



**GHANDHARA NISSAN LIMITED**



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## Founder Chairman



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 three 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.

**Late General Habibullah Khan Khattak**

# AT THE

# HELM OF THE WHEEL



## 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 and Professionalism

The business empire of General Habibullah was built on the above-mentioned core values and with his innate knack of identifying sick units and expertly reviving them he made his Group emerge as one of the fastest growing industrial conglomerates of Pakistan.

A man of vision, General Habibullah developed an informed insight into Pakistan's economy and was blessed with the Midas touch, essential for successful entrepreneurship. He is also credited with introducing the trend of professional management which was subsequently emulated by other Pakistani business houses. He believed that Human Resource is the most important and lasting asset of any business.

### Philanthropy: The Love of Giving Back

In addition to being a gifted entrepreneur, General Habibullah was also a great philanthropist who believed in generously giving back to his country - his expertise, experience and financial resources. It was in that spirit that he founded the Waqf-e-Kuli Khan (WKK) in memory of his late father. WKK promotes education and is a fine example of Corporate Social Responsibility which has benefitted thousands of deserving students.

The General was also a well-known animal lover, who established The Pakistan Wildlife Conservation Foundation (PWCF) for supporting wildlife in Pakistan.

General Habibullah passed away on December 23, 1994 leaving behind a legacy of dynamic leadership, brilliant foresight and exceptional business acumen.

# Vision

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









# Mission

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

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

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

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





## Company Profile

### Board of Directors

Mr. Raza Kuli Khan Khattak	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	President
Mr. Ahmed Kuli Khan Khattak	Chief Executive Officer
Mr. Mushtaq Ahmed Khan (FCA)	
Mr. Jamil A. Shah	
Syed Haroon Rashid	
Mr. Mohammad Zia	
Mr. Muhammad Saleem Baig	
Mr. Polad Merwan Polad	

### Company Secretary

Mr. Muhammad Sheharyar Aslam

### Chief Financial Officer

Mr. Muhammad Umair

### Registered Office

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

### Factory

Truck / Car Plants  
Port Bin Qasim, 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  
The Bank of Tokyo – Mitsubishi, Ltd.  
Industrial & Commercial Bank of China  
Summit Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
NIB Bank Limited  
Askari Commercial Bank Limited  
Meezan Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Islamic  
Al Baraka Bank (Pakistan) Limited

### Audit Committee

Mr. Mohammad Zia	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member
Mr. Jamil A. Shah	Member
Mr. Polad Merwan Polad	Member

### Human Resource & Remuneration Committee

Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Chairman
Mr. Ahmed Kuli Khan Khattak	Member
Mr. Muhammad Zia	Member
Mr. Jamil A. Shah	Member



### Auditors

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

M/s. Junaidy Shoaib Asad  
Chartered Accountants  
1/6, Block-6, P.E.C.H.S, Mohtarma Laeeq  
Begum Road, Off Shahrah-e-Faisal  
Near Nursery Flyover, Karachi

### Legal & Tax Advisors

Ahmed & Qazi Associates  
Advocates & Legal Consultants  
404 Clifton Centre, Clifton  
Karachi

### Share Registrars

T.H.K. Associates (Pvt.) Ltd.  
1st Floor, 40-C,  
Block-6, P.E.C.H.S  
Karachi-75400

Shekha & Mufti  
Chartered Accountants  
C-253, P.E.C.H.S., Block 6  
Off Shahrah-e-Faisal  
Karachi

