



GHANDHARA
NISSAN LIMITED

ANNUAL REPORT 2021

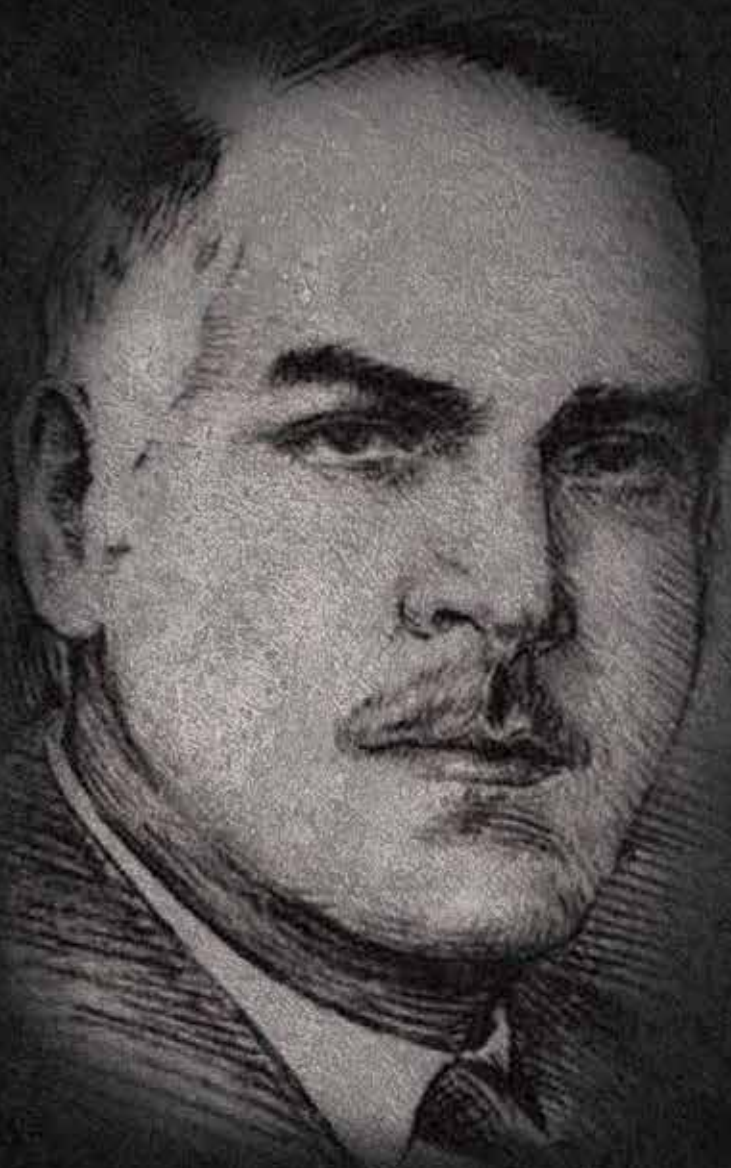


On the
Road to Excellence
and **Value Creation**



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AT THE HELM OF THE WHEEL

Late General Habibullah Khan Khattak

General Habibullah Khan Khattak was the
Founder Chairman of the Bibojee Group of Companies.

Today, the Group is an industrial empire with an extensive portfolio of businesses comprising two cotton spinning mills, a woolen mill, two automobile assembling plants with extensive marketing setups, a general insurance company, Pakistan's largest tyre manufacturing company, a construction company and two Trusts for supporting education and wildlife protection.

AN ILLUSTRIOUS FOUNDER

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

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

CORE VALUES:

- Perseverance
- Dynamism
- Professionalism

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

PHILANTHROPY

The Love of Giving Back

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



VISION

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

MISSION

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

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

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

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



COMPANY PROFILE

Board of Directors

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

Chairman
 President
 Chief Executive Officer

Chief Financial Officer

Mr. Muhammad Umair (FCA)

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

LEX FIRMA

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.



SHAREHOLDERS' INFORMATION

REGISTERED OFFICE

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

EXCHANGE LISTING

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

STOCK SYMBOL

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

LISTING FEES

The annual listing fees for the financial year 2021 - 22 were paid to the PSX and Central Depository Company of Pakistan Limited within the prescribed time limit.

STATUTORY COMPLIANCE

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

ANNUAL GENERAL MEETING

Date: October 28, 2021
Time: 03:30 P.M.
Venue: F-3, Hub Chowki Road, SITE, Karachi.

FINANCIAL CALENDAR

September 2021	Audited annual results for the year ended June 30, 2021
October 2021	Mailing of annual reports/CDs Unaudited first quarter financial results Annual General Meeting
November 2021	Corporate Briefing Session
February 2022	Election of Directors Unaudited half year financial results
April 2022	Unaudited third quarter financial results
June 2022	Annual Budget 2022-23

DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive).

CIRCULATION OF ANNUAL REPORTS THROUGH CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 23, 2017, the Company shall circulate Annual Report 2021 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2021 may send a request using a Standard Request Form placed on Company website.

E-DIVIDEND MANDATE (MANDATORY)

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

ORGANIZATION CHART



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 39th Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Thursday, 28th October 2021 at 03:30 P.M., at F-3, Hub Chauki Road, S.I.T.E., Karachi, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting held on 28th October, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2021 together with Directors' and Auditors' Reports thereon and the Review Report of the Chairman.
3. To appoint Auditors and fix their remuneration for the year ending 30th June, 2022. The retiring auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, being eligible have offered themselves for reappointment.

Special Business:

4. To consider to pass the following ordinary resolutions:
 - a) "RESOLVED that the transactions carried out in normal course of business with associated companies/ related parties during the year ended June 30, 2021 (as disclosed in Note-38 of Financial Statements for the year ended June 30, 2021) be and are hereby ratified and approved."
 - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/ related parties during the year ending June 30, 2022 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."
5. To consider and approve the renewal of the cash advance facility of PKR 800 million to M/s Ghandhara DF (Pvt.) Limited (GDFPL), a wholly owned subsidiary company, and to pass the following resolution as Special Resolution, with or without modification, as recommended by the Board of Directors of the Company:

"Resolved that the approval of the members of the Company be and is hereby accorded for cash advance facility of Rs.800 million to M/s Ghandhara DF (Pvt.) Limited (GDFPL), a wholly owned subsidiary company for further period of three years to support its working capital requirements, at a markup of 6 months KIBOR+1.85%.

Further resolved that the Board of Directors be and is hereby authorized to review the said facility every year during the said three years."

A statement of material facts under Section 134 (3) of the Companies Act, 2017 pertaining to the Special Business stated above is annexed to this Notice of the meeting.
6. To transact any other business with the permission of the Chair.



By Order of the Board

M. SHEHARYAR ASLAM
(COMPANY SECRETARY)

Karachi: 7th October, 2021

NOTES:

i. Coronavirus Contingency Planning for Annual General Meeting of Shareholders

In pursuance of the Securities and Exchange Commission of Pakistan's (SECP) Circular No.5 of 2020, Circular NO. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 04, 2021 respectively pertaining to Regulatory Relief to dilute the impact of COVID-19 for the Corporate Sector, Companies have advised to modify their usual planning for general meetings for the safety and well-being of shareholders and avoid large gatherings by provision of video link facilities.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. For this, members are required to email their Name, Folio Number, Cell Number, and Number of shares held in their name with subject "Registration for Ghandhara Nissan Limited AGM" alongwith valid copy of both sides of Computerized National Identity Card (CNIC) at info@ghandhara.com.pk, Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address info@ghandhara.com.pk. Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

- ii. The share transfer books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). The request for transfers shall be received at Company's Share Registrar namely M/s. CDC Share Registrar Services Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan by the close of business on October 21, 2021 will be treated in time for the purpose of attendance at the Annual General Meeting.
- iii. A member entitled to attend, speak and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his / her behalf. For proxies in order to be effective, instrument appointing Proxy must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting. For the convenience of the members, a Proxy Application Form is attached at the end of the Annual Report 2021.
- iv. Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars, M/s. CDC Share Registrar Services Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan
- v. Any individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

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

A. For Attending the Meeting:

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

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

- (ii) The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original passport at the time of Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and Directors' report etc ("annual audited accounts") to its members through CD/ DVD/ USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2021 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2021 may send a request using a Standard Request Form placed on Company website.

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

The members who have provided consent to receive Annual Report 2021 can subsequently request any other media including hard copy which shall be provided free of cost within seven days.

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

vii Video Conference Facility

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

viii Submission of CNIC / SNIC / NTN

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

ix Dividend Mandate

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

x Unclaimed Dividend

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

xi Details of Beneficial Ownership

Attention of corporate entities / legal persons is also invited towards SECP Circular No. 16 and 20 of 2018. Respective shareholders (corporate entities / legal persons) are advised to provide the information pertaining to ultimate beneficial owners and / or other information as prescribed in the subject SECP Circulars to the Share Registrar of the Company.

xii Placement of Financial Statements on Website:

The Financial Statements of the Company for the year ended June 30, 2021 along with reports have been placed on the website of the Company: <https://www.ghandharanissan.com.pk/page-financial-reports>

xiii Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

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

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

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

- 1) Agenda Item No.4(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2021 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause-15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

During the Board meeting it was pointed out by the Directors that Directors were interested in this/these transactions(s) due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval of this/these transaction(s) which has/have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2021 with associated company as shown in relevant notes of the Audited Financial Statements are being placed before the shareholders for their consideration and approval/ ratification.

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

- 2) Agenda Item No.4(b) of the Notice – Authorization of the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2022 to be passed as an Ordinary Resolution.

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

In order to comply with the provisions of Clause-15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2022.

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

x. غیر دعویٰ شدہ ڈیوٹینڈ

کمپنیز ایکٹ 2017 کی شق 244 کے ضوابط کے مطابق، مقررہ طریقہ کار کی تکمیل کے بعد ایسے تمام ڈیوٹینڈز جو ادائیگی کی تاریخ سے 3 سال یا زائد مدت سے واجب الادا ہیں اور قابل ادائیگی ہیں، غیر دعویٰ شدہ ڈیوٹینڈز کی صورت میں وفاقی حکومت کے پاس جمع کرائے جائیں گے اور غیر دعویٰ شدہ حصص کی صورت میں ایس ای سی پی کے حوالے کر دیے جائیں گے۔

xi. فائدہ مند ملکیت کی تفصیلات

کارپوریٹ اداروں / قانونی افراد کی توجہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے 2018 کے سرکل نمبر 16 اور 20 کی جانب مدعو کی گئی ہے۔ متعلقہ شیئرز ہولڈرز (کارپوریٹ ادارے / قانونی افراد) کو مشورہ دیا جاتا ہے کہ فائدہ مند مالکان سے متعلق معلومات اور / یا دیگر معلومات کمپنی کے شیئرز رجسٹرار کو فراہم کریں جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلز میں درج ہے۔

xii. ویب سائٹ پر مالی گوشوارے رکھنے کا عمل:

30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے مالی گوشوارے مع رپورٹس کمپنی کی ویب سائٹ: <https://www.ghandharanissan.com.pk/page-financial-reports> پر رکھ دیے گئے ہیں۔

xiii- دستاویزی حصص سی ڈی سی اکاؤنٹ میں جمع کرانا

کمپنیز ایکٹ 2017 کی شق 72 کے مطابق ہر موجودہ لسٹڈ کمپنی کے لیے ضروری ہے کہ ایس ای سی پی کے بتائے ہوئے طریقہ کار اور اس کی بتائی تاریخ سے دستاویزی حصص کو بک انٹری کی شکل میں لائے جس کی مدت اس ایکٹ کے نفاذ یعنی 30 مئی 2017 کے آغاز سے چار سال سے زیادہ نہیں ہوگی۔

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

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

درج ذیل بیانات خصوصی امور سے متعلق اہم حقائق کو آشکار کرتے ہیں، جو نوٹس کے ایجنڈا میں دیے گئے ہیں اور ممبران ان پر غور و خوض کریں گے۔

(1) نوٹس کا ایجنڈا نمبر 4(a)-30 جون 2021 کو مکمل ہونے والے سال کے دوران ملحقہ کمپنیز / متعلقہ پارٹنرز کے ساتھ ہونے والی ٹرانزیکشنز کو بطور عمومی قرارداد منظور ہونا ہے۔

لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ) کے ریگولیشنز 2019 کی شق پندرہ (15) کے مطابق ملحقہ کمپنیز (متعلقہ فریقین) کے ساتھ ہونے والے عام کاروبار کی لین دین بورڈ کے ذریعے سے منظور ہو رہی تھیں جیسا کہ سہ ماہی کی بنیاد پر آڈٹ کمیٹی نے سفارش کی تھی۔ بورڈ میٹنگ کے دوران ڈائریکٹرز نے اس بات کی نشان دہی کی تھی کہ کیوں کمپنی کے ڈائریکٹرز کی اکثریت اپنی مشترکہ ڈائریکٹر شپ اور شریک کمپنیز میں شیئرز رکھنے کے باعث ان ٹرانزیکشن / ٹرانزیکشنز میں دلچسپی رکھتی تھی، اس لیے ان ٹرانزیکشن / ٹرانزیکشنز کی منظوری کے لیے ڈائریکٹرز کا کورم تشکیل نہیں پاسکا تھا جن کی منظوری شیئرز ہولڈرز کے ذریعے عام اجلاس میں ہونا ہے۔

مندرجہ بالا نقطہ نظر کے مطابق، 30 جون 2021 کو مکمل ہونے والے مالیاتی سال کے دوران شریک کمپنی کے ساتھ ہونے والی ٹرانزیکشنز جیسا کہ آڈٹ شدہ مالی گوشواروں کے متعلقہ نوٹ میں ظاہر ہیں، شیئرز ہولڈرز کے سامنے غور و خوض اور منظوری / توثیق کرنے کے لیے رکھی جا رہی ہیں۔

ڈائریکٹرز، شریک کمپنیز میں اپنی مشترکہ ڈائریکٹر شپ اور شیئرز ہولڈنگ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔

(2) نوٹس کا ایجنڈا نمبر 4(b)-30 جون 2022 کو مکمل ہونے والے سال کے دوران ملحقہ کمپنیز / متعلقہ پارٹنرز کے ساتھ ہو چکنے والی اور ہونے والی ٹرانزیکشنز کے لیے چیف ایگزیکٹو کا اختیار بطور عمومی قرارداد منظور کیا جائیگا۔

کمپنی، ملحقہ کمپنیز / متعلقہ پارٹنرز کے ساتھ عام کاروبار میں لین دین کرے گی۔ ڈائریکٹرز، اپنی مشترکہ ڈائریکٹر شپ اور ملحقہ کمپنیز / متعلقہ پارٹنرز میں شیئرز رکھنے کے باعث ان ٹرانزیکشنز میں دلچسپی رکھتے ہیں۔ لہذا ملحقہ کمپنیز / متعلقہ پارٹنرز کے ساتھ ہونے والی ایسی لین دین کو شیئرز ہولڈرز کے ذریعے منظور ہونا ہوگا۔

آئندہ 30 جون 2022 کو مکمل ہونے والے سال کے دوران لسٹڈ کمپنیز کے (کارپوریٹ گورننس کا ضابطہ) کے ریگولیشنز کی شق پندرہ (15) کی تعمیل میں، شیئرز ہولڈرز چیف ایگزیکٹو کو ملحقہ کمپنیز / متعلقہ پارٹنرز کے ساتھ عام کاروبار میں ہو چکنے والی اور ہونے والے لین دین منظور کرنے کا اختیار دیتے ہیں۔ ڈائریکٹرز، ملحقہ کمپنیز / متعلقہ پارٹنرز میں اپنی مشترکہ ڈائریکٹر شپ اور شیئرز ہولڈنگ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔

B. پراسیز کی تقرری کے لیے:

- (i) فرد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص، جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ریگولیشنز کے مطابق جن کی رجسٹریشن کی تفصیلات اپ لوڈ ہو چکی ہیں، مندرجہ بالا طریقے کے مطابق پراسیز فارم جمع کریں گے۔
- (ii) پراسیز فارم کی شہادت اس شخص کی جانب سے دی جائیگی جس کا نام، پتہ اور سی این آئی سی نمبر فارم پر لکھا ہوگا۔
- (iii) پراسیز فارم کے ساتھ، سودمند مالکان اور پراسیز کی سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقول فراہم کرنا ہوگی۔
- (iv) اجلاس میں شرکت کے وقت پراسیز اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرے گا/گی۔
- (v) کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے پیش نہ کئے گئے ہوں) پراسیز فارم کے ساتھ کمپنی میں جمع کرنا ہوگی۔

vi. سی ڈی وی ڈی/یو ایس بی یا کسی دیگر میڈیا کے ذریعے سالانہ آڈٹ شدہ اکاؤنٹس کی ترسیل

ایس ای سی پی بذریعہ اپنے ایس آر او 2016/470(1) مورخہ 31 مئی 2016، کمپنیز کو سی ڈی وی ڈی/یو ایس بی کے ذریعے سالانہ بیلنس شیٹ، نفع اور نقصان اکاؤنٹ، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ (سالانہ آڈٹ شدہ اکاؤنٹس) وغیرہ ممبران کے رجسٹرڈ پتوں پر بھیجنے کی اجازت دے چکا ہے۔ اس بات کو مد نظر رکھتے ہوئے کمپنی نے اپنے شیئر ہولڈرز کو سی ڈی کی شکل میں اپنی سالانہ رپورٹ 2021 ارسال کر دی ہے۔ اگر کسی ممبر کو سالانہ رپورٹ 2021 کی طبع شدہ نقول درکار ہے تو کمپنی کی ویب سائٹ پر موجود اسٹینڈرڈ درخواست فارم پُر کر کے درخواست بھیج سکتا ہے۔

ممبران کو بذریعہ ہذا مطلع کیا جاتا ہے کہ ایس ای سی پی کے ایس آر او 2014/787(1) مورخہ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کے سیکشن 223(6) کے تحت آڈٹ شدہ مالی گوشوارے اور سالانہ اجلاس عام کی اطلاع الیکٹرونک فورمیٹ میں بذریعہ ای میل ارسال کرنے کی اجازت دے چکی ہے۔

وہ ممبران جو سالانہ رپورٹ 2021 حاصل کرنے کے لیے اپنی رضامندی دے چکے ہیں وہ بعد میں کسی بھی دوسرے میڈیا سے ہارڈ کاپی سمیت درخواست کر سکتے ہیں جو انھیں درخواست وصول ہونے کے ساتھ دن کے اندر بلا معاوضہ فراہم کر دی جائے گی۔

ممبران سے یہ گزارش بھی کی جاتی ہے کہ کمپنی سے مؤثر رابطہ کو یقینی بنانے کے لیے، اپنے رجسٹرڈ ای میل پتوں میں تبدیلی سے بروقت مطلع کریں۔

vii. ویڈیو کانفرنس کی سہولت

اگر کمپنی ایک جغرافیائی محل وقوع پر مجموعی 10 فیصد یا اس سے زائد شیئرز کے حامل ممبران سے اجلاس کی تاریخ سے کم از کم 10 دن پہلے بذریعہ ویڈیو کانفرنس اجلاس میں شرکت کی استدعا وصول کرتی ہے تو کمپنی اس شہر میں اس طرح کی سہولت دستیاب ہونے کی صورت میں ویڈیو کانفرنس کی سہولت کا اہتمام کرے گی۔ کمپنی ممبران کو ویڈیو کانفرنس سہولت کے مقام سے سالانہ اجلاس عام کی تاریخ سے کم از کم 5 دن پہلے انھیں مکمل معلومات سے آگاہ کرے گی جو اس سہولت تک رسائی کے لیے ضروری ہیں۔

viii. سی این آئی سی/ایس این آئی سی/این ٹی این کی فراہمی

اس ای سی پی کے ایس آر او 2012/831(2) مورخہ 5 جولائی 2012، اور ایس آر او 2014/19(1) مورخہ 10 جنوری 2014، کی رو سے ڈیویڈنڈ وارنٹ پر، سی این آئی سی/ایس این آئی سی/این ٹی این (کارپوریٹ اداروں کی صورت میں) کی طباعت ہوگی، اس کے بغیر کوئی ڈیویڈنڈ وارنٹ جاری نہیں کیا جائے گا۔ لہذا انفرادی ممبران جنہوں نے ابھی تک اپنے تازہ سی این آئی سی اور ایس این آئی سی کی نقول فراہم نہیں کی ہیں، انھیں ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ وہ اپنے تازہ سی این آئی سی اور ایس این آئی سی کی نقول فوری طور پر کمپنی کے شیئر رجسٹرار کو براہ راست بھیج دیں۔ کارپوریٹ اداروں سے درخواست ہے کہ وہ اپنا این ٹی این نمبر فراہم کریں۔ براہ مہربانی سی این آئی سی/ایس این آئی سی کی نقول اور این ٹی این کی تفصیلات کے ہمراہ فوٹو نمبر ضرور دیں۔

ix. ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت ایک لٹھ کمپنی کے لئے صرف برقی ذریعے سے مستحق شیئر ہولڈرز کو ان کی جانب سے فراہم کیے گئے بینک اکاؤنٹ میں براہ راست کیش ڈیویڈنڈ ادا کرنا ضروری ہے، فزیکل شیئرز کے حامل حصص مالکان سے درخواست ہے کہ اپنے بینک اکاؤنٹ میں ڈیویڈنڈ کی براہ راست حصول کے لئے کمپنی کی ویب سائٹ <http://www.ghandharanissan.com.pk> پر دستیاب مینڈیٹ فارم پُر کریں اور دستخط کر کے CNIC کی نقول کے ساتھ کمپنی کے شیئر رجسٹرار کو بھیج دیں۔ شیئرز، سی ڈی سی میں ہونے کی صورت میں ڈیویڈنڈ مینڈیٹ فارم لازمی طور پر شیئر ہولڈر کے بروکر/شریک/سی ڈی سی اکاؤنٹ سروسز کو براہ راست جمع کرائیں۔

نوٹس:

i- حصص یافتگان کے سالانہ اجلاس عام کے لیے کورونا وائرس سے متعلق ہنگامی منصوبہ بندی

