



Tough Times Never Last, But Tough Companies Do...

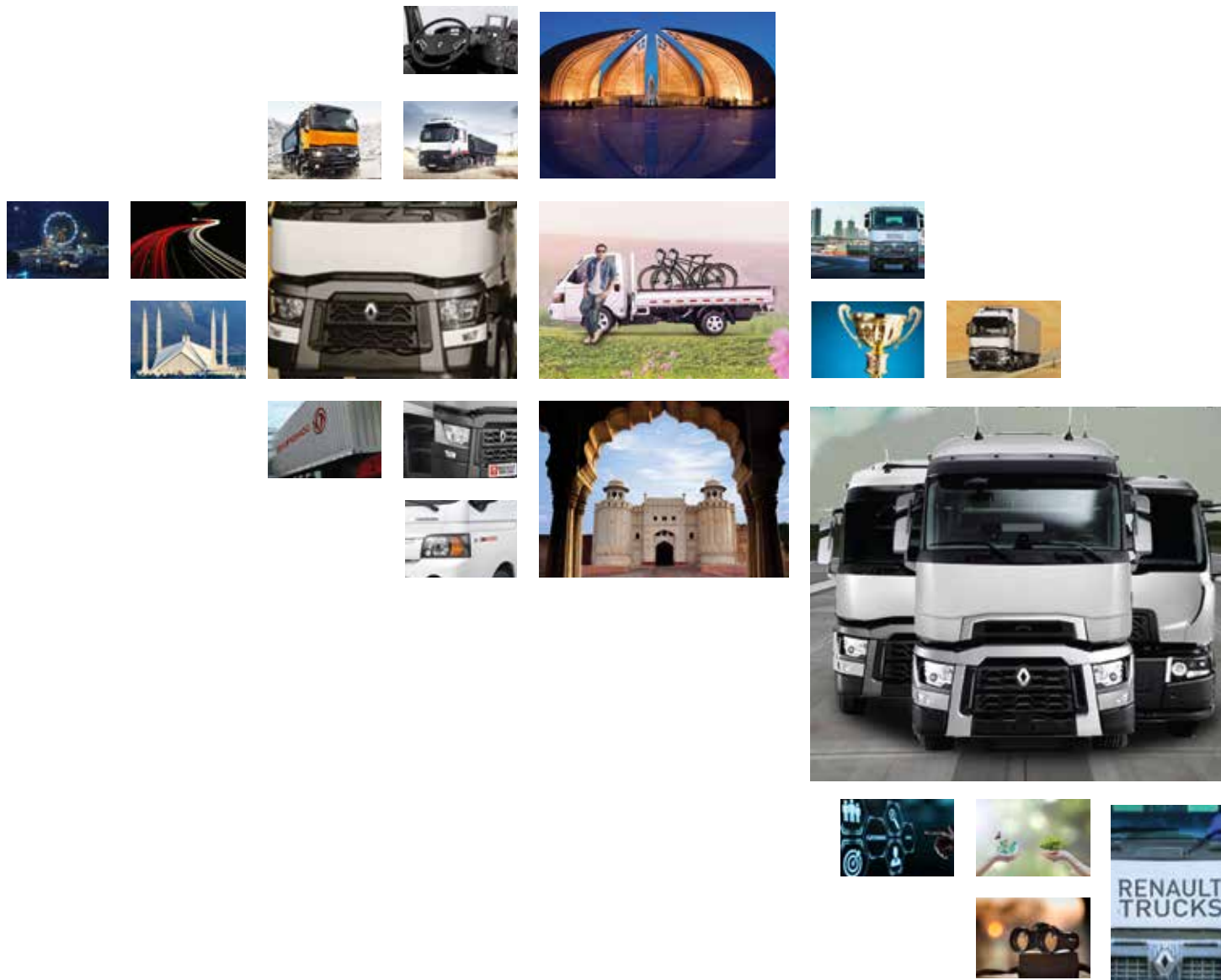




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GHANDHARA NISSAN LIMITED

At the **Helm** of the **Wheel**

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.



GHANDHARA NISSAN LIMITED

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

Company Secretary

Mr. Muhammad Sheharyar Aslam

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



NTN:

0802990-3

Sales Tax Registration No:

12-03-8702-001-46

Share Registrars

CDC Share Registrar Services Ltd.

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

Legal & Tax Advisors

LEX FIRMA

Advocates, Barristers & Legal Consultants
418, Continental Trade Centre, Clifton, Karachi.

M/s. Shekha & Mufti

Chartered Accountants
C-253, PECHS., Block 6
Off Shakrah-e-Faisal
Karachi.

Registered Office

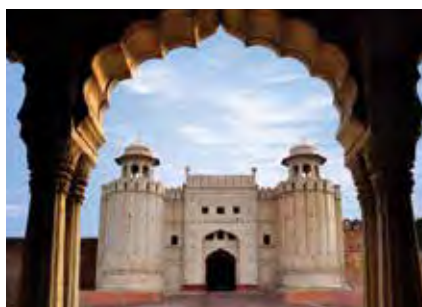
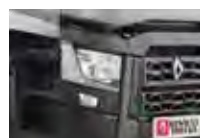
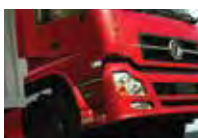
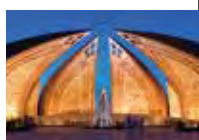
F-3, Hub Chowki Road, S.I.T.E., Karachi

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 2020 - 21 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, 2020
Time: 03:15 P.M.
Venue: F-3, Hub Chowki Road, SITE, Karachi.

FINANCIAL CALENDAR

September 2020	Audited annual results for the year ended June 30, 2020
October 2020	Mailing of annual reports/CDs
October 2020	Annual General Meeting
October 2020	Unaudited first quarter financial results
February 2021	Unaudited half year financial results
April 2021	Unaudited third quarter financial results
June 2021	Annual Budget 2021-22

DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from October 22, 2020 to October 28, 2020 (both days inclusive).

CIRCULATION OF ANNUAL REPORTS THROUGH CD/DVD/USB

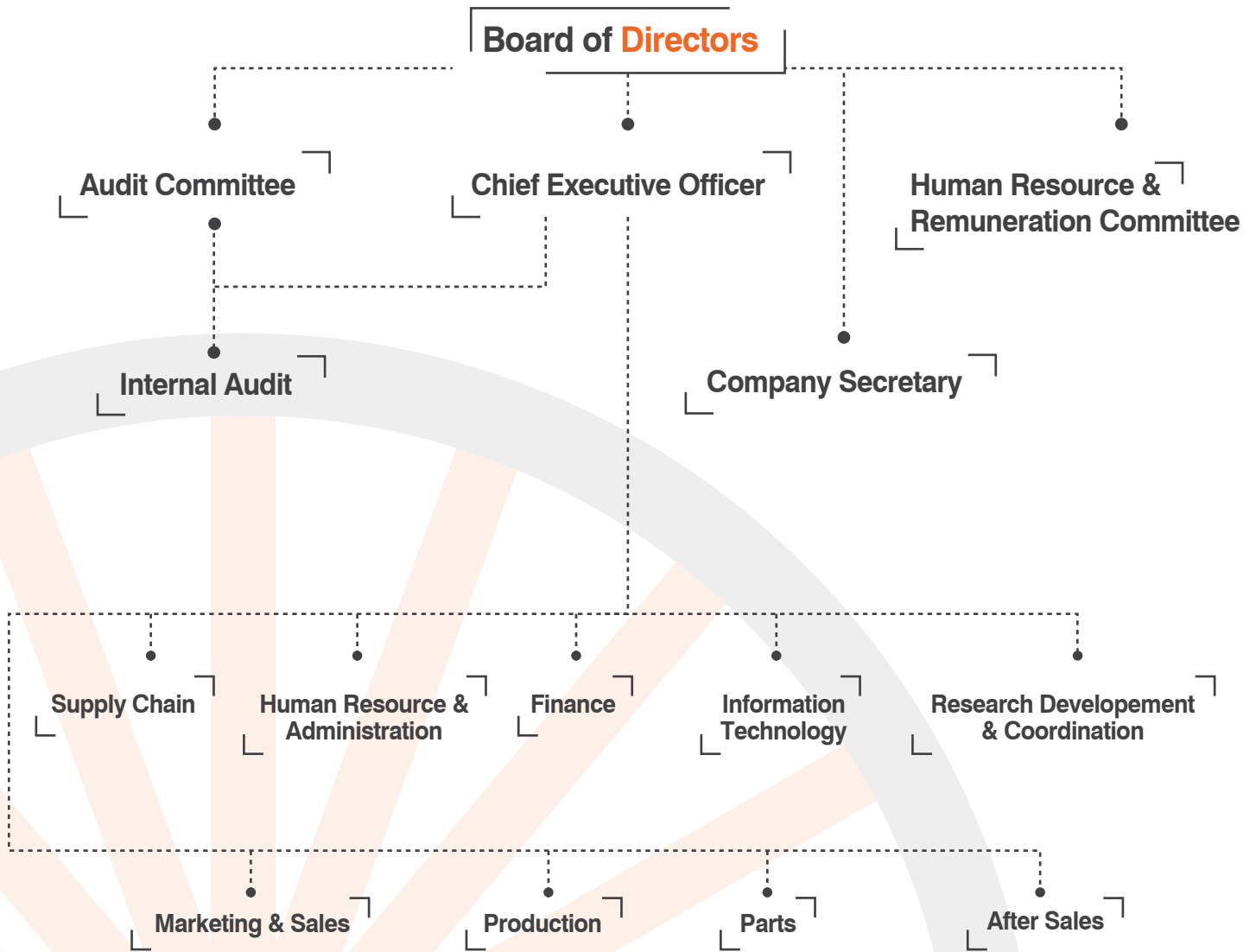
As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 23, 2017, the Company shall circulate Annual Report 2020 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2020 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 alongwith a copy of CNIC to the Registrar of the Company.



Organization Chart



Notice of Annual General Meeting

Notice is hereby given that 38th Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Wednesday, 28 October 2020 at 03:15 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 25 October, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2020 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending 30th June, 2021. 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, 2020 (as disclosed in Note-40 of Financial Statements for the year ended June 30, 2020) 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, 2021 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."

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.

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



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

Karachi: 7th October, 2020



Notes:

i. Coronavirus Contingency Planning for Annual General Meeting of Shareholders

Due to current COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through its notice Ref: PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

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, 2020 to October 28, 2020 (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 Shakra-e-Faisal, Karachi, Pakistan by the close of business on October 21, 2020 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 2020.
- 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 Shakra-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 in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (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) alongwith 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 2020 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2020 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 2020 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 alongwith 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 alongwith 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 Shahra-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.

Where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account. In this regard, the Company is in the process of opening separate bank account. The deposits in the unpaid dividend account shall only be used for payment to a claimant as given in sub-section 4.

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, 2020 alongwith reports have been placed on the website of the Company: <https://www.gandharanissan.com.pk/page-financial-reports>.



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, 2020 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, 2020 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, 2021 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, 2021.

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



30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کے مالی گوشوارے مع رپورٹس کمپنی کی ویب

سائٹ: <https://www.gandharanissan.com.pk/page-financial-reports> پر رکھ دیے گئے ہیں۔

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 (a) 4-30 جون 2020 کو مکمل ہونے والے سال کے دوران ملحقہ کمپنیز/متعلقہ پارٹیز کے ساتھ ہونے والی ٹرانزیکشنز کو بطور عمومی قرار دیا منظور ہونا ہے۔ لیکچر 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 کہ 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 ٹرانزیکشنز کی منظوری کے لیے ڈائریکٹرز کا کورم تشکیل نہیں پاسا تھا جن کی منظوری شیئرز ہولڈرز کے ذریعے عام اجلاس میں ہونا ہے۔

مندرجہ بالا نقطہ نظر کے مطابق، 30 جون 2020 کو مکمل ہونے والے مالیاتی سال کے دوران شریک کمپنی کے ساتھ ہونے والی ٹرانزیکشنز جیسا کہ آڈٹ شدہ مالی گوشواروں کے متعلقہ نوٹس میں ظاہر ہیں، شیئرز ہولڈرز کے سامنے غور و خوض اور منظوری / توثیق کرنے کے لیے رکھی جا رہی ہیں۔

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

(2) نوٹس کا ایجنڈا نمبر (b) 4- آئینہ 30 جون 2021 کو مکمل ہونے والے سال کے دوران ملحقہ کمپنیز/متعلقہ پارٹیز کے ساتھ ہو چکنے والی اور ہونے والی ٹرانزیکشنز کے لیے چیف ایگزیکٹو کا اختیار بطور عمومی قرار دیا منظور کیا جائیگا۔

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

آئینہ 30 جون 2021 کو مکمل ہونے والے سال کے دوران لیکچر کمپنیز کے (کارپوریٹ گورننس کا ضابطہ) کے ریگولیشنز کی شق پندرہ (15) کی تعمیل میں، شیئرز ہولڈرز چیف ایگزیکٹو کو ملحقہ کمپنیز/متعلقہ پارٹیز کے ساتھ عام کاروبار میں ہو چکنے والی اور ہونے والے لین دین منظور کرنے کا اختیار دیتے ہیں۔

ڈائریکٹرز، ملحقہ کمپنیز/متعلقہ پارٹیز میں اپنی مشترکہ ڈائریکٹر شپ اور شیئرز ہولڈنگ کی حد تک قراردادیں دلچسپی رکھتے ہیں۔



ممبران سے یہ گزارش بھی کی جاتی ہے کہ کمپنی سے موثر رابطے 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 2012/2(831) مورخہ 5 جولائی 2012ء اور ایس آر او 2014/1(19) مورخہ 10 جنوری 2014ء، کی رو سے ڈیویڈنڈ وارنٹ پر، سی این آئی سی ایس این آئی سی این ٹی این یا 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 ایس این آئی سی این ٹی این کی نقول فراہم نہیں کی ہیں، انھیں ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ وہ اپنے تازہ سی این آئی سی ایس این آئی سی این ٹی این کی نقول فوری طور پر کمپنی کے شیئرز 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 این ٹی این کی نقول اور این ٹی این کی تفصیلات کے ہمراہ فوئیو نمبر ضرور دیں۔

.ix ڈیویڈنڈ مینڈیٹ

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

.x غیر دعویٰ شدہ ڈیویڈنڈ

کمپنیز ایکٹ 2017ء کے سیکشن 244 کی دفعات کے مطابق۔ جہاں کمپنی نے ڈیویڈنڈ کا اعلان کیا ہو لیکن ڈیویڈنڈ کی ادائیگی کے حقدار کسی بھی شیئرز ہولڈرز کو سیکشن 242 کے تحت مخصوص مدت کے اندر ادائیگی یا دعویٰ نہیں کیا گیا ہے، تو کمپنی مذکورہ مدت کی میعاد ختم ہونے کی تاریخ سے پندرہ (15) دن کے اندر ڈیویڈنڈ کی کل رقم جو غیر ادا شدہ ہے یا غیر دعویٰ شدہ ہے، ایک علیحدہ منافع بخش اکاؤنٹ میں جو غیر ادا شدہ ڈیویڈنڈ اکاؤنٹ کہلاتا ہے، میں منتقل کر دے گی۔ اس سلسلے میں، کمپنی علیحدہ بینک اکاؤنٹ کھولنے کے عمل میں ہے۔ غیر ادا شدہ ڈیویڈنڈ اکاؤنٹ میں جمع ہونے والی رقم صرف دعوے دار کو ادائیگی کے لیے استعمال ہوں گی، جیسا کہ ذیلی سیکشن-4 میں دیا گیا ہے۔

.xi فائدہ مند ملکیت کی تفصیلات

کارپوریٹ اداروں / قانونی افراد کی توجہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے 2018 کے سرکلر 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 سرکلرز میں درج ہے۔



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

- (i) فرد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور ایادہ شخص، جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ریگولیشنز کے مطابق جن کی رجسٹریشن کی تفصیلات اپ لوڈ ہو چکی ہیں، اجلاس میں شرکت کے وقت اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ سے اپنی شناخت کی تصدیق کرائیں گے / گی۔
- (ii) 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۔
- (iii) 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) اجلاس کے موقع پر فراہم کرنے ہونگے۔

B. پراسسز کی تقرری کے لیے:

- (i) فرد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور ایادہ 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 پراسسز فارم جمع کریں گے۔
- (ii) پراسسز فارم کی شہادت اُس شخص کی جانب سے دی جائیگی جس کا نام، پتہ اور سی این آئی سی نمبر فارم پر لکھا ہوگا۔
- (iii) پراسسز فارم کے ساتھ، سود مند مالکان اور پراسسز کی سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقول فراہم کرنا ہوگی۔
- (iv) اجلاس میں شرکت کے وقت پراسسز 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) پراسسز فارم کے ساتھ کمپنی میں جمع کرانا ہوگی۔

.vi سی ڈی وی ڈی / 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(1) 470 مورخہ 31 مئی 2016، کمپنیز کو سی ڈی / 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 2020 ارسال کر دی ہے۔ اگر کسی ممبر کو سالانہ رپورٹ 2020 کی طبع شدہ نقل درکار ہے تو کمپنی کی ویب سائٹ پر موجود اسٹیٹمنٹ رپورٹ درخواست فارم پر درکار کے درخواست بھیج سکتا ہے۔

ممبران کو بذریعہ بذمہ مطلع کیا جاتا ہے کہ ایس ای سی پی کے ایس آر او 2014(1) 787 مورخہ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کے سیکشن (6) 223 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 2020 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 انہیں درخواست وصول ہونے کے ساتھ دن کے اندر بلا معاوضہ فراہم کر دی جائے گی۔



نوٹس:

i. شیئر ہولڈرز کے سالانہ اجلاس کے لیے کرونا وائرس کی ہنگامی منصوبہ بندی COVID-19 کی موجودہ صورت حال کی وجہ سے، حکومت نے ایک جگہ پر بڑے عوامی اجتماعات کو معطل کر دیا ہے۔ مزید برآں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے 2020 کے اپنے سرکلر نمبر 5 ج 17 مارچ 2020 میں جاری ہوا تھا، کی شرائط میں اور پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) نے اپنے نوٹس، حوالہ: مورخہ 19 مارچ 2020 کے ذریعے کمپنیز کو مشورہ دیا ہے کہ وہ بڑے پیمانے پر شیئر ہولڈرز اور عوام کی فلاح و بہبود اور حفاظت کے لیے سالانہ اجلاس عام کے حوالے سے اپنی معمول کی منصوبہ بندی میں رد و بدل کریں۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایات پر غور کرتے ہوئے، کمپنی کو رَم کے تقاضوں کی تعمیل کو یقینی بناتے ہوئے شیئر 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 شیئر ہولڈرز سمیت تمام شرکاء اب ویڈیو لنک 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 فولیو نمبر، سیل فون نمبر اور اپنے نام پر موجود شیئرز کی تعداد کو info@ghandhara.com.pk پر ای میل کرنا ہوگا۔ ویڈیو لنک اور لاگ ان کی اسناد صرف ان 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 شیئر ہولڈرز اپنے تبصرے اور سوالات ای میل ایڈرس info@ghandhara.com.pk پر بھی فراہم کر سکتے ہیں۔ لہذا، ممبران کو ویڈیو لنک کے ذریعے 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 2020ء تا 28 اکتوبر 2020ء (دونوں دن شامل) کو بند رہیں گی۔ سالانہ اجلاس عام میں حاضری کے مقصد کے لیے، کمپنی کے شیئر رجسٹرار بنام میسرز سی ڈی سی شیئر رجسٹرار سرورسز لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی، پاکستان کو 21 اکتوبر 2020ء 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 دہی کا اہل ممبر، بطور پر کسی اپنی طرف سے شرکت کرنے اور رائے دہی 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 شیئر رجسٹرار آفس میں موصول ہو جانا چاہئیں۔ ممبران کی آسانی کے لیے، سالانہ رپورٹ 2020 کے آخر میں پراکسی درخواست فارم منسلک ہے۔

iv. فزیکل شیئرز رکھنے والے ممبران سے گزارش کی جاتی ہے کہ اپنے پتے میں تبدیلی کی اطلاع فوری طور پر ہمارے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سرورسز لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو دیں۔

v. سی ڈی سی کا کوئی بھی انفرادی سود مند مالک اس اجلاس میں شرکت اور رائے دہی کا حق رکھتا ہے، 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 شیئر ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی تصدیق شدہ نقل لازماً منسلک ہونا چاہیے۔ اس مقصد کے لیے کارپوریٹ ممبرز کے نمائندگان عمومی مطلوبہ دستاویزات اپنے ہمراہ لائیں۔



سالانہ اجلاس عام کی اطلاع

مطلع کیا جاتا ہے کہ گندھارا انسان لمیٹڈ کے شیئر ہولڈرز کا اڑتیسواں (38th) سالانہ اجلاس عام بروز بدھ مورخہ 28 اکتوبر 2020ء کو 03:15 بجے سہ پہر، ایف-3، حب چوکی روڈ، سائینٹ کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا:

عمومی امور:

