

*THE ULTIMATE  
MODERNITY  
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CHERY*

First Quarterly Report  
September 30,  
**2023**



**GHANDHARA  
AUTOMOBILES LIMITED**  
(Formerly Ghandhara Nissan Limited)

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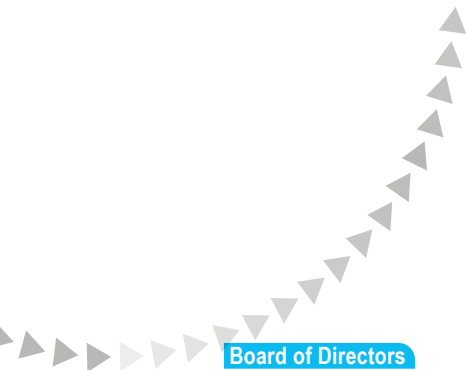


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# Corporate Information







### 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

Mr. Faisal Hameed

### Company Secretary

Mr. Iftikhar Ahmed Khan

### 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)  
Al Baraka Bank (Pakistan) Limited - (Shariah)  
JS Bank Limited  
Samba Bank Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited - (Shariah)  
Summit 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.



# Directors' Report

Your Directors are pleased to present the quarterly report alongwith the condensed interim financial statements of Ghandhara Automobiles Limited for the first quarter ended September 30, 2023.

## Economy at a Glance

Since the beginning of FY2024, country's economy stepped up on the recovery path. It is expected that the Government is taking concrete steps including completion of IMF program to resolve the prevailing economic crisis and providing the business-friendly environment for the recovery and sustainability of the industrial sectors in the periods to overcome because the delay will further worsen the economic conditions of the country.

Although, revival of domestic activities remained on track during the quarter, the rapid increase in both the deficits and inflation necessitated tightening of monetary policy and a tighter fiscal stance.

## Auto-Sector

During the first quarter, the auto sector faced serious challenges on account of low sales volumes, unprecedented depreciation of Pak-rupees and challenges because of 100% cash margin on opening letter of credits induce halt in manufacturing resulting in loss of production.

As per PAMA, sales volumes of auto industry for Heavy Commercial Vehicles (HCVs) were 451 units during the first quarter FY2023-24 as compared to 852 units during the corresponding period of last year showing a decline of 88.9%. For Light Commercial Vehicles (LCVs), sales were 2,663 units during the quarter as compared to 2,601 units during the corresponding period of last year showing an increase of 2.4%. Whereas for Passenger Car segment, sales were 6,943 units during the quarter ended as compared to 14,863 units during the corresponding period of last year showing a decline of 53.3%.

## Financial Results of the Company

The financial results for the period ended September 30, 2022 are summarized below:

	Quarter ended	
	September 2023	September 2022
	(Rupees in thousands)	
Revenue	1,007,785	2,927,723
Gross Profit	12,618	55,002
Operating Loss	(24,871)	(18,307)
Net Loss after tax	(116,900)	(78,366)
Loss Per Share (Rupees)	(2.05)	(1.37)

## Reasons for the Loss and Future Prospects of Profit

The main reason of loss during the quarter is decrease in gross profit of the company as a result of low volumes and exorbitant cost of imported material and higher cost of doing business.

Management is committed for sustainable growth in business and continuously making efforts for growth in sales volumes and profitability. However, rupee devaluation and increase in global commodity prices are posing new challenges.

## 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

Although Pakistan has secured some short-term relief in economy but the macroeconomic situation is still challenging, particularly for auto sector.

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 quotas. 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 essential 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 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 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. Plans are in motion to significantly modify the Company's financial and operational aspects.

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



Ahmad Kuli Khan Khattak  
Chief Executive Officer



Muhammad Saleem Baig  
Director

Karachi

Dated: 27 October, 2023

## نقصان کی وجوہات اور منافع کے مستقبل کے امکانات

مذکورہ سہ ماہی کے دوران ہونے والے نقصان کی بنیادی وجہ حجم میں کمی اور درآمدی مواد کی حد سے زیادہ لاگت اور کاروبار کرنے کے بڑھتے اخراجات ہیں جن کے نتیجے میں ادارے کے مجموعی منافع میں کمی واقع ہوئی ہے۔

انتظامیہ کاروبار میں پائیدار ترقی کیلئے پر عزم ہے اور فروخت کے حجم اور منافع میں اضافے کیلئے مسلسل مصروف عمل ہے۔ تاہم، روپے کی قدر میں کمی اور ایشیاء کی عالمی قیمتوں میں اضافے نے چیلنجز کو جنم دے رہے ہیں۔

## متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین کو مکمل طور پر اثر و رسوخ سے آزاد انداز میں سرانجام دیا گیا ہے اور مالیاتی گوشواروں میں اس کا انکشاف کر دیا گیا ہے۔

## مستقبل کا منظر نامہ


اگرچہ پاکستان نے معیشت میں کچھ قلیل مدتی ریلیف حاصل کیا ہے لیکن میکرو اکنامک صورتحال اب بھی خاص طور پر آٹو میکسر کے لیے چیلنجنگ ہے۔ جیسا کہ انجینئرنگ ڈویلپمنٹ بورڈ نے بیان کیا ہے کہ 2021-2026 کی مدت کیلئے آٹو انڈسٹری ڈویلپمنٹ اینڈ ایکسپورٹ پالیسی (AIDEP) کے تحت پاکستان میں تمام آٹو میٹو صنعتوں کو مخصوص سالانہ برآمدی کوٹے کو پورا کرنے کی ضرورت ہے۔ مالی سال 2023-24 کیلئے C&F و بلیو کا ہدف 4% (2023) میں 2% کے مقابلے میں (مقرر کیا گیا ہے) جیسا کہ ہم سمجھتے ہیں کہ اس ہدف کو حاصل کرنے میں ناکامی کے سنگین نتائج ہوں گے، بشمول ضروری میٹریل درآمد کرنے میں رکاوٹ اور بالآخر، تمام صنعتی کاموں کی مکمل بندش کی صورت میں سامنے آئیں گے۔