کاروباری شعبے کے لیے کووڈ-19 کے اثرات کم کرنے کے لیے ریگولیٹری ریلیف کے بارے میں بالترتیب سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 5 مجریہ 2020، سرکلر 4 مجریہ 2021 بتاریخ 15 فروری 2021 اور سرکلر نمبر 6 مجریہ 2021 بتاریخ 04 مارچ 2021 کی پیروی میں کمپنیز کو حصص یافتگان کی حفاظت اور بہترین مفاد میں اور بڑے اجتماع سے گریز کے لیے ویڈیولنک کی سہولیات کی فراہمی کے ذریعے سالانہ اجلاسوں کے لیے اپنی عمومی منصوبہ بندی میں ترمیم کا مشورہ دیا گیا ہے۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایات پر غور کرتے ہوئے، کمپنی کوآرڈ کے تقاضوں کی تعمیل کو یقینی بناتے ہوئے شیئرز ہولڈرز کے کم سے کم جسمانی تعامل کے ساتھ اس سالانہ اجلاس عام کو منعقد کرنے کا ارادہ رکھتی ہے اور ممبران سے درخواست کرتی ہے کہ وہ اپنی حاضری کو مستحکم کریں اور پراکسیز کے ذریعے سالانہ اجلاس عام میں ووٹنگ کریں۔

مزید یہ کہ، کمپنی نے اس بات کو یقینی بنانے کے انتظامات کیے ہیں کہ شیئرز ہولڈرز سمیت تمام شرکاء اب ویڈیولنک کے ذریعے سالانہ اجلاس عام کی کارروائی میں حصہ لے سکتے ہیں۔ اس کے لیے ممبران کو درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کے دونوں اطراف کی نقول کے ہمراہ "رجسٹریشن برائے سالانہ اجلاس عام گندھارا انسان لمیٹڈ" عنوان کے ساتھ اپنے نام فلیو نمبر، سیل فون نمبر اور اپنے نام پر موجود شیئرز کی تعداد کو info@ghandhara.com.pk پر ای میل کرنا ہوگا۔ ویڈیولنک اور لاگ ان کی اسناد صرف اُن ممبران کے ساتھ شیئرز کی جائیں گی جن کی ای میلز میں تمام مطلوبہ تفصیلات موجود ہوں گی اور سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جائیں گی۔

سالانہ اجلاس عام کے ایجنڈا آئٹمز کے لیے شیئرز ہولڈرز اپنے تھمرے اور سوالات ای میل ایڈرس info@ghandhara.com.pk پر بھی فراہم کر سکتے ہیں۔

لہذا ممبران کو ویڈیولنک کے ذریعے یا پراکسیز کے ذریعے اپنی حاضری مستحکم کر کے سالانہ اجلاس عام میں شرکت کرنے کی حوصلہ افزائی کی جاتی ہے۔

ii. کمپنی کی حصص کی منتقلی کی کتب 22 اکتوبر 2021ء تا 28 اکتوبر 2021ء (دونوں دن شامل) کو بند رہیں گی۔ سالانہ اجلاس عام میں حاضری کے مقصد کے لیے، کمپنی کے شیئرز رجسٹر اربنام میسرزی ڈی سی شیئرز رجسٹر اربنام سولیمینڈ، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی، پاکستان کو 21 اکتوبر 2021ء کو اختتام کار تک موصول ہونے والی منتقلیوں کی درخواست حاضری کے لئے بروقت سمجھی جائے گی۔

iii. اس سالانہ اجلاس عام میں شرکت اور رائے دی کا اہل ممبر، بطور پراکسیز اپنی طرف سے شرکت کرنے اور رائے دی کے لیے کسی دوسرے ممبر کی تقرری کا حقدار ہوگا۔ پراکسیز کے لیے مؤثر ہونے کے حوالے سے، پراکسی کی تقرری کی دستاویز اجلاس کے وقت سے 48 گھنٹے قبل لازمی طور پر رجسٹرڈ آفس یا کمپنی کے شیئرز رجسٹر آفس میں موصول ہو جانا چاہئیں۔ ممبران کی آسانی کے لیے، سالانہ رپورٹ 2021 کے آخر میں پراکسی درخواست فارم منسلک ہے۔

iv. فزیکل شیئرز رکھنے والے ممبران سے گزارش کی جاتی ہے کہ اپنے پتہ میں تبدیلی کی اطلاع فوری طور پر ہمارے شیئرز رجسٹر اربنام، میسرزی ڈی سی شیئرز رجسٹر اربنام سولیمینڈ، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو دیں۔

v. سی ڈی سی کا کوئی بھی انفرادی سودمند مالک اس اجلاس میں شرکت اور رائے دی کا حق رکھتا ہے، اُسے اپنی شناخت ثابت کرنے کے لیے اپنا کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) لازمی طور پر لانا ہوگا اور پراکسی ہونے کی صورت میں پراکسی فارم کے ساتھ شیئرز ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی تصدیق شدہ نقل لازماً منسلک ہونی چاہیے۔ اس مقصد کے لیے کارپوریٹ ممبرز کے نمائندگان عمومی مطلوبہ دستاویزات اپنے ہمراہ لائیں۔

سی ڈی سی اکاؤنٹ ہولڈرز بھی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے مجریہ سرکلر 1، مورخہ 26 جنوری 2000 میں دی گئی درج ذیل ہدایات پر عمل کے پابند ہوں گے۔

A. اجلاس میں شرکت کے لیے

- فرد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص، جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ریگولیٹرز کے مطابق جن کی رجسٹریشن کی تفصیلات اپ لوڈ ہو چکی ہیں، اجلاس میں شرکت کے وقت اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ سے اپنی شناخت کی تصدیق کرائیں گے۔
- سی ڈی سی میں رجسٹرڈ افراد سے بھی درخواست کی جاتی ہے کہ وہ اپنے کوائف، آئی ڈی نمبرز اور سی ڈی ایس کے اکاؤنٹ نمبرز اپنے ہمراہ لائیں۔
- کارپوریٹ انٹیلی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی معتمد دفتر کے دستخط کا نمونہ (اگر پہلے پیش نہ کئے گئے ہوں) اجلاس کے موقع پر فراہم کرنے ہوں گے۔

سالانہ اجلاس عام کی اطلاع

مطلع کیا جاتا ہے کہ گندھارا انسان لمیٹڈ کے شیئر ہولڈرز کا انتخابی سواں (39th) سالانہ اجلاس عام بروز جمعرات مورخہ 28 اکتوبر 2021ء کو 03:30 بجے سہ پہر، ایف-3، حب چوک روڈ، سائبر سٹی کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا:

عمومی امور:

1. سالانہ اجلاس عام منعقدہ 28 اکتوبر 2020 کی کارروائی کی توثیق۔
2. 30 جون 2021 کو مکمل ہونے والے سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالی گوشوارے مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور چیئرمین کی جائزہ رپورٹ کی وصولی، غور و خوض اور منظوری۔
3. 30 جون 2022 کو مکمل ہونے والے آئندہ سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ سبکدوش ہونے والے آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کے ناطے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

خصوصی امور:

4. مندرجہ ذیل عمومی قرارداد کی منظوری کے لیے غور و خوض:
 - (ا) "قرار پایا کہ 30 جون 2021 (جیسا کہ 30 جون 2021 کو مکمل ہونے والے سال کے لیے مالی گوشوارے کے نوٹ-38 میں ظاہر ہے) کو مکمل ہونے والے سال کے دوران ملحقہ کمپنیز / متعلقہ پارٹیز کے ساتھ ہونے والے عام کاروبار کے لین دین کی بذریعہ توثیق کی جاتی ہے اور منظوری دی جاتی ہے۔"
 - (ب) "قرار پایا کہ 30 جون 2022 کو مکمل ہونے والے آئندہ سال کے دوران ملحقہ کمپنیز / متعلقہ پارٹیز کے ساتھ ہونے والے عام کاروبار کے لین دین کی منظوری کے لیے بذریعہ ادارے کا چیف ایگزیکٹو آفیسر مجاز ہے اور رہے گا اور اس تعلق سے چیف ایگزیکٹو آفیسر بذریعہ اس بات کا بھی مجاز ہے کہ وہ اس سلسلے میں کہ وہ کوئی بھی یا تمام ضروری اقدامات کرے اور ادارے کی جانب سے تمام مطلوبہ دستاویزات / معاہدوں پر دستخط / عمل درآمد کرنے کا مجاز ہے۔"
- 5- میسرز گندھارا ڈی۔ایف۔(DF) (پرائیویٹ) لمیٹڈ (GDFPL)، جو ادارے کا ایک مکمل ملکیتی ذیلی ادارہ ہے، کو جیسا کہ ادارے کے بورڈ آف ڈائریکٹرز کی سفارش کی گئی ہے، کہ 800 ملین روپے کی کیش ایڈوائس سہولت کی تجدید پر غور کرنا اور اس کی منظوری دینا اور مندرجہ ذیل قرارداد کو ترمیم کے ساتھ یا اس کے بغیر بطور خاص قرارداد منظور کرنا۔
- "یہ قرارداد پیش کی جاتی ہے کہ میسرز گندھارا ڈی۔ایف۔(DF) (پرائیویٹ) لمیٹڈ (GDFPL)، جو ادارے کا ایک مکمل ملکیتی ذیلی ادارے کو اپنی ورکنگ کیپٹل کی ضروریات کو پورا کرنے کے لیے تین سال کی مزید مدت کے لیے 6 ماہ کے KIBOR + 1.85% مارک اپ پر 800 ملین روپے کیش ایڈوائس سہولت کے لیے کمپنی کے ممبران کی طرف سے منظوری دی جاتی ہے۔"
- "مزید قرارداد پیش کی جاتی ہے کہ بورڈ آف ڈائریکٹرز ان تین سالوں کے دوران میں ہر سال مذکورہ سہولت کا جائزہ لینے کا مجاز ہے۔"
- مذکورہ بالا خصوصی امور سے متعلق کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت اہم حقائق کا بیان اجلاس کی اس اطلاع کے ساتھ منسلک ہے۔

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



بحکم بورڈ

ایم۔ شہریار سلیم

(کمپنی سیکریٹری)

کراچی: 7 اکتوبر 2021

CHAIRMAN'S REVIEW

I am presenting the 39th Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2021 to our valued shareholders.

Economy at a Glance

Witnessing last year's impediments, the global economy is experiencing an exceptionally resilient but uneven recovery. While advanced economies are rebounding, many of the third world countries are being left behind, much remains to be done to address the pandemic's adverse economic impact.

Locally, the recovery is not assured yet; the possibility remains that further COVID-19 waves, vaccination delays, mounting debt levels and rising inflationary pressures expose the economy to further setbacks. Pakistan's economy has experienced unprecedented challenges during the past two years on account of unstable macroeconomic variables and the COVID-19 outbreak that kept the economy below its potential level. The recent economic recovery (GDP growth 3.94% in FY 2021) and the government's measures for sustainable growth have built investor confidence to some extent. It is expected that economy will keep its growth trajectory without any major macroeconomic imbalances.

Industry outlook

Availability of low-cost financing options and effect of surplus demand post-lockdown provided much anticipated boost to the industry. With a range of new entrants, the automobile industry is expanding rapidly, offering more choices to the end customer. However, the recent PKR devaluation and manifold rise in cost of supply chain has made it extremely difficult for OEMs to take calculated decisions.

As per PAMA, sales volumes of auto industry for Heavy Commercial Vehicles (HCVs) were 3,695 units during the year ended June 30, 2021 as compared to 3,088 units during the previous year showing a growth of 19.7%. Similarly, for Light Commercial Vehicles (LCVs), sales were 11,551 units during the year ended June 30, 2021 as compared to 7,644 units during the previous year showing a growth of 51%.

Company's performance

I am pleased to share that our company has shown progress in the current year. The Company has earned a profit after-tax of Rs.131 million (after-tax loss of Rs.206.6 million last year).

On a general note, the recent inflationary pressures, global supply chain constraints and PKR depreciation pose serious challenges to a sustainable and business friendly environment. However, the Company remains committed to deliver on its long-term objectives of progression and value creation.

Future Outlook

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

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

Acknowledgement

The Company acknowledges the continued support and cooperation of Dongfeng Commercial Vehicle Company (China), Dongfeng Automobile Company Limited (China), Anhui Jianghuai Automobile Group Corp., Limited (China), Renault Trucks S.A.S (France).

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

Karachi
Dated: 28th September, 2021



Raza Kuli Khan Khattak
For and on behalf of the
Board of Directors

چیرمین کا جائزہ

میں اپنے قابل قدر حصص یافتگان کو 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کی 39 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی بیانات پیش کر رہا ہوں۔

معیشت پر ایک نظر

پچھلے سال کی مشکلات کا مشاہدہ کرتے ہوئے، عالمی معیشت ایک غیر معمولی مستقل مزاجی کے ساتھ لیکن ناہموار بحالی کا سامنا کر رہی ہے۔ اگرچہ ترقی یافتہ معیشتیں بحال ہو رہی ہیں، لیکن تیسری دنیا کے بہت سے ممالک پیچھے رہ گئے ہیں، جبکہ عالمی وبا کے منفی معاشی اثرات سے نمٹنے کے لیے ابھی بہت کچھ کرنا باقی ہے۔

مقامی سطح پر، بحالی ابھی تک یقینی نہیں ہے۔ امکان باقی ہے کہ کوویڈ 19 کی مزید لہریں، ویکسینیشن میں تاخیر، بڑھتے ہوئے قرضوں کی سطح اور مہنگائی کے بڑھتے ہوئے دباؤ سے معیشت کو مزید دھچکے لگ سکتے ہیں۔ پاکستان کی معیشت نے گزشتہ دو سالوں کے دوران غیر معمولی معاشی تغیرات اور کوویڈ 19 کی وبا کی وجہ سے بے مثال چیلنجوں کا سامنا کیا ہے جس نے معیشت کو اس کی ممکنہ سطح سے نیچے رکھا ہے۔ حالیہ معاشی بحالی (مالی سال 2021 میں جی ڈی پی نمو 3.94 فیصد) اور پائیدار ترقی کے لیے حکومتی اقدامات نے سرمایہ کاروں کا اعتماد کچھ حد تک بڑھایا ہے۔ یہ توقع کی جاتی ہے کہ معیشت کسی بڑے معاشی عدم توازن کے بغیر اپنی ترقی کی رفتار کو برقرار رکھے گی۔

انڈسٹری کا عکس: نظر

کم لاگت والے فنانسنگ کے اختیارات کی دستیابی اور لاک ڈاؤن کے بعد اضافی طلب کے اثرات نے صنعت کو بہت زیادہ متوقع فروغ دیا۔ نئے آنے والے اداروں کی ایک رینج کے ساتھ، آٹوموبائل انڈسٹری تیزی سے پھیل رہی ہے، جو کہ سختی خریدار کو مزید انتخاب دے رہی ہے۔ تاہم، پاکستانی روپے کی قدر میں حالیہ کمی اور سپلائی چین کی قیمت میں کمی گنا اضافہ نے OEM کے لیے تخفیفی فیصلے کرنا انتہائی مشکل بنا دیا ہے۔

PAMA کے مطابق، 30 جون 2021 کو ختم ہونے والے سال کے دوران ہوی کمرشل و ہیکل (HCVs) کے لیے آٹو انڈسٹری کی فروخت کا حجم 3,695 یونٹ ہے جبکہ گزشتہ سال کے دوران 3,088 یونٹس کے مقابلے میں 19.7 فیصد اضافہ ہوا۔ اسی طرح لائٹ کمرشل و ہیکل (LCVs) کے لیے 30 جون 2021 کو ختم ہونے والے سال کے دوران فروخت 11,551 یونٹس رہی جبکہ پچھلے سال کے دوران 7,644 یونٹس کے مقابلے میں 51 فیصد اضافہ ہوا۔

ادارے کی کارکردگی

مجھے یہ بتاتے ہوئے خوشی ہو رہی کہ ہمارے ادارے نے موجودہ سال میں پیش رفت دکھائی ہے۔ کمپنی نے 131 ملین روپے کا بعد از ٹیکس منافع کمایا ہے (پچھلے سال 206.6 ملین روپے کا بعد از ٹیکس نقصان)۔ ایک عمومی قابل توجہ بات، مہنگائی کی حالیہ دباؤ، عالمی سپلائی چین کی رکاوٹیں اور پاکستانی روپے کی قدر میں کمی پائیدار اور دوستانہ کاروباری ماحول کے لیے سنگین چیلنج ہیں۔ تاہم، ادارہ ترقی اور اپنی قدر میں اضافے کے اپنے طویل مدتی مقاصد کو پورا کرنے کے لیے پرعزم ہے۔

مستقبل کی توقعات

معیشت کا عمومی منظر نامہ اور خاص طور پر آٹو سیکٹر، مستقبل قریب میں بڑے اقتصادی تغیرات اور سپلائی چین کے چیلنجوں سے دوچار نظر آتا ہے۔ تاہم، کمپنی کمرشل گاڑیوں کے شعبے میں صحیح پروڈکٹس لاکر مارکیٹ کی بدلتی ضروریات کو پورا کرنے کی خواہاں ہے۔

آپ کی انتظامیہ معیار کی بہتری، کارکردگی، لاگت پر کنٹرول اور بعد از فروخت سروس پر مسلسل توجہ مرکوز کرنے کے لیے پرعزم ہے تاکہ اس کی مسابقتی صلاحیت اور مارکیٹ شیئر کو بہتر بنایا جاسکے۔

اعتراف

ادارہ ڈونگ فینگ کمرشل و ہیکل کمپنی (چین)، ڈونگ فینگ آٹوموبائل کمپنی لمیٹڈ (چین)، آنہوئی جیاہووائی آٹوموبائل گروپ کارپوریشن، لمیٹڈ (چین)، اور رینالٹ ٹرک ایس اے ایس (فرانس) کی مسلسل حمایت اور تعاون کا اعتراف کرتی ہے۔

مزید یہ کہ، میں اس موقع کا فائدہ اٹھاتے ہوئے ہم پر اعتماد کے لیے اپنے قابل قدر خریداروں کا، مخلصانہ کوششوں کے لیے مینجمنٹ ٹیم اور ملازمین کا، ان کی رہنمائی کے لیے بورڈ آف ڈائریکٹرز کا، سال بھر میں مدد اور تعاون کے لیے تمام سٹیکرز، ڈیلرز، وینڈرز، ایسوسی ایٹس اور حصص یافتگان کا شکریہ ادا کرنا چاہتا ہوں۔

Raza Khan

رضا خان خانگل

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

کراچی

مورخہ: 28 ستمبر، 2021

DIRECTORS' REPORT

On behalf of the Board of Directors, we are presenting Directors' Report together with Audited Accounts and Auditors' Report thereon for the year ended 30th June 2021.

Principal Activities

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

Financial Results

The financial results for the year ended 30th June 2021 are summarized below:

	2021	2020
	(Rupees in thousands)	
Revenue	3,225,727	1,663,080
Profit /(Loss) before taxation	115,554	(215,932)
Taxation		
Current	(9,597)	(23,134)
Deferred	24,795	32,443
	15,198	9,309
Profit / (Loss) after taxation	130,752	(206,623)
Other comprehensive (Loss) / Income	(1,776)	1,298
Total comprehensive Income / (loss)	128,976	(205,325)
Accumulated profit		
Brought forward	1,982,600	2,149,861
Incremental depreciation	47,054	38,064
	2,029,654	2,187,925
Accumulated profit Carried forward	2,158,630	1,982,600
Earnings / (Loss) per share	2.29	(3.62)

Developments during the Financial Year

During the year, the Company effectively pre-empted to the changing business needs by bringing in new models in the commercial market segment. Moreover, Kamyab Jawan Youth Entrepreneurship Scheme launched by the Government of Pakistan had supported the sales of the company as the customers have been offered attractive terms and pricing.

Holding company

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

Chairman's Review

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

Board of Directors and its Committees

The Board

The Board comprises of three independent Directors, one executive and six non-executive Directors. The Directors of the Company were elected in Extraordinary General meeting of the Company held on 1st February, 2019. In line with the Board policy of gender equality, the Company continues to maintain female representation on the Board of Directors with one female member on the Board.

Human Resource and Remuneration (HR&R) Committee

The Committee meets annually to review and recommend improvement in compensation / remuneration of employees and devise policies for the development of senior executives.

Board Audit Committee (BAC)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation.

After each meeting, the Chairman of the Committee reports to the Board. During the year 2020-21, four BAC meetings were held. Attendance by each member is as follows:

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

Meetings of Board of Directors

During the year 2020-21, five meetings of Board of Directors were held. Attendance by each Director was as follows:

S.No.	Name of Director	No. of Meetings Attended
1.	Mr. Raza Kuli Khan Khattak	5
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	5
3.	Mr. Ahmad Kuli Khan Khattak	5
4.	Syed Haroon Rashid	5
5.	Mr. Muhammad Zia	5
6.	Mr. Muhammad Saleem Baig	5
7.	Mr. Polad Merwan Polad	5
8.	Mrs. Shahnaz Sajjad Ahmad	5
9.	Mr. Salman Rasheed (FCA)	5
10.	Mr. Muhammad Jawaid Iqbal	4

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

Performance Evaluation of Board of Directors and Committees of the Board

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

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

Review of CEO's Performance

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

Directors' Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his/her own remuneration. The following are significant features of remuneration policy:

- The remuneration including incentives and other benefits of the Chief Executive Officer during the year amounts to Rs.21.3 million (2020: Rs.18.5 million).
- The Company does not pay remuneration to non-executive directors including independent directors except fee for attending the meetings. For further details on remuneration of Directors and CEO in FY 2020-21, please refer note-37 to the Financial Statements.

External Auditors

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

Internal Audit

The Company has an independent Internal Audit function. The Board Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Board Audit Committee. The Board Audit Committee approves the audit plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls and reports findings to the Board Audit Committee.

Material changes

There have been no material changes since June 30, 2021 to date of the report and the Company has not entered into any material commitment during this period, which would have an adverse impact on the financial position of the Company. All the material events and other price sensitive information are reported to PSX on as and when basis.

Pattern of Shareholding

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

Related Party Transactions

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

Communication

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the company are updated on its website at www.gandharanissan.com.pk on timely basis.