1. سالانہ اجلاس عام منعقدہ 25 اکتوبر 2019 کی کارروائی کی توثیق۔
2. 30 جون 2020 کو مکمل ہونے والے سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالی گوشوارے مع ڈائریکٹرز اور آڈیٹرز رپورٹس کی وصولی، غور و خوض اور منظوری۔
3. 30 جون 2021 کو مکمل ہونے والے سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ سبکدوش ہونے والے آڈیٹرز 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 2020 (جیسا کہ 30 جون 2020 کو مکمل ہونے والے سال کے لیے مالی گوشوارے کے نوٹ-40 میں ظاہر ہے) کو مکمل ہونے والے سال کے دوران ملحقہ کمپنیز/متعلقہ پارٹنرز 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 2021 کو مکمل ہونے والے سال کے دوران ملحقہ کمپنیز/متعلقہ پارٹنرز کے ساتھ ہونے والے عام کاروبار کے لین دین کی منظوری کے لیے بذریعہ توثیق کی جاتی ہے اور کمپنی کا چیف ایگزیکٹو آفیسر مجاز ہے اور رہے گا اور اس تعلق سے چیف ایگزیکٹو آفیسر بذریعہ توثیق اس بات کا بھی مجاز ہے کہ وہ اس سلسلے میں کہ وہ کوئی بھی یا تمام ضروری اقدامات کرے اور کمپنی کی جانب سے تمام مطلوبہ دستاویزات/معاہدوں پر دستخط/عمل درآمد کرنے 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۔

5. چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

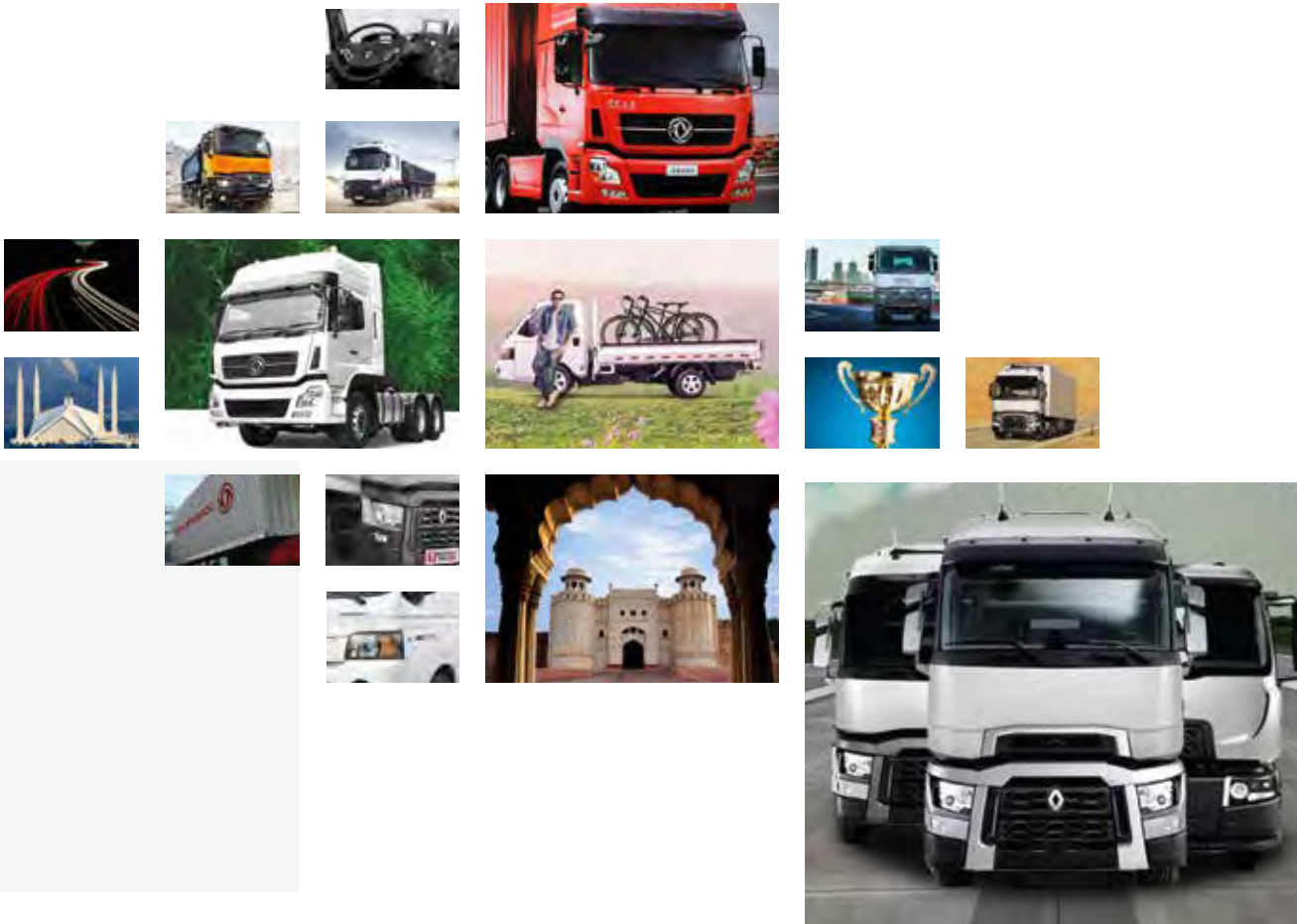
ایم۔ شہریار اسلم

(کمپنی سیکریٹری)

کراچی: 7 اکتوبر 2020



Chairman's Review



I am presenting the 38th Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2020 to our valued shareholders.



Economy at a Glance

The Covid-19 pandemic has surfaced as a major impediment with global lock-down restricting the economic activity across the board. For our country, this has come at a time when the country was already facing economic slowdown. Emergence of the pandemic has further dampened the country's economic growth. This has led to downside risks posed to consumer demand amidst temporary business shut-downs, resulting insignificant pressure on the overall confidence among businesses.

Industry outlook

The economic slowdown has been more noticeable in domestic industries such as automobile and steel. Macroeconomic variables of the country are challenging in general and for auto industry in particular. It is crucial to point out here that the after effects of the situation arising from Covid-19 crisis are not just being felt by Pakistan auto industry but the global automotive sector has borne the brunt of this pandemic. Sales volumes have collapsed and factories have remained shut almost entirely during the lock-down period. As per PAMA, sales volumes of auto industry for Heavy Commercial Vehicles (HCVs) were 3,088 units during the year ended June 30, 2020 as compared to 5,828 units during the previous year showing a decline of 47%. Similarly, for Light Commercial Vehicles (LCVs), sales were 12,048 units during the year ended June 30, 2020 as compared to 25,362 units during the previous year showing a decline of 52%.

Company's performance

The Company has incurred an after-tax loss of Rs.206.6 million (after-tax loss of Rs.28.8 million last year). The main reason of loss during the financial year is fall in gross profit of the company due to decline in volumes. This was due to unfavorable economic conditions together with lock-down restrictions aimed to contain spread of Covid-19. Moreover, higher cost of production forced businesses to resort to price increases. On the other hand, purchasing power of customers was also affected because of inflationary pressure.

Further, Covid-19 pandemic has impacted the financial position of the Company with increasing working capital requirement as a result of minimal sales operations and delay in recoveries from customers adding up to the financial costs.

Future Outlook

The overall economic outlook; global and domestic, remains uncertain at least for the near future. However, the Company is keen to address the challenges of ever changing market dynamics by bringing in right product mix in commercial vehicles segment while offering flexible payment terms to support the customers in this time of financial stress.

Recovery of the automotive sector around the world may be gradual but the ground reality in Pakistan is different and will heavily depend on Government's policies to tackle the situation.

Your management is determined to avail full benefits of the opportunities offered by the market with continued focus on quality improvement, productivity, 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) and 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.



Raza Kuli Khan Khattak

For and on behalf of the
Board of Directors

Karachi

Dated: September 30, 2020



چیئر مین کا جائزہ

میں اپنے قابل قدر شیئر ہولڈرز کو 30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کی اڑتیسویں (38th) سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کر رہا ہوں۔

معیشت ایک نظر میں

COVID-19 کا وبائی مرض عالمی سطح پر لاک ڈاؤن کے ساتھ، معاشرے کے تمام طبقات کے لیے ایک بہت بڑی رکاوٹ بن کر سامنے آیا جس نے معاشی سرگرمیوں کو محدود کر دیا۔

ہمارے ملک کے لیے، یہ ایسے وقت میں آیا ہے جب ملک پہلے ہی معاشی سست روی کا سامنا کر رہا تھا۔ اس وبائی مرض کے ابھرنے سے ملک کی معاشی ترقی مزید کم ہو گئی ہے کیونکہ اس کے نتیجے میں کاروبار عارضی طور پر بند ہو گئے اور صارفین کی مانگ کو منفی خطرہ لاحق ہوا ہے، جس کے نتیجے میں کاروبار کے مابین مجموعی اعتماد پر دباؤ رہا۔

صنعتی کا نقطہ نظر

آٹوموبائل اور ایئر لائنز جیسی انڈسٹریز میں معاشی سست روی زیادہ نمایاں رہی ہے۔ ملک کے سیکر و اکنا تک متغیرات عمومی طور پر اور خاص طور پر آٹو انڈسٹری کے لیے چیلنج ہیں۔ یہاں یہ بتانا بہت ضروری ہے کہ COVID-19 کے بحران سے پیدا ہونے والی بدتر صورت حال صرف پاکستان آٹو انڈسٹری ہی محسوس نہیں بلکہ عالمی آٹو موٹو سیکٹر اس وبائی بیماری کا شکار ہے۔ لاک ڈاؤن کے دوران فروخت کا حجم گریا اور فیکٹریاں تقریباً مکمل طور پر بند رہیں۔ پامپا (PAMA) کے مطابق، 30 جون 2020 کو ختم ہونے والے سال کے دوران بیوی کرسٹل گاڑیوں (HCVs) کے لیے آٹو انڈسٹری کی فروخت کا حجم 3,088 یونٹ تھا جب کہ پچھلے سال کے دوران یہ حجم 5,828 یونٹ تھا، مجموعی کمی 47% رہی۔ اسی طرح لائٹ کرسٹل گاڑیوں (LCVs) کے لیے، 30 جون 2020 کو ختم ہونے والے سال کے دوران 12,048 یونٹ کی فروخت رہی جب کہ پچھلے سال کے دوران یہ فروخت 25,362 یونٹ تھی۔ یوں اس سیکٹر میں بھی 52% کمی نظر آ رہی ہے۔

ادارے کی کارکردگی

ادارہ کو بعد از ٹیکس 206.6 ملین روپے (گزشتہ سال بعد از ٹیکس خسارہ 28.8 ملین) کا خسارہ ہوا ہے۔ مالی سال کے دوران خسارے کی بنیادی وجہ حجم میں کمی ہے جس کی وجہ سے ادارے کے مجموعی منافع میں کمی ہوئی۔ COVID-19 اور لاک ڈاؤن کی پابندیوں کے ساتھ نامناسب معاشی حالات نے بھی ادارے کو مزید نقصان پہنچایا۔ مزید یہ کہ پیداوار کی زیادہ قیمت نے اداروں کو قیمتوں میں اضافے کے لیے مجبور کیا۔ دوسری طرف افراط زر کے دباؤ کی وجہ سے صارفین کی قوت خرید بھی متاثر ہوئی ہے۔ مزید برآں، COVID-19 کی وبا، بڑھتی ہوئی ورکنگ کپینل کی ضرورت کے ساتھ مختصر ترین سائیکلز آپریشنز کے نتیجے میں اور صارفین سے وصولیوں میں تاخیر کی وجہ سے مالی اخراجات میں اضافہ ہوا اور ادارے کی مالی حیثیت بھی متاثر ہوئی۔

مستقبل کے امکانات

مجموعی معاشی نقطہ نظر، عالمی سطح پر اور ملک کے اندر، کم از کم مستقبل قریب میں غیر یقینی صورت حال ہے۔ تاہم، ادارہ تجارتی گاڑیوں کے شعبے میں صحیح پروڈکٹ ملکانے کے ساتھ ساتھ مارکیٹ کی حرکیات کو تبدیل کرنے کے لیے چیلنجز سے نمٹنے کی خواہاں ہے اور مالیاتی دباؤ کے اس کڑے وقت میں صارفین کی معاونت کے لیے چلک دار ادائیگی کی شرائط پیش کر رہا ہے۔

دنیا بھر میں آٹو موٹو سیکٹر کی بازیابی تدریجی ہو سکتی ہے لیکن پاکستان میں زمینی حقائق اس سے مختلف ہیں اور اس صورت حال سے نمٹنے کے لیے حکومت کی پالیسیوں پر بہت زیادہ انحصار کرنا پڑے گا۔

آپ کی انتظامیہ اپنی ساخت اور مارکیٹ شیئر کو بہتر بنانے کے لیے معیار کی بہتری، پیداواری صلاحیت، لاگت پر قابو پانے اور بعد از فروخت سروس پر مستقل توجہ کے ساتھ مارکیٹ کی طرف سے پیش کردہ مواقع سے بھرپور فائدہ اٹھانے کے لیے پُر عزم ہے۔

اعتراف

ادارہ، ڈوگ فینگ کرسٹل کمپنی، (چین)، ڈوگ فینگ آٹو موٹو ہائل کمپنی لمیٹڈ (چین)، انہوئی جیا ٹاٹو ہوائی آٹو موٹو ہائل گروپ کارپوریشن، لمیٹڈ (چین) اور رینالٹ ٹرس ایس۔ اے۔ ایس (فرانس) کی مسلسل حمایت اور تعاون کا اعتراف کرتا ہے۔ مزید برآں، میں موقع کا فائدہ اٹھاتے ہوئے اپنے کرم فرماؤں کا ہم پر مسلسل اعتماد کرنے کے لیے، انتظامی ٹیم اور ملازمین کی مخلصانہ کوششوں کے لیے، بورڈ آف ڈائریکٹرز کی رہنمائی کے لیے، تمام سٹیک ہولڈرز، ویٹرز، شریک کار اور شیئر ہولڈرز کی سال بھر حمایت اور تعاون کے لیے شکر یہ ادا کرتا ہوں۔

Raza Khan

بورڈ آف ڈائریکٹرز کے لیے اور ان کی طرف سے

رضاقلی خان خٹک

کراچی

مورخہ: 30 ستمبر 2020





DONGFENG



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 2020.

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 2020 are summarized below:

	2020 (Rupees in thousands)	2019
(Loss) / profit before taxation	(215,932)	5,421
Taxation		
Current	(23,134)	(51,073)
Deferred	32,443	16,846
	9,309	(34,227)
Loss after taxation	(206,623)	(28,806)
Other comprehensive income / (loss)	1,298	(5,818)
Total comprehensive loss	(205,325)	(34,624)
Accumulated profit		
Brought forward	2,149,861	2,151,296
Incremental depreciation	38,064	33,189
	2,187,925	2,184,485
Accumulated profit carried forward	1,982,600	2,149,861
Loss per Share	(3.62)	(0.51)



Reasons for the Loss and Future Prospects of Profit

The Company's operations remained under pressure throughout the financial year 2019-20. In the earlier part of the financial year, the economic slowdown impacted the performance of the Auto-sector while the later part has been greatly affected by the unprecedented Covid-19 pandemic. The pandemic led to nationwide lockdown measures enforced by the Government including closure of non-essential businesses which in turn significantly impacted the Company's financial performance.

Keeping in view the relaxation in the lockdown and the resumption of economic activities, the Company will continue to improve its performance in the days ahead.

Developments during the Financial Year

The Company has, during the financial year, promoted its products through marketing campaigns as well as roadshows and has made all out efforts to target untapped segments of the market. This has made a substantial impact in supporting the sales of the company in such difficult times.

Regarding the passenger car project, the activities remained inconclusive. The decision to hold the activities of the project was taken in the best interest of all the stakeholders. At present, way forward is being discussed with the foreign principal.

The Company has availed SBP Refinance Scheme for payment of wages and salaries in order to optimize the financial cost.

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.

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 2019-20, four BAC meetings were held. Attendance by each member is as follows:

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

Leave of absence was granted to the Directors who could not attend the Board Audit Committee Meetings.

Meetings of Board of Directors

During the year 2019-20, four 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	4
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	4
3.	Mr. Ahmad Kuli Khan Khattak	4
4.	Syed Haroon Rashid	3
5.	Mr. Muhammad Zia	3
6.	Mr. Muhammad Saleem Baig	4
7.	Mr. Polad Merwan Polad	4
8.	Mrs. Shahnaz Sajjad Ahmad	4
9.	Mr. Salman Rasheed (FCA)	3
10.	Mr. Muhammad Jawaid Iqbal	3

Leave of absence was granted to the Directors who could not attend the Board Meetings.



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.

Significant features of Remuneration Policy of Chief Executive and Directors

The remuneration of the Board members is recommended by Board and approved by the shareholders in General meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. The following significant features of remuneration policy:

- The remuneration including incentives and other benefits of the Chief Executive Officer during the year amounts to Rs.18.5 million (2019: Rs.18.5 million).
- Non-Executive Directors including the Independent Directors are entitled only for fee of attending the meetings.

Further details of the remuneration of directors including Chief Executive Officer are mentioned in the "Note no. 39" at the annexed 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, 2020 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 have been reported to PSX on as and where 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.ghandharanissan.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. 131.789 million	June 30, 2019
Gratuity Fund	Rs. 149.238 million	June 30, 2019

- 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

Karachi
Dated: 30th September, 2020



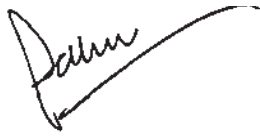
Salman Rasheed
Director



ختم ہونے والا سال	سرمایہ کاری کی قیمت	
30 جون 2019	131.789 ملین روپے	پراویڈنٹ فنڈ
30 جون 2019	149.238 ملین روپے	گریجویٹ فنڈ

ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری، ان کے شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے شیئرز میں کوئی کاروبار نہیں ہوا۔

برائے و منجانب بورڈ آف ڈائریکٹرز



سلمان رشید
ڈائریکٹر



احمد قل خان خٹک
چیف ایگزیکٹو آفیسر

کراچی

مورخہ : 30 ستمبر 2020



مواصلات

کمپنی، شیئر ہولڈرز کے ساتھ بات چیت کی اہمیت پر اپنی توجہ مرکوز رکھتی ہے۔ ان میں سالانہ، ششماہی اور سہ ماہی رپورٹس، کمپنیز ایکٹ 2017 میں بیان کردہ متعین وقت کے اندر تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت بنیاد پر اپنی ویب سائٹ www.gandharanissan.com.pk پر اپ ڈیٹ کی جاتی ہیں۔

ریکارڈز کی حفاظت

کمپنی اپنے مالی ریکارڈز کی ذخیرہ کاری اور انہیں محفوظ رکھنے پر بہت زور دیتی ہے۔ ایک جامع پاس ورڈ سے محفوظ نظام کے نفاذ کے ذریعے الیکٹرونک دستاویزات تک رسائی کو محفوظ بنایا گیا ہے۔

صحت، حفاظت اور ماحولیات

ہم صحت، حفاظت اور ماحول کے اعلیٰ معیار کو برقرار رکھنے میں پختہ یقین رکھتے ہیں تاکہ ہمارے ساتھ کام کرنے والوں کے ساتھ ساتھ، جہاں ہم کام کرتے ہیں ان کی برادریوں کی فلاح و بہبود کو بھی یقینی بنائیں۔

کارپوریٹ سماجی ذمہ داری

کمپنی مجموعی طور پر کاروباری ماحول کے تناظر میں معاشرتی، ماحولیاتی اور اخلاقی ذمہ داریوں سے آگاہ ہے۔ کمپنی تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لیے پُر عزم ہے۔ انتظامیہ اس بات کو یقینی بنانے کی خواہاں ہے کہ کمپنی کی کاروباری سرگرمیوں کی وجہ سے معاشرہ متاثر نہ ہو۔

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

ڈائریکٹرز مندرجہ ذیل معاملات کے لیے، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور کارپوریٹ گورننس ضابطے کے کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

- کمپنی کی منجمنٹ کے ذریعے تیار کردہ مالی گوشوارے، منصفانہ طور پر اس کے امور کی کیفیت، اس کے آپریشنز کا نتیجہ، کیش فلوز اور ایکویٹی میں بدلاؤ کو پیش کرتے ہیں؛
- کمپنی کے اکاؤنٹ کی درست کتب برقرار رکھی گئی ہیں؛
- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں تسلسل سے لاگو ہوتی ہیں اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہوتے ہیں؛
- بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی گوشواروں کی تیاری میں اُن پر عمل درآمد کیا گیا ہے اور ان سے کسی بھی طرح کے انحراف کی مناسب طور پر انکشاف اور وضاحت کی گئی ہے؛
- اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اس کا نفاذ اور نگرانی موثر انداز میں کی گئی ہے؛
- کمپنی کے کاروبار کے چلنے کے حوالے سے، کمپنی کی صلاحیت پر کوئی خاص شبہات نہیں ہیں؛
- گزشتہ چھ (6) برسوں کے اہم آپریٹنگ اور مالی اعداد و شمار کو سالانہ رپورٹ میں شامل کیا گیا ہے؛
- کارپوریٹ گورننس کے بہترین طریق کار سے کسی قسم کا قابل گرفت انحراف نہیں ہوا ہے، جیسا کہ پاکستان اسٹاک ایکسچینج کی رول بک کے قواعد و ضوابط میں تفصیل سے درج ہے؛
- مالی گوشواروں کے متعلقہ نوٹس میں ٹیکسز اور محصولات کے بارے میں معلومات دی گئی ہیں؛
- ان کے متعلقہ آڈٹ اکاؤنٹس کے مطابق اسٹاف ریٹائرمنٹ فنڈز کے ذریعے کی جانے والی سرمایہ کاری کی قیمت ذیل میں دی گئی ہے:



