

2023

Quarterly
Report
September



GHANDHARA
INDUSTRIES LIMITED

Company Profile

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Financial Officer

Mr. Muhammad Aamir, FCA

Company Secretary

Mr. Talha Ahmed Zaidi, ACA

Auditors

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

Legal Advisors

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

Share Registrar

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

Bankers

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

Registered Office

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

Website: www.gil.com.pk

Email: info@gil.com.pk

DIRECTORS' REVIEW

The Directors of your Company take pleasure in presenting the unaudited financial statements for the quarter ended September 30, 2023.

Market Share and Company's Performance

Data reported by Pakistan Automotive Manufacturers Association (PAMA) shows that sales of truck and bus have declined by 45% during quarter ended September 30, 2023 as compared to corresponding period of last year. In the shadow of deteriorating market conditions, Company's sales units have also declined by 59% during the current quarter, with a market share of approximately 37% in the overall truck and bus market.

The financial results for the quarter are as follows:

	Quarter ended 30 September	
	2023	2022
	-----Rupees in 000-----	
Sales	2,519,258	4,173,524
Gross profit	442,365	528,882
Profit from operations	254,654	294,945
Profit before taxation	122,541	126,603
Profit after taxation	61,598	79,944
Earnings per share - basic and diluted (Rupees)	1.45	1.88

Operating results

The period under review remained unstable due to stringent economic conditions, increased inflation and policy rate, however, recent strengthening of rupee against dollar have created a hope for improvement in economic conditions at large. Despite the challenges, the Company posted net revenues of Rs. 2.5 billion with gross profit of Rs. 442 million during the quarter ended September 30, 2023 as compared to net revenues of Rs. 4.1 billion and gross profit of Rs. 528 million during comparative period of last year.

Future outlook

Despite all the challenges facing the industry, the Company based on its vast customer base and efficient products, is confident to gradually improve its sales and be a market leader in periods to come, however, general inflation, policy rate and unstable rupee may pose challenges in future periods.

The Auto Industry Development and Export Policy (AIDEP) for the period 2021-2026, as outlined by the Engineering Development Board requires all automotive industries in Pakistan to meet specific annual export targets. For the fiscal year 2023-24, the target is set at 4% (compared to 2% in 2023) of the C&F Value. As we understand, failing to achieve this target would have serious consequences, including the inability to import raw materials and, ultimately, a complete halt to all industrial operations.

While we acknowledge and support the objective of promoting exports, the automotive industry faces unique challenges due to territorial restrictions from our principals and the limited market

for right-hand drive vehicles. Nonetheless, we maintain a positive outlook and anticipate that the government will consider granting some relief to Original Equipment Manufacturers (OEMs).

Despite the above challenges, the management of the Company remains committed to devise strategies to overcome them, aiming towards a sustainable growth with the objective of creating value for its shareholders.

By order of the Board



Ali Kuli Khan Khattak
Chairman



Ahmad Kuli Khan Khattak
Chief Executive Officer

Karachi, October 27, 2023

GHANDHARA INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	Unaudited September 30, 2023	Audited June 30, 2023
ASSETS	------(Rupees in '000)-----	
NON-CURRENT ASSETS		
Property, plant and equipment	6,002,085	6,033,868
Intangible assets	1,701	1,800
Long term loans	1,908	951
Long term deposits	29,942	29,942
	6,035,636	6,066,561
CURRENT ASSETS		
Stores	27,192	23,235
Stock-in-trade	5,420,915	5,391,447
Trade debts	1,440,137	1,289,898
Loans and advances	973,385	167,588
Trade deposits and prepayments	859,567	1,777,550
Other receivables	23,643	22,473
Accrued mark-up	3,179	48,275
Sales tax refundable / adjustable	84,577	123,209
Taxation - payments less provision	1,209,857	1,189,330
Cash and bank balances	209,575	395,629
	10,252,027	10,428,634
TOTAL ASSETS	16,287,663	16,495,195
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 100,000,000 (June 30, 2023: 100,000,000) ordinary shares of Rs.10 each	1,000,000	1,000,000
Issued, subscribed and paid-up capital 42,608,844 (June 30, 2023: 42,608,844) ordinary shares of Rs.10 each	426,088	426,088
Capital Reserves		
Surplus on revaluation of fixed assets	5,349,770	5,352,566
Capital Reserves	1,500,000	-
Revenue Reserves		
Unappropriated profit	1,007,875	2,443,481
Total Equity	8,283,733	8,222,135
NON-CURRENT LIABILITIES		
Lease liabilities	55,751	67,981
Compensated absences	22,166	22,166
Deferred taxation	67,061	44,411
Deferred liabilities	1,752	46,597
	146,730	181,155
CURRENT LIABILITIES		
Trade and other payables	5,129,458	4,502,759
Unpaid dividends	78,959	78,959
Unclaimed dividends	21,339	21,339
Current maturity of lease liabilities	36,602	31,420
Accrued mark-up/ interest	113,455	204,050
Short term borrowings	2,477,387	3,253,378
	7,857,200	8,091,905
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	16,287,663	16,495,195