Safeguarding of Records

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

Health, Safety and Environment

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

Corporate Social Responsibility

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

Corporate and Financial reporting framework

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

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

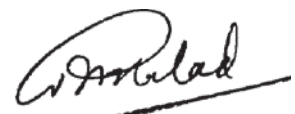
	Value of investment	Year ended
Provident Fund	Rs.158.609 million	June 30, 2020
Gratuity Fund	Rs.163.623 million	June 30, 2020

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

For and on behalf of the Board of Directors



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director

Karachi
Dated: 28th September, 2021

کاروباری سماجی ذمہ داری

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

کاروباری اور مالیاتی رپورٹنگ کا فریم ورک


ڈائریکٹرز درج ذیل امور کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور کوڈ آف کارپوریٹ گورننس کے مالی اور کاروباری ضابطے کی تعمیل کی تصدیق کرتے ہیں:

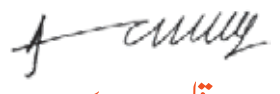
- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کی صورتحال، اس کے آپریشن کے نتائج، نقد بہاؤ (کیش فلو) اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کرتے ہیں؛
- کمپنی کے حسابات کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں
- مالی حسابات کی تیاری میں حساب کتاب کی مناسب پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور حسابات کے تخمینے معقول اور محتاط فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی، جیسا کہ پاکستان میں لاگو ہیں، پیروی کی گئی ہے اور اس سے کسی بھی انحراف کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- انٹرنل کنٹرول کا نظام ڈیزائن کے اعتبار سے درست ہے اور اسے مؤثر طریقے سے نافذ اور نگرانی میں رکھا گیا ہے۔
- کمپنی کے جاری ادارے کے طور پر کاروبار جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
- گزشتہ چھ سالوں کے کلیدی آپریشننگ اور مالی اعداد و شمار کو سالانہ رپورٹ میں شامل کیا گیا ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی اہم انحراف نہیں کیا گیا، جیسا کہ پاکستان اسٹاک ایکسچینج کی رولز بک کے ضابطوں میں تفصیل سے بیان کیا گیا ہے۔
- ٹیکس اور محصولات کے بارے میں معلومات مالیاتی حسابات کے متعلقہ نوٹس میں دی گئی ہیں۔
- اسٹاف ڈیپارٹمنٹ فنڈز کی طرف سے کی گئی سرمایہ کاری کی مالیت متعلقہ آڈٹ شدہ حسابات کے مطابق ذیل میں دی گئی ہے:

ختم ہونے والا سال	سرمایہ کاری کی مالیت	
30 جون 2020	158.609 ملین روپے	پروویڈنٹ فنڈ
30 جون 2020	163.623 ملین روپے	گریجویٹ فنڈ

- ڈائریکٹرز، CFO، کمپنی سیکرٹری، ان کی شریک حیات اور کم عمر بچوں کی طرف سے کمپنی کے حصص کا کوئی لین دین نہیں کیا گیا۔

برائے ومنجانب بورڈ آف ڈائریکٹرز


پولاڈ مروان پولاڈ
 ڈائریکٹر


احمد قلی خان خٹک
 چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 28 ستمبر 2021

- سال کے دوران چیف ایگزیکٹو آفیسر کی مراعات اور دیگر فوائد سمیت معاوضہ 21.3 ملین روپے ہے (2020-21 18.5 ملین روپے)۔
- کمپنی نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کو اجرت ادا نہیں کرتی، ماسوائے اجلاسوں میں شرکت کی فیس کے۔ مالی سال 2020-21 میں ڈائریکٹرز اور سی ای او کے معاوضے کے بارے میں مزید تفصیلات کے لیے، براہ کرم مالیاتی حسابات میں نوٹ 37 سے رجوع کریں۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہلیت کی بنا پر خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اندرونی آڈٹ

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

اہم تبدیلیاں

30 جون 2021 سے اس رپورٹ کی تاریخ تک کوئی قابل ذکر تبدیلی نہیں آئی ہے اور کمپنی نے اس عرصے کے دوران ایسا کوئی اہم معاہدہ نہیں کیا ہے، جس سے کمپنی کی مالی حیثیت پر منفی اثرات مرتب ہوں۔ تمام اہم واقعات اور دیگر قیمتوں کے اعتبار سے حساس معلومات کی پی ایس ایکس (PSX) کو جیسی ہے اور جہاں ہے کی بنیاد پر اطلاعات دی جاتی ہیں۔

حصص کی ملکیت کا اسلوب

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

متعلقہ پارٹی سے لین دین

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

مواصلات

کمپنی حصص یافتگان ساتھ رابطے کی اہمیت پر توجہ مرکوز رکھتی ہے۔ کمپنیز ایکٹ، 2017 میں بتائے گئے وقت کے اندر، ان میں سالانہ، ششماہی اور سہ ماہی رپورٹیں تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیوں کو اس کی ویب سائٹ www.ghandharanissan.com.pk پر بروقت بنیادوں پر اپ ڈیٹ کیا جاتا ہے۔

ریکارڈز کا تحفظ

کمپنی اپنے مالیاتی ریکارڈز کی اسٹوریج اور محفوظ تحویل پر بہت زور دیتی ہے۔ برقی دستاویزات تک رسائی کو پاسورڈ پروٹیکٹڈ جامع نظام کے اطلاق کے ذریعے محفوظ بنایا گیا ہے۔

صحت، حفاظت اور ماحولیات

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

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2020-21 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاسوں میں حاضری کی تعداد
1	جناب رضاقلی خان خٹک	5
2	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	5
3	جناب احمد قلی خان خٹک	5
4	سید ہارون رشید	5
5	جناب محمد ضیا	5
6	جناب محمد سلیم بیگ	5
7	جناب پولاد مروان پولاد	5
8	مسز شہناز سجاد احمد	5
9	جناب سلمان رشید (FCA)	5
10	جناب محمد جاوید اقبال	4

بورڈ اجلاس میں حاضر نہ ہو پانے والے ڈائریکٹر کو غیر حاضری کی رخصت عطا کر دی گئی۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کا تجزیہ

بورڈ کے نگرانی کے کردار اور اس کی اثر انگیزی کا تجزیہ لگاتار عمل ہے، جس کا جائزہ بورڈ خود لیتا ہے۔ توجہ کے بنیادی شعبے یہ ہیں:

- کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی صف بندی؛
- پائیدار آپریشن کے لیے حکمت عملی کی تشکیل
- بورڈ کی خود مختاری اور
- متعلقہ دفعات میں بورڈ کی کمیٹیوں کی طے شدہ ذمہ داریوں کو نبھانے کے سلسلے میں ان کی کارکردگی کا تجزیہ۔

سی ای او کی کارکردگی کا تجزیہ

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

ڈائریکٹرز کا معاوضہ

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

ہولڈنگ کمپنی

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

چیئر مین کا جائزہ

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

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ تین (3) خود مختار ڈائریکٹرز، ایک (1) ایگزیکٹو اور چھ (6) نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ادارے کے ڈائریکٹرز یکم فروری 2019 کو منعقدہ کمپنی کے غیر معمولی اجلاس عام میں منتخب کیے گئے تھے۔

صنعتی مساوات کی بورڈ پالیسی کے مطابق، کمپنی بورڈ میں ایک خاتون ممبر کے ساتھ بورڈ آف ڈائریکٹرز میں خواتین کی نمائندگی کو برقرار رکھتی ہے۔

انسانی وسائل اور معاوضہ (HR&R) کی کمیٹی

ملازمین کے مشاہرے/معاوضے کا جائزہ لینے اور بہتری کی سفارش کرنے اور سینئر ایگزیکٹوز کی ترقی کے لیے پالسیاں وضع کرنے کے لیے کمیٹی کا ہر سال اجلاس منعقد ہوتا ہے۔

بورڈ کی آڈٹ کمیٹی (BAC)

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

ہر اجلاس کے بعد کمیٹی کا چیئر مین بورڈ کو رپورٹ پیش کرتا ہے۔

سال 2020-21 کے دوران BAC کے چار اجلاس ہوئے جن میں ہر ممبر کی حاضری درج ذیل ہے:

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

گندھارا انسان لمیٹڈ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے ہم 30 جون 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ حسابات کے ہمراہ ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

بنیادی سرگرمیاں

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

30 جون 2021 کو ختم ہونے والے سال کے لیے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2020	2021	
(روپے ہزاروں میں)		
1,663,080	3,225,727	آمدنی
(215,932)	115,554	قبل از ٹیکس منافع / (نقصان)
(23,134)	(9,597)	ٹیکس
32,443	24,795	موجودہ
9,309	15,198	مؤخر شدہ
(206,623)	130,752	بعد از ٹیکس منافع / (نقصان)
1,298	(1,776)	دیگر جامع (نقصان) / آمدنی
(205,325)	128,976	مجموعی جامع آمدنی / (نقصان)
2,149,861	1,982,600	جمع شدہ منافع
38,064	47,054	آگے منتقل کیا گیا
2,187,925	2,029,654	اضافی فرسودگی
1,982,600	2,158,630	آگے منتقل کیا گیا جمع شدہ منافع
(3.62)	2.29	فی حصص آمدنی / نقصان (روپے)

مالی سال کے دوران پیش رفت

سال کے دوران، ادارے نے تجارتی مارکیٹ کے شعبے میں نئے ماڈلز لا کر بدلتی کاروبار ضروریات کی مؤثر پیش بندی کی۔ مزید یہ کہ حکومت پاکستان کی جانب سے شروع کی جانے والی کامیاب جوان یوتھ انٹرپرائیو شپ سکیم نے ادارے کی فروخت میں معاونت کی جیسا کہ صارفین کو پرکشش شرائط اور قیمتوں کی پیشکش کی گئی ہے۔

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHANDHARA NISSAN LIMITED

Report on the Audit of The Financial Statements

Opinion

We have audited the annexed financial statements of Ghandhara Nissan Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matter(s) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matter(s) were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter(s).

Following is the Key Audit Matter:

S.No. Key Audit Matters

How the matter was addressed in our audit

1. Revenue recognition

Refer notes 4.20 and 28 to the financial statements. The Company is engaged in assembly / progressive manufacturing of vehicles including vehicles under contract agreement and import & sale of parts / vehicles in completely built-up condition. The Company recognized revenue from the sales aggregating to Rs.3,225,727 thousand for the year ended June 30, 2021.

Our audit procedures in respect of this area included:

- Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls;
- Assessed the appropriateness of the Company's revenue accounting policies and their compliance with applicable financial reporting standard;

We identified recognition of revenue as a key audit matter as there is an increase of 93.96% from last year and it includes large number of transactions involving a large number of customers. Further, revenue is one of the key performance indicator of the Company.

- Compared a sample of revenue transactions recorded during the year with sales orders, applicable sale value, sales invoices, receipt vouchers, delivery letter and other relevant underlying documents;
- Performed cut-off procedures on near year end sales to ensure revenue has been recorded in the correct period; and
- On a test basis, compared discounts and commission with relevant supporting documentation.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi; September 28, 2021

A white Dongfeng truck is parked on a dirt lot in front of a building with grey corrugated metal siding. To the left of the truck, a red sign with a white wheel logo is mounted on the building. The sky is blue with scattered white clouds.

FINANCIAL STATEMENTS (STANDALONE)

Statement of Financial Position

As at June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	
ASSETS			
Non current assets			
Property, plant and equipment	5	4,065,389	4,105,816
Intangible assets	6	1,976	1,903
Long term investments	7	222,906	222,906
Long term loans	8	5,834	8,444
Long term deposits	9	27,461	22,541
Due from the Subsidiary Company	10	549,285	559,724
		<u>4,872,851</u>	<u>4,921,334</u>
Current assets			
Stores, spares and loose tools		136,467	136,504
Stock-in-trade	11	687,788	902,496
Trade debts	12	355,971	322,111
Loans and advances	13	9,899	10,070
Deposits and prepayments	14	60,602	5,406
Other receivables	15	16,439	141,323
Accrued interest / mark-up	16	20,405	14,482
Taxation - net		110,854	137,035
Cash and bank balances	17	1,029,202	311,091
		<u>2,427,627</u>	<u>1,980,518</u>
Total assets		<u><u>7,300,478</u></u>	<u><u>6,901,852</u></u>

Statement of Financial Position

As at June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	18	570,025	570,025
Capital reserves			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets - net	19	2,176,240	2,223,294
		3,278,961	3,326,015
Revenue reserve - unappropriated profits		2,158,630	1,982,600
Total equity		6,007,616	5,878,640
Liabilities			
Non current liabilities			
Lease liabilities	20	62,858	72,259
Long term borrowings	21	46,397	49,345
Deferred income - government grant	22	953	2,072
Long term deposits	23	27,726	22,611
Deferred taxation - net	24	296,879	322,399
		434,813	468,686
Current liabilities			
Trade and other payables	25	601,834	433,591
Accrued mark-up		5,386	12,170
Short term borrowings	26	100,000	50,721
Current portion of lease liabilities	20	23,928	25,221
Current maturity of long term borrowings	21	109,100	18,409
Current portion of deferred income - government grant	22	7,200	3,811
Unclaimed dividend		10,601	10,603
		858,049	554,526
Total liabilities		1,292,862	1,023,212
Contingencies and commitments	27		
Total equity and liabilities		7,300,478	6,901,852

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Polad Merwan Polad
Director


Muhammad Umair
Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income


For the year ended June 30, 2021

		2021	2020
	Note	-----Rupees '000 -----	
Revenue	28	3,225,727	1,663,080
Cost of sales	29	(2,879,812)	(1,658,058)
Gross profit		345,915	5,022
Distribution cost	30	(90,020)	(72,756)
Administrative expenses	31	(222,162)	(232,861)
Other income	32	119,474	148,757
Other expenses	33	(14,306)	-
Profit / (loss) from operations		138,901	(151,838)
Finance cost	34	(23,347)	(64,094)
Profit / (loss) before taxation		115,554	(215,932)
Taxation	35	15,198	9,309
Profit / (loss) after taxation		130,752	(206,623)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(2,501)	1,828
Impact of deferred tax		725	(530)
Other comprehensive (loss) / income for the year - net of tax		(1,776)	1,298
		128,976	(205,325)
Total comprehensive income / (loss) for the year		259,728	(411,948)
Earnings / (loss) per share - basic and diluted	36	2.29	(3.62)

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


 Ahmad Kuli Khan Khattak
 Chief Executive Officer


 Polad Merwan Polad
 Director


 Muhammad Umair
 Chief Financial Officer

Statement of Changes in Equity


For the year ended June 30, 2021

	Share capital	Capital Reserves	Revenue Reserve	
		Share premium	Surplus on revaluation of fixed assets	Unappropriated profits
				Total
	----- Rupees '000 -----			
Balance as at July 1, 2019	570,025	1,102,721	2,261,358	2,149,861
Total comprehensive loss for the year ended June 30, 2020				6,083,965
Loss for the year	-	-	-	(206,623)
Other comprehensive income	-	-	-	1,298
	-	-	-	(205,325)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax				
Balance as at June 30, 2020	-	-	(38,064)	38,064
Total comprehensive income for the year ended June 30, 2021	570,025	1,102,721	2,223,294	1,982,600
				5,878,640
Profit for the year	-	-	-	130,752
Other comprehensive loss	-	-	-	(1,776)
	-	-	-	128,976
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation / disposal - net of deferred tax	-	-	(47,054)	47,054
Balance as at June 30, 2021	570,025	1,102,721	2,176,240	2,158,630
				6,007,616

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Polad Merwan Polad
Director


Muhammad Umair
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	115,554	(215,932)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	139,004	143,281
Provision for gratuity	12,364	12,340
(Reversal) / provision for expected credit losses	(1,780)	1,156
Provision for slow moving inventories	1,950	-
Provision against loan to employees	-	454
Provision for security deposits and earnest money	-	3,442
Interest income	(75,210)	(115,494)
Dividend income	(8,703)	(414)
Gain on disposal of property, plant and equipment	(4,284)	(2,726)
Gain on disposal of investments	(2,734)	(8,906)
Fixed Assests - Written off	4,746	-
Finance cost	18,715	61,920
Exchange gain - net	(868)	(1,216)
	198,754	(122,095)
Operating profit / (loss) before working capital changes		
Decrease / (increase) in current assets:	37	(11,998)
Stores, spares and loose tools	212,758	167,158
Stock-in-trade	(32,080)	(70,788)
Trade debts	171	18,065
Loans and advances	(55,196)	14,053
Deposit and prepayments	124,884	16,560
Other receivables	250,574	133,050
Increase in trade and other payables	164,759	71,410
Cash generated from operations	614,087	82,365
Gratuity paid	(10,513)	(18,316)
Long term loans - net	2,610	1,697
Long term deposits - net	5,115	4,000
Finance cost paid	(25,499)	(72,037)
Income taxes refunds / (paid) - net	16,584	(97,299)
Net cash generated from / (used in) operating activities - carried forward	602,384	(99,590)

Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
Net cash generated from / (used in) operating activities - brought forward	602,384	(99,590)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed capital expenditure	(101,801)	(275,753)
Payments for intangible assets	(595)	-
Proceeds from disposal of property, plant and equipment	24,728	7,295
Interest income received	69,287	128,539
Due from Subsidiary Company - net	10,439	91,033
Investments - net	2,734	398,231
Long term deposits - net	(4,920)	(9,173)
Dividend received	8,703	414
Net cash generated from investing activities	8,575	340,586
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(32,138)	(30,694)
Long term borrowings - net	87,743	67,754
Government grant - net	2,270	5,883
Short term borrowings - net	49,279	(122,949)
Dividend paid	(2)	(8)
Net cash generated from / (used in) financing activities	107,152	(80,014)
Net increase in cash and cash equivalents	718,111	160,982
Cash and cash equivalents at beginning of the year	311,091	150,109
Cash and cash equivalents at end of the year	1,029,202	311,091

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Polad Merwan Polad
Director


Muhammad Umair
Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30, 2021

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 (BSL). The registered office of the Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi and regional offices in Lahore and Rawalpindi. The Company's shares are listed on Pakistan Stock Exchange Limited.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

2.2 Functional and presentation currency

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

2.3 Changes in accounting standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2020:

- (a) Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' are applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Notes to the Financial Statements

For the year ended June 30, 2021

- (b) Amendments to IFRS 16 'Leases' are applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the Company:

- (a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Company's financial statements.
- (b) Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment. The amendment not expected to have material impact on the Company's financial statements.
- (c) Amendment to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- (d) Amendment to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Notes to the Financial Statements

For the year ended June 30, 2021

- (e) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and provision for gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

- 3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

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

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Owned assets

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

Notes to the Financial Statements

For the year ended June 30, 2021

Subsequent cost

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

Depreciation

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

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amounts of assets and are included in the statement of profit or loss.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any Surplus on revaluation of fixed assets is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of operating fixed assets is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on operating fixed assets relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders.

4.1.2 Right of use assets

The Company generally leases vehicles for his employees and own use. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease term for vehicle is normally for five years.

Leases are recognised as right of use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. Lease payment includes principle along with interest. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right of use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of use assets are depreciated on reducing balance method. The carrying amount of the right of use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

Notes to the Financial Statements

For the year ended June 30, 2021

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Impairment

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to statement of profit or loss except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.1.3 Capital work-in-progress

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

4.2 Intangible assets

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

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

Subsequent expenditure

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

Amortisation

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

4.3 Non current assets held for sale

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

4.4 Financial assets

4.4.1 Classification

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

Notes to the Financial Statements

For the year ended June 30, 2021

(a) Financial assets at amortised cost

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

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

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

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

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

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

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

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

4.4.2 Recognition and measurement

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

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

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

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

Notes to the Financial Statements

For the year ended June 30, 2021

4.5 Financial liabilities

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

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

4.6 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.7 Stores, spares and loose tools

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

4.8 Stock-in-trade

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

<u>Stock category</u>	<u>Valuation method</u>
Complete Knock Down Kits (CKD)	Specific cost identification
Complete Built-up Units (CBU)	Specific cost identification
Local raw materials	At cost on weighted average basis.
Work-in-process and finished goods	At cost which comprises of raw materials, import incidentals, direct labour and appropriate portion of manufacturing overheads.
Stock-in-transit	At invoice price plus all charges paid thereon up to the reporting date.