سی ای او کی کارکردگی کا جائزہ

سی ای او کی کارکردگی کی جانچ و تشخیص کے نظام کے ذریعے باضابطہ انداز میں کی جاتی ہے جو مقننہ اور معیاریاتی اقدار پر مبنی ہوتا ہے۔ اس میں کاروبار کی کارکردگی، منافع کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، مستقبل کی منصوبہ بندی اور کارپوریٹ کامیابی شامل ہے۔

چیف ایگزیکٹو اور ڈائریکٹرز کی معاوضہ پالیسی کی اہم خصوصیات

بورڈ کے ممبران کے معاوضے کی سفارش بورڈ اور منظوری شیئر ہولڈرز کے ذریعے سالانہ اجلاس میں لی جاتی ہے۔ تاہم، کارپوریٹ گورننس کے ضابطے کے مطابق، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں حصہ نہ لے۔ بہترین زہانت کو برقرار رکھنے کے لیے، کمپنی کی معاوضہ پالیسیاں مروجہ انڈسٹری کے رجحانات اور کاروباری طریقوں کے مطابق تشکیل دی گئی ہیں۔ معاوضہ پالیسی کی اہم خصوصیات درج ذیل ہیں۔

- سال کے دوران چیف ایگزیکٹو آفیسر کی مراعات اور دیگر فوائد سمیت معاوضے کی رقم 18.5 ملین روپے (2019: 18.5 ملین روپے) ہے۔
- آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز صرف اجلاسوں میں شرکت کی فیس کے مستحق ہیں۔
- چیف ایگزیکٹو آفیسر سمیت ڈائریکٹرز کے معاوضے کے بارے میں مزید تفصیلات منسلک شدہ مالی گوشوارے کے نوٹس میں نوٹ نمبر 39 موجود ہیں۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز شائن ونگ جمیڈ چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے، سبکدوش ہو کر اہل ہونے کے بعد، خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے میسرز شائن ونگ جمیڈ چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اندرونی آڈٹ

کمپنی کے پاس اندرونی آڈٹ کا ایک آزاد فنکشن ہے۔ بورڈ کی آڈٹ کمیٹی سہ ماہی کی بنیاد پر اس فنکشن کے وسائل کی موزونیت اور اختیار کا جائزہ لیتی ہے۔ اندرونی آڈٹ کا سربراہ ہی بورڈ آڈٹ کمیٹی کو فعال 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 کاروباری مالی، آپریشنل اور تعمیل کنٹرولز کا جائزہ لیتا ہے اور بورڈ آڈٹ کمیٹی کو نتائج کی اطلاع دیتا ہے۔

بڑی تبدیلیاں

30 جون 2020 سے اس رپورٹ کی تاریخ تک کوئی قابل ذکر تبدیلیاں نہیں ہوئیں اور کمپنی نے اس عرصے کے دوران کسی ایسی قابل ذکر ذمہ داری کو قبول نہیں کیا ہے جس سے کمپنی کی مالی حیثیت پر برے اثرات مرتب ہوں۔ تمام اہم واقعات اور دیگر قیمتوں سے متعلق حساس معلومات کی اطلاع پی ایس ای ایکس کو جیسی ہے اور جہاں ہے کی بنیاد پر دی جا چکی ہے۔

شیئر ہولڈنگ کا نمونہ

کمپنی کی شیئر ہولڈنگ کا نمونہ اس رپورٹ کے ساتھ منسلک ہے۔

متعلقہ فریقین کی ٹرانزیکشنز

متعلقہ فریقین کے ساتھ تمام ٹرانزیکشنز کو آزادانہ طور پر انجام دیا گیا ہے اور متعلقہ نوٹس کے تحت مالی گوشواروں میں اس کا انکشاف کیا گیا ہے۔



نمبر شمار	ڈائریکٹر کا نام	اجلاسوں میں حاضری
1	جناب پولاد مراد پولاڈ	4
2	لیفٹننٹ جنرل (ر) علی قلی خان خٹک	3
3	جناب محمد ضیاء	3
4	جناب محمد سلیم بیگ	4
5	جناب سلمان رشید (FCA)	3

بورڈ کی آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی چھٹی دی گئی تھی۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2019-20 کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاسوں کی تعداد
1	جناب رضا قلی خان خٹک	4
2	لیفٹننٹ جنرل (ر) علی قلی خان خٹک	4
3	جناب احمد قلی خان خٹک	4
4	سید ہارون رشید	3
5	جناب محمد ضیاء	3
6	جناب محمد سلیم بیگ	4
7	جناب پولاد مراد پولاڈ	4
8	محترمہ شہناز سجاد احمد	4
9	جناب سلمان رشید (FCA)	3
10	جناب محمد جاوید اقبال (CFA)	3

بورڈ کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی چھٹی دی گئی تھی۔

بورڈ آف ڈائریکٹرز اور کمیٹیوں کی کارکردگی کی جانچ

نگرانی کے حوالے سے بورڈ کے کردار اور اس کے اثر کی جانچ ایک مستقل عمل ہے، جسے بورڈ خود ہی جانچتا ہے۔ توجہ کے بنیادی شعبے یہ ہیں:

• کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی ترتیب؛

• پائیدار آپریشن کے لیے حکمت عملی تیار کرنا؛

• بورڈ کی غیر جانبداری، اور

• متعلقہ دفعات میں متعین اپنی ذمہ داریوں کو نبھانے کے سلسلے میں بورڈ کی کمیٹیوں کی کارکردگی کی جانچ



لاک ڈاؤن کی پابندیوں میں آسانی اور معاشی سرگرمیوں کی بحالی کو مد نظر رکھتے ہوئے، کمپنی آنے والے دنوں میں اپنی کارکردگی کو بہتر سے بہتر بنانے کے لئے پرامید ہے۔

مالی سال کے دوران پیش رفت

کمپنی نے، مالیاتی سال کے دوران مارکیٹ ہم سازی کے ساتھ ساتھ روڈ شو کے ذریعے بھی اپنی مصنوعات کو فروغ دیا ہے اور مارکیٹ کے غیر استعمال شدہ حصوں کو ہدف بنانے کی پوری کوشش کی ہے۔ جس کا ادارے کی فروخت کی سرگرمیوں پر اس مشکل وقت میں کسی حد تک مثبت اثر ہوا ہے۔

پیسٹری کار کے پروجیکٹ کی سرگرمیاں معطل رہیں کیوں کہ یہ منصوبہ ابھی تک بے نتیجہ ہے۔ اسی مناسبت سے، سرگرمیاں روکنے کا فیصلہ تمام اسٹیک ہولڈرز کے بہترین مفاد میں لیا گیا ہے۔

کمپنی نے تنخواہوں کی ادائیگی کی قیمت کو بہتر بنانے کے لیے اسٹیٹ بینک آف پاکستان کی ری فنانس اسکیم سے فائدہ اٹھایا ہے۔ اس سے کمپنی کے لیے سرمائے میں قلیل مدتی لیکویڈیٹی بھی پیدا ہوئی ہے۔

ہولڈنگ کمپنی

پیو جی سرو سز پرائیویٹ لمیٹڈ جس کی تشکیل پاکستان میں ہوئی، گندھارا انسان لمیٹڈ کی ہولڈنگ کمپنی ہے۔

چیئر مین کا جائزہ

سالانہ رپورٹ میں چیئر مین کا جائزہ شامل ہے جو جملہ دیگر ایشیا کے ساتھ ساتھ کاروبار کی نوعیت، کمپنی کی کارکردگی، مستقبل کے امکانات اور غیر یقینی صورت حال سے متعلق ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ

بورڈ، تین (3) آزاد ڈائریکٹرز، ایک (1) ایگزیکٹو ڈائریکٹر اور چھ (6) نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز کا انتخاب یکم فروری 2019 کو منعقد ہونے والے غیر معمولی اجلاس عام میں کیا گیا۔

انسانی وسائل اور معاوضہ (HR & R) کمیٹی

کمیٹی، ملازمین کے تلافی / معاوضے میں بہتری کا جائزہ لینے، سفارش کرنے اور ملازمین کی ترقی کے لیے پالیسیاں وضع کرنے کے حوالے سے سالانہ اجلاس کرتی ہے۔

بورڈ کی آڈٹ کمیٹی (BAC)

بورڈ کی آڈٹ کمیٹی، بنیادی طور پر پیسٹری ہولڈرز، اندرونی کنٹرول اور رسک مینجمنٹ کے نظام اور آڈٹ کے عمل کو مالی اور غیر مالی معلومات کا جائزہ لینے اور رپورٹنگ کرنے میں بورڈ کی نگرانی کی ذمہ داریوں کو پورا کرنے میں اس کی معاونت کرتی ہے۔ اس کے پاس انتظامیہ سے معلومات طلب کرنے اور بیرونی آڈیٹرز یا مشیروں کے ساتھ، جو مناسب سمجھا جاتا ہے، براہ راست مشورہ کرنے کی خود مختاری ہے۔ چیف فنانشل آفیسر باقاعدگی سے دعوت نامے کے ذریعے بورڈ کی آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔

ہر اجلاس کے بعد، کمیٹی کے چیئر مین بورڈ کو رپورٹ پیش کرتے ہیں۔ سال 2019-20 کے دوران بورڈ آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری مندرجہ ذیل ہے:



گندھارا انسان لمیٹڈ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2020 کو ختم ہونے والے سال کے لیے ڈائریکٹرز رپورٹ مع آڈٹ شدہ اکاؤنٹس اور آڈیٹرز رپورٹ پیش کر رہے ہیں۔

بنیادی سرگرمیاں

کمپنی کے اصل کاروبار میں گاڑیوں بشمول جے اے سی ٹرکس کی اسمبلی / پروگریسیو مینوفیکچرنگ اور انسان، ڈولفیننگ اور رینالٹ گاڑیوں کی تکمیل شدہ حالت میں درآمد فر وخت اور کنٹریکٹ معاہدے کے تحت دیگر گاڑیوں کی اسمبلی شامل ہے۔

مالی نتائج

30 جون 2020 کو ختم ہونے والے سال کے مالی نتائج کا خلاصہ درج ذیل ہے:

2019	2020
روپے ہزاروں میں	
5,421	(215,932)
(51,073)	(23,134)
16,846	32,443
(34,227)	9,309
(28,806)	(206,623)
(5,818)	1,298
(34,624)	(205,325)
2,151,296	2,149,861
33,189	38,064
2,184,485	2,187,925
2,149,861	1,982,600
(0.51)	(3.62)

نقصان / منافع قبل از ٹیکس

ٹیکس

موجودہ

مؤخر

نقصان بعد از ٹیکس

دیگر جامع آمدنی / نقصان

مجموعی جامع نقصان

مجموعی منافع

آگے لایا گیا

اضافی سودگی

حتی منافع آگے بڑھایا گیا

نقصان فی شیئر

نقصان کی وجوہات اور مستقبل میں منافع کے امکانات

کمپنی کی سرگرمیاں خاص طور پر فر وخت کی سرگرمیاں سارا سال دباؤ میں رہیں۔ ابتدائی حصے میں، اقتصادی سست روی نے آٹومبائل کی کارکردگی کو متاثر کیا جب کہ بعد کا حصہ وبائی مرض COVID-19 سے بری طرح متاثر ہوا ہے۔ اس وبائی مرض کی وجہ سے حکومت نے ملک بھر میں لاک ڈاؤن کے اقدامات کو نافذ کیا جس میں غیر لازمی کاروبار کی بندش بھی شامل ہے جس کے نتیجے میں کمپنی کی مالی کارکردگی نمایاں طور پر متاثر ہوئی۔







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, 2020, 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, 2020 and of the loss and other comprehensive income, 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 Matter

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

Following is the key Audit Matter:

S.No. Key Audit Matter

1. Stock in trade

Refer note 5.8 and 12 to the financial statements, the Company has stock-in-trade aggregating Rs.902,496 thousand comprising raw materials and finished goods. We identified this area as a key audit matter because stock-in-trade constitutes 13% of the total assets of the Company as at June 30, 2020 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.

How the matter was addressed in our audit

Our audit procedures in respect of this area included:

- Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;
- Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;
- Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards;
- Assessed the provision for slow moving as at year end is in accordance with the Company policy and relevant accounting standard; and

- We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017..

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.

Shame



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

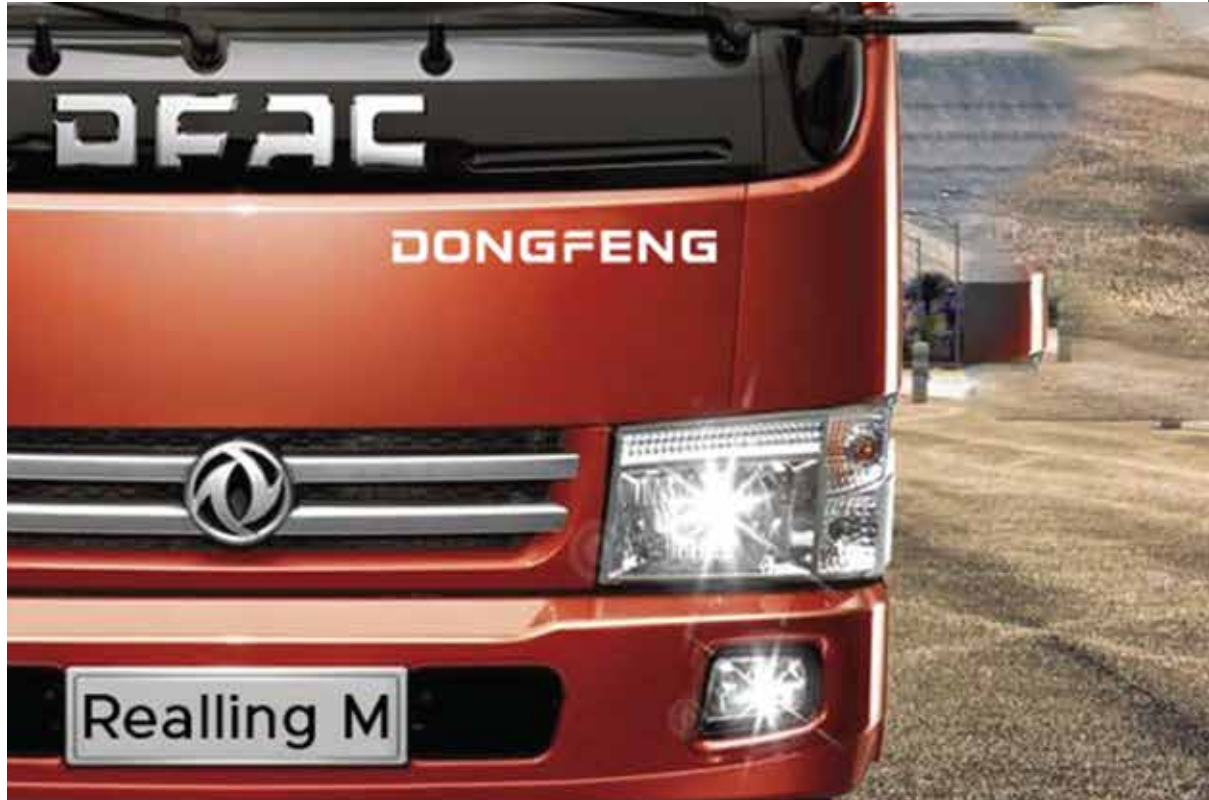
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

ShineWing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi; September 30, 2020 *Signed*

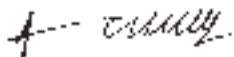


Financial Statements


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 -----Rupees in '000-----	2019
ASSETS			
Non current assets			
Property, plant and equipment	6	4,105,816	3,912,436
Intangible assets	7	1,903	2,537
Long term investments	8	222,906	222,906
Long term loans	9	8,444	10,141
Long term deposits	10	22,541	13,368
Due from the Subsidiary Company	11	559,724	650,757
		4,921,334	4,812,145
Current assets			
Stores, spares and loose tools		136,504	124,506
Stock-in-trade	12	902,496	1,069,654
Trade debts	13	322,111	252,479
Loans and advances	14	10,070	28,589
Deposits and prepayments	15	5,406	19,459
Investments	16	-	389,325
Other receivables	17	141,323	161,325
Accrued interest / mark-up	18	14,482	27,527
Taxation - net		137,035	62,870
Cash and bank balances	19	311,091	150,109
		1,980,518	2,285,843
Total assets		6,901,852	7,097,988



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer

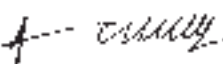


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 -----Rupees in '000-----	2019
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	20	570,025	570,025
Capital reserve			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets	21	2,223,294	2,261,358
		3,326,015	3,364,079
Revenue reserve - unappropriated profit		1,982,600	2,149,861
Total equity		5,878,640	6,083,965
Liabilities			
Non current liabilities			
Lease liabilities	22	72,259	44,767
Long term borrowings	23	49,345	-
Deferred income - government grant	24	2,072	-
Long term deposits	25	22,611	18,611
Deferred taxation	26	322,399	354,312
		468,686	417,690
Current liabilities			
Trade and other payables	27	433,591	371,201
Accrued mark-up		12,170	22,287
Short term borrowings	28	50,721	173,670
Current portion of lease liabilities	22	25,221	18,564
Current maturity of long term borrowings	23	18,409	-
Current portion of deferred income - government grant	24	3,811	-
Unclaimed dividend		10,603	10,611
		554,526	596,333
Total liabilities		1,023,212	1,014,023
Contingencies and commitments	29		
Total equity and liabilities		6,901,852	7,097,988

The annexed notes from 1 to 48 form an integral part of these financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer

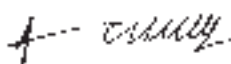


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 -----Rupees in '000-----	2019
Revenue	30	1,663,080	2,373,750
Cost of sales	31	(1,658,058)	(2,053,661)
Gross profit		5,022	320,089
Distribution cost	32	(72,756)	(70,051)
Administrative expenses	33	(232,861)	(228,397)
Other income	34	148,757	259,882
Other expenses	35	-	(12,281)
(Loss) / profit from operations		(151,838)	269,242
Finance cost	36	(64,094)	(263,821)
(Loss) / profit before taxation		(215,932)	5,421
Taxation	37	9,309	(34,227)
Loss after taxation		(206,623)	(28,806)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Surplus on revaluation of fixed assets		-	1,431,103
Impact of deferred tax		-	(105,028)
Re-measurement of staff retirement benefit obligation		1,828	(8,195)
Impact of deferred tax		(530)	2,377
Effect of change in tax rates on balance of revaluation of fixed assets		-	(3,769)
Other comprehensive income for the year - net of tax		1,298	1,316,488
Total comprehensive (loss) / income for the year		(205,325)	1,287,682
----- Rupees -----			
Loss per share - basic and diluted	38	(3.62)	(0.51)

The annexed notes from 1 to 48 form an integral part of these financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer

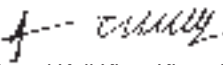


STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Subscription money against right issue	Capital Reserve		Revenue Reserve	Total
			Share premium	Surplus on revaluation of fixed assets	Unappropriated profit	
----- Rupees in '000 -----						
Balance as at July 1, 2018	450,025	1,054,319	40,000	972,241	2,151,296	4,667,881
Transactions with owners, recognised directly in equity						
Subscription money received	-	131,694	-	-	-	131,694
Issuance cost	-	(3,292)	-	-	-	(3,292)
	-	128,402	-	-	-	128,402
	120,000	(1,182,721)	1,062,721	-	-	-
Total comprehensive income for the year ended June 30, 2019						
Loss for the year	-	-	-	-	(28,806)	(28,806)
Other comprehensive income / (loss)	-	-	-	1,322,306	(5,818)	1,316,488
	-	-	-	1,322,306	(34,624)	1,287,682
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(33,189)	33,189	-
Balance as at June 30, 2019	570,025	-	1,102,721	2,261,358	2,149,861	6,083,965
Total comprehensive income for the year ended June 30, 2020						
Loss for the year	-	-	-	-	(206,623)	(206,623)
Other comprehensive income	-	-	-	-	1,298	1,298
	-	-	-	-	(205,325)	(205,325)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(38,064)	38,064	-
Balance as at June 30, 2020	570,025	-	1,102,721	2,223,294	1,982,600	5,878,640

The annexed notes from 1 to 48 form an integral part of these financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director

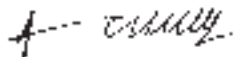

Muhammad Umair
Chief Financial Officer

STATEMENT OF CASH FLOWS

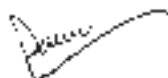
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 -----Rupees in '000-----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(215,932)	5,421
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		143,281	120,136
Provision for gratuity		12,340	10,121
Provision expected credit losses		1,156	5,263
Provision against loan to employees		454	-
Provision for security deposits and earnest money		3,442	-
Interest income		(115,494)	(93,551)
Dividend income		(414)	(102,227)
(Gain) / loss on disposal of property, plant and equipment		(2,726)	(4,331)
Gain on disposal of investments		(8,906)	(32,657)
Fair value loss on investment		-	5,516
Finance cost		61,920	259,948
Exchange (gain) / loss - net		(1,216)	6,363
Operating (loss) / profit before working capital changes		(122,095)	180,002
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(11,998)	(32,739)
Stock-in-trade		167,158	(331,331)
Trade debts		(70,788)	2,795
Loans and advances		18,065	43,601
Deposit and prepayments		14,053	(8,199)
Other receivables		16,560	(96,720)
Increase / (decrease) in trade and other payables		133,050	(422,593)
Cash generated from / (used in) operations		82,365	(569,330)
Gratuity and compensated absences paid		(18,316)	(12,320)
Long term loans - net		1,697	(3,169)
Long term deposits - net		4,000	(1,000)
Finance cost paid		(72,037)	(244,397)
Taxes paid		(97,299)	(218,914)
Net cash used in operating activities		(99,590)	(1,049,130)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(275,753)	(462,729)
Intangible assets		-	(545)
Proceeds from disposal of property, plant and equipment		7,295	19,415
Interest income received		128,539	83,779
Due from Subsidiary Company - net		91,033	116,237
Investments - net		398,231	(261,256)
Long term deposits - net		(9,173)	6,879
Dividend received		414	102,227
Net cash generated from / (used in) investing activities		340,586	(395,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease finances - net		(30,694)	(21,436)
Long term borrowings		67,754	-
Government grant - net		5,883	-
Short term borrowings - net		(122,949)	173,670
Dividend paid		(8)	(64)
Subscription money against right issue		-	128,402
Net cash (used in) / generated from financing activities		(80,014)	280,572
Net increase / (decrease) in cash and cash equivalents		160,982	(1,164,551)
Cash and cash equivalents at beginning of the year		150,109	1,314,660
Cash and cash equivalents at end of the year		311,091	150,109

The annexed notes from 1 to 48 form an integral part of these financial statements.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1. THE COMPANY AND ITS OPERATIONS

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

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

2. IMPACT OF COVID-19 (CORONAVIRUS) ON THE FINANCIAL STATEMENTS

The spread of COVID-19 as a pandemic and consequently imposition of lockdown by Federal and Provincial Governments of Pakistan (Authorities) have effected the production, sale volumes and profitability of the Company due to closure of manufacturing plants and offices during the lockdown period. The management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment (which is also substantiated by resumption of business operations after ease in lockdown restrictions), there is no significant accounting impact of the effects of COVID-19 on the assets and liabilities in these financial statements. Further, as per relaxation given by Authorities, the Company has resumed its operating activities with effect from June 2, 2020 with all precautionary measures aimed at preventing spread of pandemic.

