of item directly credited in equity by an Associate	-	-	(1,115)	1,115	-	-	-
Balance as at December 31, 2021 (un-audited)	570,025	1,102,721	2,831,556	76,480	3,096,465	7,677,247	51
Balance as at July 1, 2022 (audited)	570,025	1,102,721	2,813,584	77,594	3,175,876	7,739,800	46
Total comprehensive loss for the six months period ended December 31, 2022							
Loss for the year	-	-	-	-	(108,975)	(108,975)	3
Other comprehensive loss	-	-	-	-	(2,779)	(2,779)	-
	-	-	-	-	(111,754)	(111,754)	3
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(15,998)	-	15,998	-	-
Effect of item directly credited in equity by an Associate	-	-	(1,115)	1,115	-	-	-
Balance as at December 31, 2022 (un-audited)	570,025	1,102,721	2,796,471	78,709	3,080,120	7,628,046	49

The annexed notes from 1 to 17 form an integral part of these consolidated condensed interim financial statements.



Polad Merwan Polad
 Director



Muhammad Saleem Baig
 Director



Bushra Hanif Farooqui
 Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(28,323)	226,622
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	171,579	67,004
Provision for gratuity	8,605	7,517
Interest income	(101,378)	(34,758)
Gain on disposal of property, plant and equipment	(1,081)	(2,745)
Dividend income	(6,372)	-
Gain from sale of investment in mutual funds	(13,186)	-
Share of loss / (profit) of an Associate	72,735	(123,026)
Finance cost	135,613	47,033
Exchange loss - net	58,285	13,029
Operating profit before working capital changes	296,477	200,676
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(26,858)	6,156
Stock-in-trade	(923,180)	(1,072,941)
Trade debts	(365,420)	139,377
Loans and advances	(8,641)	(18,760)
Deposit and prepayments	(71,559)	30,678
Other receivables	(362,329)	(230,198)
	(1,757,987)	(1,145,688)
(Decrease) / increase in trade and other payables	(211,856)	370,428
Cash (used in) / generated from operations	(1,673,366)	(574,584)
Gratuity paid	(31,525)	(18,268)
Long term loans - net	1,339	242
Long term deposits - net	(5,104)	2,394
Finance cost paid	(127,797)	(31,463)
Income taxes paid	(285,808)	(75,532)
Net cash used in operating activities - carried forward	(2,122,261)	(697,211)



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director



Bushra Hanif Farooqui
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	(Rupees in '000)	
Net cash used in operating activities - brought forward	(2,122,261)	(697,211)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed capital expenditure	(126,764)	(1,221,261)
Proceeds from disposal of property, plant and equipment	5,670	81,476
Interest income received	99,054	36,344
Dividend received	6,372	-
Investments - net	689,049	-
Net cash generated from / (used in) investing activities	673,381	(1,103,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	14,313	(25,199)
Long term borrowings - obtained	67,127	899,682
Long term borrowings - repaid	(164,601)	(41,050)
Long term deposits - net	1,500	49,000
Short term borrowings - net	907,521	895,686
Dividend paid	(22)	-
Net cash generated from financing activities	825,838	1,778,119
Net decrease in cash and cash equivalents	(623,042)	(22,533)
Cash and cash equivalents at beginning of the period	2,239,593	1,085,823
Cash and cash equivalents at end of the period	1,616,551	1,063,290

The annexed notes from 1 to 17 form an integral part of these consolidated condensed interim financial statements.



Polad Merwan Polad
 Director



Muhammad Saleem Baig
 Director



Bushra Hanif Farooqui
 Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1. THE GROUP AND ITS OPERATIONS

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

1.2 Ghandhara Nissan Limited

Ghandhara 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 is the ultimate holding company of the Group.

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

1.3 Ghandhara DF (Private) Limited

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- 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 the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed. These consolidated condensed interim financial statements of the Group for the six months period ended December 31, 2022 is un-audited.

2.2 These consolidated condensed interim financial statements do not include all the statements and disclosures as required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended June 30, 2022.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

3. ACCOUNTING POLICIES

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

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2022 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

- 3.2 The Group follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the consolidated condensed interim financial statements.

4. PRINCIPLES OF CONSOLIDATION

These consolidated condensed interim financial statements include the condensed interim financial statements of Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at December 31, 2022 (June 30, 2022: 99.99%).