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

Notes to the Financial Statements

For the year ended June 30, 2021

4.9 Trade debts and other receivables and related impairment

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

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

4.10 Loans and receivables

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

4.11 Cash and cash equivalents

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

4.12 Share capital

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

4.13 Mark-up bearing loans and borrowings

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

4.14 Staff benefits

4.14.1 Defined benefit plan

The Company operates funded gratuity scheme which defines the amount of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the scheme. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2021 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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

4.14.2 Defined contribution plan

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

4.15 Trade and other payables

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

Notes to the Financial Statements

For the year ended June 30, 2021

4.16 Warranty obligations

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

4.17 Research and development cost

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

4.18 Taxation

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

Current

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

Deferred

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

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

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

4.19 Provisions, contingent assets and contingent liabilities

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

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

4.20 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

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

Notes to the Financial Statements

For the year ended June 30, 2021

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

4.21 Government grants

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

4.22 Borrowing cost

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

4.23 Foreign currency transactions and translation

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

4.24 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

4.25 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing the performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

4.26 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.27 Dividend and appropriation to reserves

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2021 ----- Rupees '000 -----	2020
Operating fixed assets	5.1	3,463,667	3,585,022
Capital work-in-progress includes:			
Buildings		436,170	376,650
Plant and machinery		84,158	58,644
Advance against purchase of land	5.8	67,513	67,513
Vehicles		12,904	8,000
Computers and servers		977	9,987
		601,722	520,794
		<u>4,065,389</u>	<u>4,105,816</u>

Notes to the Financial Statements

For the year ended June 30, 2021

5.1 Operating fixed assets

At July 1, 2019

Revaluation / cost

Accumulated depreciation

Net book value

Year ended June 30, 2020

Opening net book value

Additions

Disposals

- cost

- accumulated depreciation

Transferred from right of use

assets to owned assets

- cost

- accumulated depreciation

Depreciation charge

Closing net book value

At June 30, 2020

Revaluation / cost

Accumulated depreciation

Net book value

Year ended June 30, 2021

Opening net book value

Additions

Disposals (Note 5.7)

- cost

- accumulated depreciation

Written - off

- cost

- accumulated depreciation

Transferred from right of use

assets to owned assets

- cost

- accumulated depreciation

Depreciation charge (Note 5.5)

Closing net book value

At June 30, 2021

Revaluation / cost

Accumulated depreciation

Net book value

Depreciation rate (% per annum)

	Freehold land (note 5.2)	Leasehold land (note 5.2)	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Assembly jigs	Furniture and fixtures	Owned Vehicles	Other equipment	Office equipment	Computers and Servers	Right of use assets	Total
Rupees in '000														
At July 1, 2019														
Revaluation / cost	1,567,875	222,980	753,270	93,745	87,206	872,309	52,745	44,327	73,261	31,566	14,398	16,456	110,065	3,940,203
Accumulated depreciation	-	(52,488)	(17,213)	(391)	(4,708)	(57,321)	(44,076)	(6,217)	(46,073)	(19,764)	(10,178)	(13,550)	(47,711)	(319,690)
Net book value	1,567,875	170,492	736,057	93,354	82,498	814,988	8,669	38,110	27,188	11,802	4,220	2,906	62,354	3,620,513
Year ended June 30, 2020														
Opening net book value	1,567,875	170,492	736,057	93,354	82,498	814,988	8,669	38,110	27,188	11,802	4,220	2,906	62,354	3,620,513
Additions	-	-	20,320	-	-	14,850	590	161	7,373	2,145	345	1,098	64,843	111,725
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	(14,717)	-	-	-	(1,546)	(16,263)
- accumulated depreciation	-	-	-	-	-	-	-	-	11,423	-	-	-	271	11,694
Transferred from right of use assets to owned assets	-	-	-	-	-	-	-	-	(3,294)	-	-	-	(1,275)	(4,569)
- cost	-	-	-	-	-	-	-	-	43,284	-	-	-	(43,284)	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(29,641)	-	-	-	29,641	-
Depreciation charge	-	-	-	-	-	-	-	-	13,643	-	-	-	(13,643)	-
Closing net book value	1,567,875	153,443	719,400	(4,668)	(4,125)	(41,038)	(1,852)	(3,816)	(8,555)	(4,348)	(1,471)	(1,159)	94,690	(142,647)
At June 30, 2020														
Revaluation / cost	1,567,875	222,980	773,590	93,745	87,206	887,159	53,335	44,488	109,201	33,711	14,743	17,554	130,078	4,035,665
Accumulated depreciation	-	(69,537)	(54,190)	(5,059)	(8,833)	(98,359)	(45,928)	(10,033)	(72,846)	(24,112)	(11,649)	(14,709)	(35,388)	(450,643)
Net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	7,407	34,455	36,355	9,599	3,094	2,845	94,690	3,585,022
Year ended June 30, 2021														
Opening net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	7,407	34,455	36,355	9,599	3,094	2,845	94,690	3,585,022
Additions	-	-	3,094	-	-	7,651	-	43	-	3,280	310	6,495	21,444	42,317
Disposals (Note 5.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	(16,775)	(33,120)	(173)	(17,384)	(73)	-	(123)	(1,814)	(69,462)
- accumulated depreciation	-	-	-	-	-	2,419	33,120	28	12,389	64	-	66	932	49,018
Written - off	-	-	-	-	-	(14,356)	-	(145)	(4,995)	(9)	-	(57)	(882)	(20,444)
- cost	-	-	-	-	-	(5,246)	-	-	-	-	-	-	-	(5,246)
- accumulated depreciation	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Transferred from right of use assets to owned assets	-	-	-	-	-	(4,746)	-	-	-	-	-	-	-	(4,746)
- cost	-	-	-	-	-	-	-	-	3,159	-	-	-	(3,159)	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(2,006)	-	-	-	2,006	-
Depreciation charge (Note 5.5)	-	-	-	-	-	-	-	-	1,153	-	-	-	(1,153)	-
Closing net book value	1,567,875	138,099	686,369	(4,434)	(3,919)	(39,390)	(1,481)	(3,437)	(6,694)	(3,830)	(1,101)	(2,031)	93,403	(138,482)
At June 30, 2021														
Revaluation / cost	1,567,875	222,980	776,684	93,745	87,206	872,789	20,215	44,358	94,976	36,918	15,053	23,926	146,549	4,003,274
Accumulated depreciation	-	(84,881)	(90,315)	(9,493)	(12,752)	(134,830)	(14,289)	(13,442)	(69,157)	(27,878)	(12,750)	(16,674)	(53,146)	(539,607)
Net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	5,926	30,916	25,819	9,040	2,303	7,252	93,403	3,463,667
Depreciation rate (% per annum)	10	5	5	5	5	5	20	10	20	33	33	33	20	20

Notes to the Financial Statements

For the year ended June 30, 2021

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

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

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

The Company as on December 31, 2018 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Tristar International Consultant (Private) Limited, (Approved valuers of Pakistan Banks' Association) Room No. 17, 3rd Floor, Davis Hytes, 38-Davis Road, Lahore. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 are mentioned in note 40.2.

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

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

	Note	2021 ----- Rupees '000 -----	2020 -----
Freehold land		61,456	61,456
Buildings on freehold land		118,850	122,011
Plant and machinery		344,362	360,832
Assembly jigs		4,388	5,486

- 5.5 Depreciation charge has been allocated as follows**

Cost of goods manufactured	29.1	111,851	115,197
Administrative expenses	31	26,631	27,450
		<u>138,482</u>	<u>142,647</u>

Notes to the Financial Statements

For the year ended June 30, 2021

5.6 The Company's present and future land, buildings on freehold land, plant & machinery and specific vehicles are under mortgaged / hypothecated charged up to Rs.2,010,667 thousand (2020: Rs.1,850,667 thousand) with banks for finance facilities.

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

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
----- Rupees '000 -----							
Item having book value exceeding Rs.500,000 each							
Plant and Machinery							
	3,875	316	3,559	3,640	81	Negotiation	M/s. Shahzad & Sons, Karachi
	6,226	508	5,718	9,666	3,948	Negotiation	M/s. Shahzad & Sons, Karachi
	3,508	872	2,636	656	(1,980)	Negotiation	M/s. Shahzad & Sons, Karachi
	2,779	691	2,088	614	(1,474)	Negotiation	M/s. Shahzad & Sons, Karachi
	16,388	2,387	14,001	14,576	575		
Vehicles							
	1,224	660	564	738	174	Company policy	Ex - Employee of the Company Mr. Altaf Hussain Mr. Altaf Hussain Mr. Muhammad Aamir Bhatti Mr. Rafiq Patel Key Management Personnel Mr. Muhammad Khalid Mehar Mr. Muhammad Younus Mr. Muhammad Umair
	1,858	1,340	518	1,012	494		
	1,814	932	882	1,419	537		
	1,783	1,265	518	569	51		
	1,782	1,237	545	591	46		
	1,782	1,237	545	591	46		
	1,782	1,246	536	588	52		
	12,025	7,917	4,108	5,508	1,400		
	28,413	10,304	18,109	20,084	1,975		
Items having book value upto Rs.500,000 each							
	41,049	38,714	2,335	4,644	2,309		
June 30, 2021	69,462	49,018	20,444	24,728	4,284		
June 30, 2020	16,263	11,694	4,569	7,295	2,726		

5.8 This represents advance payment for purchase of lease hold land measuring 6.3 acre for the purpose of enhancement of the Company's manufacturing facilities. The balance payment will be made after completion of legal documentation and regulatory requirements.

6. INTANGIBLE ASSETS

These represent computer software licenses.

Cost

At beginning of the year

Addition during the year

At end of the year

Accumulated amortisation

At beginning of the year

Charge for the year

At end of the year

Net book value

Rate of amortisation (% - per annum)

Note 2021 2020
----- Rupees '000 -----

4,025	4,025
595	-
4,620	4,025
2,122	1,488
522	634
2,644	2,122
1,976	1,903
25	25

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Notes to the Financial Statements

For the year ended June 30, 2021

	Notes	2021 ----- Rupees '000 -----	2020 -----
7. LONG TERM INVESTMENTS			
Subsidiary Company - at cost			
Gandhara DF (Private) Limited			
14,999,500 (2020: 14,999,500) ordinary shares of Rs.10 each		149,995	149,995
Equity held: 99.99% (2020: 99.99%)			
Break-up value per share on the basis of latest financial statements is Rs.42.53 (2020:Rs.37.64)			
Associated Company - at cost			
Gandhara Industries Limited			
8,132,336 (2020: 8,132,336) ordinary shares of Rs.10 each		72,911	72,911
Equity held: 19.09% (2020: 19.09%)			
Fair value: Rs.2,269,084 thousand (2020: Rs.984,013 thousand)			
Others - available for sale			
Automotive Testing & Training Centre (Private) Limited			
187,500 (2020: 187,500) ordinary shares of Rs.10 each - cost		1,875	1,875
Provision for impairment		(1,875)	(1,875)
		-	-
		<u>222,906</u>	<u>222,906</u>
8. LONG TERM LOANS - Unsecured, considered good and interest free			
Loans to employees			
Related parties - Key Management Personnel	8.1 & 8.2	1,731	518
Other employees	8.1	8,595	12,268
		<u>10,326</u>	<u>12,786</u>
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		1,152	518
Other employees		3,340	3,824
	13	<u>4,492</u>	<u>4,342</u>
		<u>5,834</u>	<u>8,444</u>
8.1	These represent interest free loans provided to employees of the Company as per terms of employment for various purposes. These loans are repayable on monthly instalments, which vary from case to case.		
8.2	The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2021 from Key Management Personnel aggregated to Rs.2,715 thousand (2020: Rs.3,522 thousand).		

Notes to the Financial Statements

For the year ended June 30, 2021

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

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

Deposits held with / against:

Central Depository Company of Pakistan Limited

Lease facilities

Utilities

Others

2021	2020
----- Rupees '000 -----	----- Rupees '000 -----
25	25
17,326	14,811
9,989	7,584
121	121
<u>27,461</u>	<u>22,541</u>

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

- 10.1** The Company has an aggregate cash limit of Rs.800,000 thousand (2020: Rs.800,000 thousand) that can be provided as loan to Ghandhara DF (Private) Limited (Subsidiary company) for its working capital requirements. This advance is unsecured and has been granted for a period of three years. It carries mark-up at rate of six months KIBOR+1.85% and is receivable on quarterly basis.

- 10.2** The maximum aggregate amount of loan at the end of any month during the year was Rs.730,710 thousand (2020: Rs.799,548 thousand).

11. STOCK-IN-TRADE

Raw materials

In hand

Provision for slow moving inventories

Note	2021	2020
	----- Rupees '000 -----	----- Rupees '000 -----
	97,715	166,529
11.1	(11,184)	(15,000)
	<u>86,531</u>	<u>151,529</u>

Finished goods

In hand

Complete built units - trucks

Complete knockdown units - trucks

Spare parts

Held with third parties

Complete built units - trucks

Complete knockdown units - trucks

In transit

Complete built units - trucks

Spare parts

220,055	526,019
94,292	28,482
86,696	49,171
89,199	102,759
41,028	43,298
63,330	-
6,657	1,238
<u>601,257</u>	<u>750,967</u>
<u>687,788</u>	<u>902,496</u>

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
		----- Rupees '000 -----	----- Rupees '000 -----
11.1	Movement of provision for slow moving inventories		
	At beginning of the year,	15,000	15,000
	Provision made during the year	29.1 1,950	-
	Provision written - off during the year	(5,766)	-
	At the end of the year	11,184	15,000
11.2	The present and future stock-in-trade, trade debts and receivables aggregating Rs.4,635,017 thousand (2020: Rs.4,635,017 thousand) are under pledge / joint hypothecation charge with banks against short term borrowings (Refer note 26).		
		2021	2020
	Note	----- Rupees '000 -----	----- Rupees '000 -----
12.	TRADE DEBTS - Unsecured		
	Considered good against sale of		
	Vehicles and assembly charges	12.1 350,832	317,181
	Spare parts	5,139	4,930
		355,971	322,111
	Considered doubtful		
	Provision for expected credit losses	12.4 4,639	6,419
		360,610	328,530
		(4,639)	(6,419)
		355,971	322,111
12.1	Trade debts include the following amounts due from related parties:		
	Gandhara DF (Private) Limited	10,354	5,406
	Gandhara Industries Limited	19,325	93,745
		29,679	99,151
12.2	The ageing of the trade debts receivable from related parties as at the reporting date is as follows:		
		2021	2020
		----- Rupees '000 -----	----- Rupees '000 -----
	Up to 3 months	29,679	99,151
12.3	The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.123,390 thousand (2020: Rs.139,458 thousand).		

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	
12.4 Movement in provision for expected credit losses			
Balance at beginning of the year		6,419	5,263
(Reversal) / provision for the year - net		(1,780)	1,156
Balance at end of the year		<u>4,639</u>	<u>6,419</u>
13. LOANS AND ADVANCES - Unsecured, considered good and interest free			
Current portion of long term loans	8	4,492	4,342
Advances to / against:			
Related party - Key Management Personnel		20	5
Other employees		1,519	1,512
Provision for other employees		(454)	(454)
Suppliers, contractors and others		3,408	4,412
		<u>4,493</u>	<u>5,475</u>
Letters of credit		914	253
		<u>9,899</u>	<u>10,070</u>
14. DEPOSITS AND PREPAYMENTS			
Prepaid			
- rent [BSL - the Holding Company]		6,050	-
- rent others		274	252
- insurance		5,000	487
		<u>11,324</u>	<u>739</u>
Current account balances with statutory authorities		49,278	4,667
		<u>60,602</u>	<u>5,406</u>

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	-----
15. OTHER RECEIVABLES			
Considered good and interest free			
Due from Subsidiary Company	15.1	1,280	3,096
Sales tax refundable / adjustable		-	129,050
Margin against letters of credit		1,249	-
Security deposits and earnest money - interest free		4,394	4,753
Provision for security deposits and earnest money		(3,442)	(3,442)
		952	1,311
Others including insurance claim receivable		12,958	7,866
		<u>16,439</u>	<u>141,323</u>

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

		2021	2020
	Note	----- Rupees '000 -----	-----
16. ACCRUED INTEREST / MARK-UP			
Interest / mark-up accrued on:			
- long term advance to Subsidiary Company		11,354	14,095
- term deposits receipts		9,051	387
		<u>20,405</u>	<u>14,482</u>

17. CASH AND BANK BALANCES

Cash in hand		-	124
Cash at banks in:			
- current accounts		49,687	35,757
- saving accounts	17.1	75,954	255,105
- deposit accounts	17.2 & 17.4	406,473	10,517
- term deposits receipts	17.3 & 17.4	501,000	13,500
		1,033,114	314,879
Provision for doubtful bank balance	17.5	(3,912)	(3,912)
		<u>1,029,202</u>	<u>311,091</u>

Notes to the Financial Statements

For the year ended June 30, 2021

- 17.1** At reporting date, these carry mark-up to the rate of 5.50% (2020:6.50%) per annum.
- 17.2** This carries mark-up at the rate of 6.25% (2020: 13.70%) per annum.
- 17.3** Term deposit receipts (TDRs) have expected maturity of 90 (2020:90) days from respective dates of acquisition. These TDRs carry mark-up at rate ranging from 6.40% to 7.25% (2020: 7.50%) per annum.
- 17.4** These are under lien as cash margin against financing facilities availed from financial institutions under Temporary Economic Refinance Facility (TERF). (Refer note 26.4).
- 17.5** This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42,586 thousand deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Company considers that it has discharged its obligation against the said letters of credit.

	2021	2020
	----- Rupees '000 -----	

18. SHARE CAPITAL

18.1 Authorized capital

80,000,000 (2020: 80,000,000) ordinary shares of Rs.10 each

800,000

800,000

18.2 Issued, subscribed and paid-up capital

2021	2020
----- No. of shares -----	

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

2021	2020
----- Rupees '000 -----	

268,000	268,000
2,000	2,000
300,025	300,025
570,025	570,025

- 18.3** At June 30, 2021, Bibojee Services (Private) Limited (the Holding Company) holds 57.76% (2020: 57.76%) of share capital of the Company.
- 18.4** The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets.

Notes to the Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
19. SURPLUS ON REVALUATION OF FIXED ASSETS - Net		
Balance at beginning of the year	2,517,815	2,571,426
Surplus pertaining to assets disposed off during the year	(15,416)	-
Transferred to unappropriated profit on account of incremental depreciation for the year	(50,858)	(53,611)
	<u>2,451,541</u>	<u>2,517,815</u>
Less: related deferred tax of:		
- opening balance	294,521	310,068
- surplus pertaining to assets disposed off	(4,471)	-
- incremental depreciation for the year	(14,749)	(15,547)
- closing balance	<u>275,301</u>	<u>294,521</u>
Balance at end of the year	<u>2,176,240</u>	<u>2,223,294</u>
20. LEASE LIABILITIES - Secured Considered good and interest free		
Balance at beginning of the year	97,480	63,331
Assets acquired during the year	17,693	68,681
Repaid / adjusted during the year	(28,387)	(34,532)
	<u>86,786</u>	<u>97,480</u>
Current portion grouped under current liabilities	(23,928)	(25,221)
Balance at end of the year	<u>62,858</u>	<u>72,259</u>

- 20.1** These represent vehicles acquired under diminishing musharakah arrangements from two financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 8.24% to 12.00% (2020: 10.04% to 16.55%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Company intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

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

Particulars	Upto one year	From one to five years	2021	Upto one year	From one to five years	2020
	----- Rupees in '000 -----					
Minimum lease payments	29,087	68,272	97,359	33,975	83,495	117,470
Finance cost allocated to future periods	(5,159)	(5,414)	(10,573)	(8,754)	(11,236)	(19,990)
Present value of minimum lease payments	<u>23,928</u>	<u>62,858</u>	<u>86,786</u>	<u>25,221</u>	<u>72,259</u>	<u>97,480</u>

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	-----
21. LONG TERM BORROWINGS			
Loan under refinance scheme for payment of wages and salaries	21.1	163,650	73,637
Adjustment pertaining to fair value of loan at below market interest rate	21.2	(8,153) 155,497	(5,883) 67,754
Current Portion grouped under current liabilities		(109,100) 46,397	(18,409) 49,345
21.1 Loan amount received from financial institutions			
Balance at the beginning of the year		73,637	-
Loans obtained during the year		144,563	73,637
Loans re-paid during the year		(54,550)	-
Balance at the end of the year		163,650	73,637

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

		2021	2020
		----- Rupees '000 -----	-----
21.2 Adjustment pertaining to fair value of loan at below market interest rate			
Balance at beginning of the year		5,883	-
Difference of fair value of loan and loan received		13,052	6,079
Amortisation of loan		(10,782)	(196)
Balance at end of the year		8,153	5,883
22. DEFERRED INCOME - GOVERNMENT GRANT			
Balance at beginning of the year		5,883	-
Grant recognised on loan at below market interest rate		13,052	6,079
Released to statement of profit or loss		(10,782)	(196)
Current portion grouped under current liabilities		8,153 (7,200)	5,883 (3,811)
Balance at end of the year		953	2,072

Notes to the Financial Statements

For the year ended June 30, 2021

- 22.1** The Company recognised government grant on below market interest loan received - (note 21.1.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

23. LONG TERM DEPOSITS - Interest free

Dealers' deposits
Vendors
Others

2021	2020
----- Rupees '000 -----	----- Rupees '000 -----
19,615	18,500
111	111
8,000	4,000
<u>27,726</u>	<u>22,611</u>

24. DEFERRED TAXATION - Net

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

- accelerated tax depreciation allowance
- surplus on revaluation of fixed assets
- lease finances
- provision for expected credit losses
- provision for other receivables
- provision for warranty claims
- provision for obsolete/slow moving inventories
- provision for bank balances
- unabsorbed tax depreciation

96,970	93,676
275,301	294,521
5,661	1,511
(1,345)	(1,862)
(998)	(998)
-	(49)
(3,243)	(4,350)
(1,134)	(1,134)
<u>(74,333)</u>	<u>(58,916)</u>
<u>296,879</u>	<u>322,399</u>

- 24.1** As at June 30, 2021, the Company has unused tax losses aggregating Rs.135,598 thousand (2020: Rs.142,969 thousand). Deferred tax asset on un-used tax losses and minimum taxes have not been recognised on prudent basis.

25. TRADE AND OTHER PAYABLES

Trade creditors
Bills payable
Accrued liabilities
Refundable - CKD / CBU business
Customers' credit balances
Commission
Unclaimed gratuity
Dealers' / contractor deposits - interest free
Payable to Waqf-e-Kuli Khan
Payable to gratuity fund
Provision against additional custom duty
Sales tax payable
Withholding tax
Workers' profit participation fund
Workers' welfare fund
Retention money
Warranty claims
Others

Note	2021	2020
	----- Rupees '000 -----	----- Rupees '000 -----
25.1	119,627	48,484
	118,463	87,070
25.2	100,915	90,245
	1,403	1,403
25.3	69,843	112,247
	42,927	28,159
	231	231
	962	1,000
	-	9,885
25.4	14,864	10,512
	70,239	11,200
	12,297	-
	1,168	1,617
25.5	6,256	-
	3,415	111
	2,175	403
	-	170
25.6	37,049	30,854
	<u>601,834</u>	<u>433,591</u>

Notes to the Financial Statements

For the year ended June 30, 2021

25.1 Includes Rs.4,337 thousand (2020: Rs.2,867 thousand) payable to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

25.2 Includes Rs.12,266 thousand (2020: Rs.1,004 thousand) and Rs.Nil (2020: Rs.3,010 thousand) which pertains to a Key Management Person and Bibojee Services (Private) Limited respectively.

25.3 These represent advances from customers against sale of trucks and carry no mark-up.

25.4 Provision for gratuity

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

The latest actuarial valuation of the Scheme as at June 30, 2021 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

	2021	2020
	----- Rupees '000 -----	
25.4.1 Statement of financial position reconciliation		
Present value of defined benefit obligation	177,555	164,362
Fair value of plan assets	(171,934)	(163,632)
Benefits payable	9,243	9,782
Net liability at end of the year	14,864	10,512
25.4.2 Net liability recognised		
Net liability at beginning of the year	10,512	18,316
Charge to statement of profit or loss	12,364	12,340
Contributions made by the Company	(10,513)	(18,316)
Re-measurement recognised in other comprehensive income	2,501	(1,828)
Net liability at end of the year	14,864	10,512
25.4.3 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	164,362	148,318
Current service cost	12,632	11,783
Interest expense	13,331	20,391
Benefits paid	(12,247)	(1,383)
Liability transferred to the Subsidiary Company	(2,203)	-
Benefits due but not paid	(2,798)	(9,065)
Re-measurement	4,478	(5,682)
Balance at end of the year	177,555	164,362
25.4.4 Movement in the fair value of plan assets		
Balance at beginning of the year	163,632	130,719
Contribution received during the year	10,513	18,316
Interest income	13,599	19,834
Liability transferred to the Subsidiary Company	(2,203)	-
Benefits paid	(15,584)	(1,383)
Re-measurement	1,977	(3,854)
Balance at end of the year	171,934	163,632

Notes to the Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
25.4.5 Expense recognised in statement of profit or loss		
Current service cost	12,632	11,783
Net interest (income) / expense	(268)	557
	<u>12,364</u>	<u>12,340</u>
25.4.6 Re-measurement recognised in other comprehensive income		
Financial assumptions	272	(999)
Experience adjustments	4,206	(4,683)
Re-measurements of plan assets	(1,977)	3,854
	<u>2,501</u>	<u>(1,828)</u>
25.4.7 Plan assets comprise of		
Fixed income instruments	167,444	149,063
Mutual fund securities	3,460	4,029
Cash at bank	1,030	10,540
	<u>171,934</u>	<u>163,632</u>
25.4.8 Significant actuarial assumptions and sensitivity		
	2021	2020
	----- % per annum -----	
Discount rate	8.50	8.50
Expected rate of increase in future salaries	10.00	8.50
Mortality rates (for death in service)	SLIC (2001-2005)-1	SLIC (2001-2005)-1

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

	Impact on define benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	----- Rupees '000 -----		
Discount rate	1.00%	<u>162,750</u>	<u>194,824</u>
Increase in future salaries	1.00%	<u>194,850</u>	<u>162,455</u>

Notes to the Financial Statements

For the year ended June 30, 2021

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

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

25.4.9 Based on actuary's advice, the expected charge to statement of profit or loss for the year ending June 30, 2022 amounts to Rs.12,664 thousand.