3. BASIS OF PREPARATION

3.1 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
- 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.

3.2 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

3.3 Changes in accounting standards and interpretations

3.3.1 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, 2019:

- (a) The Company has adopted IFRS 16 'Leases' from July 1, 2019. IFRS 16 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and records lease liabilities for leases - i.e. these leases are on the statement of financial position.

In case of previously recognised finance leases, the Company now classified lease assets as right of use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns, while the Company is already presenting its related lease liabilities as a separate line item in the statement of financial position.

In case of initial application regarding previously recognised operating leases, the Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss. Accordingly, initial application of IFRS 16 did not have material impact on these financial statements.

The accounting policies relating to Company's right of use asset and related lease liabilities are disclosed in note 5.1.2, details pertaining to right of use assets are disclosed in note 6.1 and related lease liabilities are disclosed in note 22.

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, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.3.2 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, 2019 and have not been early adopted by the Company:



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- (a) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is 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. 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. 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) Amendments to IFRS 16 'Leases' is 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 not expected to have material impact on the Company's financial statements.
- (c) 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 not expected to have material impact on the Company's financial statements.
- (d) 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 statement of . 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 amendments. The amendment not expected to have material impact on the Company's financial statements.
- (e) Amendments 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 amendments, 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.

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.

4. BASIS OF MEASUREMENT

- 4.1 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

4.2 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 5.1 and 5.2)
- (ii) Stock-in-trade (note 5.8)
- (iii) Provision for expected credit losses (note 5.9)
- (iv) Provision for staff benefits (note 5.14)
- (v) Provision for warranty (note 5.16)
- (vi) Provision for taxation (note 5.18)

5. 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.

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Owned assets

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

Subsequent cost

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

Depreciation

Depreciation on all items of operating fixed assets other than freehold land is charged to statement of profit or loss applying the reducing balance method at the rates stated in note 6.1. 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 FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

5.1.2 Right of use assets

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

5.1.3 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.

5.2 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 7.

5.3 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.

5.4 Financial assets

5.4.1 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, 2020

(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.

5.4.2 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, 2020

5.5 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 profit and loss account.

5.6 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.

5.7 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.

5.8 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, 2020

5.9 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.

5.10 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.

5.11 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.

5.12 Share capital

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

5.13 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.

5.14 Staff benefits

5.14.1 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, 2020 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.14.2 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.

5.15 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.

5.16 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.

5.17 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.

5.18 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

5.19 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.

5.20 Revenue recognition

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

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

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

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

5.21 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.

5.22 Borrowing cost

Borrowing costs 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 FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.23 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.

5.24 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.

5.25 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.

5.26 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.

5.27 Dividend and appropriation to reserves

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2020 ----- Rupees in '000 -----	2019
Operating fixed assets	6.1	3,585,022	3,620,513
Capital work-in-progress includes:			
Buildings		376,650	215,471
Plant and machinery		58,644	62,817
Advance against purchase of land	6.8	67,513	-
Vehicles		8,000	4,035
Computers		9,987	9,600
		520,794	291,923
		4,105,816	3,912,436



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6.1 Operating fixed assets

At July 1, 2018

Rupees in '000

	Freehold land (note 6.2)	Leasehold land (note 6.2)	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	Right of use assets	Total
Revaluation / cost	498,938	222,980	675,883	-	44,751	698,056	52,745	18,404	85,357	29,874	13,708	15,555	96,540	2,452,791
Accumulated depreciation	-	(33,545)	(125,372)	-	(1,305)	(175,741)	(44,779)	(4,384)	(54,603)	(14,249)	(8,198)	(12,345)	(37,176)	(511,697)
Net book value	498,938	189,435	550,511	-	43,446	522,315	7,966	14,020	30,754	15,625	5,510	3,210	59,364	1,941,094
Opening net book value	498,938	189,435	550,511	-	43,446	522,315	7,966	14,020	30,754	15,625	5,510	3,210	59,364	1,941,094
Additions	-	-	8,489	93,745	42,455	174,253	-	25,923	15,029	1,692	690	901	19,607	382,784
Revaluation adjustments (Note 6.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	1,068,937	-	68,898	-	-	149,724	2,551	-	-	-	-	-	-	1,137,835
- cost	1,068,937	-	68,898	-	-	149,724	2,551	-	-	-	-	-	-	1,137,835
- accumulated depreciation	-	-	140,933	-	-	-	-	-	-	-	-	-	-	293,268
Transferred from right of use assets to owned assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(18,943)	(32,834)	(391)	(3,403)	(31,304)	(1,848)	(1,833)	(6,496)	(5,515)	(1,980)	(1,205)	(13,632)	(119,384)
Closing 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
At June 30, 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 (Note 6.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from right of use assets to owned assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge (Note 6.5)	-	(17,049)	(36,977)	(4,668)	(4,125)	(41,038)	(1,852)	(3,816)	(8,555)	(4,348)	(1,471)	(1,159)	(17,589)	(142,647)
Closing 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
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
Depreciation rate (% per annum)														
	10	5	5	5	5	5	20	10	20	33	33	33	20	



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6.2 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

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

The Company as on December 31, 2018 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Tristar International Consultant (Private) Limited, (Approved valuers of Pakistan Banks' Association) Room No. 17, 3rd Floor, Davis Hynes, 38-Davis Road, Lahore. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 and are mentioned in note 42.2.

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.

6.4 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	2020 ---- Rupees in '000 ----	2019
Freehold land		61,456	61,456
Buildings on freehold land		122,011	107,227
Plant and machinery		360,832	364,495
Assembly Jigs		5,486	6,266

6.5 Depreciation charge has been allocated as follows:

Cost of goods manufactured	31.1	115,197	97,707
Administrative expenses	33	27,450	21,677
		142,647	119,384



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6.6 The Company's present and future land, buildings on freehold land, plant & machinery and specific vehicles are under mortgaged / hypothecated charged up to Rs.1,850,667 thousand (2019: Rs.1,650,667 thousand) with banks for short term finance facilities.

6.7 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	Mode of disposal	Particular of buyers
----- Rupees in '000 -----							
Item having book value exceeding Rs.500,000 each Vehicle	1,546	271	1,275	1,275	-	Insurance claim	IGI General Insurance Limited, Karachi.
	1,546	271	1,275	1,275	-		
Items having book value upto Rs.500,000 each	14,717	11,423	3,294	6,020	2,726		
June 30, 2020	16,263	11,694	4,569	7,295	2,726		
June 30, 2019	33,207	18,123	15,084	19,415	4,331		

6.8 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.

7. INTANGIBLE ASSETS

Note **2020** 2019
----- Rupees in '000 -----

These represent computer software licenses.

Cost

At beginning of the year	4,025	3,480
Addition during the year	-	545
At end of the year	4,025	4,025

Accumulated amortisation

At beginning of the year	1,488	736
Charge for the year	634	752

At end of the year	2,122	1,488
Net book value	1,903	2,537

Rate of amortisation (% - per annum)	25	25
---------------------------------------------	-----------	----



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

8. LONG TERM INVESTMENTS

	Note	2020 ---- Rupees in '000 ----	2019
Subsidiary Company - at cost			
Gandhara DF (Private) Limited			
14,999,500 (2019: 14,999,500) ordinary shares of Rs.10 each			
		149,995	149,995
Equity held: 99.99% (2019: 99.99%)			
Break-up value per share on the basis of latest financial statements is Rs.37.64 (2019:Rs.45.19)			
Associated Company - at cost			
Gandhara Industries Limited			
8,132,336 (2019: 8,132,336) ordinary shares of Rs.10 each			
		72,911	72,911
Equity held: 19.09% (2019: 19.09%)			
Fair value: Rs.984,013 thousand (2019: Rs.710,522 thousand)			
Others - available for sale			
Automotive Testing & Training Centre (Private) Limited			
187,500 (2019: 187,500) ordinary shares of Rs.10 each - cost			
		1,875	1,875
Provision for impairment			
		(1,875)	(1,875)
		-	-
		222,906	222,906
9. LONG TERM LOANS - Unsecured, considered good and interest free			
Loans to employees			
Related parties - Key Management Personnel	9.1 & 9.2	518	3,703
Other employees	9.1	12,268	11,791
		12,786	15,494
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		518	1,980
Other employees		3,824	3,373
	14	4,342	5,353
		8,444	10,141

9.1 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 varies from case to case.

9.2 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2020 from Key Management Personnel aggregated to Rs.3,522 thousand (2019: Rs.3,883 thousand).

9.3 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 FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

10. LONG TERM DEPOSITS - Unsecured, considered good and interest free	2020	2019
	----- Rupees in '000 -----	
Deposits held with / against:		
Central Depository Company of Pakistan Limited	25	25
Lease facilities	14,811	7,005
Utilities	7,584	6,228
Others	121	110
	22,541	13,368

11. **DUE FROM THE SUBSIDIARY COMPANY - Unsecured and interest bearing**

11.1 The Company has an aggregate cash limit of Rs.800,000 thousand (2019: 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.

11.2 The maximum aggregate amount of loan at the end of any month during the year was Rs.799,548 thousand (2019: Rs.796,173 thousand).

12. STOCK-IN-TRADE	2020	2019
	----- Rupees in '000 -----	
Raw materials		
In hand	166,529	189,017
Less: provision for obsolete / slow moving stock	(15,000)	(15,000)
	151,529	174,017
In transit	-	62,634
	151,529	236,651
Finished goods		
In hand		
Complete built units - trucks and cars	526,019	529,283
Complete knockdown units - trucks	28,482	30,786
Spare parts	49,171	30,008
Held with third parties		
Complete built units - trucks	102,759	207,798
Complete knockdown units - trucks	43,298	35,128
In transit		
Spare parts	1,238	-
	750,967	833,003
	902,496	1,069,654

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

12.1 The present and future stock-in-trade, trade debts and receivables aggregating Rs.4,635,017 thousand (2019: Rs.4,501,017 thousand) are under pledge / joint hypothecation charge with banks against short term borrowings (Refer note 28).

13. TRADE DEBTS - Unsecured		2020	2019
	Note	---- Rupees in '000 ----	
Considered good against sale of			
Vehicles and assembly charges	13.1	317,181	247,241
Spare parts		4,930	5,238
		<u>322,111</u>	<u>252,479</u>
Considered doubtful			
Provision for expected credit losses		6,419	5,263
		<u>328,530</u>	<u>257,742</u>
		<u>(6,419)</u>	<u>(5,263)</u>
		<u>322,111</u>	<u>252,479</u>
13.1 Trade debts include the following amounts due from related parties:			
Gandhara DF (Private) Limited		5,406	6,356
Gandhara Industries Limited		93,745	94,650
		<u>99,151</u>	<u>101,006</u>

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

	2020	2019
	---- Rupees in '000 ----	
Up to 3 months	<u>99,151</u>	<u>101,006</u>

13.3 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.139,458 thousand (2019: Rs.187,533 thousand).

14. LOANS AND ADVANCES - Unsecured, considered good and interest free		2020	2019
	Note	---- Rupees in '000 ----	
Current portion of long term loans	9	4,342	5,353
Loans to other employees		-	12
Advances to / against:			
Related party- Key Management Personnel		5	16
Other employees		1,512	3,308
Provision for other employees		(454)	-
Suppliers, contractors and others	14.2	4,412	19,796
		<u>5,475</u>	<u>23,120</u>
Letters of credit		253	104
		<u>10,070</u>	<u>28,589</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

14.1 These represent interest free general loans and special loans provided to employees in accordance with Company's policy and have maturities up to twelve months.

14.2 Includes Rs. Nil (2019: Rs.35 thousand) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

15. DEPOSITS AND PREPAYMENTS

	Note	2020 ----- Rupees in '000 -----	2019
Deposits - considered good and interest free		-	10,960
Prepaid			
- rent		252	-
- insurance		487	3,373
		739	3,373
Current account balances with statutory authorities		4,667	5,126
		5,406	19,459

16. INVESTMENTS

At amortised cost:			
- Investment in term deposit receipt		-	190,000
- Accrued profit at the rate of 11.20% per annum		-	117
		-	190,117
At fair value through profit or loss:			
- JS Islamic Hybrid Fund of Funds 2			
Nil units (2019:1,990,000 units)		-	199,208
		-	389,325

17. OTHER RECEIVABLES

Considered good and interest free			
Due from Subsidiary Company	17.1	3,096	1,834
Sales tax refundable / adjustable		129,050	152,713
Bank guarantee margin		-	21
Security deposits and earnest money - interest free		4,753	5,448
Provision for security deposits and earnest money		(3,442)	-
		1,311	5,448
Others		7,866	1,309
		141,323	161,325

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

18. ACCRUED INTEREST / MARK-UP

	Note	2020 ---- Rupees in '000 ----	2019
Interest / mark-up accrued on:			
- long term advance to Subsidiary Company		14,095	27,230
- term deposits receipts		387	297
		<u>14,482</u>	<u>27,527</u>

19. CASH AND BANK BALANCES

Cash in hand		124	-
Cash at banks on:			
- current accounts		35,757	128,774
- saving accounts	19.1	255,105	4,730
- deposit accounts	19.2	10,517	10,517
- term deposits receipts	19.3	13,500	10,000
		<u>314,879</u>	<u>154,021</u>
Provision for doubtful bank balance	19.4	(3,912)	(3,912)
		<u>311,091</u>	<u>150,109</u>

19.1 At reporting date, these carry mark-up at the rate of 6.50% (2019:10.25%) per annum.

19.2 This carries mark-up up to 13.70% (2019: 10.40%) per annum.

19.3 Term deposit receipt (TDR) has expected maturity of 90 (2019:15) days from respective dates of acquisition. These TDR carries mark-up at rate of 7.50% (2019: 12.50%) per annum.

19.4 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.

20. SHARE CAPITAL

20.1 Authorized capital

	2020 ---- Rupees in '000 ----	2019
80,000,000 (2019: 80,000,000) ordinary shares of Rs.10 each	800,000	800,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

20.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
-- No. of shares --			---- Rupees in '000 ----	
26,800,000	26,800,000	Ordinary shares of Rs.10 each fully paid in cash	268,000	268,000
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
<u>57,002,500</u>	<u>57,002,500</u>		<u>570,025</u>	<u>570,025</u>

20.3 At June 30, 2020, Bibojee Services (Private) Limited (the Holding Company) holds 57.76% (2019: 57.76%) of share capital of the Company.

20.4 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.

21. SURPLUS ON REVALUATION OF FIXED ASSETS - Net

	Note	2020	2019
		---- Rupees in '000 ----	
Balance at beginning of the year		2,571,426	1,187,068
Surplus arisen on revaluation carried-out during the year	6.3	-	1,431,103
Transferred to unappropriated profit on account of incremental depreciation for the year		(53,611)	(46,745)
		<u>2,517,815</u>	<u>2,571,426</u>
Less: related deferred tax of:			
- opening balance		310,068	214,827
- surplus arisen during the year		-	105,028
- incremental depreciation for the year		(15,547)	(13,556)
- effect of change in tax rate		-	3,769
- closing balance		294,521	310,068
Balance at end of the year		<u>2,223,294</u>	<u>2,261,358</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

22. LEASE LIABILITIES - Secured

	2020	2019
	----- Rupees in '000 -----	
Balance at beginning of the year	63,331	65,160
Assets acquired during the year	68,681	17,557
Repaid / adjusted during the year	(34,532)	(19,386)
	<u>97,480</u>	<u>63,331</u>
Current portion grouped under current liabilities	(25,221)	(18,564)
Balance at end of the year	<u>72,259</u>	<u>44,767</u>

22.1 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 10.04% to 16.55% (2019: 7.47% to 17.50%) 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	2020	Upto one year	From one to five years	2019
	----- Rupees in '000 -----					
Minimum lease payments	33,975	83,495	117,470	22,768	48,959	71,727
Finance cost allocated to future periods	(8,754)	(11,236)	(19,990)	(4,204)	(4,192)	(8,396)
Present value of minimum lease payments	<u>25,221</u>	<u>72,259</u>	<u>97,480</u>	<u>18,564</u>	<u>44,767</u>	<u>63,331</u>

23. LONG TERM BORROWINGS

	Note	2020	2019
		----- Rupees in '000 -----	
Loan under refinance scheme for payment of wages and salaries	23.1	73,637	-
Adjustment pertaining to fair value of loan at below market interest rate	23.2	(5,883)	-
		<u>67,754</u>	-
Current maturity		(18,409)	-
		<u>49,345</u>	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

23.1 This represents long term loan received from Bank Alfah Limited 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. According to conditions of the Scheme, the Company after availing this loan will not lay off its workers / employees at least during three months from the date of first disbursement (i.e June 2, 2020) except in case of any disciplinary action. The facility is secured against first pari passu hypothecation charge over present and future plant, machinery and equipment with 25% margin limited to Rs.200,000 thousands. Mark-up is chargeable at 3.0% per annum. The principal is repayable in eight quarterly instalments starting from January 2021.

23.2 Adjustment pertaining to fair value of loan at below market interest rate	Note	2020 ---- Rupees in '000 ----	2019
Difference of fair value of loan and loan received		6,079	-
Amortisation of loan		(196)	-
		<u>5,883</u>	<u>-</u>
24. DEFERRED INCOME - GOVERNMENT GRANT			
Grant recognised on loan at below market interest rate	24.1	6,079	-
Less: released to statement of profit or loss		196	-
		<u>5,883</u>	<u>-</u>
Less: current portion		3,811	-
		<u>2,072</u>	<u>-</u>

24.1 The Company recognised government grant on below market interest loan received - (note 23.2) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

25. LONG TERM DEPOSITS - Interest free	Note	2020 ---- Rupees in '000 ----	2019
Dealers' deposit	25.1	18,500	17,000
Vendors		111	111
Others		4,000	1,500
		<u>22,611</u>	<u>18,611</u>

25.1 These deposits are interest free and are not refundable during subsistence of dealership. Further, these security deposits are non utilisable and the Company has not utilized any such deposit for the purpose of its business during the year.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

26. DEFERRED TAXATION - net

2020 2019
---- Rupees in '000 ----

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

- accelerated tax depreciation allowance	93,676	88,681
- surplus on revaluation of fixed assets	294,521	310,068
- lease finances	1,511	887
- provision for expected credit losses	(1,862)	(1,526)
- provision for other receivables	(998)	-
- provision for warranty claims	(49)	(101)
- provision for obsolete / slow moving stock	(4,350)	(4,350)
- provision for bank balances	(1,134)	(1,134)
- unabsorbed tax depreciation	(58,916)	(38,213)
	322,399	354,312

26.1 As at June 30, 2020, the Company has unused tax losses aggregating Rs.142,969 thousand (2019: Rs.33,430 thousand). Deferred tax asset on un-used tax losses has not been recognised on prudent basis.