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



Chief Executive Officer



Director



Chief Financial Officer

GHANDHARA INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 - UNAUDITED

	Note	September 30,	
		2023	2022
------(Rupees in '000)-----			
Sales - net		2,519,258	4,173,524
Cost of sales	10	(2,076,893)	(3,644,642)
Gross profit		442,365	528,882
Distribution expenses		(157,259)	(188,713)
Administrative expenses		(96,244)	(85,548)
Other expenses		(8,203)	(9,499)
Other income		73,995	49,823
Profit from operations		254,654	294,945
Finance cost		(132,113)	(168,342)
Profit before taxation		122,541	126,603
Taxation		(60,943)	(46,659)
Profit after taxation		61,598	79,944
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		-	-
Impact of deferred tax		-	-
Other comprehensive income for the period - net of tax		-	-
Total comprehensive income		61,598	79,944
Earnings per share - basic and diluted (Rupees)		1.45	1.88

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



Chief Executive Officer



Director



Chief Financial Officer

GHANDHARA INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 - UNAUDITED

	Note	September 30,	
		2023	2022
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	11	833,841	(584,737)
Gratuity paid		(44,912)	-
Finance cost paid		(218,041)	(178,359)
Income tax paid		(58,820)	(39,238)
Long term loans - net		(957)	(182)
Net cash generated from / (used in) operating activities		<u>511,111</u>	<u>(802,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(851)	(36,619)
Sale proceeds from disposal of operating fixed assets		7,581	-
Interest received		83,811	21,469
Net cash generated from / (used in) investing activities		<u>90,541</u>	<u>(15,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Government Grant		-	(834)
Long term borrowings - repaid		-	(24,399)
Lease liabilities - net		(11,715)	(3,290)
Net cash used in financing activities		<u>(11,715)</u>	<u>(28,523)</u>
Net increase / (decrease) in cash and cash equivalents		<u>589,937</u>	<u>(846,189)</u>
Cash and cash equivalents - at beginning of the period		<u>(2,857,749)</u>	<u>(3,717,298)</u>
Cash and cash equivalents - at end of the period	12	<u><u>(2,267,812)</u></u>	<u><u>(4,563,487)</u></u>

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



Chief Executive Officer



Director



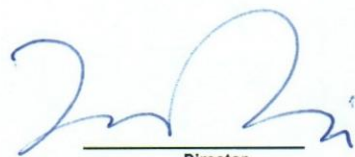
Chief Financial Officer

GHANDHARA INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 - UNAUDITED

	Share Capital	Revenue reserve	Capital Reserve		Total Equity
	Issued subscribed and paid-up capital	Unappropriated profit	Capital Reserve	Revaluation Surplus on property, plant and equipment	Total
	(Rupees in '000)				
Balance as at July 1, 2022 (Audited)	426,088	2,234,694	-	3,728,108	6,388,890
Transaction with owners recognised directly in equity					
Total comprehensive income for the period ended September 30, 2022					
Profit for the period	-	79,944	-	-	79,944
Other comprehensive Income	-	-	-	-	-
	-	79,944	-	-	79,944
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	2,920	-	(2,920)	-
Balance as at September 30, 2022 (Un-audited)	426,088	2,317,558	-	3,725,188	6,468,834
Balance as at July 1, 2023 (Audited)	426,088	2,443,481	-	5,352,566	8,222,135
Transaction with owners recognised directly in equity					
Reclassification of reserve					
	-	(1,500,000)	1,500,000	-	-
Total comprehensive income for the period ended September 30, 2023					
Profit for the period	-	61,598	-	-	61,598
Other comprehensive Income	-	-	-	-	-
	-	61,598	-	-	61,598
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	2,796	-	(2,796)	-
Balance as at September 30, 2023 (Un-audited)	426,088	1,007,875	1,500,000	5,349,770	8,283,733

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


 Chief Executive Officer


 Director


 Chief Financial Officer

GHANDHARA INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 - UNAUDITED

1. CORPORATE INFORMATION

Ghandhara Industries Limited (the Company) was incorporated on February 23, 1963. The Company's shares are quoted on Pakistan Stock Exchange Limited. The principal activity is the assembly, progressive manufacturing and sale of Isuzu trucks, buses and pick ups. The registered office of the Company is situated at F-3, Hub Chowki Road, S.I.T.E, Karachi.

Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (June 30, 2023: 16,686,794) ordinary shares of Rs.10 each of the Company.

2. BASIS OF PREPARATION

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

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

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

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2023.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2023. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2023.

5. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
	Note	-----(Rupees in '000)----	
Operating fixed assets - at net book value	5.1	5,762,375	5,787,162
Right of use assets	5.3	64,272	71,431
Capital work-in-progress - at cost		175,438	175,275
		6,002,085	6,033,868

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	
5.1 Additions of operating fixed assets during the period / year are as follows:		
Owened		
- Plant and machinery	1,351	46,203
- Permanent tools	-	836
- Furniture and fixture	-	40
- Motor vehicles / trucks	-	66,558
- Office machines & equipment	-	533
- Jigs and special tools	-	1,270
- Computers	-	958
	<u>1,351</u>	<u>116,398</u>
5.2 Disposal of operating fixed assets during the period / year are as follows:		
Owened - Motor vehicles / truck Net book value	<u>-</u>	<u>25,665</u>
5.3 Right of use assets		
Opening	71,431	80,191
(Disposal) / Additions during the period	(662)	24,914
Depreciation charge for the period	(6,497)	(33,674)
Net book value at end of the period	<u>64,272</u>	<u>71,431</u>
6. STOCK-IN-TRADE		
Raw materials and components	3,385,524	2,968,768
Work-in-process	162,296	402,775
Finished goods including components	1,182,469	1,305,887
Trading stocks	690,626	714,017
	<u>5,420,915</u>	<u>5,391,447</u>
7. Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Pvt.) Limited has been withheld in view of the restraining order dated November 16, 2018 passed by the Hon'ble High Court of Sindh in Suit No. 2149 of 2018.		
8. SHORT TERM BORROWINGS - Secured		
Running finances	1,330,467	1,499,057
Finance against imported merchandise	137,971	364,808
Istisna	651,821	1,009,670
Murabaha	357,128	379,843
	<u>2,477,387</u>	<u>3,253,378</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no significant change in status of contingencies other than describe below and as disclosed in note 27.1 of the audited annual financial statements of the Company for the year ended June 30, 2023.

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
9.2 Commitments			
Bank guarantees		<u>4,614,671</u>	<u>4,780,157</u>
Letters of credit		<u>2,246,971</u>	<u>1,828,958</u>
10. COST OF SALES		(Un-audited)	
		September 30,	
		2023	2022
		----- (Rupees in '000) -----	
	Note		
Stocks at beginning of the period		2,019,904	2,500,363
Cost of goods manufactured	10.1	<u>1,926,641</u>	3,632,503
Trading goods - purchases		<u>3,443</u>	80,722
		<u>1,930,084</u>	3,713,225
		<u>3,949,988</u>	6,213,588
Stocks at end of the period		<u>(1,873,095)</u>	(2,568,946)
		<u>2,076,893</u>	<u>3,644,642</u>
10.1 Cost of goods manufactured			
Work in process at beginning of the period		402,775	92,472
Raw materials and components consumed		<u>1,497,548</u>	3,230,901
Direct labour and factory overheads		<u>188,614</u>	338,289
		<u>1,686,162</u>	3,569,190
		<u>2,088,937</u>	3,661,662
Work in process at end of the period		<u>(162,296)</u>	(29,159)
		<u>1,926,641</u>	<u>3,632,503</u>

14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactions	(Un-audited)	
		September 30, 2023	2022
		---- (Rupees in '000) ----	
(i) Subsidiary Company (ceased to be subsidiary as on June 30, 2023)			
Marghzar Industries (Pvt.) Ltd.	Financial charges	-	101
	Reimbursement of expenses	-	71
(i) Associated Companies			
Ghandhara Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	68,427	66,190
Ghandhara Automobiles Ltd. (Common Directorship)	Assembly charges	58,030	237,203
	Rent income	1,169	1,063
	Fabrication of vehicle	-	-
	Purchase of parts	-	6
	Sale of parts	69	-
Ghandhara DF (Private) Limited (Common Directorship)	Rent income	1,169	1,063
The Universal Insurance Company Limited (Common Directorship)	Sharing of expenses	398	-
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	450	450
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,165	998
Janana De Malucho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	674	670
(ii) Other			
Gratuity fund	Contribution paid	44,912	-
Key management personnel	Remuneration and other benefits	46,557	37,789

15. CORRESPONDING FIGURES

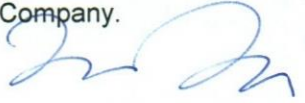
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2023, whereas, the condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of condensed interim financial statements of the Company for the period ended September 30, 2022. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

16. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on October 27, 2023 by the Board of Directors of the Company.



Chief Executive Officer



Director










Chief Financial Officer










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