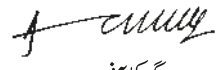
جب کہ ہم برآمدات کو فروغ دینے کے مقصد کو تسلیم اور اس کی حمایت کرتے ہیں، آٹو میٹو انڈسٹری کو فارن سپلائرز کی علاقائی پابندیوں اور دائیں ہاتھ سے چلنے والی گاڑیوں کی محدود مارکیٹ کی وجہ سے منفرد چیلنجز کا سامنا ہے۔ تاہم، ہم اپنے مثبت نقطہ نظر کو قائم رکھتے ہیں اور امید کرتے ہیں کہ حکومت اور بھل ایکویپمنٹ مینوفیکچررز (OEMs) کو کچھ ریلیف دینے کے معاملے کو زبردستی غور لائے گی۔

ان چیلنجز کے باوجود، ادارے کی انتظامیہ ان پر قابو پانے کیلئے حکمت عملی وضع کرنے کے حوالے سے پر عزم ہے، جس کا مقصد اپنے شیئر ہولڈرز کیلئے قدر کی ترویج کرنا ہے۔ ادارے کے مالیاتی اور آپریشنل پہلوؤں کو نمایاں طور پر بہتر کرنے کے حوالے سے منصوبوں پر عمل درآمد ہو رہا ہے۔

ڈائریکٹرز اپنے اہم شرکاء داروں، کسٹمرز، ویئنڈرز، بیئکرز اور دیگر کاروباری ساتھیوں کی مسلسل سرپرستی اور تعاون کے شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 27 اکتوبر 2023

## ڈائریکٹرز کا جائزہ

آپ کے ڈائریکٹرز گندھارا آٹوموبائلز لمیٹڈ کے 30 ستمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی گوشواروں کے ساتھ اپنی سہ ماہی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### معیشت پر ایک نظر

مالی سال 2024 کے آغاز سے ہی ملکی معیشت، بحالی کی راہ پر گامزن ہے۔ توقع ہے کہ حکومت موجودہ معاشی بحران کے حل کیلئے آئی ایم ایف پروگرام کی تکمیل سمیت ٹھوس اقدامات کر رہی ہے اور اس پر قابو پانے اور صنعتی شعبوں کی بحالی اور پائیداری کے ساتھ کاروبار کیلئے سازگار ماحول فراہم کر رہی ہے کیونکہ تاخیر سے ملک کے اقتصادی حالات مزید خراب ہو جائیں گے۔

اگرچہ، سہ ماہی کے دوران ملکی سرگرمیاں بحالی کے راستے پر گامزن رہی، تاہم خسارے اور افراط زر دونوں میں تیزی سے اضافے کی وجہ سے مانیٹری پالیسی کو سخت کرنے اور مالیاتی موقف کو سخت تر کرنے کی ضرورت درپیش ہے۔

### آٹو سیکٹر

پہلی سہ ماہی کے دوران، آٹو سیکٹر کو فروخت کے کم ہوتے حجم، پاکستانی کرنسی کی بے مثال گراؤ اور دیگر چیلنجز کا سامنا کرنا پڑا کیونکہ لیٹر آف کریڈٹ کھلنے پر 100% کیش مارجن کی وجہ سے مینیوفیکچرنگ میں رکاوٹ پیدا ہوئی جس کے نتیجے میں پیداوار کم ہوئی۔

PAMA کے مطابق، 24-2023 مالی سال کی پہلی سہ ماہی کے دوران ہیوی کمرشل وھییکلز (HCVs) کے لیے آٹو انڈسٹری کی فروخت کا حجم 451 گاڑیاں رہا جو گزشتہ سال کی اسی مدت کے دوران 852 گاڑیوں کے مقابلے میں 88.9 فیصد کی تنزلی کو ظاہر کرتا ہے۔ ہلکی کمرشل گاڑیوں (LCVs) کیلئے، اس سہ ماہی کے دوران فروخت 2,663 گاڑیاں رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 2,601 گاڑیوں کے مقابلے میں 2.4 فیصد کا اضافہ ظاہر کرتی ہے۔ جبکہ ہینسینر کاروں کے سیگمنٹ میں ختم ہونے والی سہ ماہی کے دوران فروخت 6,943 گاڑیاں رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 14,863 گاڑیوں کے مقابلے میں 53.3 فیصد کی تنزلی کو ظاہر کرتی ہے۔

### ادارے کے مالیاتی نتائج

30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

سہ ماہی کے اختتام پر

2022 ستمبر	2023 ستمبر	
		(روپے ہزاروں میں)
2,927,723	1,007,785	آمدنی
55,002	12,618	مجموعی منافع
(18,307)	(24,871)	آپریٹنگ نقصان
(78,366)	(116,900)	خالص نقصان بعد از ٹیکس
(1.37)	(2.05)	نقصان فی شیئر (روپے میں)







# Standalone Financial Statements



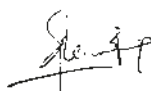
# Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2023

		<b>Un-audited</b>	Audited
	<b>Note</b>	<b>September 30,</b>	June 30,
		<b>2023</b>	2023
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>5,456,916</b>	5,392,028
Intangible assets		<b>2,028</b>	2,314
Long term investments		<b>222,906</b>	222,906
Long term loans		<b>1,339</b>	1,473
Long term deposits		<b>30,291</b>	26,252
Due from the Subsidiary Company		<b>199,081</b>	272,242
		<b>5,912,561</b>	5,917,215
<b>Current assets</b>			
Stores, spares and loose tools		<b>234,722</b>	225,733
Stock-in-trade		<b>1,976,136</b>	1,654,704
Trade debts		<b>217,394</b>	247,589
Loans and advances		<b>59,049</b>	46,348
Deposits and prepayments		<b>31,263</b>	14,789
Other receivables		<b>105,121</b>	77,415
Accrued interest / mark-up		<b>37,756</b>	46,658
Taxation - net		<b>608,383</b>	559,333
Bank balances		<b>1,170,515</b>	1,302,234
		<b>4,440,339</b>	4,174,803
<b>Total assets</b>		<b>10,352,900</b>	10,092,018