27. TRADE AND OTHER PAYABLES

2020 2019
---- Rupees in '000 ----

	Note	2020	2019
Trade creditors	27.1	48,484	56,927
Bills payable		87,070	53,982
Accrued liabilities	27.2	101,445	55,912
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	27.3	112,247	132,695
Commission		28,159	16,463
Unclaimed gratuity		231	231
Dealers' advances against vehicles - interest free		1,000	1,000
Payable to Waqf-e-Kuli Khan		9,885	9,885
Payable to gratuity fund	27.4	10,512	18,316
Withholding tax		1,617	1,615
Workers' profit participation fund	27.5	-	291
Workers' welfare fund		111	111
Retention money		403	506
Warranty claims		170	349
Others	27.6	30,854	21,515
		433,591	371,201

27.1 Includes Rs.2,867 thousand (2019: Rs.Nil) payable to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

27.2 Includes Rs.1,004 thousand (2019: Rs.29,650 thousand) and Rs.3,010 (2019:Rs.3,010) which pertains to a Key Management Person and Bibojee Services (Private) Limited respectively.

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

27.4 Provision for gratuity

The Company has established a Fund - 'Gandhara 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, 2020 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

27.4.1 Statement of financial position reconciliation

	2020	2019
	---- Rupees in '000 ----	
Present value of defined benefit obligation	164,362	148,318
Fair value of plan assets	(163,632)	(130,719)
Benefits payable	9,782	717
Net liability at end of the year	10,512	18,316

27.4.2 Net liability recognised

Net liability at beginning of the year	18,316	12,320
Charge to statement of profit or loss	12,340	10,121
Contributions made by the Company	(18,316)	(12,320)
Re-measurement recognised in other comprehensive income	(1,828)	8,195
	10,512	18,316

27.4.3 Movement in the present value of defined benefit obligation

Balance at beginning of the year	148,318	124,341
Current service cost	11,783	9,705
Interest expense	20,391	12,379
Benefits paid	(1,383)	(393)
Benefits due but not paid	(9,065)	(717)
Re-measurement	(5,682)	3,003
Balance at end of the year	164,362	148,318



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

27.4.4 Movement in the fair value of plan assets

2020 2019
---- Rupees in '000 ----

Balance at beginning of the year	130,719	113,665
Contribution received during the year	18,316	12,320
Interest income	19,834	11,963
Benefits paid	(1,383)	(2,037)
Re-measurement	(3,854)	(5,192)
	<u>163,632</u>	<u>130,719</u>

27.4.5 Expense recognised in statement of profit or loss

Current service cost	11,783	9,705
Net interest expense	557	416
	<u>12,340</u>	<u>10,121</u>

27.4.6 Re-measurement recognised in other comprehensive income

Financial assumptions	(999)	654
Experience adjustments	(4,683)	2,349
Loss on remeasurement of plan assets	3,854	5,192
	<u>(1,828)</u>	<u>8,195</u>

27.4.7 Plan assets comprise of

Fixed income instruments	149,063	32,796
Mutual fund securities	4,029	61,136
Cash at bank	10,540	36,787
	<u>163,632</u>	<u>130,719</u>

27.4.8 Significant actuarial assumptions and sensitivity

2020 2019
--- % per annum ---

Discount rate	8.50	14.25
Expected rate of increase in future salaries	8.50	14.25
Mortality rates (for death in service)	SLIC	SLIC
	(2001-2005)-1	(2001-2005)-1

The sensitivity of the defined benefit obligation to changes in principle assumption is:

	Impact on define benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	--- Rupees in '000 ---		
Discount rate	1.00%	<u>149,504</u>	<u>180,597</u>
Increase in future salaries	1.00%	<u>180,620</u>	<u>149,217</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

27.4.9 Based on actuary's advice, the expected charge to statement of profit or loss for the year ending June 30, 2021 amounts to Rs.11,915 thousand.

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

27.4.11 Historical information

	2020	2019	2018	2017	2016
	----- Rupees in '000 -----				
Present value of defined benefit obligation	164,362	148,318	124,341	106,433	95,390
Experience adjustment	(1,828)	8,195	4,200	16,698	3,297

27.4.12 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, 2020	21,331	5,889	36,654	1,343,532	1,407,406

27.5 Workers' profit participation fund

	Note	2020	2019
		----- Rupees in '000 -----	
Balance at beginning of the year		291	15,502
Allocation for the year	35	-	291
Interest on funds utilised in the Company's business	36	12	316
		<u>303</u>	<u>16,109</u>
Payment made during the year		(303)	(15,818)
Balance at end of the year		<u>-</u>	<u>291</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

27.6 Includes deposits and instalments under the Company's staff vehicle policy aggregating Rs.17,314 thousand (2019: Rs.11,355 thousand).

28. SHORT TERM BORROWINGS

2020 2019
----- Rupees in '000 -----

Finance against imported merchandise	-	173,670
Running finances	<u>50,721</u>	<u>-</u>
	<u>50,721</u>	<u>173,670</u>

28.1 Running finance and short term facilities available from commercial banks under mark-up arrangement aggregate to Rs.895,000 thousand including sub limit of Rs. 120,000 thousand (2019: Rs.875,000 thousand) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 9.58% to 16.00% (2019: 7.92% to 14.8%) per annum. The arrangements are expiring on January 31, 2021.

28.2 The facilities for opening letters of credits (LCs) as at June 30, 2020 aggregate to Rs.2,500,000 thousand (2019: Rs.3,675,000 thousand) of which the amount remained unutilised at the year-end was Rs.2,204,240 thousand (2019: Rs.3,589,077 thousand). Further, the Company also has facilities for Finance against Import Merchandise aggregating Rs.1,950,000 thousand (2019: Rs.2,975,000 thousand) as sub limits of these LCs facilities and letters of guarantee facilities aggregating Rs.207,000 thousand including Rs.200,000 thousand (2019: Rs.400,000 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.

28.3 Facilities aggregated Rs.900,000 thousand (2019: Rs.2,225,000 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.

29. CONTINGENCIES AND COMMITMENTS

29.1 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.

29.2 Commitment in respect of irrevocable letters of credit as at June 30, 2020 aggregate to Rs.208,690 thousand (2019: Rs.31,941 thousand).

29.3 Guarantees aggregating Rs.26,766 thousand (2019: Rs.6,490 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.475,624 thousand (2019: Rs.466,100 thousand) to the commercial banks against running finances letters of credit facilities utilised by the Subsidiary Company.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

30. REVENUE - Net	Note	2020 ----- Rupees in '000 -----	2019
Manufacturing activity			
Sales		1,398,579	1,840,132
Less:			
- sales tax		202,904	267,370
- commission		33,874	24,140
		236,778	291,510
		<u>1,161,801</u>	<u>1,548,622</u>
Trading activity			
Sales		591,323	1,000,454
Less:			
- sales tax		86,407	145,864
- discount and commission		3,637	29,553
		90,044	175,417
		501,279	825,128
		<u>1,663,080</u>	<u>2,373,750</u>
31. COST OF SALES			
Finished goods at beginning of the year		833,003	378,552
Cost of goods manufactured	31.1	1,312,696	1,384,236
Purchases - trading goods		262,088	1,123,876
		1,574,784	2,508,112
Finished goods at end of the year	12	(749,729)	(833,003)
		<u>1,658,058</u>	<u>2,053,661</u>
31.1 Cost of goods manufactured			
Raw materials and parts consumed	31.2	644,086	722,273
Fabrication of contract vehicles		8,498	8,613
Stores and spares consumed		48,687	57,207
Salaries, wages and benefits	31.3	350,117	352,053
Transportation		18,663	23,281
Repair and maintenance		32,206	31,203
Depreciation	6.5	115,197	97,707
Material handling		-	15
Insurance		4,072	3,368
Communication		2,220	1,833
Rent, rates and taxes		1,438	2,001
Travelling and entertainment		707	3,056
Power generation costs		66,282	61,837
Printing, stationery and office supplies		1,528	1,479
Royalty expense		2,103	2,745
Plant security		14,925	13,392
Other manufacturing expenses		1,967	2,173
		<u>1,312,696</u>	<u>1,384,236</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

31.2 Raw materials and parts consumed

	Note	2020 ----- Rupees in '000 ----	2019
Stocks at beginning of the year		174,017	219,123
Purchases		621,598	677,167
		795,615	896,290
Stocks at end of the year	12	(151,529)	(174,017)
		644,086	722,273

31.3 Salaries, wages and benefits include Rs.7,410 thousand (2019: Rs.6,394 thousand) and Rs.5,725 thousand (2019: Rs.4,627 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

32. DISTRIBUTION COST

	Note	2020 ----- Rupees in '000 ----	2019
Salaries and benefits	32.1	53,825	36,929
Utilities		655	577
Rent		4,117	4,034
Insurance		743	378
Repair and maintenance		172	152
Travelling and entertainment		3,382	11,426
Telephone and postage		204	256
Vehicle running		220	306
Printing, stationery and office supplies		63	300
Security		-	119
Warranty services		798	1,364
Godown and forwarding		1,698	544
Sales promotion expenses		6,784	13,496
Others		95	170
		72,756	70,051

32.1 Salaries and benefits include Rs.971 thousand (2019: Rs.742 thousand) and Rs.2,355 thousand (2019: Rs.1,403 thousand) in respect of staff retirement gratuity and staff provident fund respectively.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

33. ADMINISTRATIVE EXPENSES	Note	2020	2019
		---- Rupees in '000 ----	
Salaries and benefits	33.1	132,158	18,335
Utilities		1,284	1,631
Rent, rates and taxes		11,924	10,518
Directors' fee		2,530	2,425
Insurance		1,882	1,836
Repairs and maintenance		4,340	3,668
Depreciation and amortisation	6.5 & 7	28,084	22,429
Auditors' remuneration	33.2	1,095	1,000
Advertising		1,204	3,008
Travelling and conveyance		9,677	11,013
Legal and professional charges		13,174	16,087
Vehicle running		3,589	3,269
Telephone and postage		5,160	5,667
Printing and stationery		3,629	4,751
Subscription		4,247	4,240
Security expenses		1,594	9,818
Provision for expected credit losses		1,156	5,263
Provision against loan to employees		454	-
Provision for security deposits and earnest money		3,442	-
Others		2,238	3,439
		232,861	228,397

33.1 Salaries and benefits include Rs.3,959 thousand (2019: Rs.2,985 thousand) and Rs.3,695 thousand (2019: Rs.3,860 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

33.2 Auditors' remuneration	2020	2019
	---- Rupees in '000 ----	
Remuneration in respect of auditors' services for:		
- statutory audit and half yearly review	1,000	1,000
- certification and others	50	-
- audits of retirement fund and workers' profit participation fund	45	-
	1,095	1,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

34. OTHER INCOME		2020	2019
	Note	---- Rupees in '000 ----	
Income from financial assets			
Interest / mark-up earned on:			
- deposit accounts	34.1	10,060	767
- term deposit receipts	34.1	17,149	7,306
- long term advance to Subsidiary Company	34.2	88,285	85,478
Gain from sale of investment in mutual funds		8,906	32,657
Dividend income - mutual funds' investment		414	38,795
Dividend income from an Associated Company		-	63,432
		124,814	228,435
Income from non-financial assets			
Scrap sales - net of sales tax		9,241	8,320
Gain on disposal of operating fixed assets	6.7	2,726	4,331
Commission income against corporate guarantee		5,576	16,790
Indenting commission		4,161	-
Exchange gain - net		1,216	-
Service income - net of sales tax		222	1,158
Others		801	848
		23,943	31,447
		148,757	259,882

34.1 Interest at the rates ranged from 6.50% to 13.70% (2019: 7.21% to 12.50%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.

34.2 Interest at the rates ranged from 7.09% to 15.75% (2019: 11.59% to 14.96%) per annum has been earned during the year on long term advance to Subsidiary Company.

35. OTHER EXPENSES		2020	2019
	Note	---- Rupees in '000 ----	
Workers' profit participation fund	27.5	-	291
Workers' welfare fund		-	111
Exchange loss - net		-	6,363
Fair value loss on investment at fair value through profit or loss		-	5,516
		-	12,281
		-	12,281



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

36. FINANCE COST

	Note	2020 ---- Rupees in '000 ----	2019
Mark-up on :			
- long term borrowings		106	-
- running finances		49,656	55,742
- finance against imported merchandise		1,794	6,519
		<u>51,556</u>	<u>62,261</u>
Lease finance charges		10,352	4,687
Bank advisory fee on arrangement of loans		-	192,684
Interest on workers' profit participation fund	27.5	12	316
Bank and other charges		2,174	3,873
		<u>64,094</u>	<u>263,821</u>

37. TAXATION

Current			
- for the year		23,134	43,924
- prior year		-	7,149
		<u>23,134</u>	<u>51,073</u>
Deferred			
- origination and reversal of temporary differences		(32,443)	(17,764)
- impact of change in tax rate		-	918
		<u>(32,443)</u>	<u>(16,846)</u>
		<u>(9,309)</u>	<u>34,227</u>

37.1 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.

38. LOSS PER SHARE

38.1 Basic loss per share

	2020 ---- Rupees in '000 ----	2019
Loss after taxation	<u>(206,623)</u>	<u>(28,806)</u>
	-- Number of shares --	
Weighted average ordinary shares in issue	<u>57,002,500</u>	<u>57,002,500</u>
	----- Rupees -----	
Loss per share - basic and diluted	<u>(3.62)</u>	<u>(0.51)</u>

38.2 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	-	82,812	15,780	-	51,299
Bonus	-	-	-	-	-	4,588
Contribution to provident fund	850	-	3,693	850	-	2,390
Gratuity	850	-	2,127	850	-	1,950
Utilities	1,020	-	4,544	1,020	-	2,859
Passage / privilege leave	-	-	2,229	-	-	1,742
	18,500	-	95,405	18,500	-	64,828
Number of persons	1	-	24	1	-	13

39.1 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.

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

39.3 Remuneration to other directors

Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.2,530 thousand (2019: Rs.2,425 thousand).

40. 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:



NOTES TO THE FINANCIAL STATEMENTS

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Name	Nature of transaction	2020 --- Rupees in '000 ---	2019
(i) Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	6,000	6,000
	Subscription money against right issue	-	81,734
	Issue of shares including premeium	-	757,531
(ii) Subsidiary Company			
Gandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	51,035	199,661
	Purchase of parts	2	41
	Sale of parts	1,512	799
	Payment received against long term advances - net	91,033	116,237
	Interest income	88,285	85,478
	Guarantee commission	6,301	12,075
	Sale of vehicle	-	8,200
(iii) Associated Companies			
Gandhara Industries Limited 19.09% shares held by the Company (40.1)	Contract assembly charges	439,452	578,138
	Purchase of parts	183	32
	Reimbursement of expenses	444	24
	Head office rent	3,221	2,882
	Dividend income	-	63,432
	Bonus share in numbers	-	4,006
The General Tyre and Rubber Company of Pakistan Limited (40.1)	Purchase of tyres, tubes and flaps	10,142	198
Gammon Pakistan Limited (40.1)	Regional office rent	3,000	3,000
Janana De Malucho Textile Mills Limited (40.1)	Reimbursement of expenses	2,057	1,806
(iv) Others			
Staff provident fund	Contribution made	11,775	9,890
Staff gratuity fund	Contribution made	18,317	12,320
Key management personnel	Remuneration and other short term benefits	92,421	82,397
	Sale of fleet vehicles	-	1,241
	Issue of shares including premeium	-	5,288

40.1 Associated company by virtue of common directorship.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

41. PLANT CAPACITY

Against the production capacity of 4,800 (2019: 4,800) trucks, buses and pickups on single shift basis, the Company produced 2,713 (2019: 4,804) trucks and buses of JAC, DongFeng and Isuzu. The Company has also processed 2,618 (2019: 4,731) 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, 2020 and June 30, 2019.

42. FINANCIAL RISK MANAGEMENT

42.1 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 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, 2020 along with comparative is tabulated below:

	2020	2019
	---- Rupees in '000 ----	
Long term loans	8,444	10,141
Long term deposits	7,730	6,363
Due from Subsidiary Company	559,724	650,757
Trade debts	322,111	252,479
Loans and advances	4,342	5,365
Deposits and prepayments	-	10,960
Investments	-	389,325
Other receivables	12,273	8,612
Accrued interest / mark-up	14,482	27,527
Bank balances	311,091	150,109
	1,240,197	1,511,638



NOTES TO THE FINANCIAL STATEMENTS

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

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

	2020	2019
	----- Rupees in '000 -----	
Up to 3 months	312,230	241,890
3 to 6 months	3,358	3,710
6 to 12 months	9,592	3,216
More than 12 months	3,350	8,926
Provision for expected credit losses	(6,419)	(5,263)
	<u>322,111</u>	<u>252,479</u>

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
----- Rupees in '000 -----				
June 30, 2020				
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
Trade and other payables	319,616	319,616	-	-
Accrued mark-up	12,170	12,170	-	-
Short term borrowings	50,721	51,144	51,144	-
Unclaimed dividend	10,603	10,603	-	-
	<u>580,955</u>	<u>587,681</u>	<u>105,118</u>	<u>162,785</u>

June 30, 2019

Lease liabilities	63,331	71,727	22,768	48,959
Long term deposits	18,611	18,611	-	18,611
Trade and other payables	236,489	236,489	236,489	-
Accrued mark-up	22,287	22,287	22,287	-
Short term borrowings	173,670	173,670	173,670	-
Unclaimed dividend	10,611	10,611	10,611	-
	<u>524,999</u>	<u>533,395</u>	<u>465,825</u>	<u>67,570</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(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
	----- in '000 -----			
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>
June 30, 2019				
Trade and other payables	<u>224,156</u>	<u>728</u>	<u>-</u>	<u>2,232</u>

The following significant exchange rates have been applied:

	Reporting date rate	
	2020	2019
RMB to Rupee	24.00	24.19
U.S. Dollar to Rupee	168.75	-
Euro to Rupee	186.99	186.99

Sensitivity analysis

At June 30, 2020, 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.

Effect on (loss) / profit for the year

	2020	2019
	----- Rupees in '000 -----	
RMB to Rupee	4,156	2,700
U.S. Dollar to Rupee	110	-
Euro to Rupee	-	6,806
	<u>4,266</u>	<u>9,506</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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:

Fixed rate instruments - financial assets

	2020	2019
	----- Rupees in '000 -----	
Investment at amortised cost	-	190,117
Bank balances	<u>279,122</u>	<u>25,247</u>
	<u>279,122</u>	<u>215,364</u>

Variable rate instruments

Financial assets

Due from the Subsidiary Company	<u>559,724</u>	<u>650,757</u>
Financial liabilities		
Long term borrowings	67,754	-
Short term borrowings	50,721	173,670
Lease liabilities	97,480	63,331
	<u>215,955</u>	<u>237,001</u>

Sensitivity analysis

At June 30, 2020, 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.3,439 thousand (2019: Rs.4,138 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.

The Company is exposed to equity securities price risk because of investments in mutual fund securities amounting to Rs.Nil (2019: Rs.199,208 thousand) and classified at fair value through profit or loss. The Company is not exposed to commodity risk.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, if fair value had been 1% higher / lower with all other variables held constant, the post-tax loss for the year would have Rs.Nil (2019: Rs. 1,992 thousand) higher / (lower) as a result of gain / (loss) on investments classified as at fair value through profit or loss.

42.2 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].

The Company's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs.Nil (2019: Rs.199,208 thousand).

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

Valuation techniques used to determine fair values

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

42.3 Financial instruments by categories

At June 30, 2020			At June 30, 2019		
Amortised Cost	At fair value through profit and loss	Total	Amortised Cost	At fair value through profit and loss	Total

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

Financial assets as per statement of financial position

Long term loans	8,444	-	8,444	10,141	-	10,141
Long term deposits	22,541	-	22,541	13,368	-	13,368
Due from Subsidiary Company	559,724	-	559,724	650,757	-	650,757
Trade debts	322,111	-	322,111	252,479	-	252,479
Loans and advances	5,405	-	5,405	8,689	-	8,689
Deposits and prepayments	4,667	-	4,667	16,086	-	16,086
Investments	-	-	-	190,117	199,208	389,325
Other receivables	15,715	-	15,715	-	8,612	8,612
Accrued interest / mark-up	14,482	-	14,482	27,527	-	27,527
Bank balances	311,091	-	311,091	150,109	-	150,109
	1,264,180	-	1,264,180	1,327,885	199,208	1,527,093

Financial liabilities at amortised cost

2020	2019
-------------	------

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

Financial liabilities as per statement of financial position

Lease liabilities	97,480	63,331
Long term borrowings	67,754	-
Long term deposits	22,611	18,611
Trade and other payables	319,616	236,489
Accrued mark-up	12,170	22,287
Short term borrowings	50,721	173,670
Unclaimed dividend	10,603	10,611
	580,955	524,999

43. 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:



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Total borrowings	118,475	173,670
Bank balances	(311,091)	(150,109)
Net debt / bank balances	(192,616)	23,561
Total equity	5,878,640	6,083,965
Total capital	5,686,024	6,107,526
Gearing ratio	-3.39%	0.39%

44. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2020 were 1,005 (2019: 1,035), average number of employees during the year were 998 (2019: 987).