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

25.4.11 Historical Information

	2021	2020	2019	2018	2017
	----- Rupees in '000 -----				
Present value of defined benefit obligation	177,555	164,362	148,318	124,341	106,433
Experience adjustment	2,501	(1,828)	8,195	4,200	16,698

25.4.12 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
At June 30, 2021	22,891	6,163	39,170	1,679,107	1,747,331

25.5 Workers' profit participation fund

		2021	2020
	Note	----- Rupees '000 -----	-----
Balance at beginning of the year		-	291
Allocation for the year	33	6,256	-
Interest on funds utilised in the Company's business	34	-	12
		6,256	303
Payment made during the year		-	(303)
Balance at end of the year		6,256	-

Notes to the Financial Statements

For the year ended June 30, 2021

- 25.6** Includes deposits and instalments under the Company's staff vehicle policy aggregating Rs.22,116 thousand (2020: Rs.17,314 thousand).

	2021	2020
	----- Rupees '000 -----	
26. SHORT TERM BORROWINGS		
Term finance - short term loan carries mark-up @ 8.20%	100,000	-
Running finances	-	50,721
	<u>100,000</u>	<u>50,721</u>

- 26.1** Running finance and short term facilities available from commercial banks under mark-up arrangement aggregated to Rs.875,000 thousand including sub limit of Rs.300,000 thousand (2020: Rs.895,000 thousand) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 8.03% to 9.59% (2020: 9.58% to 16.00%) per annum. The arrangements are expiring on December 31, 2021.

- 26.2** The facilities for opening letters of credits (LCs) as at June 30, 2021 aggregated to Rs.2,600,000 thousand (2020: Rs.2,500,000 thousand) of which the amount remained unutilised at the year-end was Rs.1,843,961 thousand (2020: Rs.2,204,240 thousand). Further, the Company also has facilities for Finance against Import Merchandise aggregating Rs.2,350,000 thousand (2020: Rs.1,950,000 thousand) as sub limits of these LCs facilities and letters of guarantee facilities aggregating Rs.300,000 thousand (2020: Rs.207,000 thousand) as sub limits of these LCs facilities. These facilities are secured against effective pledge of imported consignment, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.

- 26.3** Above facilities aggregated to Rs.1,350,000 thousand (2020: Rs.907,000 thousand) for opening letters of credits, letter of guarantees facilities and finance against import merchandise facilities are also available to the Subsidiary Company at Group level.

- 26.4** During the year, the Company has also availed financing facilities from financial institutions under Temporary Economic Refinance Facility (TERF) for opening letters of credits (LCs) aggregated to Rs.900,000 thousand (2020: Rs. Nil) and fully utilised for import of capital goods. These facilities are secured against cash margin under lien of own account and three months term deposit receipts. (Refer note 17.4).

27. CONTINGENCIES AND COMMITMENTS

- 27.1** Certain cases have been filed against the Company in respect of employees matters. These cases are pending before High Court of Sindh and National Industrial Relations Commission, Karachi. The management is confident that the outcome of these cases will be in the Company's favour.

- 27.2** Commitments outstanding for irrevocable letters of credit relating to capital expenditure, raw materials and components as at June 30, 2021 aggregated to Rs.1,561,635 thousand (2020: Rs.208,690 thousand).

- 27.3** Guarantees aggregating Rs.23,830 thousand (2020: Rs.26,766 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.484,716 thousand (2020: Rs.475,624 thousand) to the commercial banks against running finances and letters of credit facilities utilised by the Subsidiary Company.

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 ----- Rupees '000 -----	2020 ----- Rupees '000 -----
28. REVENUE - Net			
Manufacturing activity			
Sales		2,921,322	1,398,579
Less:			
- sales tax		426,340	202,904
- commission		72,040	33,874
		498,380	236,778
		<u>2,422,942</u>	<u>1,161,801</u>
Trading activity			
Sales		946,629	591,323
Less:			
- sales tax		137,375	86,407
- discount and commission		6,469	3,637
		143,844	90,044
		802,785	501,279
		<u>3,225,727</u>	<u>1,663,080</u>
29. COST OF SALES			
Finished goods at beginning of the year		749,729	833,003
Cost of goods manufactured	29.1	2,275,816	1,312,696
Purchases - trading goods		385,537	262,088
		2,661,353	1,574,784
	11	(531,270)	(749,729)
		<u>2,879,812</u>	<u>1,658,058</u>
29.1 Cost of goods manufactured			
Raw materials and parts consumed	29.2	1,520,735	644,086
Fabrication of contract vehicles		17,019	8,498
Stores and spares consumed		53,891	48,687
Salaries, wages and benefits	29.3	396,121	350,117
Transportation		23,718	18,663
Repair and maintenance		38,831	32,206
Depreciation	5.5	111,851	115,197
Provision for slow moving inventories	11.1	1,950	-
Insurance		3,121	4,072
Communication		2,565	2,220
Rent, rates and taxes		1,945	1,438
Travelling and entertainment		475	707
Plant utilities		78,669	66,282
Printing, stationery and office supplies		1,751	1,528
Royalty expense		4,565	2,103
Plant security		16,940	14,925
Other manufacturing expenses		1,669	1,967
		<u>2,275,816</u>	<u>1,312,696</u>

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	Rupees '000	Rupees '000
29.2 Raw materials and parts consumed			
Stocks at beginning of the year		151,529	174,017
Purchases		1,455,737	621,598
		1,607,266	795,615
	11	(86,531)	(151,529)
Stocks at end of the year		1,520,735	644,086

29.3 Salaries, wages and benefits include Rs.7,337 thousand (2020: Rs.7,410 thousand) and Rs.6,022 thousand (2020: Rs.5,725 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

		2021	2020
	Note	Rupees '000	Rupees '000
30. DISTRIBUTION COST			
Salaries and benefits	30.1	73,140	53,825
Utilities		887	655
Rent		6,788	4,117
Insurance		927	743
Repair and maintenance		816	172
Travelling and entertainment		1,073	3,382
Telephone and postage		314	204
Vehicle running		988	220
Printing, stationery and office supplies		209	63
Security		350	-
Warranty services		558	798
Godown and forwarding		1,329	1,698
Sales promotion expenses		2,518	6,784
Others		123	95
		90,020	72,756

30.1 Salaries and benefits include Rs.922 thousand (2020: Rs.971 thousand) and Rs.2,628 thousand (2020: Rs.2,355 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	Rupees '000	
31. ADMINISTRATIVE EXPENSES			
Salaries and benefits	31.1	135,298	132,158
Utilities		1,365	1,284
Rent, rates and taxes		13,033	11,924
Directors' fee		3,450	2,530
Insurance		1,762	1,882
Repairs and maintenance		3,528	4,340
Depreciation and amortisation	5.5 & 6	27,153	28,084
Auditors' remuneration	31.2	1,115	1,095
Advertising		659	1,204
Travelling and conveyance		3,955	9,677
Legal and professional charges		11,342	13,174
Vehicle running		4,069	3,589
Telephone and postage		5,232	5,160
Printing and stationery		3,027	3,629
Subscriptions		5,362	4,247
Security expenses		-	1,594
Provision for expected credit losses		-	1,156
Provision against loan to employees		-	454
Provision for security deposits and earnest money		-	3,442
Others		1,812	2,238
		<u>222,162</u>	<u>232,861</u>

31.1 Salaries and benefits include Rs.4,105 thousand (2020: Rs.3,959 thousand) and Rs.3,631 thousand (2020: Rs.3,695 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

		2021	2020
	Notes	Rupees '000	
31.2 Auditors' remuneration			
Remuneration in respect of auditors' services for:			
- statutory audit and half yearly review		1,000	1,000
- certification and others		70	50
- audits of retirement fund and workers' profit participation fund		45	45
		<u>1,115</u>	<u>1,095</u>

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
Note		Rupees '000	Rupees '000
32. OTHER INCOME			
Income from financial assets			
Interest / mark-up earned on:			
- deposit accounts	32.1	9,532	10,060
- term deposit receipts	32.1	15,657	17,149
- long term advance to Subsidiary Company	32.2	50,021	88,285
Gain from sale of investment in mutual funds		2,734	8,906
Dividend income - mutual funds' investment		6,923	414
Reversal of provision for expected credit losses		1,780	-
		86,647	124,814
Income from non-financial assets			
Scrap sales - net of sales tax		10,886	9,241
Gain on disposal of operating fixed assets	5.7	4,284	2,726
Commission income against corporate guarantee		3,733	5,576
Indenting commission		-	4,161
Exchange gain - net		868	1,216
Service income - net of sales tax		1,191	222
Liabilities written back		9,885	-
Others		1,980	801
		32,827	23,943
		119,474	148,757
32.1	Interest at the rates ranged from 6.30% to 11.64% (2020: 6.50% to 13.70%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.		
32.2	Interest at the rates ranged from 7.20% to 9.73% (2020: 7.09% to 15.75%) per annum has been earned during the year on long term advance to Subsidiary Company.		
		2021	2020
Note		Rupees '000	Rupees '000
33. OTHER EXPENSES			
Workers' profit participation fund	25.5	6,256	-
Workers' welfare fund		3,304	-
Fixed assets - written off		4,746	-
		14,306	-
34. FINANCE COST			
Mark-up on :			
- long term borrowings		3,381	106
- short term borrowings		1,370	1,794
- running finances		7,392	49,656
		12,143	51,556
Lease finance charges		6,572	10,352
Interest on workers' profit participation fund	25.5	-	12
Bank and other charges		4,632	2,174
		23,347	64,094

Notes to the Financial Statements

For the year ended June 30, 2021

35. TAXATION

Current tax

Current tax on profits for the year
 Adjustment for current tax of prior years

Deferred tax

Origination and reversal of temporary differences

2021	2020
----- Rupees '000 -----	
51,521	23,134
(41,924)	-
<u>9,597</u>	<u>23,134</u>
(24,795)	(32,443)
<u>(15,198)</u>	<u>(9,309)</u>

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

36. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

36.1 Basic earnings / (loss) per share

Profit / (loss) after taxation

2021	2020
----- Rupees '000 -----	

<u>130,752</u>	<u>(206,623)</u>
----------------	------------------

Restated

----- Number of shares -----

Weighted average ordinary shares in issue

<u>57,002,500</u>	<u>57,002,500</u>
-------------------	-------------------

----- Rupees -----

Earnings / (loss) per share - basic and diluted

<u>2.29</u>	<u>(3.62)</u>
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36.2 Diluted earnings per share

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

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	-	97,442	15,780	-	82,812
Bonus	2,800	-	15,657	-	-	-
Contribution to provident fund	850	-	4,067	850	-	3,693
Gratuity	850	-	2,739	850	-	2,127
Utilities	1,020	-	6,114	1,020	-	4,544
Passage / privilege leave	-	-	2,293	-	-	2,229
	<u>21,300</u>	<u>-</u>	<u>128,312</u>	<u>18,500</u>	<u>-</u>	<u>95,405</u>
Number of persons	<u>1</u>	<u>-</u>	<u>22</u>	<u>1</u>	<u>-</u>	<u>24</u>

Notes to the Financial Statements

For the year ended June 30, 2021

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

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

37.3 Remuneration to other directors

Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.3,450 thousand (2020: Rs.2,530 thousand).

38. TRANSACTIONS WITH RELATED PARTIES

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

Related party name along with relation	Nature of transaction	2021 --- Rupees in '000 ---	2020
(i) Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	6,655	6,000
(ii) Subsidiary Company			
Ghandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	55,598	51,035
	Purchase of parts	23	2
	Sale of parts	1,876	1,512
	Payment received against long term advances - net	10,439	91,033
	Interest income	50,021	88,285
	Guarantee commission	4,218	6,301
(iii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Company (38.1)	Contract assembly charges	588,843	439,452
	Purchase of parts	621	183
	Reimbursement of expenses	638	444
	Head office rent	3,572	3,221
	Sale of vehicle	2,540	-
The General Tyre and Rubber Company of Pakistan Limited (38.1)	Purchase of tyres, tubes and flaps	30,063	10,142
Gammon Pakistan Limited (38.1)	Regional office rent	3,300	3,000
Janana De Malucho Textile Mills Limited (38.1)	Reimbursement of expenses	2,275	2,057
(iv) Others			
Staff provident fund Staff gratuity fund Key management personnel	Contribution made	12,281	11,775
	Contribution made	10,513	18,317
	Remuneration and other short term benefits	113,678	92,421
	Sale of fleet vehicles	1,770	-

38.1 Associated company by virtue of common directorship.

Notes to the Financial Statements

For the year ended June 30, 2021

39. PLANT CAPACITY

Against the production capacity of 4,800 (2020: 4,800) trucks, buses and pickups on single shift basis, the Company produced 3,710 (2020: 2,713) trucks and buses of JAC, DongFeng and Isuzu. The Company has also processed 3,627 (2020: 2,618) truck cabs and pickups through paint shop.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Company has not assembled any vehicle and the plant was idle during the year ended June 30, 2021 and June 30, 2020.

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

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

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

(a) Credit risk

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

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

The maximum exposure to credit risk as at June 30, 2021 along with comparative is tabulated below:

	2021	2020
	----- Rupees '000 -----	
Long term loans	5,834	8,444
Long term deposits	10,135	7,730
Due from Subsidiary Company	549,285	559,724
Trade debts	355,971	322,111
Loans and advances	4,492	4,342
Other receivables	16,439	12,273
Accrued interest / mark-up	20,405	14,482
Bank balances	1,029,202	310,967
	<u>1,991,763</u>	<u>1,240,073</u>

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

Notes to the Financial Statements

For the year ended June 30, 2021

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

	2021	2020
	----- Rupees '000 -----	
Up to 3 months	347,651	312,230
3 to 6 months	7,144	3,358
6 to 12 months	3,257	9,592
More than 12 months	2,558	3,350
Provision for expected credit losses	(4,639)	(6,419)
	<u>355,971</u>	<u>322,111</u>

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

(b) Liquidity risk

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

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

June 30, 2021

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	----- Rupees in '000 -----			
Lease liabilities	86,786	97,359	29,087	68,272
Long term borrowings	155,497	165,653	83,239	82,414
Long term deposits	27,726	27,726	-	27,726
Trade and other payables	508,855	508,855	508,855	-
Accrued mark-up	5,386	5,386	5,386	-
Short term borrowings	100,000	100,683	100,683	-
Unclaimed dividend	10,601	10,601	10,601	-
	<u>894,851</u>	<u>916,263</u>	<u>737,851</u>	<u>178,412</u>

June 30, 2020

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	----- Rupees in '000 -----			
Lease liabilities	97,480	117,470	33,975	83,495
Long term borrowings	67,754	76,678	19,999	56,679
Long term deposits	22,611	22,611	-	22,611
Trade and other payables	319,616	319,616	319,616	-
Accrued mark-up	12,170	12,170	12,170	-
Short term borrowings	50,721	51,144	51,144	-
Unclaimed dividend	10,603	10,603	10,603	-
	<u>580,955</u>	<u>610,292</u>	<u>447,507</u>	<u>162,785</u>

Notes to the Financial Statements

For the year ended June 30, 2021

(c) Market risk

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

Foreign exchange risk

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

	Rupees	Euro	U.S. Dollar	RMB
June 30, 2021	----- in '000 -----			
	126,188	24	42	4,645
Trade and other payables				
June 30, 2020	89,530	-	13	3,639
Trade and other payables	(4,224)	-	-	(176)
Other receivables	<u>85,306</u>	<u>-</u>	<u>13</u>	<u>3,463</u>

The following significant exchange rates have been applied:

	Reporting date rate	
	2021	2020
RMB to Rupee	24.76	24.00
U.S. Dollar to Rupee	158.30	168.75
Euro to Rupee	188.71	186.99

Sensitivity analysis

At June 30, 2021, if Rupee had strengthened by 5% against RMB, Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of net financial liabilities.

	2021	2020
	----- Rupees '000 -----	
Effect on profit for the year		
RMB to Rupee	5,751	4,156
U.S. Dollar to Rupee	332	110
Euro to Rupee	226	-
	<u>6,309</u>	<u>4,266</u>

Interest rate risk

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

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

Notes to the Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
Fixed rate instruments - financial assets		
Bank balances	983,427	279,122
Variable rate instruments		
Financial assets		
Due from the Subsidiary Company	549,285	559,724
Financial liabilities		
Long term borrowings	155,497	67,754
Short term borrowings	100,000	50,721
Liabilities against assets subject to finance lease	86,786	97,480
	342,283	215,955

Sensitivity analysis

At June 30, 2021, if the interest rates on the Company's variable rate instruments had been 1% higher / (lower) with all other variables held constant, profit before tax for the year would have been Rs.2,070 thousand (2020: Rs.3,439 thousand) lower / higher mainly as a result of net higher / (lower) interest income.

Price risk

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

40.2 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1]
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

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

Valuation techniques used to determine fair values

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

Notes to the Financial Statements

For the year ended June 30, 2021

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

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

	2021	2020
	----- Rupees '000 -----	
40.3 Financial instruments by category - at amortised cost		
Financial assets as per statement of financial position		
Long term loans	5,834	8,444
Long term deposits	27,461	22,541
Due from Subsidiary Company	549,285	559,724
Trade debts	355,971	322,111
Loans and advances	5,577	5,405
Accrued interest / mark-up	20,405	14,482
Other receivables	16,439	12,273
Cash and bank balances	1,029,202	311,091
	<u>2,010,174</u>	<u>1,256,071</u>
Financial liabilities as per statement of financial position		
Lease liabilities	86,786	97,480
Long term borrowings	155,497	67,754
Long term deposits	27,726	22,611
Trade and other payables	508,855	319,616
Accrued mark-up	5,386	12,170
Short term borrowings	100,000	50,721
Unclaimed dividend	10,601	10,603
	<u>894,851</u>	<u>580,955</u>

41. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares and obtain further loan facilities. There was no change to the Company's approach to capital management during the year. The Company monitors capital on the basis of gearing ratio calculated as follows:

	2021	2020
	----- Rupees '000 -----	
Total borrowings	342,283	215,955
Bank balances	(1,029,202)	(311,091)
Net bank balance	(686,919)	(95,136)
Total equity	6,007,616	5,878,640
Total capital	<u>5,320,697</u>	<u>5,783,504</u>
Gearing ratio	<u>0.00%</u>	<u>0.00%</u>

Notes to the Financial Statements

For the year ended June 30, 2021

42. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2021 were 949 (2020: 1,005), average number of employees during the year were 976 (2020: 998).

43. PROVIDENT FUND RELATED DISCLOSURES

43.1 The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2021:

	2021	2020
	----- Rupees '000 -----	
Size of the Fund - total assets	177,435	158,609
Cost of investments made	122,261	116,803
Percentage of investments made	68.90%	73.64%
Fair value of investments	193,343	165,974

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

44. SHAHRIAH SCREENING DISCLOSURE


	2021		2020	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	----- Rupees '000 -----			
Cash and bank balances	608,037	425,077	312,252	2,627
Accrued mark-up	6,963	13,442	387	14,095
Accrued mark-up on short term borrowings	4,647	739	6,396	5,774
Revenue	-	3,225,727	-	1,663,080
Other income				
a) Profit on saving accounts and term deposit receipts	70,083	5,127	115,494	-
b) Gain from sale of investment	1,016	1,718	8,906	-
c) Dividend income	1,553	5,370	414	-
d) Others including exchange gain on actual currency	-	34,607	-	23,943
Mark-up / interest expense	15,534	3,181	55,306	6,614

45. CORRESPONDING FIGURES


The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2021 by the Board of Directors of the Company.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Polad Merwan Polad
Director


Muhammad Umair
Chief Financial Officer

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

Name of the Company: **Ghandhara Nissan Limited**
 Year Ended: **June 30, 2021**

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

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

a. Male: 09
 b. Female: 01

2. The composition of Board is as follows:

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

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

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

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations, 2019.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.



8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of the ten Directors; three directors are exempted from Directors' Training Program based on their experience as director on the board of Listed Companies and seven directors have obtained certificate of Directors' Training Program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CEO and CFO have duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below.-
 - a) Audit Committee:

• Mr. Polad Merwan Polad	- Chairman
• Lt.Gen (Retd.) Ali Kuli Khan Khattak	- Member
• Mr. Salman Rasheed (FCA)	- Member
• Mr. Muhammad Zia	- Member
• Mr. Muhammad Saleem Baig	- Member
 - b) Human Resource and Remuneration Committee:

• Mr. Muhammad Jawaid Iqbal	- Chairman
• Mr. Ahmad Kuli Khan Khattak	- Member
• Mrs. Shahnaz Sajjad Ahmad	- Member
• Mr. Muhammad Zia	- Member
• Mr. Polad Merwan Polad	- Member
13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the Committees were as per following:-
 - a) Audit Committee:

• 1st Meeting	:	within one month of end of quarter.
• 2nd Meeting	:	within two months of end of half year.
• 3rd Meeting	:	within one month of end of quarter.
• 4th Meeting	:	within three months of end of quarter
 - b) Human Resource and Remuneration Committee:

• Held once during the financial year

15. The Board has set up an effective internal Audit Function which functionally reports to the Audit Committee.

A casual vacancy occurred during the financial year 2021 in the position of Head of Internal Audit. The process of filling the casual vacancy has been completed subsequent to the year end.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Three Independent Directors were elected in the EOGM held on 01-02-2019. The number of Independent Directors as fixed during Board of Directors meeting held on 24-10-2018 was 3 rather than one third (3.33) of the total number (10) of directors as 0.33 being less than 0.5. Moreover, the Board believes that three Independent Directors are sufficient enough to maintain independence at Board level.