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement of Financial Position

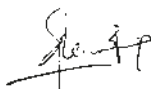
AS AT SEPTEMBER 30, 2023

	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in '000)	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorised capital		
- 80,000,000 (June 30, 2023: 80,000,000) ordinary shares of Rs.10 each	<b>800,000</b>	800,000
Issued, subscribed and paid-up capital		
- 57,002,500 (June 30, 2023: 57,002,500) ordinary shares of Rs.10 each	<b>570,025</b>	570,025
<b>Capital reserves</b>		
- share premium	<b>1,102,721</b>	1,102,721
- capital expenditures	<b>1,000,000</b>	-
- surplus on revaluation of fixed assets - net	<b>2,102,934</b>	2,110,527
	<b>4,205,655</b>	3,213,248
<b>Revenue reserve - unappropriated profits</b>	<b>1,276,980</b>	2,386,287
<b>Total equity</b>	<b>6,052,660</b>	6,169,560
<b>Liabilities</b>		
<b>Non current liabilities</b>		
Lease liabilities	<b>81,323</b>	67,969
Long term borrowings	<b>722,261</b>	764,451
Deferred income - government grant	<b>142,472</b>	151,706
Long term deposits	<b>63,726</b>	57,226
Deferred taxation - net	<b>296,473</b>	303,373
	<b>1,306,255</b>	1,344,725
<b>Current liabilities</b>		
Trade and other payables	<b>1,485,214</b>	1,317,904
Accrued mark-up	<b>70,885</b>	68,684
Short term borrowings	<b>978,476</b>	692,287
Current portion of lease liabilities	<b>28,457</b>	29,512
Current maturity of long term borrowings	<b>377,031</b>	413,618
Current portion of deferred income - government grant	<b>43,343</b>	45,149
Unclaimed dividend	<b>10,579</b>	10,579
	<b>2,993,985</b>	2,577,733
<b>Total liabilities</b>	<b>4,300,240</b>	3,922,458
<b>Contingencies and commitments</b>		
<b>Total equity and liabilities</b>	<b>10,352,900</b>	10,092,018

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

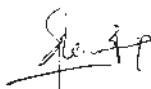
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Quarter ended	
		Un-audited September 30, 2023	Un-audited September 30, 2022
(Rupees in '000)			
<b>Revenue - net</b>		<b>1,007,785</b>	2,927,723
Cost of sales	9	<b>(995,167)</b>	(2,872,721)
<b>Gross profit</b>		<b>12,618</b>	55,002
Distribution cost		<b>(29,623)</b>	(39,878)
Administrative expenses		<b>(63,103)</b>	(63,362)
Other income		<b>58,393</b>	94,329
Other expenses		<b>(3,156)</b>	(64,398)
<b>Loss from operations</b>		<b>(24,871)</b>	(18,307)
Finance cost		<b>(85,981)</b>	(38,462)
<b>Loss before taxation</b>		<b>(110,852)</b>	(56,769)
Taxation		<b>(6,048)</b>	(21,597)
<b>Loss after taxation</b>		<b>(116,900)</b>	(78,366)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(116,900)</b>	(78,366)
(Rupees)			
<b>Loss per share - basic and diluted</b>		<b>(2.05)</b>	(1.37)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer



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

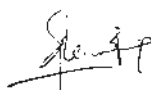
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve - Unappro- priated profit	Total
		Share premium	Capital expenditures	Surplus on revaluation of fixed assets		
	(Rupees in '000)					
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 three months period ended September 30, 2022						
Loss for the period	-	-	-	-	(78,366)	(78,366)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(78,366)	(78,366)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(7,999)	7,999	-
<b>Balance as at September 30, 2022 - (un-audited)</b>	<b>570,025</b>	<b>1,102,721</b>	<b>-</b>	<b>2,134,525</b>	<b>2,210,984</b>	<b>6,018,255</b>
<b>Balance as at July 1, 2023 (audited)</b>	<b>570,025</b>	<b>1,102,721</b>	<b>-</b>	<b>2,110,527</b>	<b>2,386,287</b>	<b>6,169,560</b>
Transfer to reserves for capital expenditures (note 14)	-	-	1,000,000	-	(1,000,000)	-
Total comprehensive loss for the three months period ended September 30, 2023						
Loss for the period	-	-	-	-	(116,900)	(116,900)
Other Comprehensive income	-	-	-	-	-	-
	-	-	-	-	(116,900)	(116,900)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(7,593)	7,593	-
<b>Balance as at September 30, 2023 - (un-audited)</b>	<b>570,025</b>	<b>1,102,721</b>	<b>1,000,000</b>	<b>2,102,934</b>	<b>1,276,980</b>	<b>6,052,660</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

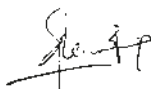
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

## CASH FLOWS FROM OPERATING ACTIVITIES

	September 30, 2023	September 30, 2022
	(Rupees in '000)	
Loss before taxation	(110,852)	(56,769)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	72,213	84,795
Provision for gratuity	3,166	3,168
Interest income	(46,689)	(71,886)
Gain on disposal of operating fixed assets	(4)	(173)
Dividend income	-	(17,426)
Finance cost	85,914	38,077
Exchange loss - net	3,156	64,398
<b>Operating profit before working capital changes</b>	<b>6,904</b>	<b>44,184</b>
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(8,989)	(41,400)
Stock-in-trade	(321,432)	652,793
Trade debts	30,195	45,864
Loans and advances	(12,701)	(12,745)
Deposit and prepayments	(16,474)	(56,643)
Other receivables	(27,706)	223,165
	<b>(357,107)</b>	<b>811,034</b>
Increase / (decrease) in trade and other payables	<b>160,987</b>	<b>(1,014,180)</b>
<b>Cash used in operations</b>	<b>(189,216)</b>	<b>(158,962)</b>
Long term loans - net	134	375
Long term deposits - net	(4,039)	(4,524)
Finance cost paid	(83,713)	(47,683)
Income taxes paid	(61,998)	(100,916)
<b>Net cash used in operating activities</b> - carried forward	<b>(338,832)</b>	<b>(311,710)</b>