45. PROVIDENT FUND RELATED DISCLOSURES

45.1 The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2020:

	2020	2019
	----- Rupees in '000 -----	
Size of the Fund - total assets	157,811	131,790
Cost of investments made	117,720	104,021
Percentage of investments made	74.60%	78.93%
Fair value of investments	165,176	138,382

45.2 Break-up of the investments is as follows:

	2020	2019	2020	2019
	----- Percentage -----		--- Rupees in '000 ---	
Bank deposits	20.27	4.14	31,987	5,460
Government securities	34.15	40.90	53,900	53,900
Mutual funds	3.00	15.33	4,728	20,206
National Investment Trust - units	9.95	11.48	15,708	15,124
Others	7.22	7.08	11,397	9,331

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

46 SHARIAH SCREENING DISCLOSURE

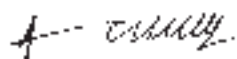
	2020		2019	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	----- Rupees in 000 -----			
Cash and bank balances	312,252	2,627	148,505	5,516
Accrued mark-up	387	14,095	297	27,230
Accrued mark-up on short term borrowings	6,396	5,774	16,513	5,774
Revenue	-	1,663,080	-	2,373,750
Other income				
a) Profit on saving accounts and term deposit receipts	115,494	-	93,551	-
b) Gain from sale of investment	8,906	-	32,657	-
d) Dividend income	414	-	38,795	63,432
e) Others including exchange gain on actual currency	-	23,943	-	31,447
Mark-up / interest expense	55,306	6,614	247,344	12,604

47. 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.

48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 30, 2020 by the Board of Directors of the Company.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer



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

Report on the Audit of The Financial Statements

Name of company: **Ghandhara Nissan Limited**
Year Ended: **30th June 2020**

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

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

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

2. The composition of the Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.



6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations, 2019.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of the ten Directors; 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. Chief financial officer and chief executive officer 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 committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:-

a) Audit Committee:

- 1st Meeting : within one month of end of quarter.
- 2nd Meeting : within two months of end of half year.
- 3rd Meeting : within one month of end of quarter.
- 4th Meeting : within three months of end of quarter

b) Human Resource and Remuneration Committee:

- Held once during the financial year



15. The Board has set up an effective internal Audit Function which functionally reports to the Audit Committee.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Three Independent Directors were elected in the EOGM held on 01-02-2019. The number of Independent Directors as fixed by 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



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director

Karachi
Dated: 30th September, 2020



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, 2020, in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

ShineWing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Raheel Ahmed
Karachi; September 30, 2020

a member firm of *ShineWing* International



Key Operating and Financial Data

Particulars	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15
	Rs. In '000'					
Sales	1,663,080	2,373,750	2,218,734	4,858,178	5,005,148	5,445,392
Gross profit	5,022	320,089	433,304	930,995	1,092,201	1,131,014
(Loss) / Profit before tax	(215,932)	5,421	1,252,196	740,609	832,511	787,277
(Loss) / Profit after tax	(206,623)	(28,806)	1,037,521	409,960	546,263	508,867
Share Capital	570,025	570,025	450,025	450,025	450,025	450,025
Shareholders equity without revaluation surplus	3,655,346	3,822,607	3,695,640	1,803,568	1,601,216	1,274,111
Shareholders equity with revaluation surplus	5,878,640	6,083,965	4,667,881	2,792,138	2,618,880	2,322,406
Fixed Assets	4,105,816	3,912,436	2,133,465	1,983,445	1,852,218	1,749,285
Total Assets	6,901,852	7,097,988	5,825,353	3,857,777	4,081,090	3,571,264
Unit Produced and Supplied (Contract Assembly)	2,282	4,336	4,525	4,197	2,106	1,527
Units Produced	2,713	618	359	720	804	852
Units Sold (CBU)	63	94	526	69	69	87
Units Sold (CKD)	436	618	177	702	807	856
Interim Dividend - Cash	-	-	-	-	10%	-
Dividend - Cash	-	-	-	50%	50%	45%
Ratios						
Profitability						
Gross profit margin	0.3%	13.5%	19.5%	19.2%	21.8%	20.8%
(Loss) / Profit before tax	-12.98%	0.23%	56.44%	15.24%	16.63%	14.46%
(Loss) / Profit after tax	-12.4%	-1.2%	46.8%	8.4%	10.9%	9.3%
Return to shareholders:						
(Loss) / Return on Equity without surplus(BT)	-5.9%	0.1%	33.9%	41.1%	52.0%	61.8%
(Loss) / Return on Equity without surplus (AT)	-5.7%	-0.8%	28.1%	22.7%	34.1%	39.9%
(Loss) / Earning per share (BT)-Rs.	(3.79)	0.10	27.79	16.45	18.50	17.49
Basic (Loss) / Earning Per Share	(3.62)	(0.51)	23.02	9.10	12.14	11.31
Activity:						
Sales to total assets - Times	0.24	0.33	0.38	1.26	1.23	1.52
Sales to fixed assets -Times	0.41	0.61	1.04	2.45	2.70	3.11
Liquidity:						
Current ratio -Times	3.57	3.77	3.20	1.60	1.30	1.97
Break-up value per share- Rs.	103.13	106.73	103.72	62.04	58.19	51.61



GHANDHARA NISSAN LIMITED

Pattern of Shareholding

As of June 30, 2020

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
1056	1	100	55,792	0.0979
2156	101	500	798,391	1.4006
1163	501	1000	987,157	1.7318
1421	1001	5000	3,434,348	6.0249
255	5001	10000	1,827,991	3.2069
73	10001	15000	901,690	1.5818
27	15001	20000	484,894	0.8507
26	20001	25000	589,238	1.0337
20	25001	30000	562,189	0.9863
11	30001	35000	366,623	0.6432
6	35001	40000	222,414	0.3902
2	40001	45000	87,600	0.1537
6	45001	50000	296,000	0.5193
1	50001	55000	51,100	0.0896
1	55001	60000	60,000	0.1053
2	60001	65000	126,664	0.2222
2	65001	70000	134,465	0.2359
3	70001	75000	222,670	0.3906
2	75001	80000	156,588	0.2747
2	85001	90000	176,900	0.3103
3	90001	95000	279,498	0.4903
3	95001	100000	296,165	0.5196
2	100001	105000	204,832	0.3593
1	125001	130000	126,665	0.2222
1	145001	150000	150,000	0.2631
1	185001	190000	187,000	0.3281
1	230001	235000	231,000	0.4052
1	245001	250000	245,813	0.4312
1	300001	305000	304,600	0.5344
1	310001	315000	313,182	0.5494
1	765001	770000	766,901	1.3454
1	885001	890000	890,000	1.5613
1	1150001	1155000	1,153,000	2.0227
1	1525001	1530000	1,526,582	2.6781
1	2230001	2235000	2,231,000	3.9139
1	3645001	3650000	3,647,090	6.3981
1	6485001	6490000	6,485,029	11.3767
1	26420001	26425000	26,421,429	46.3514
6258			57,002,500	100.000



Category of Shareholders

S.No.	Categories of Shareholders	Number of Shares held	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 Company 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 & NBFIs National Bank of Pakistan MCB Bank Limited – Treasury MCB Islamic Bank Limited Pak-Qatar Investment (Pvt.) Limited	1,510 766,901 304,600 3,000	4	1,076,011	1.8877
5	Insurance Companies Gulf Insurance Company Limited Premier Insurance Limited United Insurance Company of Pakistan Limited Excel Insurance Co. Ltd. Pak Qatar Family Takaful Limited	17,800 3,900 50,000 31,599 4,274,000	8	4,377,299	7.6791
6	Modarabas & Mutual Funds First UDL Modaraba CDC - Trustee Faysal MTS Fund - Mutual Fund CDC - Trustee AKD Opportunity Fund CDC - Trustee NBP savings Fund - MT JS Global Capital Ltd. - Mutual Fund BIPL Securities Ltd. - Mutual Fund Axis Global Ltd. - Mutual Fund Dawood Equities Ltd. - Mutual Fund	100 16,000 126,665 49,500 9,000 4,000 2,000 4,000	8	211,265	0.3706
7	General Public (Local)		6,024	11,552,629	20.2669
8	General Public (Foreign)		119	57,633	0.1011
9	Foreign Companies		2	3,648,090	6.3999
10	Others		68	1,355,275	2.3776
			6,258	57,002,500	100.0000

Shareholders holding 10% or more
Voting interest in the Company

Share held Percentage

Bibojee Services (Pvt.) Limited

32,921,887 57.76



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, 2020.

The financial results for the year ended June 30, 2020 are summarized below:

	2020	2019
	(Rupees in thousands)	
Revenue	2,497,942	5,946,358
Gross Profit	142,136	776,677
Operating (Loss) / Profit	(184,016)	449,626
Net (Loss) / Profit after Tax	(471,561)	143,019

During the earlier part of the financial year, the economic slowdown had adversely affected the performance of the Auto-sector and resultantly the Group while the later part has been further dented by the Covid-19 pandemic. The pandemic led to global lockdown due to which industrial supply chain mechanism came to a halt for a period of more than 3 months. This has worsened the performance of the Group especially in the last two quarters.

Considering the expected revival of economic activities, the Group aims to capitalize the opportunities offered by the market to improve its performance in the near future.

For and on behalf of the Board of Directors of the Holding Company.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director

Karachi
Dated: 30th September, 2020



مستحکم مالی گوشواروں کے بارے میں ڈائریکٹرز رپورٹ

30 جون 2020 کو ختم ہونے والے سال کے لیے گندھارا انسان لمیٹڈ اور اس کے ذیلی ادارے گندھارا ڈی ایف پرائیویٹ لمیٹڈ کے آڈٹ شدہ مستحکم مالی گوشوارے مع آڈٹ رپورٹ کے ہمراہ ڈائریکٹرز رپورٹ پیش خدمت ہے۔

30 جون 2020 کو ختم ہونے والے سال کے لیے مالی نتائج کا خلاصہ درج ذیل ہے:

2019	2020	
		آمدنی
5,946,358	2,497,942	کل منافع
776,677	142,136	آپریٹنگ (نقصان) / منافع
449,626	(184,016)	خالص (نقصان) / منافع بعد از ٹیکس
143,019	(471,561)	

مالی سال کے ابتدائی حصے کے دوران، معاشی سست روی نے آٹوسیکٹر اور اس کے نتیجے میں ادارے کی کارکردگی کو بری طرح متاثر کیا جب کہ اس کے بعد کے حصے کو COVID-19 کے وبائی مرض نے مزید نقصان پہنچایا۔ یہ وبائی مرض عالمی لاک ڈاؤن کا باعث بنا جس کی وجہ سے صنعتی سپلائی چین کا طریقہ کار تین (3) ماہ سے زیادہ کی مدت کے لیے رُک گیا۔ اس وبائی مرض نے خاص طور پر سال کے آخری چار ماہ میں ادارے کی کارکردگی کو مزید خراب کر دیا ہے۔

معاشی سرگرمیوں کی متوقع بحالی پر غور کرتے ہوئے ادارے کا مقصد مستقبل قریب میں اپنی کارکردگی کو بہتر بنانے کے لیے مارکیٹ کی جانب سے پیش کردہ مواقعوں سے فائدہ اٹھانا ہے۔

ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کے لیے اور ان کی طرف سے



سلیمان رشید

ڈائریکٹر



احمد قلی خان خٹک

چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 30 ستمبر 2020



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 consolidated financial statements of Ghandhara Nissan Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, 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, 2020, 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 matters 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. Stock in trade

Refer note 5.8 and 12 to the financial statements, the Company has stock-in-trade aggregating Rs.902,496 thousand comprising raw materials and finished goods. We identified this area as a key audit matter because stock-in-trade constitutes 13% of the total assets of the Company as at June 30, 2020 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.

How the matter was addressed in our audit

Our audit procedures in respect of this area included:

- Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;
- Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;
- Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards;
- Assessed the provision for slow moving as at year end is in accordance with the Company policy and relevant accounting standard; and



- We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017..

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 consolidated 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 Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Justice

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi; September 30, 2020 *Justice*







Consolidated Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 -----Rupees in '000-----	2019
ASSETS			
Non current assets			
Property, plant and equipment	6	4,124,881	3,927,906
Intangible assets	7	1,991	2,654
Long term investments	8	800,676	915,674
Long term loans	9	14,637	14,941
Long term deposits	10	36,231	26,680
		4,978,416	4,887,855
Current assets			
Stores, spares and loose tools		136,504	124,506
Stock-in-trade	11	1,649,965	2,127,741
Trade debts	12	674,771	987,340
Loans and advances	13	12,055	33,171
Deposits and prepayments	14	11,305	26,408
Investments	15	-	392,878
Other receivables	16	193,809	307,916
Taxation - net		484,070	417,107
Cash and bank balances	17	353,516	202,173
		3,515,995	4,619,240
Total assets		8,494,411	9,507,095



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director



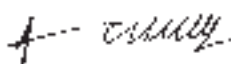
Muhammad Umair
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 -----Rupees in '000-----	2019
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
	18	570,025	570,025
Capital reserve			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets	19	2,572,286	2,574,149
- Items directly credited to equity by an Associate		73,312	71,811
		3,748,319	3,748,681
Revenue reserve - unappropriated profit		2,702,610	3,134,966
Equity attributable to shareholders of the Holding Company		7,020,954	7,453,672
Non-controlling interest		47	58
Total equity		7,021,001	7,453,730
Liabilities			
Non current liabilities			
Lease liabilities	20	91,278	71,017
Long term borrowings	21	49,345	-
Deferred income - government grant	22	2,072	-
Long term deposits	23	27,111	23,111
Deferred taxation	24	314,112	347,784
		483,918	441,912
Current liabilities			
Trade and other payables	25	542,533	633,470
Accrued mark-up		22,538	41,486
Short term borrowings	26	355,929	875,673
Current portion of lease liabilities	20	35,669	50,213
Current maturity of long term borrowings	21	18,409	-
Current portion of deferred income - government grant	22	3,811	-
Unclaimed dividend		10,603	10,611
		989,492	1,611,453
Total liabilities		1,473,410	2,053,365
Contingencies and commitments	27	-	-
Total equity and liabilities		8,494,411	9,507,095

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer




CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 -----Rupees in '000-----	2019
Revenue	28	2,497,942	5,946,358
Cost of sales	29	(2,355,806)	(5,169,681)
Gross profit		142,136	776,677
Distribution cost	30	(102,812)	(99,650)
Administrative expenses	31	(277,101)	(286,779)
Other income	32	60,203	103,384
Other expenses	33	(6,442)	(44,006)
(Loss) / profit from operations		(184,016)	449,626
Finance cost	34	(132,652)	(318,670)
		(316,668)	130,956
Share of (loss) / profit of an Associate	8.1	(152,532)	94,451
(Loss) / profit before taxation		(469,200)	225,407
Taxation	35	(2,361)	(82,388)
(Loss) / profit after taxation		(471,561)	143,019
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Surplus on revaluation of fixed assets		-	1,431,103
Impact of deferred tax		-	(105,028)
Re-measurement of staff retirement benefit obligation		1,828	(8,195)
Impact of deferred tax		(530)	2,377
Share of other comprehensive income of an Associate of:			
- surplus on revaluation of fixed assets - net		37,702	-
- re-measurement of staff retirement benefit obligation - net		(168)	(1,697)
Effect of change in tax rates on balance of revaluation of fixed assets		-	(3,769)
Other comprehensive income for the year - net of tax		38,832	1,314,791
Total comprehensive (loss) / income for the year		(432,729)	1,457,810
Attributable to:			
- Shareholders of the Holding Company		(432,718)	1,457,796
- Non-controlling interest		(11)	14
		(432,729)	1,457,810
(Loss) / earnings per share - basic and diluted	36	(8.27)	2.51

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director

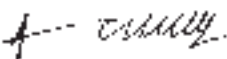

Muhammad Umair
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Subscription money against right issue	Capital Reserve			Revenue Reserve Unappropriated profit	Total	Non - controlling interest
			Share premium	Surplus on revaluation of fixed assets	Items directly credited to equity by an Associate			
Rupees in '000								
Balance as at July 1, 2018	450,025	1,054,319	40,000	1,286,608	70,235	2,966,287	5,867,474	44
Transactions with owners, recognised directly in equity								
Gross subscription money received	-	131,694	-	-	-	-	131,694	-
Issuance cost	-	(3,292)	-	-	-	-	(3,292)	-
Issuance of right shares at premium	120,000	(1,182,721)	1,062,721	-	-	-	-	-
Total comprehensive income for the year ended								
June 30, 2019								
Profit for the year	-	-	-	-	-	143,005	143,005	14
Other comprehensive income / (loss)	-	-	-	1,322,306	-	(7,515)	1,314,791	-
	-	-	-	1,322,306	-	135,490	1,457,796	14
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(33,189)	-	33,189	-	-
Effect of item directly credited in equity by an Associate	-	-	-	(1,576)	1,576	-	-	-
Balance as at June 30, 2019	570,025	-	1,102,721	2,574,149	71,811	3,134,966	7,453,672	58
Total comprehensive loss for the year ended								
June 30, 2020								
Loss for the year	-	-	-	-	-	(471,550)	(471,550)	(11)
Other comprehensive income	-	-	-	37,702	-	1,130	38,832	-
	-	-	-	37,702	-	(470,420)	(432,718)	(11)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(38,064)	-	38,064	-	-
Effect of item directly credited in equity by an Associate	-	-	-	(1,501)	1,501	-	-	-
Balance as at June 30, 2020	570,025	-	1,102,721	2,572,286	73,312	2,702,610	7,020,954	47

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer

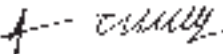


CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(469,200)	225,407
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	146,482	122,133
Provision for gratuity	12,340	10,121
Provision for expected credit losses	7,501	27,675
Provision against loan to employees	454	-
Provision for security deposits and earnest money	3,442	-
Interest income	(32,304)	(10,082)
Gain on disposal of property, plant and equipment	(2,904)	(4,528)
Gain on disposal of investment	(9,373)	(32,657)
Dividend income - mutual funds' investment	(535)	(38,795)
Unrealised loss on investments	-	5,891
Share of loss / (profit) of an Associate	152,532	(94,451)
Finance cost	132,652	318,670
Exchange loss - net	6,442	37,713
Operating (loss) / profit before working capital changes	(52,471)	567,097
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(11,998)	(32,739)
Stock-in-trade	477,776	(360,158)
Trade debts	305,068	186,029
Loans and advances	20,662	43,053
Deposit and prepayments	11,661	(7,477)
Other receivables	114,107	(161,299)
	917,276	(332,591)
Increase in trade and other payables	(89,575)	(824,850)
Cash generated from / (used in) operations	775,230	(590,344)
Gratuity paid	(18,316)	(12,320)
Long term loans - net	304	(7,969)
Long term deposits - net	4,000	(1,000)
Finance cost paid	(151,600)	(286,712)
Taxes paid	(103,526)	(456,582)
Net cash generated from / (used in) operating activities	506,092	(1,354,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure & Intangible assets	(279,156)	(468,071)
Proceeds from disposal of property, plant and equipment	7,885	19,960
Interest income received	32,304	10,082
Investments - net	402,251	(265,184)
Long term deposits - net	(9,551)	(5,945)
Dividend received	535	102,227
Net cash generated from / (used in) investing activities	154,268	(606,931)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(62,902)	(9,331)
Long term borrowings obtained	67,754	-
Government grant - net	5,883	-
Short term borrowings - net	(519,744)	722,012
Dividend paid	(8)	(64)
Subscription money against right issue	-	128,402
Net cash (used in) / generated from financing activities	(509,017)	841,019
Net increase / (decrease) in cash and cash equivalents	151,343	(1,120,839)
Cash and cash equivalents at beginning of the year	202,173	1,323,012
Cash and cash equivalents at end of the year	353,516	202,173

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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 Nissan, Dongfeng and 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. IMPACT OF COVID-19 (CORONAVIRUS) ON THE CONSOLIDATED FINANCIAL STATEMENTS

The spread of COVID-19 as a pandemic and consequently imposition of lockdown by Federal and Provincial Governments of Pakistan (Authorities) have effected the production, sales volumes and profitability of the Group due to closure of manufacturing plants and offices during the lockdown period. The management has assessed the accounting implications of said events on these consolidated financial statements. However, according to management's assessment (which is also substantiated by resumption of business operations after ease in lockdown restrictions), there is no significant accounting impact of the effects of COVID-19 on the assets and liabilities in these consolidated financial statements. Further, as per relaxation given by Authorities, the Group has resumed its operating activities with effect from June 2, 2020 with all precautionary measures aimed at preventing spread of pandemic.

3. BASIS OF PREPARATION

3.1 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:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 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.

3.2 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, 2020 and June 30, 2019.

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

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

3.3 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.

3.4 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

3.5 Changes in accounting standards and interpretations

3.5.1 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, 2019:

- (a) The Group has adopted IFRS 16 'Leases' from July 1, 2019. IFRS 16 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors has not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right of use assets and records lease liabilities for leases - i.e. the related asset and liability of all of these leases are recorded in the consolidated statement of financial position.

In case of previously recognised finance leases, the Group now classified lease assets as right of use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns, while the Group is already presenting its related lease liabilities as a separate line item in the consolidated statement of financial position.

In case of initial application regarding previously recognised operating leases, the Group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Group are extendable through mutual agreement between the Group and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that such contracts are short-term in nature. The Group recognizes the lease payments associated with these leases as an expense in statement of profit or loss. Accordingly, initial application of IFRS 16 did not have material impact on these financial statements.