Consolidated condensed financial statements combines like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its Subsidiary, offset (eliminate) the carrying amount of the Holding Company's investment in Subsidiary and the Holding Company's portion of equity of Subsidiary and eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group.

Non-controlling interest is equity in the Subsidiary Company not attributable, directly or indirectly, to the Holding Company.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited	Audited
		December 31, 2022	June 30, 2022
(Rupees in '000)			
Operating fixed assets	6.1	5,071,416	5,206,928
Right of use assets		98,800	87,508
Capital work-in-progress		252,186	148,480
		5,422,402	5,442,916

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		Un-audited December 31, 2022	Audited June 30, 2022
(Rupees in '000)			
6.1 Operating fixed assets			
Book value at beginning of the period / year		5,206,928	3,380,514
Additions during the period / year	6.2	26,508	2,009,269
Transfer from right of use asset		1,419	-
Disposals costing Rs. 5,290 thousand (June 30, 2022: Rs.6,825 thousand) - at book value		(1,419)	(4,408)
Depreciation charge for the period / year		(162,020)	(178,447)
Book value at end of the period / year		<u>5,071,416</u>	<u>5,206,928</u>
6.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Leasehold land		-	202,336
Buildings on freehold land		1,025	3,300
Buildings on leasehold land		-	441,424
Plant and machinery		23,469	532,903
Assembly Jigs		-	794,041
Furniture and fixtures		37	11,372
Owned vehicles		657	13,958
Other equipment		341	5,032
Office equipment		427	1,487
Computers		552	3,416
		<u>26,508</u>	<u>2,009,269</u>
7. LONG TERM INVESTMENTS			
Associate - equity accounted investment	7.1	1,236,740	1,312,254
Others - available for sale	7.2	-	-
		<u>1,236,740</u>	<u>1,312,254</u>
7.1 Ghandhara Industries Limited			
Balance at beginning of the period / year		1,312,254	1,049,588
Share of (loss) / profit for the period / year		(72,735)	263,414
Share of other comprehensive loss for the period / year		(2,779)	(748)
Balance at end of the period / year		<u>1,236,740</u>	<u>1,312,254</u>
7.1.1	Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (June 30, 2022: 8,132,336) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2022: 19.09%) of its issued, subscribed and paid-up capital as at December 31, 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 value of investment in GIL is based on financial statements of the investee company as at September 30, 2022. The latest financial statements of GIL as at December 31, 2022 are not presently available.		
7.1.3	The market value of investment as at December 31, 2022 was Rs.883,741 thousand (June 30, 2022: Rs.1,284,665 thousand).		

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Un-audited	Audited
	December 31, 2022	June 30, 2022
	(Rupees in '000)	
7.2 Others - available for sale		
Automotive Testing & Training Centre (Private) Limited		
187,500 (June 30, 2022: 187,500) ordinary shares of Rs.10 each - cost	1,875	1,875
Provision for impairment	(1,875)	(1,875)
	<u>-</u>	<u>-</u>
8. STOCK IN TRADE		
Raw materials		
- in hand	2,550,981	1,592,715
- in transit	793,162	1,002,534
	<u>3,344,143</u>	<u>2,595,249</u>
Finished goods		
- in hand	1,896,329	1,724,871
- in transit	14,668	11,840
	<u>1,910,997</u>	<u>1,736,711</u>
	<u>5,255,140</u>	<u>4,331,960</u>
9. DEPOSITS AND PREPAYMENTS		
Prepaid insurance	10,577	-
Prepaid rent	-	238
Current account balances with statutory authorities	66,720	5,500
	<u>77,297</u>	<u>5,738</u>
10. Includes margins against letter of credit Rs.527,758 thousand (June 30, 2022: Rs. 138,232 thousand).		
	Un-audited	Audited
	December 31, 2022	June 30, 2022
	(Rupees in '000)	
11. SHORT TERM BORROWINGS - Secured		
Running finances / musharakah	402,213	347,460
Finance against trust receipts	286,551	93,751
Finance against imported merchandise	399,968	-
Short term loans	400,000	140,000
	<u>1,488,732</u>	<u>581,211</u>
12. CONTINGENCIES AND COMMITMENTS		
12.1 There is no material change in status of the contingencies as disclosed in note 26.1 of the audited annual consolidated financial statements of the Group for the year ended June 30, 2022.		
12.2 Commitment in respect of irrevocable letters of credit as at December 31, 2022 aggregate to Rs.1,007,747 thousand (June 30, 2022: Rs.1,067,318 thousand).		
12.3 Commitments outstanding for capital expenditure other than through letters of credit as at December 31,2022 aggregated to Rs. 391,950 thousand (June 30, 2022: Rs. 425,000 thousand).		
12.4 Guarantees aggregating Rs.23,775 thousand (June 30, 2022: Rs.89,234 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.1,088,460 thousand (June 30, 2022: Rs.583,954 thousand) to the commercial banks against running finances and letters of credit facilities utilised by the Subsidiary Company.		