Chief Executive Officer



Director



Chief Financial Officer

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

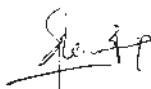
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees in '000)	
<b>Net cash used in operating activities</b> - brought forward	<b>(338,832)</b>	(311,710)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for fixed capital expenditure	<b>(118,316)</b>	(24,154)
Proceeds from disposal of property, plant and equipment	<b>1,273</b>	1,785
Interest income received	<b>55,591</b>	62,242
Dividend received	<b>-</b>	17,426
Due from Subsidiary Company - net	<b>73,161</b>	18,150
Short term investment - net	<b>-</b>	675,863
<b>Net cash generated from investing activities</b>	<b>11,709</b>	751,312
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liabilities - net	<b>(7,468)</b>	(5,673)
Long term borrowings - repaid	<b>(89,817)</b>	(61,263)
Long term deposits - net	<b>6,500</b>	(1,000)
Short term borrowings - net	<b>286,189</b>	168,436
Dividend paid	<b>-</b>	(22)
<b>Net cash generated from financing activities</b>	<b>195,404</b>	100,478
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(131,719)</b>	540,080
Cash and cash equivalents at beginning of the period	<b>1,302,234</b>	2,119,985
<b>Cash and cash equivalents at end of the period</b>	<b>1,170,515</b>	2,660,065

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

## 1. THE COMPANY AND ITS OPERATIONS

Ghandhara Automobiles Limited Formerly 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 Company has changed its name from Ghandhara Nissan Limited to Ghandhara Automobiles Limited, approved by the Securities and Exchange Commission of Pakistan through a certificate of Incorporation on Change of Name dated April 18, 2023.

The principal business of the Company is assembly / progressive manufacturing of vehicles including Chery SUVs and JAC Trucks, import and sale of parts / 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. These consolidated condensed interim financial statements of the Group for the three months period ended September 30, 2023 is un-audited.

- 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, 2023.

## 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, 2023.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2023. 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, 2023. 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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

## 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, 2023.

	Note	Un-audited September 30, 2023	Audited June 30, 2023
(Rupees in '000)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>4,980,389</b>	4,980,484
Right of use assets		<b>118,699</b>	120,743
Capital work-in-progress		<b>357,828</b>	290,801
		<b>5,456,916</b>	5,392,028
<b>5.1 Operating fixed assets</b>			
Book value at beginning of the period / year		<b>4,980,484</b>	5,195,295
Additions during the period / year	5.2	<b>65,795</b>	115,150
Transfer from right of use asset		-	7,258
Disposals costing Rs. Nil (June 30, 2023: Rs.44,129 thousand) - at book value		-	(11,123)
Depreciation charge for the period / year		<b>(65,890)</b>	(326,096)
Book value at end of the period / year		<b>4,980,389</b>	4,980,484
<b>5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:</b>			
Buildings on freehold land		-	34,273
Plant and machinery		<b>60,068</b>	72,567
Furniture and fixtures		-	3,407
Owned vehicles		-	657
Other equipment		<b>597</b>	632
Office equipment		<b>187</b>	393
Computers		<b>4,943</b>	3,221
		<b>65,795</b>	115,150
<b>6. RESERVE FOR CAPITAL EXPENDITURES</b>			

The Board of Directors of the Company in their meeting held on July 21, 2023, discussed that keeping in view capital expenditure strategy of the Company, the Board, out of revenue reserves, decided to transfer and classify a sum of PKR 1,000,000 thousand to separate capital reserve for capital expenditure (un-available by way of dividend) to more accurately reflect the nature of these reserves. This reserve represents funds set aside for the purchase of fixed assets in future.



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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Un-audited	Audited
		September 30, 2023	June 30, 2023
(Rupees in '000)			
<b>7. SHORT TERM BORROWINGS</b> - Secured			
Running finances / musharakah		687,755	562,287
Finance against imported merchandise		160,721	-
Short term loans		130,000	130,000
		<b>978,476</b>	<b>692,287</b>

## 8. CONTINGENCIES AND COMMITMENTS

- 8.1 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, 2023.
- 8.2 Commitment in respect of irrevocable letters of credit as at September 30, 2023 aggregate to Rs.243,342 thousand (June 30, 2023: Rs.263,470 thousand).
- 8.3 Commitments outstanding for capital expenditure other than through letters of credit as at September 30, 2023 aggregated to Rs. 336,300 thousand (June 30, 2023: Rs. 386,300 thousand).
- 8.4 Guarantees aggregating Rs.22,279 thousand (June 30, 2023: Rs.18,778 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.647,010 thousand (June 30, 2023: Rs.325,500 thousand) to the commercial banks against banking facilities utilised by the Subsidiary Company.

	Note	(Un-audited)	
		Three months period ended	
		September 30, 2023	September 30, 2022
(Rupees in '000)			
<b>9. COST OF SALES</b>			
Finished goods at beginning of the period		772,572	970,703
Cost of goods manufactured	9.1	860,001	3,020,698
Purchases - trading goods		83,710	57,783
		<b>943,711</b>	<b>3,078,481</b>
Finished goods at end of the period		1,716,283	4,049,184
		<b>(721,116)</b>	<b>(1,176,463)</b>
		<b>995,167</b>	<b>2,872,721</b>
<b>9.1 Cost of goods manufactured</b>			
Raw materials and parts consumed		555,304	2,661,016
Factory overheads		304,697	359,682
		<b>860,001</b>	<b>3,020,698</b>