The accounting policies relating to Group's right of use asset and related lease liabilities are disclosed in note 5.1.2, details pertaining to right of use assets are disclosed in note 6.1 and related lease liabilities are disclosed in note 20.

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, 2019 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

3.5.2 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, 2019 and have not been early adopted by the Group:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- (a) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is 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. 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. 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) Amendments to IFRS 16 'Leases' is 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 not expected to have material impact on the Group's financial statements.
- (c) 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 not expected to have material impact on the Group's financial statements.
- (d) Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a Group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, a Group will recognise such sales proceeds and related cost in statement of . 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 Group first applies the amendments. The amendment not expected to have material impact on the Group's financial statements.
- (e) Amendments 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 amendments, 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.

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, 2020

4. BASIS OF MEASUREMENT

4.1 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.

4.2 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 5.1 and 5.2)
- (ii) Stock-in-trade (note 5.8)
- (iii) Provision for expected credit losses (note 5.9)
- (iv) Provision for staff benefits (note 5.14)
- (v) Provision for warranty (note 5.16)
- (vi) Provision for taxation (note 5.18)

5. 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.

5.1 Property, plant and equipment

5.1.1 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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 6.1. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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

Disposal

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

Revaluation of assets

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

5.1.2 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

5.1.3 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.

5.2 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 7.

5.3 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.4 Financial assets

5.4.1 Classification

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

(a) Financial assets at amortised cost

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

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

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

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

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

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

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

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

5.4.2 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

5.5 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.

5.6 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.

5.7 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.

5.8 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:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

<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.

5.9 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.

5.10 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.

5.11 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.

5.12 Share capital

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5.13 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.

5.14 Staff benefits

5.14.1 Defined benefit plan - The Holding Company

The Holding 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, 2020 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 profit or loss.

5.14.2 Defined contribution plan

The Group operates defined contribution plan (i.e. recognised provident fund scheme) 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.

5.15 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.

5.16 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.

5.17 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5.18 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

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted.

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.

5.19 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.

5.20 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:



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- 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.

5.21 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.

5.22 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

5.23 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.

5.24 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5.25 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.

5.26 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.

5.27 Dividend and appropriation to reserves

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2020 ---- Rupees in '000 ----	2019
Operating fixed assets	6.1	3,604,087	3,631,186
Capital work-in-progress includes:			
Buildings		376,650	215,471
Plant and machinery		58,644	62,817
Advance against purchase of land	6.8	67,513	-
Furniture and fixtures		-	4,797
Vehicles		8,000	4,035
Computers		9,987	9,600
		520,794	296,720
		4,124,881	3,927,906



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6.1 Operating fixed assets

At July 1, 2018

	Freehold land (note 6.2)	Leasehold land (note 6.2)	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	Right of use assets	Total
Revaluation / cost	498,938	222,980	675,883	-	44,751	698,056	66,658	18,404	87,377	29,874	13,708	15,555	96,540	2,468,724
Accumulated depreciation	-	(33,545)	(125,372)	-	(1,305)	(175,741)	(52,756)	(4,384)	(55,691)	(14,249)	(8,198)	(12,345)	(37,176)	(520,762)
Net book value	498,938	189,435	550,511	-	43,446	522,315	13,902	14,020	31,686	15,625	5,510	3,210	59,364	1,947,962
Opening net book value	498,938	189,435	550,511	-	43,446	522,315	13,902	14,020	31,686	15,625	5,510	3,210	59,364	1,947,962
Additions	-	-	8,489	93,745	42,455	174,253	-	25,923	15,029	1,892	690	901	25,718	388,895
- cost	1,068,937	-	68,898	-	-	-	2,551	-	-	-	-	-	-	1,137,835
- accumulated depreciation	-	-	140,993	-	-	149,724	-	-	-	-	-	-	-	293,288
Disposals	1,068,937	-	209,891	-	-	149,724	2,551	-	-	-	-	-	-	1,431,103
- cost	-	-	-	-	-	-	-	-	(32,801)	-	-	-	(1,406)	(34,207)
- accumulated depreciation	-	-	-	-	-	-	-	-	18,658	-	-	-	117	18,775
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	(14,143)	-	-	-	(1,289)	(15,432)
- cost	-	-	-	-	-	-	-	-	4,676	-	-	-	(4,676)	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(2,980)	-	-	-	2,980	-
Depreciation charge	-	(18,943)	(32,834)	(391)	(3,403)	(31,304)	(3,035)	(1,833)	(6,668)	(5,515)	(1,980)	(1,205)	(1,696)	(121,342)
Closing 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
At June 30, 2019	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
Revaluation / cost	-	(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)
Accumulated depreciation	-	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
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	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
Opening net book value	-	-	20,320	-	-	14,850	590	8,361	7,373	2,145	345	1,098	68,619	123,701
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals (Note 6.7)	-	-	-	-	-	-	-	-	(15,737)	-	-	-	(1,546)	(17,283)
- cost	-	-	-	-	-	-	-	-	12,031	-	-	-	271	12,302
- accumulated depreciation	-	-	-	-	-	-	-	-	(3,706)	-	-	-	(1,275)	(4,981)
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	43,284	-	-	-	(43,284)	-
- cost	-	-	-	-	-	-	-	-	(29,641)	-	-	-	29,641	-
- accumulated depreciation	-	-	-	-	-	-	-	-	13,643	-	-	-	(13,643)	-
Depreciation charge (Note 6.5)	-	(17,049)	(36,977)	(4,668)	(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	33,820	3,604,087
At June 30, 2020	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	71,346	4,067,665
Revaluation / cost	-	(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)
Accumulated depreciation	-	153,443	719,400	88,686	78,373	788,800	11,206	41,972	36,355	9,599	3,094	2,845	33,820	3,604,087
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	33,820	3,604,087
Depreciation rate (% per annum)	10	5	5	5	5	5	20	10	20	33	33	33	20	20

Rupees in '000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 6.2** 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

- 6.3** 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 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 and 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 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.

- 6.4** 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	2020 ---- Rupees in '000 ----	2019
Freehold land		61,456	61,456
Buildings on freehold land		122,011	107,227
Plant and machinery		360,832	364,495
Assembly Jigs		5,486	6,266
6.5 Depreciation charge has been allocated as follows:			
Cost of goods manufactured	29.1	116,147	99,066
Distribution cost	30	2,222	599
Administrative expenses	31	27,450	21,677
		145,819	121,342



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6.6 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.1,850,667 thousand (2019: Rs.1,650,667 thousand) with banks for short term finance facilities.

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

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
----- Rupees in '000 -----							
Items having book value exceeding Rs.500,000 each							
Vehicles	1,546	271	1,275	1,275	-	Insurance claim	IGI General Insurance Limited, Karachi.
	1,546	271	1,275	1,275	-		
Items having book value upto Rs.500,000 each							
	15,737	12,031	3,706	6,610	2,904		
June 30, 2020	17,283	12,302	4,981	7,885	2,904		
June 30, 2019	34,207	18,775	15,432	19,960	4,528		

6.8 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.

7. 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

2020 2019
----- Rupees in '000 -----

		4,367	3,822
		-	545
		4,367	4,367
		1,713	922
	31	663	791
		2,376	1,713
		1,991	2,654
		25	25
		800,676	915,674
		-	-
		800,676	915,674

8. LONG TERM INVESTMENTS

Associate - equity accounted investment

Others - available for sale

7.1	800,676	915,674
7.2	-	-
	800,676	915,674



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

8.1 Ghandhara Industries Limited

	2020	2019
	----- Rupees in '000 -----	
Balance at beginning of the year	915,674	886,352
Share of (loss) / profit for the year	(152,532)	94,451
Share of other comprehensive income / (loss) for the year	37,534	(1,697)
Dividend received	-	(63,432)
Balance at end of the year	<u>800,676</u>	<u>915,674</u>

8.1.1 Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (June 30, 2019: 8,132,336) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2019: 19.09%) of its issued, subscribed and paid-up capital as at June 30, 2020. 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.

8.1.2 The summary of financial statements / reconciliation of GIL as of March 31, 2020 is as follows:

	As at March 31, 2020	As at March 31, 2019
	--- Rupees in '000 ---	
Summarised Statement of Financial Position		
Non current assets	3,143,699	2,832,197
Current assets	10,590,726	14,162,135
	<u>13,734,425</u>	<u>16,994,332</u>
Non current liabilities	118,135	134,807
Current liabilities	9,432,184	12,072,893
	<u>9,550,319</u>	<u>12,207,700</u>
Net asset	<u>4,184,106</u>	<u>4,786,632</u>
Reconciliation to carrying amount		
Opening net assets	4,786,632	4,633,000
(Loss) / profit for the year	(799,182)	494,874
Other comprehensive income / (loss)	196,656	8,893
Dividend paid	-	(332,349)
Closing net assets	<u>4,184,106</u>	<u>4,786,632</u>
Holding Company's share (Percentage)	19.086%	19.086%
Holding Company's share	798,578	913,577
Goodwill and other adjustment	2,098	2,097
Carrying amount of investment	<u>800,676</u>	<u>915,674</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Nine months period ended	
	As at March 31, 2020	As at March 31, 2019
Summarised profit or loss account		
Revenue	9,824,226	10,742,910
(Loss) / profit before tax	(494,289)	372,478
(Loss) / profit after tax	(464,278)	394,852

8.1.3 The above figures are based on unaudited condensed interim financial information of GIL as at March 31, 2020. The latest financial statements of GIL as at June 30, 2020 are not presently available. Accordingly, results of operations of first three quarters of financial year 2020 and last quarter of financial year 2019 have been considered.

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

8.1.5 The market value of investment as at June 30, 2020 was Rs.984,013 thousand (June 30, 2019: Rs.710,522 thousand).

8.2 **Others** - available for sale

	Note	2020 ----- Rupees in '000 -----	2019 -----
Automotive Testing & Training Centre (Private) Limited 187,500 (2019: 187,500) ordinary shares of Rs.10 each - cost		1,875	1,875
Provision for impairment		(1,875)	(1,875)
		-	-

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

Loans to employees			
Related parties - Key Management Personnel	9.1 & 9.2	518	3,703
Other employees	9.1	19,265	17,311
		19,783	21,014
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		518	1,980
Other employees		4,628	4,093
	13	5,146	6,073
		14,637	14,941

9.1 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 varies from case to case.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

9.2 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2020 from Key Management Personnel aggregated to Rs.3,552 thousand (2019: Rs.3,883 thousand).

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

2020 2019
----- Rupees in '000 -----

Deposits held with / against:

Central Depository Company of Pakistan Limited	25	25
Lease facilities	28,276	20,092
Utilities	7,584	6,228
Others	346	335
	36,231	26,680

11. STOCK-IN-TRADE

Raw materials

In hand	528,375	1,013,847
Less: provision for obsolete / slow moving stock	(15,000)	(15,000)
	513,375	998,847
In transit	-	62,634
	513,375	1,061,481

Finished goods

In hand

Complete built units - trucks and cars	526,019	529,283
Complete knockdown units - trucks	271,473	155,371
Spare parts	132,806	114,303

Held with third parties

Complete built units - trucks	102,759	207,798
Complete knockdown units - trucks	87,123	59,505

In transit

Spare parts	16,410	-
	1,136,590	1,066,260
	1,649,965	2,127,741

11.1 The present and future stock-in-trade, trade debts and receivables aggregating Rs.7,968,685 thousand (2019: Rs.8,367,683) are under pledge / joint hypothecation charge with banks against short term finances and running finances (Refer note 26).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

12. TRADE DEBTS - Unsecured

	Note	2020 ----- Rupees in '000 -----	2019
Considered good against sale of Vehicles and assembly charges			
- due from Ghandhara Industries Limited an Associated Company	12.1	93,745	94,650
- others		570,713	883,256
		664,458	977,906
Spare parts		10,313	9,434
		674,771	987,340
Considered doubtful		35,176	27,675
		709,947	1,015,015
Provision for expected credit losses		(35,176)	(27,675)
		674,771	987,340

12.1 The ageing of the trade debts receivable from an Associated Company as at the reporting date is as follows:

	2020 ----- Rupees in '000 -----	2019
Up to 3 months	93,745	94,650

12.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.99,335 thousand (2019: Rs.99,049 thousand).

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

	Note	2020 ----- Rupees in '000 -----	2019
Current portion of long term loans	9	5,146	6,073
Loans to other employees	13.1	-	12
Advances to:			
Related party- Key Management Personnel		5	16
Other employees		2,318	4,789
Provision for other employees		(454)	
Suppliers, contractors and others	13.2	4,479	20,463
		6,348	25,268
Letters of credit		561	1,818
		12,055	33,171

13.1 These represent interest free general loans and special loans provided to employees in accordance with Group's policy and have maturities up to twelve months.

13.2 Includes Rs. Nil thousand (2019: Rs.35 thousand) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

14. DEPOSITS AND PREPAYMENTS	Note	2020 ---- Rupees in '000 ----	2019
Deposits - considered good and interest free		-	11,630
Prepaid			
- rent		252	-
- others		487	3,538
		739	3,538
Current account balances with statutory authorities		10,566	11,240
		11,305	26,408
15. INVESTMENTS			
At amortised cost			
- Investment in term deposit receipt		-	190,000
- Accrued profit at the rate of 11.20% per annum		-	117
		-	190,117
At fair value through profit or loss	15.1	-	202,761
		-	392,878
15.1 Investments - at fair value through profit or loss			
		2020	2019
---- Units in '000 ----			
-	1,990	JS Islamic Hybrid Fund of Funds 2	-
			199,208
---- No. of Shares ----			
-	500	Indus Motor Company Limited	-
	117,500	Lotte Chemical Pakistan Limited	-
-	500	Lucky Cement Limited	-
	1,000	OIL & Gas Development Co. Ltd.	-
-	5,800	Pakistan Petroleum Limited	-
			838
			202,761
16. OTHER RECEIVABLES			
Considered good and interest free			
Sales tax refundable / adjustable		182,370	260,464
Bank guarantee margin		-	21
Letters of credit margin		-	10,101
Security deposits and earnest money - interest free		4,753	5,448
Provision for security deposits and earnest money		(3,442)	-
		1,311	5,448
Accrued interest		387	297
Receivable against sub lease		1,875	29,198
Others		7,866	2,387
		193,809	307,916



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

17. CASH AND BANK BALANCES

	Note	2020 ---- Rupees in '000 ----	2019
Cash in hand		1230	1
Cash at banks on:			
- current accounts		42,264	149,816
- saving accounts	17.1	285,417	35,751
- deposit accounts	17.2	10,517	10,517
- term deposits receipts	17.3	18,000	10,000
		356,198	206,084
Provision for doubtful bank balance	17.4	(3,912)	(3,912)
		352,198	202,172
		353,516	202,173

17.1 At reporting date, these carry mark-up at the rate of 6.50% (2019:10.25%) per annum.

17.2 This carries mark-up up to 13.70% (2019: 10.40%) per annum.

17.3 Term deposit receipt (TDR) has expected maturity of 90 (2019:15) days from respective dates of acquisition. These TDR carries mark-up at rate of 7.50% (2019: 12.50%) per annum.

17.4 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.

18. SHARE CAPITAL

2020
---- Rupees in '000 ----

18.1 Authorized capital

80,000,000 (2019: 80,000,000) ordinary shares of Rs.10 each

800,000 800,000

18.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
No. of Shares				
26,800,000	26,800,000	Ordinary shares of Rs.10 each fully paid in cash	268,000	268,000
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
57,002,500	57,002,500		570,025	570,025



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

18.3 At June 30, 2020, Bibojee Services (Private) Limited (the Ultimate Holding Company) holds 57.76% (2019: 57.76%) of share capital of the Holding 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 Holding Company's residual assets.

19. SURPLUS ON REVALUATION OF FIXED ASSETS - Net

	Note	2020 ---- Rupees in '000 ----	2019
Surplus on revaluation of the Holding Company's fixed assets	19.1	2,223,294	2,261,358
Share of surplus on revaluation of fixed assets of an Associated Company		348,992	312,791
		<u>2,572,286</u>	<u>2,574,149</u>
19.1 Surplus on revaluation of the Holding Company's fixed assets			
Balance at beginning of the year		2,571,426	1,187,068
Surplus arisen on revaluation carried-out during the year	6.3	-	1,431,103
Transferred to unappropriated profit on account of incremental depreciation for the year		(53,611)	(46,745)
		<u>2,517,815</u>	<u>2,571,426</u>
Less: related deferred tax of:			
- opening balance		310,068	214,827
- surplus arisen during the year		-	105,028
- incremental depreciation for the year		(15,547)	(13,556)
- effect of change in tax rate		-	3,769
- closing balance		294,521	310,068
Balance at end of the year		<u>2,223,294</u>	<u>2,261,358</u>
20. LEASE LIABILITIES - Secured			
Balance at beginning of the year		121,230	104,843
Assets acquired during the year		72,457	61,268
Repaid / adjusted during the year		(66,740)	(44,881)
		<u>126,947</u>	<u>121,230</u>
Current portion grouped under current liabilities		(35,669)	(50,213)
Balance at end of the year		<u>91,278</u>	<u>71,017</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 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 10.04% to 16.55% (2019: 7.47% to 17.50%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Group intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

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

Particulars	Upto one year	From one to five years	2020	Upto one year	From one to five years	2019
	Rupees in '000					
Minimum lease payments	46,073	102,981	149,054	56,524	76,328	132,852
Finance cost allocated to future periods	(10,404)	(11,703)	(22,107)	(6,311)	(5,311)	(11,622)
Present value of minimum lease payments	35,669	91,278	126,947	50,213	71,017	121,230

21. LONG TERM BORROWINGS

	Note	2020	2019
Rupees in '000			
Loan under refinance scheme for payment of wages and salaries	21.1	73,637	-
Adjustment pertaining to fair value of loan at below market interest rate	21.2	(5,883)	-
		67,754	-
Current maturity		(18,409)	-
		49,345	-

- 21.1** This represents long term loan received from Bank Al-falah Limited 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. According to conditions of the Scheme, the Holding Company after availing this loan will not lay off its workers / employees at least during three months from the date of first disbursement (i.e June 2, 2020) except in case of any disciplinary action. The facility is secured against first pari passu hypothecation charge over present and future plant, machinery and equipment with 25% margin limited to Rs.200,000 thousands. Mark-up is chargeable at 3.0% per annum. The principal is repayable in eight quarterly instalments starting from January 2021.

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

	2020	2019
Rupees in '000		
Difference of fair value of loan and loan received	6,079	-
Amortisation of loan	(196)	-
	5,883	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

22. DEFERRED INCOME - GOVERNMENT GRANT

	Note	2020 ---- Rupees in '000 ----	2019
Grant recognised on loan at below market interest rate	22.1	6,079	-
Less: released to statement of profit or loss		196	-
		5,883	-
Less: current portion		3,811	-
		2,072	-

22.1 The Holding Company recognised government grant on below market interest loan received - (note 21.2) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

23. LONG TERM DEPOSITS - Interest free

	Note	2020 ---- Rupees in '000 ----	2019
Dealers' deposit	23.1	23,000	21,500
Vendors		111	111
Others		4,000	1,500
		27,111	23,111

23.1 These deposits are interest free and are not refundable during subsistence of dealership. Further, these security deposits are non utilisable and the Group has not utilized any such deposit for the purpose of its business during the year.

24. DEFERRED TAXATION - Net

	2020 ---- Rupees in '000 ----	2019
The liability for deferred taxation comprises of temporary differences relating to:		
- accelerated tax depreciation allowance	93,767	88,658
- surplus on revaluation of fixed assets	294,521	310,068
- lease finances	1,473	882
- provision for expected credit losses	(10,202)	(8,026)
- provision for other receivables	(998)	-
- provision for warranty claims	(49)	(101)
- provision for obsolete / slow moving stock	(4,350)	(4,350)
- provision for bank balances	(1,134)	(1,134)
- unabsorbed tax depreciation	(58,916)	(38,213)
	314,112	347,784

24.1 As at June 30, 2020, the Group has unused tax losses aggregating Rs.267,802 thousand (2019: Rs.33,430 thousand). Deferred tax asset on un-used losses has not been recognised on prudent basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

25. TRADE AND OTHER PAYABLES	Note	2020 ---- Rupees in '000 ----	2019
Trade creditors	25.1	63,591	76,953
Bills payable		87,070	206,255
Accrued liabilities	25.2	136,344	80,145
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	25.3	128,437	158,339
Commission		36,146	21,223
Unclaimed gratuity		231	231
Dealers' deposits against vehicles - interest free		1,000	1,000
Payable to Waqf-e-Kuli Khan		9,885	9,885
Payable to gratuity fund	25.4	10,512	18,316
Withholding tax		16,158	17,755
Workers' profit participation fund	25.5	-	291
Workers' welfare fund		111	111
Retention money		403	506
Warranty claims		170	349
Others	25.6	51,072	40,708
		542,533	633,470

25.1. Includes Rs. 2,867 thousand (2019: Rs. Nil) payable to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

25.2 Includes Rs.1,004 thousand (2019: Rs.29,650 thousand) and Rs.3,010 (2019:Rs.3,245) 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 Holding 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 Holding Company and are employees of the Holding Company.