For and on behalf of the Board of Directors



RAZA KULI KHAN KHATTAK

Chairman

Karachi

Dated: 28th September, 2021



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Independent Auditors' Review Report to the Members of Ghandhara Nissan Limited

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

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Ghandhara Nissan Limited (the Company) for the year ended June 30, 2021, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Further, we highlight instance of non-compliance with the requirement of the Regulations as reflected in the paragraph 15 where it is stated in the Statement of Compliance.

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Raheel Ahmed
Karachi; September 28, 2021

a member firm of *ShineWing* International



Key Operating and Financial Data

(Rs. In '000')

Particulars	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16
Sales	3,225,727	1,663,080	2,373,750	2,218,734	4,858,178	5,005,148
Gross profit / (Loss)	345,915	5,022	320,089	433,304	930,995	1,092,201
Profit / (Loss) before tax	115,554	(215,932)	5,421	1,252,196	740,609	832,511
Profit / (Loss) after tax	130,752	(206,623)	(28,806)	1,037,521	409,960	546,263
Share Capital	570,025	570,025	570,025	450,025	450,025	450,025
Shareholders equity without revaluation surplus	3,831,376	3,655,346	3,822,607	3,695,640	1,803,568	1,601,216
Shareholders equity with revaluation surplus	6,007,616	5,878,640	6,083,965	4,667,881	2,792,138	2,618,880
Fixed Assets (Property, Plant & Equipment)	4,065,389	4,105,816	3,912,436	2,133,465	1,983,445	1,852,218
Total Assets	7,300,478	6,901,852	7,097,988	5,825,353	3,857,777	4,081,090
Unit Produced and Supplied (Contract Assembly)	2,301	2,282	4,336	4,525	4,197	2,106
Units Produced	3,710	2,713	618	359	720	804
Units Sold (CBU)	83	63	94	526	69	69
Units Sold (CKD)	955	436	618	177	702	807
Interim Dividend - Cash	-	-	-	-	-	10%
Dividend - Cash	-	-	-	-	50%	50%
Ratios						
Profitability						
Gross profit margin	10.7%	0.3%	13.5%	19.5%	19.2%	21.8%
Profit/(Loss) before tax	3.58%	-12.98%	0.23%	56.44%	15.24%	16.63%
Profit/(Loss) after tax	4.1%	-12.4%	-1.2%	46.8%	8.4%	10.9%
Return to shareholders:						
Return/(loss) on Equity without surplus(BT)	3.0%	-5.9%	0.1%	33.9%	41.1%	52.0%
Return/(loss) on Equity without surplus (AT)	3.4%	-5.7%	-0.8%	28.1%	22.7%	34.1%
Earning/(loss) per share (BT)-Rs.	2.03	(3.79)	0.10	27.79	16.45	18.50
Basic Earning Per Share	2.29	(3.62)	(0.51)	23.02	9.10	12.14
Activity:						
Sales to total assets - Times	0.44	0.24	0.33	0.38	1.26	1.23
Sales to fixed assets -Times	0.79	0.41	0.61	1.04	2.45	2.70
Liquidity:						
Current ratio -Times	2.83	3.57	3.77	3.20	1.60	1.30
Break-up value per share- Rs.	105.39	103.13	106.73	103.72	62.04	58.19



Pattern of Shareholding

As at 30th June 2021

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
929	1	100	41,777
1926	101	500	760,716
1082	501	1000	955,855
1301	1001	5000	3,233,057
251	5001	10000	1,830,728
80	10001	15000	994,013
39	15001	20000	705,021
27	20001	25000	614,566
14	25001	30000	382,338
13	30001	35000	432,685
5	35001	40000	188,500
2	40001	45000	83,600
6	45001	50000	298,000
1	50001	55000	50,500
1	55001	60000	60,000
4	60001	65000	253,664
2	65001	70000	139,500
4	70001	75000	293,670
4	75001	80000	316,588
1	80001	85000	84,500
3	85001	90000	268,600
1	90001	95000	94,998
4	95001	100000	393,000
3	100001	105000	306,332
3	105001	110000	319,500
1	115001	120000	120,000
2	120001	125000	242,165
1	125001	130000	130,000
1	135001	140000	140,000
5	145001	150000	745,000
1	160001	165000	162,000
1	200001	205000	201,000
1	220001	225000	225,000
1	245001	250000	245,813
1	250001	255000	253,500
1	265001	270000	266,500
1	285001	290000	290,000
1	300001	305000	304,600
1	310001	315000	313,182
1	395001	400000	400,000
1	410001	415000	411,501
1	600001	605000	603,500
1	765001	770000	766,901
1	1525001	1530000	1,526,582
1	3645001	3650000	3,647,090
1	6485001	6490000	6,485,029
1	26420001	26425000	26,421,429
5733			57,002,500

Category of Shareholders

As at 30th June 2021

S.No.	Categories of Shareholders	Number of Shares held	Category wise no. of Folios/ CDC Accounts	Category wise Shares held	Percentage
1	Director, CEO, their Spouses and minor children Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Muhammad Zia Mr. Muhammad Saleem Baig Mr. Polad Merwan Polad Mr. Salman Rasheed (FCA) Mr. Muhammad Jawaid Iqbal	79,251 76,086 88,113 23,567 648 632 1281 500 1	19	270,079	0.4738
2	Associate Companies Bibojee Services (Pvt) Ltd.	32,921,887	4	32,921,887	57.7552
3	NIT & ICP CDC - Trustee National Investment (unit) Trust Investment Corporation of Pakistan	1,526,582 5,750	2	1,532,332	2.6882
4	Banks, DFI & NBFI National Bank of Pakistan MCB Bank Limited – Treasury MCB Islamic Bank Limited Pak-Qatar Investment (Pvt.) Limited	1,510 766,901 304,600 10,000	4	1,083,011	1.8999
5	Insurance Companies Gulf Insurance Company Limited EFU LIFE ASSURANCE LIMITED United Insurance Company of Pakistan Limited	16,800 603,500 17,500	3	637,800	1.1189
6	Modarabas & Mutual Funds CDC - Trustee ABL Income Fund - Mutual Fund CDC - Trustee Al-Ameen Shariah Stock Fund CDC - Trustee UBL Stock Advantage Fund CDC - Trustee AKD Opportunity Fund First Alnoor Modaraba	266,500 162,000 149,500 120,665 3,293	5	701,958	1.2315
7	General Public (Local)		5,456	13,992,608	24.5474
8	General Public (Foreign)		164	154,728	0.2714
9	Foreign Companies		1	3,647,090	6.3981
10	Others		75	2,061,007	3.6156
			5,733	57,002,500	100.0000

Shareholders holding 10% or more

Voting interest in the Company

Bibojee Services (Pvt) Limited

Share held

32,921,887

Percentage

57.76

CONSOLIDATED REPORTS



Directors' Report on Consolidated Financial Statements

The directors are pleased to present their report together with consolidated financial statements of Ghandhara Nissan Limited and its subsidiary Ghandhara DF (Pvt.) Limited for the year ended 30th June, 2021.

The financial results for the year ended June 30, 2021 are summarized below:

	2021	2020
	(Rupees in thousands)	
Revenue	4,413,360	2,497,942
Gross Profit	574,327	142,136
Operating Profit / (Loss)	242,087	(184,016)
Profit / (Loss) after Tax	126,779	(471,561)

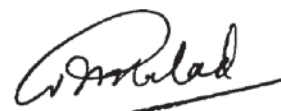
The FY21 has shown signs of recovery by the global economy and accordingly the Pakistan's economy has also witnessed noticeable growth despite frequent lockdowns due to COVID-19, rising debt servicing and inflationary pressures. The recent surge of demand in the Auto-Sector has been lately curtailed by sharp PKR devaluation and manifold increase in supply chain cost.

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

For and on behalf of the Board of Directors



Ahmad Kuli Khan Khattak
Chief Executive Officer



Polad Merwan Polad
Director

Karachi
Dated: 28th September, 2021

مجموعی مالیاتی حسابات پر ڈائریکٹرز رپورٹ

30 جون 2021 کو ختم ہونے والے سال کے لیے گندھارا انسان لمیٹڈ اور اس کی ذیلی کمپنی گندھارا ڈی ایف (DF) (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی حسابات کے ہمراہ ڈائریکٹرز رپورٹ پیش خدمت ہے۔

مالیاتی نتائج

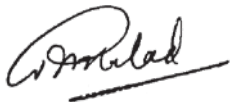
30 جون 2021 کو ختم ہونے والے سال کے لیے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2020	2021	
		(روپے ہزاروں میں)
2,497,942	4,413,360	آمدنی
142,136	574,327	مجموعی منافع
(184,016)	242,087	آپریٹنگ منافع / (نقصان)
(471,561)	126,779	بعد از ٹیکس خالص منافع / (نقصان)


مالی سال 2021 نے عالمی معیشت کی طرف سے بحالی کے آثار دکھائے ہیں اور اسی کے مطابق باوجود کوویڈ 19 کی وجہ سے بار بار لاک ڈاؤن، بڑھتے ہوئے قرضوں اور مہنگائی کے دباؤ کے، پاکستان کی معیشت میں بھی نمایاں ترقی دیکھی گئی ہے لیکن آٹو سیکٹر میں حالیہ طلب میں اضافے کو روپے کی قدر میں کمی اور سپلائی چین کی لاگت میں کئی گنا اضافے نے محدود کر دیا ہے۔

مستقبل قریب میں آگے بڑھتے ہوئے، ادارے کا مقصد اپنی مصنوعات کی لائن اپ کو بڑھانے کے ذریعے مارکیٹ کے پیش کردہ مواقع سے فائدہ اٹھانا ہے۔

برائے و منجانب بورڈ آف ڈائریکٹرز



پولاڈ مروان پولاڈ
ڈائریکٹر



احمد قلی خان خٹک
چیف ایگزیکٹو آفیسر
کراچی

تاریخ: 28 ستمبر 2021

Independent Auditors' Report to the Member Of Ghandhara Nissan Limited

Opinion

We have audited the annexed consolidated financial statements of **Ghandhara Nissan Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter(s) are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No. Key Audit Matter

1. Revenue recognition

Refer notes 4.20 and 26 to the consolidated financial statements. The Group is engaged in assembly / progressive manufacturing of vehicles including vehicles under contract agreement and import & sale of parts / vehicles in completely built-up condition. The Group recognized revenue from the sales aggregating to Rs.4,413,360 thousand for the year ended June 30, 2021. We identified recognition of revenue as a key audit matter as there is an increase of 76.68% from last year and it includes large number of transactions involving a large number of customers. Further, revenue is one of the key performance indicator of the Company.

How the matter was addressed in our audit

Our audit procedures in respect of this area included:

- Obtained an understanding of the Groups' processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls;
- Assessed the appropriateness of the Groups' revenue accounting policies and their compliance with applicable financial reporting standard;
- Compared a sample of revenue transactions recorded during the year with sales orders, applicable sale value, sales invoices, receipt vouchers delivery letter and other relevant underlying documents;
- Performed cut-off procedures on near year end sales, to ensure revenue has been recorded in the correct period; and
- On a test basis, compared discounts and commission with relevant supporting documentation.



Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

ShineWing





- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi; September 28, 2021

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Statement of Financial Position

As at June 30, 2021


	Note	2021 ----- Rupees '000 -----	2020
ASSETS			
Non current assets			
Property, plant and equipment	5	4,154,782	4,124,881
Intangible assets	6	4,094	1,991
Long term investments	7	1,049,588	800,676
Long term loans	8	14,529	14,637
Long term deposits	9	29,139	36,231
		5,252,132	4,978,416
Current assets			
Stores, spares and loose tools		136,467	136,504
Stock-in-trade	10	1,262,448	1,649,965
Trade debts	11	897,206	674,771
Loans and advances	12	11,965	12,055
Deposits and prepayments	13	73,888	11,305
Accrued interest / mark-up		9,342	387
Other receivables	14	18,048	193,422
Taxation - net		312,247	484,070
Cash and bank balances	15	1,085,823	353,516
		3,807,434	3,515,995
Total assets		9,059,566	8,494,411

Consolidated Statement of Financial Position


As at June 30, 2021

	Note	2021	2020
		----- Rupees '000 -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	570,025	570,025
Capital reserves			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets - net	17	2,849,529	2,572,286
- Items directly credited to equity by an Associate		75,365	73,312
		4,027,615	3,748,319
Revenue reserve - unappropriated profit		2,874,533	2,702,610
Equity attributable to shareholders of the Holding Company		7,472,173	7,020,954
Non-controlling interest		54	47
Total equity		7,472,227	7,021,001
Liabilities			
Non current liabilities			
Lease liabilities	18	67,234	91,278
Long term borrowings	19	46,397	49,345
Deferred income - government grant	20	953	2,072
Long term deposits	21	33,226	27,111
Deferred taxation - net	22	289,062	314,112
		436,872	483,918
Current liabilities			
Trade and other payables	23	748,911	542,533
Accrued mark-up		8,784	22,538
Short term borrowings	24	240,189	355,929
Current portion of lease liabilities	18	25,682	35,669
Current maturity of long term borrowings	19	109,100	18,409
Current portion of deferred income - government grant	20	7,200	3,811
Unclaimed dividend		10,601	10,603
		1,150,467	989,492
Total liabilities		1,587,339	1,473,410
Contingencies and commitments	25		
Total equity and liabilities		9,059,566	8,494,411

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Polad Merwan Polad
Director


Muhammad Umair
Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income


For the year ended June 30, 2021

	Note	2021 ----- Rupees '000 -----	2020 ----- Rupees '000 -----
Revenue	26	4,413,360	2,497,942
Cost of sales	27	(3,839,033)	(2,355,806)
Gross profit		574,327	142,136
Distribution cost	28	(126,942)	(102,812)
Administrative expenses	29	(269,837)	(277,101)
Other income	30	78,846	60,203
Other expenses	31	(14,307)	(6,442)
Profit / (loss) from operations		242,087	(184,016)
Finance cost	32	(33,909)	(132,652)
		208,178	(316,668)
Share of loss of an Associate	7.1	(77,298)	(152,532)
Profit / (loss) before taxation		130,880	(469,200)
Taxation	33	(4,102)	(2,361)
Profit / (loss) after taxation		126,778	(471,561)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(2,482)	1,828
Impact of deferred tax		720	(530)
Share of other comprehensive income of an Associate of:			
- surplus on revaluation of fixed assets - net		326,350	37,702
- re-measurement of staff retirement benefit obligation - net		(140)	(168)
Other comprehensive income for the year - net of tax		324,448	38,832
Total comprehensive Income / (loss) for the year		451,226	(432,729)
Attributable to:			
- Shareholders of the Holding Company		451,219	(432,718)
- Non-controlling interest		7	(11)
		451,226	(432,729)
		----- Rupees -----	----- Rupees -----
Earnings / (loss) per share - basic and diluted	34	2.22	(8.27)

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.



 Ahmad Kuli Khan Khattak
 Chief Executive Officer


 Polad Merwan Polad
 Director


 Muhammad Umair
 Chief Financial Officer

For the year ended June 30, 2021

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.


Muhammad Umair
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	130,880	(469,200)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	142,195	146,482
Provision for gratuity	15,787	12,340
(Reversal of) / provision for expected credit losses	(2,802)	7,501
Provision for slow moving inventories	1,950	-
Provision against loan to employees	-	454
Provision for security deposits and earnest money	-	3,442
Interest income	(28,773)	(32,304)
Gain on disposal of property, plant and equipment	(4,284)	(2,904)
Gain on disposal of investment	(2,734)	(9,373)
Dividend income - mutual funds' investment	(6,923)	(535)
Fixed assets - written off	4,747	-
Share of loss of an Associate	77,298	152,532
Finance cost	33,909	132,652
Exchange (gain) / loss - net	(8,006)	6,442
Operating profit / (loss) before working capital changes	353,244	(52,471)
Decrease / (increase) in current assets:		
Stores, spares and loose tools	37	(11,998)
Stock-in-trade	385,567	477,776
Trade debts	(219,633)	305,068
Loans and advances	90	20,662
Deposit and prepayments	(62,583)	11,661
Other receivables	175,374	114,107
	278,852	917,276
Increase / (decrease) in trade and other payables	206,628	(89,575)
Cash generated from operations	838,724	775,230
Gratuity paid	(10,513)	(18,316)
Long term loans - net	108	304
Long term deposits - net	6,115	4,000
Finance cost paid	(47,663)	(151,600)
Income taxes refunds / (paid) - net	143,391	(103,526)
Net cash generated from operating activities - carried forward	930,162	506,092

Consolidated Statement of Cash Flows


For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
Net cash generated from operating activities - brought forward	930,162	506,092
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed capital expenditure	(175,204)	(279,156)
Payments for intangible assets	(2,742)	-
Proceeds from disposal of property, plant and equipment	24,728	7,885
Interest income received	19,818	32,304
Investments - net	2,734	402,251
Long term deposits - net	7,092	(9,551)
Dividend received	6,923	535
Net cash (used in) / generated from investing activities	(116,651)	154,268
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(55,475)	(62,902)
Long term borrowings obtained - net	87,743	67,754
Government grants - net	2,270	5,883
Short term borrowings - net	(115,740)	(519,744)
Dividend paid	(2)	(8)
Net cash used in financing activities	(81,204)	(509,017)
Net increase in cash and cash equivalents	732,307	151,343
Cash and cash equivalents at beginning of the year	353,516	202,173
Cash and cash equivalents at end of the year	1,085,823	353,516

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Polad Merwan Polad
Director


Muhammad Umair
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at June 30, 2021 and June 30, 2020.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

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

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

2.3 Transactions and non-controlling interests

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

2.4 Functional and presentation currency

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

2.5 Changes in accounting standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2020:

- a) Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' are applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- b) Amendment to IFRS 3 'Business Combinations' - Definition of a Business is applicable for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 1, 2020. IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.
- c) Amendments to IFRS 16 'Leases' are applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the Group:

- a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Group's financial statements.
- b) Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment. The amendment not expected to have material impact on the Group's financial statements.
- c) Amendment to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- d) Amendment to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- e) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Group and, therefore, have not been presented here.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

3. BASIS OF MEASUREMENT

- 3.1 These consolidated financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts, certain financial assets carried at fair value and provision for gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.
- 3.2 The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies are as follows:

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

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Owned assets

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

Subsequent cost

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

Depreciation

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amounts of assets and are included in the consolidated profit or loss.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any Surplus on revaluation of fixed assets is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of operating fixed assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on operating fixed assets relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Group's shareholders.

4.1.2 Right of use assets

The Group generally leases vehicles for his employees and own use. At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease term for vehicle is normally for five years.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. Lease payment includes principle along with interest. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on reducing balance method. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Impairment

The Group assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to consolidated profit or loss except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.1.3 Capital work-in-progress

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

4.2 Intangible assets

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

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

Subsequent expenditure

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

Amortisation

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

4.3 Non current assets held for sale

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

4.4 Financial assets

4.4.1 Classification

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

a) Financial assets at amortised cost

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

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

b) Financial assets at fair value through other comprehensive income

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

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

c) Financial assets at fair value through profit or loss

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

4.4.2 Recognition and measurement

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

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

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

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

4.5 Financial liabilities

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

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

4.6 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

4.7 Stores, spares and loose tools

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

4.8 Stock-in-trade

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

<u>Stock category</u>	<u>Valuation method</u>
Complete Knock Down Kits (CKD)	Specific cost identification
Complete Built-up Units (CBU)	Specific cost identification
Local raw materials	At cost on weighted average basis.
Work-in-process and finished goods	At cost which comprises of raw materials, import incidentals, direct labour and appropriate portion of manufacturing overheads.
Stock-in-transit	At invoice price plus all charges paid thereon up to the reporting date.

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

4.9 Trade debts and other receivables

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

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

4.10 Loans and receivables

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

4.11 Cash and cash equivalents

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

4.12 Share capital

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

4.13 Mark-up bearing loans and borrowings

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

4.14 Staff benefits

4.14.1 Defined benefit plan - The Holding Company

The Group operates funded gratuity schemes which defines the amount of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the schemes. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuations were conducted on June 30, 2021 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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

4.14.2 Defined contribution plan

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

4.15 Trade and other payables

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

4.16 Warranty obligations

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

4.17 Research and development cost

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

4.18 Taxation

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

Current

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

Deferred

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

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

4.19 Provisions, contingent assets and contingent liabilities

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

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

4.20 Revenue recognition

The Group recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those good and services. The Group recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

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

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

4.21 Government grants

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

4.22 Borrowing cost

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

4.23 Foreign currency transactions and translation

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

4.24 Impairment loss

The carrying amounts of the Group's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the consolidated profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

4.25 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Group considers itself to be a single reportable segment.