## 10. 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:

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

Related party name along with relation	Nature of transaction	Un-audited	Un-audited
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
<b>(i) Holding Company</b>			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	<b>2,196</b>	1,997
<b>(ii) Subsidiary Company</b>			
Ghandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	<b>18,564</b>	14,742
	Purchase of parts	-	69
	Sale of parts	-	42
	Receipts against long term advances - net	<b>73,161</b>	18,150
	Rental income	<b>2,640</b>	2,325
	Interest income	<b>18,502</b>	35,058
	Guarantee commission	<b>1,906</b>	1,970
<b>(iii) Associated Companies</b>			
Ghandhara Industries Limited 19.09% shares held by the Company <b>(10.1)</b>	Contract assembly charges	<b>58,030</b>	237,203
	Advance against sale of vehicle	-	2,000
	Head office rent	<b>1,169</b>	1,063
	Sale of parts	-	6
Ghandhara Tyre and Rubber Company Limited <b>(10.1)</b>	Purchase of tyres, tubes and flaps	<b>6,572</b>	10,312
Gammon Pakistan Limited <b>(10.1)</b>	Office rent	<b>1,098</b>	998
Janana De Malucho Textile Mills Limited <b>(10.1)</b>	Reimbursement of expenses	<b>674</b>	607
Business Vision (Private) Limited <b>(10.1)</b>	Installments for office floor	<b>50,000</b>	-
Universal Insurance Company Limited <b>(10.1)</b>	Reimbursement of expenses	<b>398</b>	-
<b>(iv) Others</b>			
Staff provident fund	Contribution made	<b>3,726</b>	3,201
Key management personnel	Remuneration and other short term benefits	<b>26,164</b>	24,939

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

10.1 Associated company by virtue of common directorship.

10.2 Period / year end balances are as follows:

**Debit balances / receivables from related parties**

	<b>Un-audited September 30, 2023</b>	Audited June 30, 2023
Property, plant and equipment	175,000	125,000
Long term investments	222,906	222,906
Trade debts	95,508	90,281
Loan and advances	15	6
Other receivables	1,985	1,649
Accrued interest / mark-up	40,653	25,066

**Payable to related parties**

Trade and other payables	32,783	25,019
--------------------------	--------	--------

(Rupees in '000)

## 11. 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, 2023.

## 12. CORRESPONDING FIGURES

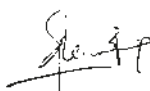
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for the year ended June 30, 2023 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 three months ended September 30, 2022. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

## 13. DATE OF AUTHORISATION FOR ISSUE

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



Chief Executive Officer



Director



Chief Financial Officer



# Consolidated Financial Statements



# Directors' Report

The directors are presenting their report together with consolidated condensed interim financial statements of Ghandhara Automobiles Limited and its subsidiary Ghandhara DF (Pvt.) Limited for the period ended 30th September, 2023.

The financial results for the period ended September 30, 2023 are summarized below:

	Quarter Ended	
	September 2023	September 2022
	(Rupees in thousands)	
<b>Revenue</b>	<b>1,646,519</b>	<b>3,590,661</b>
<b>Gross profit</b>	<b>121,466</b>	<b>166,705</b>
<b>Operating profit</b>	<b>41,480</b>	<b>33,413</b>
<b>Loss after tax</b>	<b>(92,017)</b>	<b>(140,746)</b>
<b>Loss per share (rupees)</b>	<b>(1.61)</b>	<b>(2.47)</b>

The main reason of loss during the quarter is decrease in gross profit of the company as a result of low volumes and exorbitant cost of imported material and higher cost of doing business.

Management is committed for sustainable growth in business and continuously making efforts for growth in sales volumes and profitability. However, rupee devaluation and increase in global commodity prices are posing new challenges.

## Future Outlook

The economic landscape of the country is undergoing gradual improvement creating hopes for better prospects for a broad base recovery. The management remains fully committed to managing challenges and delivering sustainable profitable growth capitalizing on our strong brands, management capabilities and operational excellence, the group is taking adequate measures to bring efficiencies and create value for the stakeholder.

For and on behalf of the Board of Directors



Chief Executive Officer

Karachi

Dated: October 27, 2023



Director



## مجموعی عبوری مالیاتی گوشواروں پر ڈائریکٹر کی رپورٹ

ڈائریکٹر 30 ستمبر 2023 کو ختم ہونے والی مدت کیلئے گندھارا آٹوموبائلز لمیٹڈ اور اس کے ماتحت ادارے گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے مشترکہ عبوری مالیاتی گوشواروں کے ساتھ اپنی سہ ماہی رپورٹ پیش کر رہے ہیں۔

30 ستمبر 2023 کو ختم ہونے والے سال کیلئے مالی نتائج کا خلاصہ ذیل میں دیا جا رہا ہے۔

سہ ماہی کے اختتام پر

2022 ستمبر	2023 ستمبر	
	(روپے ہزاروں میں)	
3,590,661	1,646,519	آمدنی
166,705	121,466	مجموعی منافع
33,413	41,480	آپریٹنگ منافع
(140,746)	(92,017)	بعد از ٹیکس نقصان
(2.47)	(1.61)	نقصان فی شیئر (روپے)


مذکورہ سہ ماہی کے دوران ہونے والے نقصان کی بنیادی وجہ میں کمی اور درآمدی مواد کی حد سے زیادہ لاگت اور کاروبار کرنے کے بڑھتے اخراجات ہیں جن کے نتیجے میں ادارے کے مجموعی منافع میں کمی واقع ہوئی ہے۔

انتظامیہ کاروبار میں پائیدار ترقی کیلئے پرعزم ہے اور فروخت کے حجم اور منافع میں اضافے کیلئے مسلسل مصروف عمل ہے۔ تاہم، روپے کی قدر میں کمی اور اشیاء کی عالمی قیمتوں میں اضافے نے چیلنجز کو ختم دے رہے ہیں۔

### مستقبل کا منظر نامہ

ملک کا معاشی منظر نامہ تدریجاً بہتری کی طرف گامزن ہے جس سے وسیع بنیاد پر بحالی کے بہتر امکانات کی امید پیدا ہو رہی ہے۔ انتظامیہ چیلنجز سے نمٹنے اور ہمارے بہترین برانڈز، انتظامی صلاحیتوں اور اعلیٰ مہارت سے فائدہ اٹھاتے ہوئے پائیدار منافع بخش پیداوار فراہم کرنے کیلئے پوری طرح پرعزم ہے، گروپ استعداد کار اور اسٹیک ہولڈرز کے مفاد میں اضافے کیلئے مناسب اقدامات کر رہا ہے۔

برائے و سجا نب بورڈ آف ڈائریکٹرز

  
ڈائریکٹر



چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 27 اکتوبر 2023

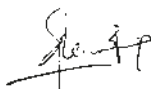
# Consolidated Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2023