The latest actuarial valuation of the Scheme as at June 30, 2020 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

25.4.1 Statement of financial position reconciliation	2020 ---- Rupees in '000 ----	2019
Present value of defined benefit obligation	164,362	148,318
Fair value of plan assets	(163,632)	(130,719)
Benefits payable	9,782	717
Net liability at end of the year	10,512	18,316



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

25.4.2 Net liability recognised

2020
---- Rupees in '000 ----

Net liability at beginning of the year	18,316	12,320
Charge to profit or loss	12,340	10,121
Contributions made by the Holding Company	(18,316)	(12,320)
Re-measurement recognised in other comprehensive income	(1,828)	8,195
	<u>10,512</u>	<u>18,316</u>

25.4.3 Movement in the present value of defined benefit obligation

Balance at beginning of the year	148,318	124,341
Current service cost	11,783	9,705
Interest expense	20,391	12,379
Benefits paid	(1,383)	(393)
Benefits due but not paid	(9,065)	(717)
Re-measurement	(5,682)	3,003
Balance at end of the year	<u>164,362</u>	<u>148,318</u>

25.4.4 Movement in the fair value of plan assets

Balance at beginning of the year	130,719	113,665
Contribution received during the year	18,316	12,320
Interest income	19,834	11,963
Benefits paid	(1,383)	(2,037)
Re-measurement	(3,854)	(5,192)
	<u>163,632</u>	<u>130,719</u>

25.4.5 Expense recognised in consolidated statement of profit or loss

Current service cost	11,783	9,705
Net interest expense	557	416
	<u>12,340</u>	<u>10,121</u>

25.4.6 Re-measurement recognised in consolidated other comprehensive income

Financial assumptions	(999)	654
Experience adjustments	(4,683)	2,349
Loss on remeasurement of plan assets	3,854	5,192
	<u>(1,828)</u>	<u>8,195</u>

25.4.7 Plan assets comprise of

Fixed income instruments	149,063	32,796
Mutual fund securities	4,029	61,136
Cash at bank	10,540	36,787
	<u>163,632</u>	<u>130,719</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

25.4.8 Significant actuarial assumptions and sensitivity

	2020	2019
	--- % per annum ---	
Discount rate	8.50	14.25
Expected rate of increase in future salaries	8.50	14.25
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 in '000 ---		
Discount rate	1.00%	149,504	180,597
Increase in future salaries	1.00%	180,620	149,217

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.

25.4.9 Based on actuary's advice, the expected charge to consolidated statement of profit or loss for the year ending June 30, 2021 amounts to Rs.11,915 thousand.

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

25.4.11 Historical information

	2020	2019	2018	2017	2016
	----- Rupees in '000 -----				
Present value of defined benefit obligation	164,362	148,318	124,341	106,433	95,390
Experience adjustment	(1,828)	8,195	4,200	16,698	3,297

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, 2020	21,331	5,889	36,654	1,343,532	1,407,406



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

25.5 Workers' profit participation fund

	Note	2020 ---- Rupees in '000 ----	2019
Balance at beginning of the year		291	15,502
Allocation for the year	33	-	291
Interest on funds utilised in the Holding Company's business	34	12	316
		303	16,109
Payment made during the year		(303)	(15,818)
Balance at end of the year		-	291

25.6 Includes deposits and instalments under the Group's staff vehicle policy aggregating Rs.18,722 thousand (2019: Rs.11,355 thousand).

26. SHORT TERM BORROWINGS

		2020 ---- Rupees in '000 ----	2019
Running finances / musharakah		355,929	502,003
Short term finance facility		-	200,000
Finance against imported merchandise		-	173,670
		355,929	875,673

26.1 Running finances facilities available from commercial banks under mark-up arrangements aggregate to Rs.1,445,000 thousand including sub limit of Rs. 120,000 thousand (2019: Rs.1,575,000 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 9.58% to 16.00% (2019: 7.92% to 14.8%) per annum. The arrangements are expiring on January 31, 2021.

26.2 The facilities for opening letters of credit as at June 30, 2020 aggregate to Rs.4,250,000 thousand (2019: Rs.7,140,000) of which the amount remained unutilised at the year-end was Rs.3,947,202 thousand (2019: Rs.6,800,700 thousand). Further, the Group also has facilities of Finance against Import Merchandise aggregating Rs.2,900,000 thousand (2019: Rs.4,175,000 thousand) as sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.207,000 thousand including Rs.200,000 (2019: Rs.400,000 thousand) as sub limits of these letters of credit facilities. These facilities are secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.

26.3 Facilities aggregated Rs.907,000 thousand (2019: Rs.2,225,000 thousand) out of the above mentioned facilities are also available to the Group level.

27. CONTINGENCIES AND COMMITMENTS

27.1 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.

27.2 Commitment in respect of irrevocable letters of credit as at June 30, 2020 aggregate to Rs.215,728 thousand (2019: Rs.133,345 thousand).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

27.3 Guarantees aggregating Rs.28,107 thousand (2019: Rs.6,999 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.475,624 thousand (2019: Rs.466,100 thousand) to the commercial banks against letters of credit facilities utilised by the Subsidiary Company.

28. REVENUE - Net

	Note	2020	2019
		---- Rupees in '000 ----	
Manufacturing activity			
Sales		2,342,933	6,004,521
Less:			
- sales tax		340,118	872,452
- commission		39,203	33,229
		379,321	905,681
		1,963,612	5,098,840
Trading activity			
Sales		633,850	1,027,208
Less:			
- sales tax		92,704	150,137
- discount and commission		6,816	29,553
		99,520	179,690
		534,330	847,518
		2,497,942	5,946,358

29. COST OF SALES

Finished goods at beginning of the year		1,066,260	615,916
Cost of goods manufactured	29.1	2,119,657	4,441,542
Purchases - trading goods		290,069	1,178,483
		2,409,726	5,620,025
Finished goods at end of the year	11	(1,120,180)	(1,066,260)
		2,355,806	5,169,681



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

29.1 Cost of goods manufactured	Note	2020 ---- Rupees in '000 ----	2019
Raw materials and parts consumed	29.2	1,437,481	3,734,093
Fabrication of contract vehicles		9,626	16,859
Stores and spares consumed		53,160	86,333
Salaries, wages and benefits	29.3	354,776	356,601
Transportation		18,663	23,281
Repair and maintenance		32,206	31,203
Depreciation	6.5	116,147	99,066
Material handling		-	15
Insurance		5,228	4,356
Communication		2,220	1,833
Rent, rates and taxes		2,638	3,211
Travelling and entertainment		707	3,064
Power generation costs		66,282	61,837
Printing, stationery and office supplies		1,528	1,479
Royalty expense		2,103	2,745
Plant security		14,925	13,392
Other manufacturing expenses		1,967	2,174
		2,119,657	4,441,542
29.2 Raw materials and parts consumed			
Stocks at beginning of the year		998,847	577,076
Purchases		952,009	4,155,864
		1,950,856	4,732,940
Stocks at end of the year	11	(513,375)	(998,847)
		1,437,481	3,734,093
29.3			
Salaries, wages and benefits include Rs.7,410 thousand (2019: Rs.6,394 thousand) and Rs.5,853 thousand (2019: Rs.4,713 thousand) in respect of staff retirement gratuity and staff provident fund respectively.			
30. DISTRIBUTION COST			
	Note	2020 ---- Rupees in '000 ----	2019
Salaries and benefits	30.1	73,928	54,237
Utilities		655	577
Rent		4,117	4,034
Insurance		942	467
Repair and maintenance		172	152
Travelling and entertainment		3,661	13,031
Telephone and postage		1,020	909
Depreciation	6.5	2,222	599
Vehicle running		220	306
Printing, stationery and office supplies		63	327
Security		204	158
Warranty services		4,114	3,300
Godown and forwarding		2,656	3,306
Sales promotion expenses		8,490	17,845
Others		348	402
		102,812	99,650



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30.1 Salaries and benefits include Rs.971 thousand (2019: Rs.742 thousand) and Rs.2,996 thousand (2019: Rs.1,752 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

31. ADMINISTRATIVE EXPENSES

	Note	2020 ---- Rupees in '000 ----	2019 ---- Rupees in '000 ----
Salaries and benefits	31.1	145,416	134,305
Utilities		1,972	2,030
Rent, rates and taxes		21,691	17,743
Directors' fee		2,590	2,488
Insurance		1,887	1,853
Repairs and maintenance		5,991	5,804
Depreciation and amortisation	6.5 & 7	28,113	22,468
Auditors' remuneration	31.2	1,595	1,500
Advertising		1,204	3,008
Travelling and conveyance		13,281	15,917
Legal and professional charges		15,309	19,041
Vehicle running		4,492	3,269
Telephone and postage		5,160	5,667
Printing and stationery		4,154	5,471
Subscription		4,607	4,977
Security expenses		5,196	10,067
Provision for expected credit losses		7,501	27,675
Provision against loan to employees		454	-
Provision for security deposits and earnest money		3,442	3,496
Donation		500	-
Others		2,546	-
		277,101	286,779

31.1 Salaries and benefits include Rs.3,959 thousand (2019: Rs.2,985 thousand) and Rs.4,038 thousand (2019: Rs.4,005 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

31.2 Auditors' remuneration

	2020 ---- Rupees in '000 ----	2019 ---- Rupees in '000 ----
ShineWing Hameed Chaudhri & Co.	1,095	1,000
Junaidy, Shoaib, Asad	500	500
	1,595	1,500



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32. OTHER INCOME	Note	2020 ---- Rupees in '000 ----	2019
Income from financial assets			
Interest / mark-up earned on:			
- deposit and saving accounts	32.1	15,155	2,776
- term deposit receipts	32.1	17,149	7,306
Gain from sale of investment in mutual funds		9,373	32,657
Dividend income - mutual funds' investment		535	38,795
		42,212	81,534
Income from non-financial assets			
Scrap sales - net of sales tax		9,241	8,320
Gain on disposal of operating fixed assets	6.7	2,904	4,528
Commission income		4,161	6,104
Service income - net of sales tax		660	1,158
Others		1,025	1,740
		17,991	21,850
		60,203	103,384
32.1 Interest at the rates ranged from 6.50% to 13.70% (2019: 7.21% to 12.50%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.			
33. OTHER EXPENSES			
	Note	2020 ---- Rupees in '000 ----	2019
Workers' profit participation fund	25.5	-	291
Workers' welfare fund		-	111
Exchange loss - net		6,442	37,713
Fair value loss on investment at fair value through profit or loss		-	5,891
		6,442	44,006
34. FINANCE COST			
Mark-up on :			
- long term borrowings		106	-
- running finances		115,231	99,047
- finance against imported merchandise		1,794	6,519
		117,131	105,566
Lease finance charges		12,594	7,570
Bank advisory fee on arrangement of loans		-	200,184
Interest on workers' profit participation fund	25.5	12	316
Bank and other charges		2,915	5,034
		132,652	318,670



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35. TAXATION	2020	2019
	---- Rupees in '000 ----	
Current		
- for the year	36,563	98,330
- prior year	-	8,110
	36,563	106,440
Deferred		
- origination and reversal of temporary differences	(34,202)	(24,970)
- impact of change in tax rate	-	918
	(34,202)	(24,052)
	2,361	82,388

35.1 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.

36. (LOSS) / EARNINGS PER SHARE

36.1 Basic (loss) / earnings per share	2020	2019
	---- Rupees in '000 ----	
Net (loss) / profit for the year	(471,550)	143,005
		-- Number of shares --
Weighted average ordinary shares in issue	57,002,500	57,002,500
		----- Rupees -----
(Loss) / earnings per share - basic and diluted	(8.27)	2.51

36.2 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.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executives	Directors	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	-	85,797	15,780	1,896	54,682
Bonus	-	-	-	-	-	4,588
Contribution to provident fund	850	-	3,693	850	-	2,390
Gratuity	850	-	2,127	850	-	1,950
Utilities	1,020	-	4,544	1,020	-	2,859
Passage / privilege leave	-	-	2,229	-	-	1,742
	18,500	-	98,390	18,500	1,896	68,211
Number of persons	1	-	25	1	1	15



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 37.1** 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.
- 37.2** Certain Executives of the Holding Company are also provided with free use of the Holding Company maintained vehicles.
- 37.3** Aggregate amount charged in the Consolidated financial statements for meeting fee to Directors of Holding Company and Subsidiary Company was Rs.2,590 thousand (2019: Rs.2,488 thousand).

38. 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:

Name	Nature of transaction	2020	2019
		--- Rupees in '000 ---	
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent Subscription money against right issue Issue of shares including premeium	12,000 - -	12,000 81,734 757,531
(ii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Company (38.1)	Contract assembly charges Reimbursement of expenses Purchase of parts Sale of parts Head office rent Dividend income Bonus share in numbers	439,452 444 183 6 6,442 - -	578,138 24 40 22 2,882 63,432 4,006
The General Tyre and Rubber Company of Pakistan Limited (38.1)	Purchase of tyres, tubes and flaps	19,187	32,526
Gammon Pakistan Limited (38.1)	Regional office rent	3,000	3,000
Janana De Malucho Textile Mills Limited (38.1)	Reimbursement of expenses	2,057	1,806
(iii) Others			
Staff provident fund	Contribution made	12,887	10,469
Staff gratuity fund	Contribution made	18,317	12,320
Key management personnel	Remuneration and other short term benefits	96,571	84,294
	Sale of fleet vehicles	-	1,241
	Issue of shares including premeium	-	5,288



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38.1 Associated company by virtue of common directorship.

39. PLANT CAPACITY

The Holding Company

Against the production capacity of 4,800 (2019: 4,800) trucks, buses and pickups on single shift basis, the Holding Company produced 2,713 (2019: 4,804) trucks and buses of JAC, DongFeng and Isuzu. The Holding Company has also processed 2,618 (2019: 4,731) truck cabs 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, 2020 and June 30, 2019.

40. FINANCIAL RISK MANAGEMENT

40.1 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, 2020 along with comparative is tabulated below:

	2020	2019
	---- Rupees in '000 ----	
Long term loans	14,637	14,941
Long term deposits	7,955	6,588
Trade debts	674,771	987,340
Loans and advances	7,015	10,890
Deposits and prepayments	-	11,630
Investments	-	392,878
Other receivables	11,439	47,452
Bank balances	353,515	202,172
	<u>1,069,332</u>	<u>1,673,891</u>

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



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

	2020	2019
	---- Rupees in '000 ----	
up to 3 months	582,234	955,721
3 to 6 months	21,906	12,927
6 to 12 months	68,286	26,921
more than 12 months	37,521	19,526
Provision for expected credit losses	(35,176)	(27,675)
	674,771	987,340

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, 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	355,929	355,929	-
Unclaimed dividend	10,603	10,603	10,603	-
	1,008,709	1,039,740	852,969	186,771
June 30, 2019				
Lease liabilities	121,230	132,852	56,524	76,328
Long term deposits	23,111	23,111	-	23,111
Trade and other payables	456,974	456,974	456,974	-
Accrued mark-up	41,486	41,486	41,486	-
Short term borrowings	875,673	875,673	875,673	-
Unclaimed dividend	10,611	10,611	10,611	-
	1,529,085	1,540,707	1,441,268	99,439



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FOR THE YEAR ENDED JUNE 30, 2020

(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
June 30, 2020	----- in '000 -----			
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>
June 30, 2019				
Trade and other payables	364,894	728	-	9,457

The following significant exchange rates have been applied:

	Reporting date rate	
	2020	2019
RMB to Rupee	24.00	24.19
U.S. Dollar to Rupee	168.75	-
Euro to Rupee	186.99	186.99

Sensitivity analysis

At June 30, 2020, 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.

	2020	2019
	----- Rupees in '000 -----	
RMB to Rupee	4,156	11,438
U.S. Dollar to Rupee	110	-
Euro to Rupee	-	6,806
	<u>4,266</u>	<u>18,244</u>

Effect on loss / profit for the year



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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:

	2020	2019
	----- Rupees in '000 -----	
Fixed rate instruments - financial assets		
Investment at amortised cost	-	190,117
Bank balances	313,934	56,268
	313,934	246,385
Variable rate instruments - financial liabilities		
Lease liabilities	126,947	121,230
Long term borrowings	67,754	-
Short term borrowings	355,929	875,673
	550,630	996,903

Sensitivity analysis

At June 30, 2020, 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.5,506 thousand (2019: Rs.9,969 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.

The Group is exposed to equity securities price risk because of investments in mutual fund securities amounting to Rs. Nil (2019: Rs.202,761 thousand) and classified at fair value through profit or loss. The Group is not exposed to commodity risk.

At June 30, 2020, if fair value had been 1% higher / lower with all other variables held constant, the post-tax loss for the year would have Rs. Nil (2019: Rs.2,028 thousand) higher / (lower) as a result of gain / (loss) on investments classified as at fair value through profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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 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].

The Group's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs. Nil (2019: Rs.202,761 thousand).

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

Valuation techniques used to determine fair values

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

40.3 Financial instruments by categories

	At June 30, 2020			At June 30, 2019		
	Amortised Cost	At fair value through profit and loss	Total	Amortised Cost	At fair value through profit and loss	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Financial assets as per statement of financial position						
Long term loans	14,637	-	14,637	14,941	-	14,941
Long term deposits	36,231	-	36,231	26,680	-	26,680
Trade debts	674,771	-	674,771	987,340	-	987,340
Loans and advances	7,015	-	7,015	10,890	-	10,890
Deposits and prepayments	10,566	-	10,566	22,870	-	22,870
Investments	-	-	-	190,117	202,761	392,878
Other receivables	11,439	-	11,439	47,452	-	47,452
Bank balances	353,516	-	353,516	202,173	-	202,173
	1,108,175	-	1,108,175	1,502,463	202,761	1,705,224

Financial liabilities at amortised cost

2020 2019
----- Rupees in '000 -----

Financial liabilities as per statement of financial position

Lease liabilities	126,947	121,230
Long term borrowings	67,754	-
Long term deposits	27,111	23,111
Trade and other payables	542,533	633,470
Accrued mark-up	22,538	41,486
Short term borrowings	355,929	875,673
Unclaimed dividend	10,603	10,611
	1,153,415	1,705,581

41. 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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:

	2020	2019
	----- Rupees in '000 -----	
Total borrowings	779,612	875,673
Bank balances	(352,286)	(202,172)
Net debt / bank balances	427,326	673,501
Total equity	7,020,954	7,453,672
Total capital	7,448,280	8,127,173
Gearing ratio	5.74%	8.29%

42. 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, 2020 and 2019 are located in Pakistan.
- (b) 100% (2019: 100%) of the Group's sales relate to customers in Pakistan.
- (c) One of the Group's customers contributed towards 15% of the sales during the year aggregating Rs. 375,600 thousand which exceeds 10% of the sales of the Group.

43. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2020 were 1,054 (2019: 1078), average number of employees during the year were 1,045 (2019: 1,025).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

44. PROVIDENT FUND RELATED DISCLOSURES

44.1 The following information is based on un-audited financial statements of the Holding Company's Fund for the year ended June 30, 2020:

	2020	2019
	----- Rupees in '000 -----	
Size of the Fund - total assets	157,811	131,790
Cost of investments made	117,720	104,021
Percentage of investments made	74.60%	78.93%
Fair value of investments	165,176	38,382

44.2 Break-up of the investments is as follows:

	2020	2019	2020	2019
	----- Percentage -----		--- Rupees in '000 ---	
Bank deposits	20.27	4.14	31,987	5,460
Government securities	34.15	40.90	53,900	53,900
Mutual funds	3.00	15.33	4,728	20,206
National Investment Trust - units	9.95	11.48	15,708	15,124
Others	7.22	7.08	11,397	9,331

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

45. SHAHRIAH SCREENING DISCLOSURE

	2020		2019	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	----- Rupees in 000 -----			
Bank balances	352,165	4,033	189,403	16,681
Accrued mark-up	387	-	297	-
Accrued mark-up on short term borrowings	16,764	5,774	35,712	5,774
Revenue	-	2,497,942	-	5,946,358
Other income				
a) Profit on saving accounts and term deposit receipts	32,304	-	10,082	-
b) Gain from sale of investment	9,373	-	32,657	-
d) Dividend income	535	-	38,795	-
e) Others including exchange gain on actual currency	-	17,991	-	21,850
Mark-up / interest expense	123,123	6,614	100,848	12,604



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

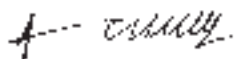
FOR THE YEAR ENDED JUNE 30, 2020

46. CORRESPONDING FIGURES

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

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 30, 2020 by the Board of Directors of the Holding Company.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
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 **38th** Annual General Meeting of the
Company to be held on **Wednesday, 28th October 2020 at 03:15 P.M.** and any adjournment thereof.

Signed this _____ day of _____

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 رجسٹر فوٹیو کے مطابق عام شیئر 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 38 واں سالانہ جنرل میٹنگ میں میری / ہماری طرف سے میرے / ہمارے لیے میرے / ہمارے نائب کے طور پر ووٹ دے سکتے ہیں جو بروز بدھ،
28 اکتوبر 2020 کو دوپہر 03:15 بجے، منعقد ہونے والی ہے۔
دستخط _____ دن _____ 2020 کو کیے گئے۔

دستخط _____ گوواہ _____
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 شیئر ہولڈرز اور ان کے نمائندے اس نمائندگی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ تصدیق شدہ کاپی ضرور منسلک کریں۔