### NTN:

0802990-3

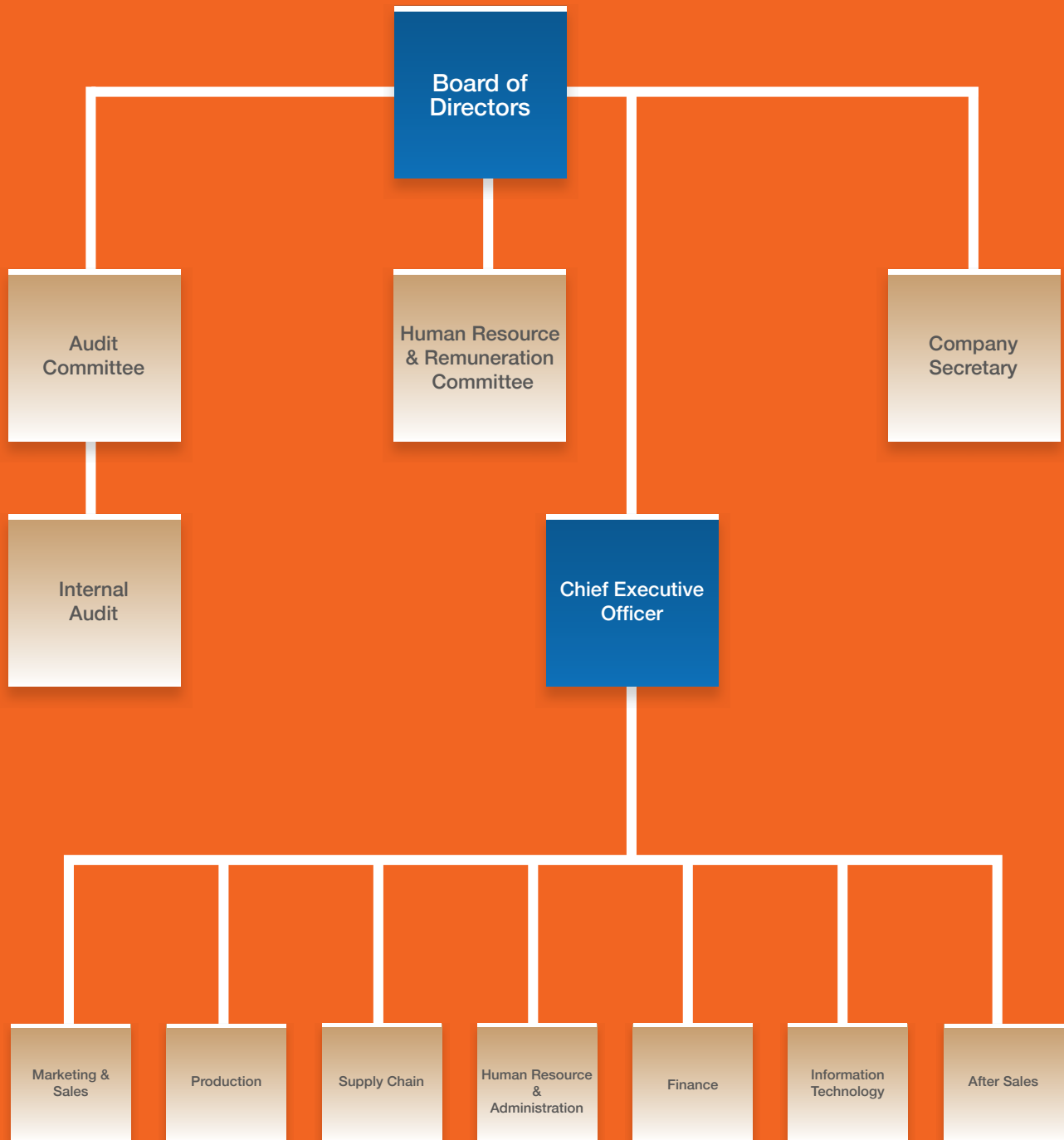
### Sales Tax Registration No:

12-03-8702-001-46





# Organization Chart





## Notice of Annual General Meeting

Notice is hereby given that 35th Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Monday, 23rd October 2017 at 10:30 A.M., at F-3, Hub Chowki Road, S.I.T.E., Karachi, to transact the following business:

### Ordinary Business:

- To confirm the minutes of the Annual General Meeting held on 19th October 2016.
- To receive, consider and approve the Audited Accounts of the Company for the year ended 30th June, 2017 together with Directors' and Auditors' Reports thereon.
- To consider and approve the payment of final Cash Dividend. The Board of Directors has recommended payment of final Cash Dividend of Rs.5/- per share (50%) for the year ended 30th June, 2017.
- To appoint Auditors for the year ending 30th June, 2018 and fix their remuneration. The retiring Auditors, M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants and M/s. Junaidy Shoaib Asad, Chartered Accountants being eligible, offer themselves for reappointment.

### Special Business:

- To obtain consent of the shareholders in terms of S.R.O. 470(l)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD/DVD/USB at their registered addresses and to pass the following resolution, with or without modification:

“Resolved that consent & approval of the members is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members from now onwards through CD/DVD/USB instead of transmitting the same in hard copies.

Resolved Further Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution.”

- Any other business with the permission of the Chair.