		<u>Un-audited</u> <b>September 30,</b> <b>2023</b>	<u>Audited</u> <b>June 30,</b> <b>2023</b>
		(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>5,478,382</b>	5,408,073
Intangible assets		<b>3,872</b>	3,750
Long term investments	7	<b>1,571,375</b>	1,271,261
Long term loans		<b>6,959</b>	6,578
Long term deposits		<b>34,199</b>	29,070
		<b>7,094,787</b>	6,718,732
<b>Current assets</b>			
Stores, spares and loose tools		<b>234,722</b>	225,733
Stock-in-trade	8	<b>2,696,902</b>	2,346,343
Trade debts		<b>1,048,147</b>	1,161,598
Loans and advances		<b>72,163</b>	58,054
Deposits and prepayments		<b>38,863</b>	19,906
Accrued interest / mark-up		<b>20,866</b>	21,592
Other receivables	9	<b>198,046</b>	106,781
Taxation - net		<b>688,173</b>	638,675
Cash and bank balances		<b>1,515,149</b>	1,325,392
		<b>6,513,031</b>	5,904,074
<b>Total assets</b>		<b>13,607,818</b>	12,622,806



Chief Executive Officer



Director



Chief Financial Officer

# Consolidated Condensed Interim Statement of Financial Position

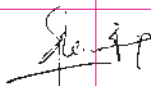
AS AT SEPTEMBER 30, 2023

	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in '000)	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
<b>Share capital</b>	<b>570,025</b>	570,025
Capital reserves		
- share premium	1,102,721	1,102,721
- capital expenditures	1,000,000	-
- surplus on revaluation of fixed assets - net	3,091,074	2,779,358
- Items directly credited to equity by an Associate	80,129	79,823
	<b>5,273,924</b>	3,961,902
Revenue reserve - unappropriated profits	2,300,748	3,389,143
Equity attributable to shareholders of the Holding Company	<b>8,144,697</b>	7,921,070
Non-controlling interest	65	61
<b>Total equity</b>	<b>8,144,762</b>	7,921,131
<b>Liabilities</b>		
<b>Non current liabilities</b>		
Lease liabilities	90,979	70,349
Long term borrowings	722,261	764,451
Deferred income - government grants	142,472	151,706
Long term deposits	70,726	64,226
Deferred taxation - net	289,595	295,988
	<b>1,316,033</b>	1,346,720
<b>Current liabilities</b>		
Trade and other payables	2,312,291	1,799,536
Accrued mark-up	85,893	86,202
Short term borrowings	1,288,383	968,351
Current portion of lease liabilities	29,503	31,520
Current maturity of long term borrowings	377,031	413,618
Current portion of deferred income - government grants	43,343	45,149
Unclaimed dividends	10,579	10,579
	<b>4,147,023</b>	3,354,955
<b>Total liabilities</b>	<b>5,463,056</b>	4,701,675
<b>Contingencies and commitments</b>		
<b>Total equity and liabilities</b>	<b>13,607,818</b>	12,622,806

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



Chief Executive Officer



Director




Chief Financial Officer

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

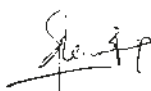
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Un-audited	Un-audited
		September 30, 2023	September 30, 2023
(Rupees in '000)			
<b>Revenue - net</b>		<b>1,646,519</b>	3,590,661
Cost of sales	13	(1,525,053)	(3,423,956)
<b>Gross profit</b>		<b>121,466</b>	166,705
Distribution cost		(38,549)	(46,857)
Administrative expenses		(76,611)	(77,635)
Other income		38,724	55,598
Other expenses		(3,550)	(64,398)
<b>Profit from operations</b>		<b>41,480</b>	33,413
Finance cost		(103,152)	(53,895)
		(61,672)	(20,482)
Share of loss of an Associate		(15,535)	(87,994)
<b>Loss before taxation</b>		<b>(77,207)</b>	(108,476)
Taxation		(14,810)	(32,270)
<b>Loss after taxation</b>		<b>(92,017)</b>	(140,746)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Share of other comprehensive income of an Associate of:			
- surplus on revaluation of fixed assets - net		312,022	-
- re-measurement of staff retirement benefit obligation - net		3,626	(2,779)
Other comprehensive income - net of tax		315,648	(2,779)
<b>Total comprehensive income / (loss) for the period</b>		<b>223,631</b>	(143,525)
<b>Attributable to:</b>			
- Shareholders of the Holding Company		223,627	(143,528)
- Non-controlling interest		4	3
		<b>223,631</b>	(143,525)
----- (Rupees) -----			
<b>Loss per share - basic and diluted</b>		<b>(1.61)</b>	(2.47)

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



Chief Executive Officer



Director



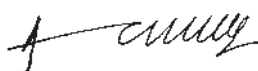
Chief Financial Officer

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Share Capital	Capital Reserve			Revenue reserve Unappropriated profit	Total	Non-controlling interest	
		Share premium	Surplus on revaluation of fixed assets	Capital expenditures				Items directly credited to equity by an Associate
----- (Rupees in '000) -----								
Balance as at July 1, 2022 (audited)	570,025	1,102,721	2,813,584	-	77,594	3,175,876	7,739,800	54
<b>Total comprehensive loss for the three months period ended September 30, 2022</b>								
Loss for the period	-	-	-	-	-	(140,749)	(140,749)	3
Other comprehensive loss	-	-	-	-	-	(2,779)	(2,779)	-
	-	-	-	-	-	(143,528)	3	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(7,999)	-	-	7,999	-	-
Effect of item directly credited in equity by an Associate	-	-	(557)	-	557	-	-	-
<b>Balance as at September 30, 2022 (un-audited)</b>	<b>570,025</b>	<b>1,102,721</b>	<b>2,805,028</b>	<b>-</b>	<b>78,151</b>	<b>3,040,347</b>	<b>7,596,272</b>	<b>57</b>
<b>Balance as at July 1, 2023 (audited)</b>	<b>570,025</b>	<b>1,102,721</b>	<b>2,779,358</b>	<b>-</b>	<b>79,823</b>	<b>3,389,143</b>	<b>7,921,070</b>	<b>61</b>
Transfer to reserves for capital expenditures	-	-	-	1,000,000	-	(1,000,000)	-	-
<b>Total comprehensive income for the three months period ended September 30, 2023</b>								
Loss for the period	-	-	-	-	-	(92,021)	(92,021)	4
Other comprehensive income	-	-	312,022	-	-	3,626	315,648	-
	-	-	312,022	-	-	(88,395)	223,627	4
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	-	-
Effect of item directly credited in equity by an Associate	-	-	(306)	-	306	-	-	-
<b>Balance as at September 30, 2023 (un-audited)</b>	<b>570,025</b>	<b>1,102,721</b>	<b>3,091,074</b>	<b>1,000,000</b>	<b>80,129</b>	<b>2,300,748</b>	<b>8,144,697</b>	<b>65</b>