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

13. COST OF SALES

		(Un-audited)			
		Three months period ended		Six months period ended	
Note		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
..... (Rupees in '000)					
	Finished goods at beginning of the period	1,687,895	918,703	1,724,871	926,073
13.1	Cost of goods manufactured	2,693,769	1,170,051	6,012,813	1,936,509
	Purchases - trading goods	96,628	348,912	164,563	525,667
		2,790,397	1,518,963	6,177,376	2,462,176
		4,478,292	2,437,666	7,902,247	3,388,249
	Finished goods at end of the period	(1,896,329)	(1,293,608)	(1,896,329)	(1,293,608)
		2,581,963	1,144,058	6,005,918	2,094,641

13.1 Cost of goods manufactured

	Raw materials and parts consumed	2,256,169	940,384	5,186,619	1,492,861
	Factory overheads	437,600	229,667	826,194	443,648
		2,693,769	1,170,051	6,012,813	1,936,509

14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the ultimate Holding Company, Associated Companies, directors of the Holding and subsidiary Company, 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. The Group in the normal course of business carries out transactions with various related parties and are settled in ordinary course of business. Significant transactions with and balance of related parties are as follows:

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Related party name along with relation	Nature of transaction	Un-audited December 31, 2022	Un-audited December 31, 2021
(Rupees in '000)			
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Holding Company	Corporate office rent Contract assembly revenue Sale of fleet vehicle	7,986 2,633 -	7,260 2,106 2,600
(ii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Holding Company (14.1)	Contract assembly charges Purchase of parts Sale of vehicles Advance against vehicles Head office rent Fabrication of vehicle Reimbursement of expenses	435,429 79 11,208 10,038 4,252 - -	379,223 83 - - 3,864 750 35
Ghandhara Tyre and Rubber Company Limited (14.1)	Purchase of tyres, tubes and flaps	22,426	16,559
Rehman Cotton Mills Limited	Sale of pre-fabricated building structure	-	86,878
Gammon Pakistan Limited (14.1)	Office rent	1,997	1,815
Janana De Malucho Textile Mills Limited (14.1)	Advance against vehicles Reimbursement of expenses	22,899 1,289	- 1,344
Bannu Woollen Mills Limited (14.1)	Sale of vehicle Advance against vehicles	5,607 2,000	-
Business Vision (Private) Limited (14.1)	Installments for office floor	50,000	-
Universal Insurance Company Limited (14.1)	Sale of vehicle Reimbursement of expenses	5,604 815	- -
(iii) Others			
Staff provident fund	Contribution made	7,836	6,963
Staff gratuity fund	Contribution made	31,526	18,268
Key management personnel	Remuneration and other short term benefits Sale of fleet vehicles	48,483 555	48,500 -

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

14.1 Associated company by virtue of common directorship.

	<u>Un-audited</u>	<u>Audited</u>
14.2 Period / year end balances are as follows:	<u>December 31,</u>	<u>June 30,</u>
	<u>2022</u>	<u>2022</u>
	(Rupees in '000)	
Debit balances / receivables from related parties		
Property, plant and equipment	75,000	25,000
Trade debts	394,354	104,821
Loan and advances	23	597
Payable to related parties		
Trade and other payables	64,397	37,881

15. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual financials statements of the Group for the year ended June 30, 2022.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the Consolidated condensed interim statement of financial position has been compared with the balances of audited annual consolidated financial statements of the Group for the year ended June 30, 2022, whereas, the Consolidated condensed interim statement of profit or loss and other comprehensive income, Consolidated condensed interim statement of changes in equity and Consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of Consolidated condensed interim financial statements of the Group for the period ended December 31, 2021. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

17. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 24, 2023 by the Board of Directors of the Holding Company.



Polad Merwan Polad
Director



Muhammad Saleem Baig
Director










Bushra Hanif Farooqui
Chief Financial Officer



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