By Order of the Board

Karachi: 28th September, 2017

**M. SHEHARYAR ASLAM  
(COMPANY SECRETARY)**

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from 17th October, 2017 to 23rd October, 2017 (both days inclusive). Transfers in good order, received at the office of Company's Share Registrar M/s. THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi by the close of business on 16th October, 2017 will be treated in time for the purpose of payment of Final Dividend to the transferees.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/her vote by proxy. Proxies must be deposited at the Company's Registered Office at F-3, Hub Chowki Road, S.I.T.E., Karachi at least 48 hours before the time of the meeting.
3. Individual beneficial owners of CDC entitled to attend and vote at this meeting must bring their participant ID and account/sub-account numbers along with original CNIC or passport to verify his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of Attorney with specimen signature of the nominees shall be produced (unless submitted earlier) at the time of meeting.
4. For appointing proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement alongwith participant ID and account / sub-account number together with attested copy of their CNIC or passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of Attorney with specimen signature and attested copy of valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.
5. Members should quote their Folio Number in all correspondence and at the time of attending the Meeting.
6. Securities and Exchange Commission of Pakistan (SECP) vide notifications dated August 18, 2011 and July 05, 2012 made it mandatory that dividend warrants should bear CNIC number of the registered members, therefore, members who have not yet submitted photocopy of their valid Computerized National Identity Cards to the Company are requested to send the same at the earliest directly to M/s. THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi. Failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.
7. Pursuant to the requirement of section-242 of the new Companies Act, 2017, shareholders are Mandatorily required to provide their bank account detail to receive their cash dividend directly into their bank accounts instead of receiving it through dividend warrants. In this regard and in pursuance of the directives of the SECP vide Circular No. 18 of 2017 dated August 1, 2017, shareholders are requested to submit their written request (if not already provided) to the company's share Registrar giving particulars of their bank account detail. In the absence of a members valid bank account detail by 16th October, 2017, the company will be constrained to withhold dispatch of dividend warrants to such members.
8. Shareholders are informed that Income Tax Ordinance, as amended by Finance Act, 2017, has prescribed 20% withholding tax on dividend payment to non-filers while filers of income tax returns will be liable to withholding tax @15%. Shareholders are advised to provide their NTN to Share Registrars of the Company for availing the benefit of withholding tax rate applicable to filers.
9. To enable to make tax deduction on the amount of cash dividend @15% instead of 20% all the members whose names are not entered in the active tax payers list (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL by October 16, 2017 otherwise tax on their cash dividend will be deducted @20% instead of 15%.
10. Members are requested to notify any change in their address, immediately to our Share Registrar's Office – M/s. THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.



7- نئی کمپنیز ایکٹ 2017 کی شق 242 کی شرائط کی تعمیل کرتے ہوئے، ممبران کو قانونی طور پر پابند کیا گیا کہ وہ اپنے کیش ڈیویڈنڈ کی ڈیویڈنڈ وارنٹ کے بجائے براہ راست اپنے بینک اکاؤنٹس میں وصول کرنے کے لیے اپنے بینک اکاؤنٹ کی جملہ تفصیلات فراہم کریں۔ اس سلسلے میں اور ایس ای سی پی کے یکم اگست 2017 کو جاری ہونے والے سرکل نمبر 18 برائے 2017 کی تعمیل کرتے ہوئے شیئر ہولڈرز کے لئے ضروری ہے کہ وہ اپنی تحریری درخواست (اگر پہلے سے جمع نہیں کرائی) کمپنی کے شیئر رجسٹرار کے پاس جمع کرا دیں جس میں ان کے بینک اکاؤنٹ کی جملہ تفصیلات دی گئی ہوں۔ 16 اکتوبر 2017 تک کسی ممبر کے بینک اکاؤنٹ کی تفصیلات کمپنی کے پاس موجود نہ ہونے کی صورت میں کمپنی اس بات کی پابند ہوگی کہ وہ ایسے تمام ممبران کے ڈیویڈنڈ وارنٹ اپنے پاس روک لے۔

8- شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ انکم ٹیکس آرڈیننس میں فنانس ایکٹ 2017 میں ہونے والی ترمیم کے مطابق انفرادی نان فائلرز کو ڈیویڈنڈ ادا ٹیکسوں پر 20 فی صد کی شرح سے ود ہولڈنگ ٹیکس لاگو ہوگا جبکہ ریٹرن فائلرز کو 15 فی صد کی شرح سے ود ہولڈنگ ٹیکس ادا کرنا ہوگا، شیئر ہولڈرز سے درخواست ہے کہ وہ فائلرز کے لیے ود ہولڈنگ ٹیکس سے فائدے کے استفادے کے لیے اپنے این ٹی این کمپنی کے شیئر رجسٹرار کو فراہم کر دیں۔