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



Chief Executive Officer



Director



Chief Financial Officer



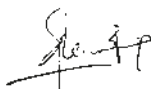
# Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(77,207)	(108,476)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortisation	73,019	85,653
Provision for gratuity	3,644	3,760
Interest income	(30,755)	(72,061)
Gain on disposal of property, plant and equipment	(96)	(173)
Dividend income	-	(17,426)
Share of loss of an Associate	15,535	87,994
Finance cost	103,152	53,895
Exchange loss - net	3,550	64,398
<b>Operating profit before working capital changes</b>	<b>90,842</b>	<b>97,564</b>
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(8,989)	(41,400)
Stock-in-trade	(350,559)	792,958
Trade debts	113,451	(324,519)
Loans and advances	(14,109)	(21,965)
Deposit and prepayments	(18,957)	(63,903)
Other receivables	(91,265)	285,566
	(370,428)	626,737
Increase / (decrease) in trade and other payables	505,560	(561,969)
<b>Cash generated from operations</b>	<b>225,974</b>	<b>162,332</b>
Long term loans - net	(381)	145
Long term deposits - net	(5,129)	(1,000)
Finance cost paid	(103,461)	(99,495)
Income taxes paid	(70,701)	(86,426)
<b>Net cash generated from / (used in) operating activities - carried forward</b>	<b>46,302</b>	<b>(24,444)</b>



Chief Executive Officer



Director



Chief Financial Officer

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

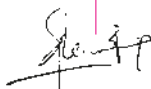
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees in '000)	
<b>Net cash generated from / (used in) operating activities</b> - brought forward	<b>46,302</b>	(24,444)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for fixed capital expenditure	(118,815)	(24,154)
Proceeds from disposal of property, plant and equipment	2,347	1,784
Interest income received	31,481	62,242
Dividend received	-	17,426
Investments - net	-	675,863
<b>Net cash (used in) / generated from investing activities</b>	<b>(84,987)</b>	733,161
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease finances - net	(8,273)	(6,119)
Long term borrowings - repaid	(89,817)	(61,263)
Long term deposits - net	6,500	(1,000)
Short term borrowings - net	320,032	(204,027)
Dividend paid	-	(22)
<b>Net cash generated from / (used in) financing activities</b>	<b>228,442</b>	(272,431)
<b>Net increase in cash and cash equivalents</b>	<b>189,757</b>	436,286
Cash and cash equivalents at beginning of the period	1,325,392	2,239,593
<b>Cash and cash equivalents at end of the period</b>	<b>1,515,149</b>	2,675,879

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



Chief Executive Officer



Director



Chief Financial Officer

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

## 1. THE GROUP AND ITS OPERATIONS

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

### 1.2 Ghandhara Automobiles Limited

Ghandhara Automobiles 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 has changed its name from Ghandhara Nissan Limited to Ghandhara Automobiles Limited, approved by the Securities and Exchange Commission of Pakistan through a certificate of Incorporation on Change of Name dated April 18, 2023. 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 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 China DongFeng Motor Industry Imp. & Exp. Co. Limited as well as 'Motor Vehicles & Related Products Distribution' agreements with DongFeng Automobile Company Limited.

## 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 three months period ended September 30, 2023 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, 2023.

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

## 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, 2023.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2023 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 September 30, 2023 ( June 30, 2023: 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, 2023.

## 6. PROPERTY, PLANT AND EQUIPMENT

		<b>Un-audited</b>	Audited
	<b>Note</b>	<b>September 30, 2023</b>	June 30, 2023
		(Rupees in '000)	
Operating fixed assets	6.1	<b>4,989,592</b>	4,990,081
Right of use assets		<b>130,962</b>	127,191
Capital work-in-progress		<b>357,828</b>	290,801
		<b>5,478,382</b>	5,408,073

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		<b>Un-audited</b>	Audited
		<b>September 30, 2023</b>	June 30, 2023
(Rupees in '000)			
<b>6.1 Operating fixed assets</b>			
Book value at beginning of the period / year		<b>4,990,081</b>	5,206,928
Additions during the period / year	6.2	<b>65,795</b>	115,150
Transfer from right of use asset		-	7,258
Disposals costing Rs. Nil (June 30, 2023: Rs.44,129 thousand) - at book value		-	(11,123)
Depreciation charge for the period / year		<b>(66,284)</b>	(328,132)
Book value at end of the period / year		<b>4,989,592</b>	4,990,081
<b>6.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:</b>			
Buildings on freehold land		-	34,273
Plant and machinery		<b>60,068</b>	72,567
Furniture and fixtures		-	3,407
Owned vehicles		-	657
Other equipment		<b>597</b>	632
Office equipment		<b>187</b>	393
Computers and servers		<b>4,943</b>	3,221
		<b>65,795</b>	115,150
<b>7. LONG TERM INVESTMENTS</b>			
Associate - equity accounted investment	7.1	<b>1,571,375</b>	1,271,261
Others - available for sale	7.2	-	-
		<b>1,571,375</b>	1,271,261
<b>7.1 Ghandhara Industries Limited</b>			
Balance at beginning of the period / year		<b>1,271,261</b>	1,312,254
Share of loss for the period / year		<b>(15,535)</b>	(38,214)
Share of other comprehensive income / (loss) for the period / year		<b>315,649</b>	(2,779)
Balance at end of the period / year		<b>1,571,375</b>	1,271,261
<b>7.1.1</b> Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (June 30, 2023: 8,132,336) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2023: 19.09%) of its issued, subscribed and paid-up capital as at September 30, 2023. 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.			
<b>7.1.2</b> The value of investment in GIL is based on financial statements of the investee company as at June 30, 2023. The latest financial statements of GIL as at September 30, 2023 are not presently available.			
<b>7.1.3</b> The market value of investment as at September 30, 2023 was Rs.897,973 thousand (June 30, 2023: Rs.654,978 thousand).			