4.26 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

4.27 Dividend and appropriation to reserves

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

	Note	2021 ----- Rupees '000 -----	2020
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,480,116	3,604,087
Capital work-in-progress includes:			
Buildings		507,392	376,650
Plant and machinery		84,158	58,644
Advance against purchase of land	5.8	67,513	67,513
Vehicles		12,904	8,000
Computers and servers		2,699	9,987
		674,666	520,794
		4,154,782	4,124,881

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

5.1 Operating fixed assets

	Freehold land (note 5.2)	Leasehold land (note 5.2)	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Assembly jigs	Furniture fixtures	Owned Vehicles	Other equipment	Office equipment	Computers and Servers	Right of use assets	Total
Rupees in '000														
At July 1, 2019														
Revaluation / cost	1,567,875	222,980	753,270	93,745	87,206	872,309	66,658	44,327	74,281	31,566	14,398	16,456	116,176	3,961,247
Accumulated depreciation	-	(52,488)	(17,213)	(391)	(4,708)	(57,321)	(53,240)	(6,217)	(46,681)	(19,764)	(10,178)	(13,550)	(48,310)	(330,061)
Net book value	1,567,875	170,492	736,057	93,354	82,498	814,988	13,418	38,110	27,600	11,802	4,220	2,906	67,866	3,631,186
Year ended June 30, 2020														
Opening net book value	1,567,875	170,492	736,057	93,354	82,498	814,988	13,418	38,110	27,600	11,802	4,220	2,906	67,866	3,631,186
Additions	-	-	20,320	-	-	14,850	590	8,361	7,373	2,145	345	1,098	68,619	123,701
Disposals (Note 5.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	(15,737)	-	-	-	(1,546)	(17,283)
- accumulated depreciation	-	-	-	-	-	-	-	-	12,031	-	-	-	271	12,302
	-	-	-	-	-	-	-	-	(3,706)	-	-	-	(1,275)	(4,981)
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	43,284	-	-	-	(43,284)	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(29,641)	-	-	-	29,641	-
	-	-	-	-	-	-	-	-	13,643	-	-	-	(13,643)	-
Depreciation charge	-	(17,049)	(36,977)	(4,669)	(4,125)	(41,038)	(2,802)	(4,499)	(8,555)	(4,348)	(1,471)	(1,159)	(19,128)	(145,819)
Closing net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	11,206	41,972	36,355	9,599	3,094	2,845	102,439	3,604,087
At June 30, 2020														
Revaluation / cost	1,567,875	222,980	773,590	93,745	87,206	887,159	67,248	52,688	109,201	33,711	14,743	17,554	139,965	4,067,665
Accumulated depreciation	-	(69,537)	(54,190)	(5,059)	(8,833)	(98,359)	(56,042)	(10,716)	(72,846)	(24,112)	(11,649)	(14,709)	(37,526)	(463,578)
Net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	11,206	41,972	36,355	9,599	3,094	2,845	102,439	3,604,087
Year ended June 30, 2021														
Opening net book value	1,567,875	153,443	719,400	88,686	78,373	788,800	11,206	41,972	36,355	9,599	3,094	2,845	102,439	3,604,087
Additions	-	-	3,094	-	-	7,651	-	390	-	3,280	357	6,559	21,444	42,775
Disposals (Note 5.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	(16,775)	(33,120)	(173)	(17,384)	(73)	-	(123)	(1,814)	(69,462)
- accumulated depreciation	-	-	-	-	-	2,419	33,120	28	12,389	64	-	66	932	49,018
	-	-	-	-	-	(14,356)	-	(145)	(4,995)	(9)	-	(57)	(882)	(20,444)
Written - off	-	-	-	-	-	(5,246)	-	-	-	-	-	-	-	(5,246)
- cost	-	-	-	-	-	500	-	-	-	-	-	-	-	500
- accumulated depreciation	-	-	-	-	-	(4,746)	-	-	-	-	-	-	-	(4,746)
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	3,159	-	-	-	(3,159)	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(2,006)	-	-	-	2,006	-
	-	-	-	-	-	-	-	-	1,153	-	-	-	(1,153)	-
Depreciation charge (Note 5.5)	-	(15,344)	(36,125)	(4,434)	(3,919)	(39,390)	(2,241)	(4,194)	(6,694)	(3,830)	(1,104)	(2,035)	(22,246)	(141,556)
Closing net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	8,965	38,023	25,819	9,040	2,347	7,312	99,602	3,480,116
At June 30, 2021														
Revaluation / cost	1,567,875	222,980	776,684	93,745	87,206	872,789	34,128	52,905	94,976	36,918	15,100	23,990	156,436	4,035,732
Accumulated depreciation	-	(84,881)	(90,315)	(9,493)	(12,752)	(134,830)	(25,163)	(14,882)	(69,157)	(27,878)	(12,753)	(16,678)	(56,834)	(555,616)
Net book value	1,567,875	138,099	686,369	84,252	74,454	737,959	8,965	38,023	25,819	9,040	2,347	7,312	99,602	3,480,116
Depreciation rate (% per annum)	10	5	5	5	5	5	20	10	20	33	33	33	20	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

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

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

The Holding Company as on December 31, 2018 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Tristar International Consultant (Private) Limited, (Approved valuers of Pakistan Banks' Association) Room No. 17, 3rd Floor, Davis Hynes, 38-Davis Road, Lahore. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 and are mentioned in note 38.2.

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

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

		2021	2020
		----- Rupees '000 -----	
Freehold land	Note	61,456	61,456
Buildings on freehold land		118,850	122,011
Plant and machinery		344,362	360,832
Assembly jigs		4,388	5,486

- 5.5 Depreciation charge has been allocated as follows:

Cost of goods manufactured	27.1	112,621	116,147
Distribution cost	28	2,304	2,222
Administrative expenses	29	26,631	27,450
		<u>141,556</u>	<u>145,819</u>

- 5.6 The Holding Company's present and future land, buildings on freehold land, plant & machinery and specific vehicles are under mortgaged / hypothecated charged up to Rs.2,010,667 thousand (2020: Rs.1,850,667 thousand) with banks for finance facilities.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
----- Rupees '000 -----							
Item having book value exceeding Rs.500,000 each							
Plant and Machinery							
	3,875	316	3,559	3,640	81	Negotiation	M/s. Shahzad & Sons, Karachi
	6,226	508	5,718	9,666	3,948	Negotiation	M/s. Shahzad & Sons, Karachi
	3,508	872	2,636	656	(1,980)	Negotiation	M/s. Shahzad & Sons, Karachi
	2,779	691	2,088	614	(1,474)	Negotiation	M/s. Shahzad & Sons, Karachi
	16,388	2,387	14,001	14,576	575		
Vehicles							
	1,224	660	564	738	174	Group policy	Ex - Employee of the Group
	1,858	1,340	518	1,012	494		Mr. Altaf Hussain
	1,814	932	882	1,419	537		Mr. Altaf Hussain
	1,783	1,265	518	569	51		Mr. Muhammad Aamir Bhatti
							Mr. Rafiq Patel
							Key Management Personnel
	1,782	1,237	545	591	46		Mr. Muhammad Khalid Mehar
	1,782	1,237	545	591	46		Mr. Muhammad Younus
	1,782	1,246	536	588	52		Mr. Muhammad Umair
	12,025	7,917	4,108	5,508	1,400		
	28,413	10,304	18,109	20,084	1,975		
Items having book value upto Rs.500,000 each							
	41,049	38,714	2,335	4,644	2,309		
June 30, 2021	69,462	49,018	20,444	24,728	4,284		
June 30, 2020	17,283	12,302	4,981	7,885	2,904		

5.8 This represents advance payment for purchase of lease hold land measuring 6.3 acre for the purpose of enhancement of the Holding Company's manufacturing facilities. The balance payment will be made after completion of legal documentation and regulatory requirements.

6. INTANGIBLE ASSETS

These represent computer software licenses.

Cost

At beginning of the year

Addition during the year

At end of the year

Accumulated amortisation

At beginning of the year

Charge for the year

At end of the year

Net book value

Rate of amortisation (% - per annum)

Note

2021	2020
----- Rupees '000 -----	
4,367	4,367
2,742	-
7,109	4,367
2,376	1,713
639	663
3,015	2,376
4,094	1,991
25	25

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Notes	2021 ----- Rupees '000 -----	2020 ----- Rupees '000 -----
7. LONG TERM INVESTMENTS			
Associate - equity accounted investment	7.1	1,049,588	800,676
Others - available for sale	7.2	-	-
		1,049,588	800,676
7.1 Ghandhara Industries Limited			
Balance at beginning of the year		800,676	915,674
Share of loss for the year		(77,298)	(152,532)
Share of other comprehensive income for the year		326,210	37,534
Balance at end of the year		1,049,588	800,676

7.1.1 Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (2020: 8,132,336) fully paid ordinary shares of Rs.10 each representing 19.09% (2020: 19.09%) of its issued, subscribed and paid-up capital as at June 30, 2021. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.

7.1.2 The summary of financial statements / reconciliation of GIL as of March 31, 2021 is as follows:

	As at March 31, 2021	As at March 31, 2020
	----- Rupees '000 -----	----- Rupees '000 -----
Summarised Statement of Financial Position		
Non current assets	4,546,088	3,143,699
Current assets	11,002,722	10,590,726
	15,548,810	13,734,425
Non current liabilities	164,320	118,135
Current liabilities	9,896,224	9,432,184
	10,060,544	9,550,319
Net asset	5,488,266	4,184,106
Reconciliation to carrying amount		
Opening net assets	4,184,106	4,786,632
Loss for the year	(404,998)	(799,182)
Other comprehensive income	1,709,158	196,656
	5,488,266	4,184,106
Holding Company's share (Percentage)	19.086%	19.086%
Holding Company's share	1,047,490	798,578
Goodwill and other adjustment	2,098	2,098
Carrying amount of investment	1,049,588	800,676

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

Nine months period ended

March 31,
2021

March 31,
2020

----- Rupees '000 -----

Summarised profit or loss account

Revenue	10,602,848	9,824,226
Profit / (loss) before tax	863,181	(494,289)
Profit / (loss) after tax	413,607	(464,278)

7.1.3 The above figures are based on unaudited condensed interim financial information of GIL as at March 31, 2021. The latest financial statements of GIL as at June 30, 2021 are not presently available. Accordingly, results of operations of first three quarters of financial year 2021 and last quarter of financial year 2020 have been considered.

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

7.1.5 The market value of investment as at June 30, 2021 was Rs.2,269,084 thousand (2020: Rs.984,013 thousand).

7.2 Others - available for sale

Automotive Testing & Training Centre (Private) Limited

187,500 (2020: 187,500) ordinary shares of

Rs.10 each - cost

Provision for impairment

Notes 2021 2020
----- Rupees '000 -----

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

Loans to employees

Related parties - Key Management Personnel

Other employees

8.1 & 8.2

8.1

Less: amounts recoverable within one year and
grouped under current assets

Related parties - Key Management Personnel

Other employees

12

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

8.2 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2021 from Key Management Personnel aggregated to Rs.2,715 thousand (2020: Rs.3,552 thousand).

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

			2021	2020
	Note		----- Rupees '000 -----	
9. LONG TERM DEPOSITS - Unsecured, considered good and interest free				
Deposits held with / against:				
Central Depository Company of Pakistan Limited			25	25
Lease facilities			18,421	28,276
Utilities			10,572	7,584
Others			121	346
			<u>29,139</u>	<u>36,231</u>
10. STOCK-IN-TRADE				
Raw materials				
In hand			277,572	528,375
Provision for obsolete / slow moving inventories	10.1		(11,184)	(15,000)
			<u>266,388</u>	<u>513,375</u>
Finished goods				
In hand				
Complete built units - trucks			220,055	526,019
Complete knockdown units - trucks			356,226	271,473
Spare parts			194,399	132,806
Held with third parties				
Complete built units - trucks			89,199	102,759
Complete knockdown units - trucks			66,194	87,123
In transit				
Complete built units - trucks			63,330	-
Spare parts			6,657	16,410
			<u>996,060</u>	<u>1,136,590</u>
			<u>1,262,448</u>	<u>1,649,965</u>
10.1 Movement of provision for slow moving inventories				
At beginning of the year,			15,000	15,000
Provision made during the year	27.1		1,950	-
Provision written - off during the year			(5,766)	-
At the end of the year			<u>11,184</u>	<u>15,000</u>
10.2				
The present and future stock-in-trade, trade debts and receivables aggregating Rs.7,968,685 thousand (2020: Rs.7,968,685 thousand) are under pledge / joint hypothecation charge with banks against short term finances and running finances (Refer note 24).				

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	----- Rupees '000 -----
11. TRADE DEBTS - Unsecured			
Considered good against sale of			
Vehicles and assembly charges			
- due from Ghandhara Industries Limited an Associated Company	11.1	19,325	93,745
- others		861,279	570,713
		880,604	664,458
Spare parts		16,602	10,313
		897,206	674,771
Considered doubtful		32,374	35,176
		929,580	709,947
Provision for expected credit losses		(32,374)	(35,176)
		897,206	674,771
11.1	The ageing of the trade debts receivable from an Associated Company as at the reporting date is as follows:		
		2021	2020
		----- Rupees '000 -----	----- Rupees '000 -----
Up to 3 months		19,325	93,745
11.2	The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.98,593 thousand (2020: Rs.99,335 thousand).		
		2021	2020
		----- Rupees '000 -----	----- Rupees '000 -----
11.3	Movement in provision for expected credit losses		
Balance at beginning of the year		35,176	27,675
(Reversal) / provision for the year - net		(2,802)	7,501
Balance at end of the year		32,374	35,176
12. LOANS AND ADVANCES - Unsecured, considered good and interest free			
Current portion of long term loans	8	5,392	5,146
Advances to:			
Related party- Key Management Personnel		20	5
Other employees		2,048	2,318
Provision for doubtful loans - other employees		(454)	(454)
Suppliers, contractors and others		3,676	4,479
		5,290	6,348
Letters of credit		1,283	561
		11,965	12,055

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

		2021	2020
Note		Rupees '000	
13. DEPOSITS AND PREPAYMENTS			
Deposits - considered good and interest free		260	-
Prepaid			
- rent [BSL - the Ultimate Holding Company]		12,100	-
- rent others		274	252
- insurance		5,000	487
		17,374	739
Current account balances with statutory authorities		56,254	10,566
		73,888	11,305
14. OTHER RECEIVABLES			
Considered good and interest free			
Sales tax refundable / adjustable		-	182,370
Margin against letter of credits		1,249	-
Security deposits and earnest money - interest free		4,394	4,753
Provision for doubtful deposits and earnest money		(3,442)	(3,442)
		952	1,311
Receivable against sub lease		-	1,875
Others including insurance claim receivable		15,847	7,866
		18,048	193,422
15. CASH AND BANK BALANCES			
Cash in hand		393	1230
Cash at banks in:			
- current accounts		52,922	42,264
- saving accounts	15.1	121,447	285,417
- deposit accounts	15.2 & 15.4	406,473	10,517
- term deposits receipts	15.3 & 15.4	508,500	18,000
		1,089,342	356,198
Provision for doubtful bank balance	15.5	(3,912)	(3,912)
		1,085,430	352,286
		1,085,823	353,516

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

- 15.1** At reporting date, these carry mark-up up to the rate of 5.50% (2020:6.50%) per annum.
- 15.2** This carries mark-up at the rate of 6.25% (2020: 13.70%) per annum.
- 15.3** Term deposit receipts (TDRs) have expected maturity of 90 (2020:90) days from respective dates of acquisition. These TDRs carry mark-up at rate ranging from 6.40% to 7.25% (2020: 7.50%) per annum.
- 15.4** These are under lien as cash margin against financing facilities availed from financial institutions under Temporary Economic Refinance Facility (TERF). (Refer note 24.4).
- 15.5** This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42,586 thousand deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Group considers that it has discharged its obligation against the said letters of credit.

16. SHARE CAPITAL

16.1 Authorized capital

80,000,000 (2020: 80,000,000) ordinary shares of Rs.10 each

2021 2020
----- Rupees '000 -----

800,000 800,000

16.2 Issued, subscribed and paid-up capital

2021 2020
----- No. of shares -----

26,800,000	26,800,000	Ordinary shares of Rs.10 each fully paid in cash
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition
<u>57,002,500</u>	<u>57,002,500</u>	

2021 2020
----- Rupees '000 -----

268,000	268,000
2,000	2,000
300,025	300,025
<u>570,025</u>	<u>570,025</u>

- 16.3** At June 30, 2021, Bibojee Services (Private) Limited (the Ultimate Holding Company) holds 57.76% (2020: 57.76%) of share capital of the Holding Company.
- 16.4** The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Holding Company's residual assets.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
17. SURPLUS ON REVALUATION OF FIXED ASSETS - Net		
Surplus on revaluation of the Holding Company's fixed assets	2,176,240	2,223,294
Share of surplus on revaluation of fixed assets of an Associated Company	673,289	348,992
	<u>2,849,529</u>	<u>2,572,286</u>
17.1 Surplus on revaluation of the Holding Company's fixed assets		
Balance at beginning of the year	2,517,815	2,571,426
Surplus pertaining to assets disposed off during the year	(15,416)	-
Transferred to unappropriated profit on account of incremental depreciation for the year	(50,858)	(53,611)
	<u>2,451,541</u>	<u>2,517,815</u>
Less: related deferred tax of:		
- opening balance	294,521	310,068
- surplus pertaining to assets disposed off	(4,471)	-
- incremental depreciation for the year	(14,749)	(15,547)
- closing balance	275,301	294,521
Balance at end of the year	<u>2,176,240</u>	<u>2,223,294</u>
18. LEASE LIABILITIES - Secured		
Balance at beginning of the year	126,947	121,230
Assets acquired during the year	17,693	72,457
Repaid / adjusted during the year	(51,724)	(66,740)
	<u>92,916</u>	<u>126,947</u>
Current portion grouped under current liabilities	(25,682)	(35,669)
Balance at end of the year	<u>67,234</u>	<u>91,278</u>
18.1	These represent vehicles acquired under diminishing musharakah arrangements from two financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 8.24% to 12.00% (2020: 10.04% to 16.55%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Group intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.	
	The future minimum lease payments to which the Group is committed under the agreements will be due as follows:	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

Particulars	Upto one year	From one to five years	2021	Upto one year	From one to five years	2020
	Rupees in '000					
Minimum lease payments	31,368	73,108	104,476	46,073	102,981	149,054
Finance cost allocated to future periods	(5,686)	(5,874)	(11,560)	(10,404)	(11,703)	(22,107)
Present value of minimum lease payments	25,682	67,234	92,916	35,669	91,278	126,947

19. LONG TERM BORROWINGS

Loan under refinance scheme for payment of wages and salaries

Note ----- 2021 ----- 2020
Rupees '000 -----

19.1 163,650 73,637

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

19.2 (8,153) (5,883)

155,497 67,754

Current portion grouped under current liabilities

(109,100) (18,409)

46,397 49,345

19.1 Loan amount received from financial institutions

Balance at the beginning of the year

73,637 -

Loan obtained during the year

144,563 73,637

Loan re-paid during the year

(54,550) -

Balance at the end of the year

163,650 73,637

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

2021 2020
Rupees '000 -----

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

Balance at the beginning of the year

5,883 -

Difference of fair value of loan and loan received

13,052 6,079

Amortisation of loan

(10,782) (196)

Balance at the end of the year

8,153 5,883

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
20. DEFERRED INCOME - GOVERNMENT GRANT		
Balance at the beginning of the year	5,883	-
Grant recognised on loan at below market interest rate	13,052	6,079
Released to statement of profit or loss	(10,782)	(196)
	8,153	5,883
Current portion grouped under current liabilities	(7,200)	(3,811)
Balance at the end of the year	953	2,072

- 20.1** The Holding Company recognised government grant on below market interest loan received - (note 19.1.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

	2021	2020
	----- Rupees '000 -----	
21. LONG TERM DEPOSITS - Interest free		
Dealers' deposit	25,115	23,000
Vendors	111	111
Others	8,000	4,000
	33,226	27,111

22. DEFERRED TAXATION - Net

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

- accelerated tax depreciation allowance	97,176	93,767
- surplus on revaluation of fixed assets	275,301	294,521
- lease finances	5,681	1,473
- provision for expected credit losses	(9,388)	(10,202)
- provision for other receivables	(998)	(998)
- provision for warranty claims	-	(49)
- provision for obsolete / slow moving inventories	(3,243)	(4,350)
- provision for bank balances	(1,134)	(1,134)
- unabsorbed tax depreciation	(74,333)	(58,916)
	289,062	314,112

- 22.1** As at June 30, 2021, the Group has unused tax losses aggregating Rs.159,719 thousand (2020: Rs.267,802 thousand). Deferred tax asset on un-used losses and minimum tax has not been recognised on prudent basis.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	-----
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1	144,159	63,591
Bills payable		118,463	87,070
Accrued liabilities	23.2	128,650	115,449
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	23.3	72,948	128,437
Commission		54,051	36,146
Unclaimed gratuity		231	231
Dealers' / contractor's deposits - interest free		962	1,000
Payable to Waqf-e-Kuli Khan		-	9,885
Payable to gratuity fund	23.4	18,268	10,512
Provision against additional custom duty		120,467	20,895
Sales tax payable		8,053	-
Withholding tax		12,444	16,158
Workers' profit participation fund	23.5	6,256	-
Workers' welfare fund		3,415	111
Retention money		2,175	403
Warranty claims		-	170
Others	23.6	56,966	51,072
		<u>748,911</u>	<u>542,533</u>

23.1 Includes Rs.4,337 thousand (2020: Rs.2,867 thousand) payable to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

23.2 Includes Rs.12,266 thousand (2020: Rs.1,004 thousand) and Rs. Nil (2020: Rs.3,010 thousand) which pertains to a Key Management Person and Bibojee Services (Private) Limited respectively.

23.3 These represent advances from customers against sale of trucks and carry no mark-up.

23.4 Provision for gratuity

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

The latest actuarial valuation of both Schemes as at June 30, 2021 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

	2021	2020
	----- Rupees '000 -----	-----
23.4.1 Statement of financial position reconciliation		
Present value of defined benefit obligation	183,163	164,362
Fair value of plan assets	(174,138)	(163,632)
Benefits payable	9,243	9,782
Net liability at end of the year	<u>18,268</u>	<u>10,512</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- Rupees '000 -----	
23.4.2 Net liability recognised		
Net liability at beginning of the year	10,512	18,316
Charge to profit or loss	15,787	12,340
Contributions made by the Holding Company	(10,513)	(18,316)
Re-measurement recognised in other comprehensive income	2,482	(1,828)
	<u>18,268</u>	<u>10,512</u>
23.4.3 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	164,362	148,318
Past service cost - subsidiary company	2,105	-
Current service cost	13,950	11,783
Interest expense	13,360	20,391
Benefits paid	(12,247)	(1,383)
Benefits due but not paid	(2,798)	(9,065)
Re-measurement	4,431	(5,682)
Balance at end of the year	<u>183,163</u>	<u>164,362</u>
23.4.4 Movement in the fair value of plan assets		
Balance at beginning of the year	163,632	130,719
Contribution received during the year	10,513	18,316
Interest income	13,628	19,834
Benefits paid	(15,584)	(1,383)
Re-measurement	1,949	(3,854)
	<u>174,138</u>	<u>163,632</u>
23.4.5 Expense recognised in consolidated statement of profit or loss		
Current service cost	13,950	11,783
Past service cost	2,105	-
Net interest (income) / expense	(268)	557
	<u>15,787</u>	<u>12,340</u>
23.4.6 Re-measurement recognised in consolidated other comprehensive income		
Financial assumptions	225	(999)
Experience adjustments	4,206	(4,683)
Re-measurements of plan assets	(1,949)	3,854
	<u>2,482</u>	<u>(1,828)</u>
23.4.7 Plan assets comprise of		
Fixed income instruments	167,444	149,063
Mutual fund securities	3,460	4,029
Cash at bank	3,234	10,540
	<u>174,138</u>	<u>163,632</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- % per annum -----	
23.4.8 Significant actuarial assumptions and sensitivity		
Discount rate	8.50	8.50
Expected rate of increase in future salaries	10.00	8.50
Mortality rates (for death in service)	SLIC (2001-2005)-1	SLIC (2001-2005)-1

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

	Impact on define benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		----- Rupees '000 -----	
Discount rate	1.00%	167,544	201,456
Increase in future salaries	1.00%	201,485	167,232

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position.