9- ان تمام ممبران جن کے نام فیڈرل بورڈ آف ریونیو کی ویب سائٹ پر دیے گئے ایکٹو ٹیکس پیئرز (اے ٹی ایل) کی لسٹ میں شامل نہیں ہیں باوجود اس کے کہ وہ فائلرز ہیں، کی ٹیکس کی کٹوتی 20 فی صد کے بجائے 15 فی صد پر لانے کے لیے، سے درخواست ہے کہ وہ اپنے نام 16 اکتوبر 2017 تک اے ٹی ایل میں لازمی طور پر شامل کرائیں بصورت دیگر ان کے کیش ڈیویڈنڈ سے ود ہولڈنگ ٹیکس 15 فی صد کے بجائے 20 فی صد کی شرح سے کاٹ لیا جائے گا۔

10- ممبران سے درخواست ہے کہ وہ اپنے ایڈریس (پتا) میں ہونے والی کسی بھی قسم کی تبدیلی کے بارے میں فوری طور پر ہمارے شیئر رجسٹرار کے دفتر - میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک-6، پی ای سی ایچ ایس، کراچی کو فوراً مطلع کر دیں۔



نوٹس:

- 1- کمپنی کی شیئر ٹرانسفر بک (حصص کی منتقلی کی کتاب) 17 اکتوبر 2017 سے 23 اکتوبر 2017 (دونوں دن شامل ہیں) تک بند رہے گی۔ صرف ان ٹرانسفر آرڈرز کو حتمی نقد منافع کی منتقلی کے لیے بروقت تسلیم کیا جائے گا جو کمپنی شیئر رجسٹرار، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک-6، پی ای سی ایچ ایس، کراچی کے دفتر میں 16 اکتوبر 2017 کے کاروباری روز کے اختتام تک موصول ہو جائیں گے۔
- 2- سالانہ اجلاس عام میں شرکت اور ووٹ دینے کے اہل ممبران کو اس بات کا اختیار ہے کہ وہ پروکسی کے ذریعے اپنے ووٹ کا حق استعمال کر سکتے ہیں۔ پروکسی کو کمپنی کے رجسٹرڈ دفتر، ایف-13، حب چوک روڈ، سائبرٹ (S.I.T.E.)، کراچی میں لازمی طور پر اجلاس کے وقت سے 48 گھنٹے پہلے جمع کرانا ہوگا۔
- 3- سی ڈی سی کی جانب سے اس اجلاس میں شرکت اور ووٹ دینے کے حقدار قرار دیے جانے والے انفرادی افراد کے لیے ضروری ہے کہ وہ اپنی شناخت کے لیے شرکاء کی آئی ڈی اور اکاؤنٹ / ذیلی اکاؤنٹ نمبرز بمعہ اصل سی این آئی سی یا پاسپورٹ لازمی طور پر ساتھ لے آئیں۔ کارپوریٹ کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد کیے جانے والے کے دستخط کے نمونے (اگر پہلے سے جمع نہ کرائے ہوں) اجلاس کے وقت پیش کرنا ہوں گے۔
- 4- پروکسی کی تقرری کے لیے، سی ڈی سی کے انفرادی طور پر حقدار کو مندرجہ بالا شرائط کے مطابق پروکسی فارم بمعہ شریک ہونے والے کی آئی ڈی، اکاؤنٹ / ذیلی اکاؤنٹ نمبر اور سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپی جمع کرانا ہوگا۔ پروکسی فارم پر دو گواہان کے نام، پتے اور سی این آئی سی نمبر تحریر کر کے دستخط ہوں گے۔ پروکسی کو اجلاس کے وقت اپنا اصلی شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔ کارپوریٹ کمپنی ہونے کی صورت میں اور کارپوریٹ کمپنی کی جانب سے ووٹ کا حق استعمال کرنے کے لیے، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ دستخط کے نمونے اور نامزد کیے جانے والے فرد کے دستخط کے نمونے کمپنی کے پروکسی فارم کے ساتھ جمع کرنا ہوں گے۔
- 5- ممبران کو تمام خط و کتابت میں اور اجلاس میں شرکت کے وقت اپنے فوٹیو نمبر کا حوالہ دینا چاہیے۔
- 6- سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے 18 اگست 2011 اور 05 جولائی 2012 کو جاری ہونے والے نوٹیفیکیشنز کے مطابق اس امر کو لازمی قرار دے دیا گیا کہ ڈیویڈنڈ وارنٹ پر رجسٹرڈ ممبر کا سی این آئی سی لازمی طور پر تحریر کیا جائے اس لیے جن ممبران نے اب تک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی کمپنی کے دفتر میں جمع نہیں کرائی ہے ان سے درخواست ہے کہ وہ فوری طور پر اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی براہ راست میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک-6، پی ای سی ایچ ایس، کراچی کو ارسال کر دیں، اس میں ناکامی کی صورت میں کمپنی اس بات کی پابند ہوگی کہ وہ ڈیویڈنڈ وارنٹ کو اپنے پاس رکھ لے۔