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	<b>Un-audited</b>	Audited
	<b>September 30, 2023</b>	June 30, 2023
(Rupees in '000)		
<b>7.2 Others - available for sale</b>		
Automotive Testing & Training Centre (Private) Limited		
187,500 (June 30, 2023: 187,500) ordinary shares of Rs.10 each - cost	1,875	1,875
Provision for impairment	<u>(1,875)</u>	<u>(1,875)</u>
	-	-
<b>8. STOCK IN TRADE</b>		
Raw materials		
- in hand	886,616	874,927
- in transit	<u>857,408</u>	<u>374,317</u>
	1,744,024	1,249,244
Finished goods		
- in hand	947,150	1,069,765
- in transit	<u>5,728</u>	<u>27,334</u>
	952,878	1,097,099
	<u>2,696,902</u>	<u>2,346,343</u>

## 9. OTHER RECEIVABLES

Includes margins against letter of credit Rs.145,000 thousand (June 30, 2023: Rs. 94,611 thousand).

## 10. RESERVE FOR CAPITAL EXPENDITURES

The Board of Directors of the Company in their meeting held on July 21, 2023, discussed that keeping in view capital expenditure strategy of the Company, the Board, out of revenue reserves, decided to transfer and classify a sum of PKR 1,000,000 thousand to separate capital reserve for capital expenditure (un-available by way of dividend) to more accurately reflect the nature of these reserves. This reserve represents funds set aside for the purchase of fixed assets in future.

	<b>Un-audited</b>	Audited
	<b>September 30, 2023</b>	June 30, 2022
(Rupees in '000)		
<b>11. SHORT TERM BORROWINGS - Secured</b>		
Running finances / musharakah	861,496	788,351
Finance against imported merchandise	186,887	-
Term finance - short term loans	<u>240,000</u>	<u>180,000</u>
	1,288,383	968,351

## 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, 2023.

**12.2** Commitment in respect of irrevocable letters of credit as at September 30, 2023 aggregate to Rs.265,197 thousand (June 30, 2023: Rs.336,300 thousand).

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

**12.3** Commitments outstanding for capital expenditure other than through letters of credit as at September 30, 2023 aggregated to Rs. 336,300 thousand (June 30, 2023: Rs. 386,300 thousand).

**12.4** Guarantees aggregating Rs.31,391 thousand (June 30, 2023: Rs.24,578 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.647,010 thousand (June 30, 2023: Rs.325,500 thousand) to the commercial banks against running finances and letters of credit facilities utilised by the Subsidiary Company.

		(Un-audited)	
		Three months period ended	
		September 30, 2023	September 30, 2022
Note		..... (Rupees in '000) .....	
<b>13. COST OF SALES</b>			
Finished goods at beginning of the period		<b>1,069,765</b>	1,724,871
Cost of goods manufactured	13.1	<b>1,315,266</b>	3,319,044
Purchases - trading goods		<b>87,171</b>	67,936
		<b>1,402,437</b>	3,386,980
		<b>2,472,202</b>	5,111,851
Finished goods at end of the period		<b>(947,149)</b>	(1,687,895)
		<b>1,525,053</b>	3,423,956
<b>13.1 Cost of goods manufactured</b>			
Raw materials and parts consumed		<b>989,302</b>	2,930,450
Factory overheads		<b>325,964</b>	388,594
		<b>1,315,266</b>	3,319,044

## 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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

Related party name along with relation	Nature of transaction	Un-audited September 30, 2023	Un-audited September 30, 2022
		(Rupees in '000)	
<b>(i) Ultimate Holding Company</b>			
Bibojee Services (Private) Limited - 57.76% shares held in the Holding Company	Corporate office rent	4,393	3,994
<b>(ii) Associated Companies</b>			
Ghandhara Industries Limited 19.09% shares held by the Holding Company (14.1)	Contract assembly charges	58,030	237,203
	Advance against sale of vehicles	-	2,000
	Head office rent	2,338	1,063
	Sale of parts	-	6
Ghandhara Tyre and Rubber Company Limited (14.1)	Purchase of tyres, tubes and flaps	6,572	10,312
Gammon Pakistan Limited (14.1)	Office rent	1,098	998
Janana De Malucho Textile Mills Limited (14.1)	Reimbursement of expenses	674	607
Business Vision (Private) Limited (14.1)	Installments for office floor	50,000	-
Universal Insurance Company Limited (14.1)	Reimbursement of expenses	398	-
<b>(iii) Others</b>			
Staff provident fund	Contribution made	4,294	3,201
Key management personnel	Remuneration and other short term benefits	26,164	24,939
<b>14.1 Associated company by virtue of common directorship.</b>			
		<b>Un-audited</b>	<b>Audited</b>
		<b>September 30,</b>	<b>June 30,</b>
		<b>2023</b>	<b>2023</b>
<b>14.2 Period / year end balances are as follows:</b>		(Rupees in '000)	
Debit balances / receivables from related parties			
Property, plant and equipment		175,000	125,000
Trade debts		90,036	104,810
Loan and advances		20	6
Payable to related parties			
Trade and other payables		31,314	35,046

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

## 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, 2023.

## 16. CORRESPONDING FIGURES

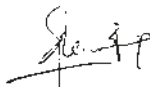
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the Consolidated condensed interim statement of financial position has been compared with the balances of audited annual consolidated financial statements of the Group for the year ended June 30, 2023, 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 September 30, 2022. 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 October 27, 2023 by the Board of Directors of the Holding Company.



Chief Executive Officer



Director










Chief Financial Officer



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