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

23.4.9 Based on actuary's advice, the expected charge to consolidated statement of profit or loss for the year ending June 30, 2022 amounts to Rs.15,034 thousand.

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

23.4.11 Historical information

	2021	2020	2019	2018	2017
	----- Rupees in '000 -----				
Present value of defined benefit obligation	183,163	164,362	148,318	124,341	106,433
Experience adjustment	2,482	(1,828)	8,195	4,200	16,698

23.4.12 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
At June 30, 2021	23,126	6,462	40,910	2,262,351	2,332,849

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	-----
23.5 Workers' profit participation fund			
Balance at beginning of the year		-	291
Allocation for the year	31	6,256	-
Interest on funds utilised in the Holding Company's business	32	-	12
		<u>6,256</u>	<u>303</u>
Payment made during the year		-	(303)
Balance at end of the year		<u>6,256</u>	<u>-</u>

23.6 Includes deposits and instalments under the Group's staff vehicle policy aggregating Rs.23,985 thousand (2020: Rs.18,722 thousand).

	2021	2020
	----- Rupees '000 -----	-----
24. SHORT TERM BORROWINGS		
Running finances / musharakah	189	355,929
Term finance - short term loans carry mark-up @ 8.20%	<u>240,000</u>	<u>-</u>
	<u>240,189</u>	<u>355,929</u>

24.1 Running finances facilities available from commercial banks under mark-up arrangements aggregate to Rs.1,390,000 thousand including sub limit of Rs. 300,000 thousand (2020: Rs.1,445,000 thousand) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Group. These, during the current financial year, carry mark-up at the rates ranging from 8.03% to 12.19% (2020: 9.58% to 16.00%) per annum. The arrangements are expiring on January 31, 2021.

24.2 The facilities for opening letters of credit as at June 30, 2021 aggregate to Rs.5,050,000 thousand (2020: Rs.4,250,000) of which the amount remained unutilised at the year-end was Rs.3,978,945 thousand (2020: Rs.3,947,202 thousand). Further, the Group also has facilities of Finance against Import Merchandise aggregating Rs.4,000,000 thousand (2020: Rs.2,900,000 thousand) as sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.400,000 thousand including Rs.300,000 (2020: Rs.207,000 thousand) as sub limits of these letters of credit facilities. These facilities are secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.

24.3 Facilities aggregated Rs.1,350,000 thousand (2020: Rs.907,000 thousand) out of the above mentioned facilities are also available to the Group level.

24.4 During the year, the Holding Company has also availed financing facilities from financial institutions under Temporary Economic Refinance Facility (TERF) for opening letters of credits (LCs) aggregated to Rs.900,000 thousand (2020: Rs. Nil) and fully utilised for import of capital goods. These facilities are secured against cash margin under lien of own account and three months term deposit receipts.(Refer note 15.4).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

25. CONTINGENCIES AND COMMITMENTS

- 25.1** Certain cases have been filed against the Holding Company in respect of employees matters. These cases are pending before High Court of Sindh and National Industrial Relations Commission, Karachi. The management is confident that the outcome of these cases will be in the Holding Company's favour.
- 25.2** Commitment in respect of irrevocable letters of credit as at June 30, 2021 aggregate to Rs. 1,876,651 thousand (2020: Rs.215,728 thousand).
- 25.3** Guarantees aggregating Rs.23,830 thousand (2020: Rs.28,107 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.484,716 thousand (2020: Rs.475,624 thousand) to the commercial banks against running finances and letters of credit facilities utilised by the Subsidiary Company.

26. REVENUE - Net

Manufacturing activity

Sales

Less:

- sales tax

- commission

Trading activity

Sales

Less:

- sales tax

- discount and commission

Note 2021 2020
----- Rupees '000 -----

27. COST OF SALES

Finished goods at beginning of the year

Cost of goods manufactured

Purchases - trading goods

Finished goods at end of the year

27.1

10

2021	2020
4,251,679	2,342,933
619,640	340,118
85,037	39,203
704,677	379,321
3,547,002	1,963,612
1,024,229	633,850
146,923	92,704
10,948	6,816
157,871	99,520
866,358	534,330
4,413,360	2,497,942
1,120,180	1,066,260
3,188,454	2,119,657
456,472	290,069
3,644,926	2,409,726
(926,073)	(1,120,180)
3,839,033	2,355,806

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

		2021	2020
	Note	----- Rupees '000 -----	----- Rupees '000 -----
27.1 Cost of goods manufactured			
Raw materials and parts consumed	27.2	2,403,723	1,437,481
Fabrication of contract vehicles		26,099	9,626
Stores and spares consumed		57,483	53,160
Salaries, wages and benefits	27.3	410,478	354,776
Transportation		23,718	18,663
Repair and maintenance		38,831	32,206
Depreciation	5.5	112,621	116,147
Provision for slow moving inventories	10.1	1,950	-
Insurance		3,590	5,228
Communication		2,565	2,220
Rent, rates and taxes		1,945	2,638
Travelling and entertainment		619	707
Plant utilities		78,669	66,282
Printing, stationery and office supplies		1,751	1,528
Royalty expense		5,803	2,103
Plant security		16,940	14,925
Other manufacturing expenses		1,669	1,967
		<u>3,188,454</u>	<u>2,119,657</u>
27.2 Raw materials and parts consumed			
Stocks at beginning of the year		513,375	998,847
Purchases		2,156,736	952,009
		<u>2,670,111</u>	<u>1,950,856</u>
Stocks at end of the year	10	(266,388)	(513,375)
		<u>2,403,723</u>	<u>1,437,481</u>
27.3	Salaries, wages and benefits include Rs.9,441 thousand (2020: Rs.7,410 thousand) and Rs.6,267 thousand (2020: Rs.5,853 thousand) in respect of staff retirement gratuity and staff provident fund respectively.		
		2021	2020
	Note	----- Rupees '000 -----	----- Rupees '000 -----
28. DISTRIBUTION COST			
Salaries and benefits	28.1	100,258	73,928
Utilities		887	655
Rent		6,788	4,117
Insurance		1,201	942
Repair and maintenance		816	172
Travelling and entertainment		1,470	3,661
Telephone and postage		1,267	1,020
Depreciation	5.5	2,304	2,222
Vehicle running		988	220
Printing, stationery and office supplies		209	63
Security		670	204
Warranty services		2,858	4,114
Godown and forwarding		3,196	2,656
Sales promotion expenses		3,428	8,490
Others		602	348
		<u>126,942</u>	<u>102,812</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

- 28.1** Salaries and benefits include Rs.2,241 thousand (2020: Rs.971 thousand) and Rs.3,559 thousand (2020: Rs. 2,996 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

		2021	2020
	Note	----- Rupees '000 -----	-----
29. ADMINISTRATIVE EXPENSES			
Salaries and benefits	29.1	150,260	145,416
Utilities		2,483	1,972
Rent, rates and taxes		24,290	21,691
Directors' fee		3,540	2,590
Insurance		1,767	1,887
Repairs and maintenance		5,962	5,991
Depreciation and amortisation	5.5 & 6	27,270	28,113
Auditors' remuneration	29.2	1,615	1,595
Advertising		659	1,204
Travelling and conveyance		6,530	13,281
Legal and professional charges		14,388	15,309
Vehicle running		4,562	4,492
Telephone and postage		5,232	5,160
Printing and stationery		3,429	4,154
Subscriptions		5,454	4,607
Security expenses		10,084	5,196
Provision for expected credit losses		-	7,501
Provision against loan to employees		-	454
Provision for security deposits and earnest money		-	3,442
Donation		500	500
Others		1,812	2,546
		<u>269,837</u>	<u>277,101</u>

- 29.1** Salaries and benefits include Rs.4,105 thousand (2020: Rs.3,959 thousand) and Rs.3,936 thousand (2020: Rs.4,038 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

		2021	2020
		----- Rupees '000 -----	-----
29.2 Auditors' remuneration			
ShineWing Hameed Chaudhri & Co.		1,115	1,095
Junaidy, Shoaib, Asad		500	500
		<u>1,615</u>	<u>1,595</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

		2021	2020
	Notes	Rupees '000	Rupees '000
30. OTHER INCOME			
Income from financial assets			
Interest / mark-up earned on:			
- deposit and saving accounts	30.1	13,116	15,155
- term deposit receipts	30.1	15,657	17,149
Gain from sale of investment in mutual funds		2,734	9,373
Dividend income - mutual funds' investment		6,923	535
Reversal of provision for expected credit losses		2,802	-
		<u>41,232</u>	<u>42,212</u>
Income from non-financial assets			
Scrap sales - net of sales tax		11,898	9,241
Gain on disposal of operating fixed assets	5.7	4,284	2,904
Commission income		-	4,161
Exchange gain - net		8,006	-
Service income - net of sales tax		1,561	660
Liabilities written back		9,885	-
Others		1,980	1,025
		<u>37,614</u>	<u>17,991</u>
		<u>78,846</u>	<u>60,203</u>
30.1	Interest at the rates ranged from 6.30% to 11.64% (2020: 6.50% to 13.70%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.		

		2021	2020
	Notes	Rupees '000	Rupees '000
31. OTHER EXPENSES			
Workers' profit participation fund	23.5	6,256	-
Workers' welfare fund		3,304	-
Exchange loss - net		-	6,442
Fixed assets - written off		4,747	-
		<u>14,307</u>	<u>6,442</u>
32. FINANCE COST			
Mark-up on :			
- long term borrowings		3,381	106
- running finances		14,730	115,231
- short term borrowings		3,289	1,794
		<u>21,400</u>	<u>117,131</u>
Lease finance charges		7,273	12,594
Interest on workers' profit participation fund	23.5	-	12
Bank and other charges		5,236	2,915
		<u>33,909</u>	<u>132,652</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Notes	2021 Rupees '000	2020 Rupees '000
33. TAXATION			
Current			
Current tax on profits for the year		70,356	36,563
Adjustment for current tax of prior years		(41,924)	-
		<u>28,432</u>	<u>36,563</u>
Deferred			
Origination and reversal of temporary differences		(24,330)	(34,202)
		<u>4,102</u>	<u>2,361</u>

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

	2021 Rupees '000	2020 Rupees '000
34. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
34.1 Basic earnings / (loss) per share		
Profit / (loss) after taxation	126,771	(471,550)
	----- Number of shares -----	
Weighted average ordinary shares in issue	57,002,500	57,002,500
	----- Rupees -----	
Earnings / (loss) per share - basic and diluted	2.22	(8.27)

34.2 Diluted earnings per share

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

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	-	103,279	15,780	-	85,797
Bonus	2,800	-	15,657	-	-	-
Contribution to provident fund	850	-	4,067	850	-	3,693
Gratuity	850	-	2,739	850	-	2,127
Utilities	1,020	-	6,114	1,020	-	4,544
Passage / privilege leave	-	-	2,293	-	-	2,229
	<u>21,300</u>	<u>-</u>	<u>134,149</u>	<u>18,500</u>	<u>-</u>	<u>98,390</u>
Number of persons	1	-	24	1	-	25

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

- 35.1** The Chief Executive of the Holding Company is also entitled for the use of the Company maintained car, security, telephone, club and medical expenses at actual. He is also entitled to receive other benefits as per Holding Company policy applicable to all management employees.
- 35.2** Certain Executives of the Holding Company are also provided with free use of the Holding Company maintained vehicles.
- 35.3** Aggregate amount charged in the Consolidated financial statements for meeting fee to Directors of Holding Company and Subsidiary Company was Rs.3,540 thousand (2020: Rs.2,590 thousand).

36. TRANSACTIONS WITH RELATED PARTIES

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

Related party name along with relation	Nature of transaction	2021 --- Rupees in '000 ---	2020
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	13,310	12,000
(ii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Company (36.1)	Contract assembly charges	588,843	439,452
	Reimbursement of expenses	638	444
	Purchase of parts	621	183
	Sale of parts	4	6
	Head office rent	7,145	6,442
	Sale of vehicle	2,540	-
The General Tyre and Rubber Company of Pakistan Limited (36.1)	Purchase of tyres, tubes and flaps	30,063	19,187
Gammon Pakistan Limited (36.1)	Regional office rent	3,300	3,000
Janana De Malucho Textile Mills Limited (36.1)	Reimbursement of expenses	2,275	2,057
(iii) Others			
Staff provident funds	Contribution made	13,762	12,887
Staff gratuity funds	Contribution made	10,513	18,317
Key management personnel	Remuneration and other short term benefits	115,208	96,571
	Sale of fleet vehicles	1,770	-

- 36.1** Associated company by virtue of common directorship.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

37. PLANT CAPACITY

The Holding Company

Against the production capacity of 4,800 (2020: 4,800) trucks, buses and pickups on single shift basis, the Company produced 3,710 (2020: 2,713) trucks and buses of JAC, DongFeng and Isuzu. The Company has also processed 3,627 (2020: 2,618) truck cabs and pickups through paint shop.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Holding Company has not assembled any vehicle and the plant was idle during the year ended June 30, 2021 and June 30, 2020.

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

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

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

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

(a) Credit risk

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

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

The maximum exposure to credit risk as at June 30, 2021 along with comparative is tabulated below:

	2021	2020
	----- Rupees '000 -----	
Long term loans	14,529	14,637
Long term deposits	10,718	7,955
Trade debts	897,206	674,771
Loans and advances	7,006	7,015
Deposits and prepayments	260	-
Accrued interest / mark-up	9,342	387
Other receivables	18,048	11,052
Bank balances	1,085,823	353,515
	<u>2,042,932</u>	<u>1,069,332</u>

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

	2021	2020
	----- Rupees '000 -----	
The ageing of trade debts at the reporting date is as follows:	879,769	582,234
up to 3 months	11,842	21,906
3 to 6 months	9,577	68,286
6 to 12 months	28,392	37,521
more than 12 months	(32,374)	(35,176)
Provision for expected credit losses	897,206	674,771

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	----- Rupees in '000 -----			
June 30, 2021				
Lease liabilities	92,916	104,476	31,368	73,108
Long term borrowings	155,497	165,653	83,239	82,414
Long term deposits	33,226	33,226	-	33,226
Trade and other payables	645,795	645,795	645,795	-
Accrued mark-up	8,784	8,784	8,784	-
Short term borrowings	240,189	241,829	241,829	-
Unclaimed dividend	10,601	10,601	10,601	-
	1,187,008	1,210,364	1,021,616	188,748
June 30, 2020				
Lease liabilities	126,947	149,054	46,073	102,981
Long term borrowings	67,754	76,678	19,999	56,679
Long term deposits	27,111	27,111	-	27,111
Trade and other payables	397,827	397,827	397,827	-
Accrued mark-up	22,538	22,538	22,538	-
Short term borrowings	355,929	364,827	364,827	-
Unclaimed dividend	10,603	10,603	10,603	-
	1,008,709	1,048,638	861,867	186,771

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

(c) Market risk

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

Foreign exchange risk

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

	Rupees	Euro	U.S. Dollar	RMB
	----- Rupees in '000 -----			
June 30, 2021				
Trade and other payables	126,188	24	42	4,645
June 30, 2020				
Trade and other payables	89,530	-	13	3,639
Other receivables	(4,224)	-	-	(176)
	<u>85,306</u>	<u>-</u>	<u>13</u>	<u>3,463</u>

The following significant exchange rates have been applied:

	Reporting date rate	
	2021	2020
RMB to Rupee	24.76	24.00
U.S. Dollar to Rupee	158.30	168.75
Euro to Rupee	188.71	186.99

Sensitivity analysis

At June 30, 2021, if Rupee had strengthened by 5% against RMB, Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of net financial liabilities.

	2021	2020
	----- Rupees '000 -----	
Effect on profit / loss for the year		
RMB to Rupee	5,751	4,156
U.S. Dollar to Rupee	332	110
Euro to Rupee	226	-
	<u>6,309</u>	<u>4,266</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

Interest rate risk

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

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

	2021	2020
	----- Rupees '000 -----	
Fixed rate instruments - financial assets		
Bank balances	<u>1,036,420</u>	<u>313,934</u>
Variable rate instruments - financial liabilities		
Lease liabilities	92,916	126,947
Long term borrowings	155,497	67,754
Short term borrowings	<u>240,189</u>	<u>355,929</u>
	<u>488,602</u>	<u>550,630</u>

Sensitivity analysis

At June 30, 2021, if the interest rates on the Group's variable rate instruments had been 1% higher / (lower) with all other variables held constant, loss before tax for the year would have been Rs.4,886 thousand (2020: Rs.5,506 thousand) lower / higher mainly as a result of net higher / (lower) interest expense.

Price risk

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

38.2 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

Valuation techniques used to determine fair values

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

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

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

38.3 Financial instruments by categories

Financial assets as per statement of financial position

	2021	2020
	----- Rupees '000 -----	
Long term loans	14,529	14,637
Long term deposits	29,139	36,231
Trade debts	897,206	674,771
Loans and advances	7,006	7,015
Deposits and prepayments	260	-
Other receivables	18,048	11,052
Bank balances	1,085,823	353,516
	<u>2,052,011</u>	<u>1,097,222</u>

Financial liabilities as per statement of financial position

Lease liabilities	92,916	126,947
Long term borrowings	155,497	67,754
Long term deposits	33,226	27,111
Trade and other payables	748,911	542,533
Accrued mark-up	8,784	22,538
Short term borrowings	240,189	355,929
Unclaimed dividend	10,601	10,603
	<u>1,290,124</u>	<u>1,153,415</u>

39. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares and obtain further borrowing facilities. There was no change to the Group's approach to capital management during the year. The Group monitors capital on the basis of gearing ratio calculated as follows:

	2021	2020
	----- Rupees '000 -----	
Total borrowings	488,602	550,630
Bank balances	(1,085,430)	(352,286)
Net bank balances / debt	(596,828)	198,344
Total equity	7,472,173	7,020,954
Total capital	<u>6,875,345</u>	<u>7,219,298</u>
Gearing ratio	<u>0.00%</u>	<u>2.75%</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

40. OPERATING SEGMENTS

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

- (a) All non-current assets of the Group at June 30, 2021 and 2020 are located in Pakistan.
- (b) 100% (2020: 100%) of the Group's sales relate to customers in Pakistan.
- (c) Two (2020: one) of the Group's customers contributed towards 31% (2020:15%) of the sales during the year aggregating Rs. 1,368,952 thousand (2020: Rs. 375,600 thousand) which exceeds 10% of the sales of the Group.

41. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2021 were 1,035 (2020: 1,054), average number of employees during the year were 1,041 (2020: 1,045).

42. PROVIDENT FUND RELATED DISCLOSURES

- 42.1 The following information is based on un-audited financial statements of the Holding Company's Fund for the year ended June 30, 2021:

	2021	2020
	----- Rupees '000 -----	
Size of the Fund - total assets	177,435	158,609
Cost of investments made	122,261	116,803
Percentage of investments made	68.90%	73.64%
Fair value of investments	193,343	165,974

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

43. SHAHRIAH SCREENING DISCLOSURE


	2021		2020	
	Convent- ional	Shariah Compliant	Convent- ional	Shariah Compliant
	----- Rupees '000 -----			
Bank balances	662,363	426,979	352,165	4,033
Accrued mark-up	7,254	2,088	387	-
Accrued mark-up on borrowings	8,045	739	16,764	5,774
Revenue	-	4,413,360	-	2,497,942
Other income				
a) Profit on saving accounts and term deposit receipts	22,572	6,201	32,304	-
b) Gain from sale of investment	1,016	1,718	9,373	-
d) Dividend income	1,553	5,370	535	-
e) Others including exchange gain on actual currency	-	40,416	-	17,991
Mark-up / interest expense	24,791	3,882	123,123	6,614

44. CORRESPONDING FIGURES


The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 28, 2021 by the Board of Directors of the Holding Company.


 Ahmad Kuli Khan Khattak
 Chief Executive Officer


 Polad Merwan Polad
 Director


 Muhammad Umair
 Chief Financial Officer

Dividend Mandate Form

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

Date: __/ __/ __/

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

SHAREHOLDER’S INFORMATION & BANK DETAILS

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

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

Signature of Member: _____

Name: _____
(PLEASE WRITE NAME IN BLOCK LETTERS)

Form of Proxy

I / We _____
of _____ being
a member(s) of Ghandhara Nissan Limited and holder of _____
Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No.
_____ hereby appoint _____
of _____
or failing him/her _____ of _____
_____ who is also member of Ghandhara
Nissan Limited vide Registered Folio No./CDC Participant's ID and Account No. _____ as
may/our proxy to vote for me/us and on my/our behalf at the **39th** Annual General Meeting of the
Company to be held on **Thursday, 28th October 2021 at 03:30 P.M.** and any adjournment thereof.

Signed this _____ day of _____ 2021.

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

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

AFFIX
REVENUE
STAMP
Rs.5/-

IMPORTANT:

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

نمائندگی فارم

میں / ہم _____
جو _____ کے گندھارا انسان لمیٹڈ کے ممبر ہونے کے ناطے
شیرز جسر فوکیو کے مطابق عام شیرز کے اہل ہیں / CDC کے شراکت کار کا شناختی نمبر _____
کا تقرر کرتے ہیں _____
جو _____ کے یا ان کی ناکامی کی صورت میں _____ کے
میرے / ہمارے نمائندہ کے طور پر کمپنی کی 39 واں سالانہ جنرل میٹنگ میں میری / ہماری طرف سے میرے / ہمارے لیے میرے / ہمارے نائب کے طور پر ووٹ دے سکتے ہیں جو بروز جمعرات،
28 اکتوبر 2021 کو دوپہر 03:30 بجے، منعقد ہونے والی ہے۔
دستخط _____ دن _____ 2021 کو کیے گئے۔

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

5 روپے کے ریونیو ٹکٹ پر دستخط

اہم:

1. اس نمائندگی فارم کو پوری طرح مکمل اور دستخط شدہ ہونا چاہیے اور میٹنگ منعقد ہونے کے بعد 48 گھنٹوں سے کم نہ ہونے والی مدت میں کمپنی کے رجسٹرڈ آفس F-3، حب چوکی روڈ، سائٹ میں جمع کیا جانا چاہیے۔
2. نمائندہ خود بھی کمپنی کا ممبر ہونا چاہیے۔
3. CDC کے شیرز ہولڈرز اور ان کے نمائندے اس نمائندگی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ تصدیق شدہ کاپی ضرور منسلک کریں۔



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