## نوٹس برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ گندھارا انسان لمیٹڈ کے حصص یافتگان کا 35 واں سالانہ اجلاس عام بروز پیر، 23 اکتوبر 2017 کو صبح 10:30 بجے، ایف۔3، حب چوکی روڈ، سائیٹ، (S.I.T.E.)، کراچی میں منعقد ہوگا جس میں مندرجہ ذیل امور زیر غور آئیں گے:-

### عمومی کاروبار:

- 19 اکتوبر 2016 کو منعقدہ سالانہ اجلاس عام میں ہونے والی کارروائی کی تصدیق کرنا۔
- 30 جون 2017ء کو ختم ہونے والے سال کے لئے ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ کمپنی کے آڈٹ اکاؤنٹس کو وصول کرنا، ان پر غور کرنا اور ان کی منظوری دینا۔
- حتمی نقد ڈیویڈنڈ کی ادائیگی کا جائزہ لینا اور اس کی منظوری دینا۔ بورڈ آف ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے سال کے لیے 5.00 روپے فی حصص (50 فی صد) حتمی نقد ڈیویڈنڈ دینے کی سفارش کر چکا ہے۔
- 30 جون 2018 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ سبکدوش ہونے والے آڈیٹرز، میسرز شائن ونگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس اور میسرز جنیدی شعیب اسد، چارٹرڈ اکاؤنٹنٹس نے دوبارہ تقرری کے لیے اپنے آپ کو پیش کیا ہے اور وہ اس کے اہل بھی ہیں۔

### خصوصی کاروبار:

- 31 مئی 2016 کو جاری ہونے والے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2016(I) 470 کے مطابق سالانہ رپورٹ بشمول سالانہ آڈٹ شدہ حسابات، سالانہ اجلاس عام کے نوٹس اور اس میں موجود کمپنی کی دیگر معلومات کو بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی کے ذریعے تقسیم کروانے کے لیے حصص یافتگان کی منظوری لینا اور اس سلسلے میں مندرجہ ذیل قرارداد کو کسی ترمیم کے ساتھ یا ترمیم کے بغیر منظور کروانا:-
- "حصص یافتگان کی جانب سے اس بات پر اپنی مرضی کا اظہار کیا جاتا اور منظوری دی جاتی ہے کہ کمپنی کی سالانہ رپورٹ بشمول سالانہ آڈٹ شدہ حسابات، سالانہ اجلاس عام اور دیگر معلومات کو اپنے ممبران میں کتابوں کے ذریعے بھیجنے کے بجائے سی ڈی / ڈی وی ڈی / یو ایس بی کے ذریعے تقسیم کیا جائے۔
- مزید برآں کمپنی سیکریٹری کو یہ اختیار دیا جاتا ہے کہ وہ تمام قانونی ضرورتوں اور شرائط کو پورا کرنے کے لیے مطلوبہ اقدامات کریں اور وہ تمام ضروری دستاویزات فائل کریں جو اس قرارداد کی جملہ ضرورتوں کو پورا کرنے کے لیے ضروری اور مطلوب ہیں۔"
- چیئرمین کی اجازت سے مزید کسی معاملے کو کارروائی میں شامل کرنا۔

بحکم منجانب بورڈ

کراچی: مورخہ 28 ستمبر 2017

ایم شہریار اسلم  
(کمپنی سیکریٹری)





## Chairman's Review

We are pleased to present the financial results of the Company. The sale of PKD 411 has seen the last year of its life cycle, however, we are confident that our existing commercial business together with the opportunities in pipeline will facilitate in sustaining the growth achieved during the recent years. Needless to mention that the rise in other avenues of business will further add value to the net worth of the company.

The management remains committed to maintain focus on sustaining the financial performance of your Company. We thank our shareholders, customers, bankers and staff for their support and trust in the Company.

We would also like to put on record our gratitude to Nissan Motor Co. (Japan), UD Trucks Corporation (Formerly Nissan Diesel Motor Co. Limited, Japan), Dongfeng Commercial Vehicle Company (China), Dongfeng Automobile Company Limited (China) and Anhui Jianghuai Automobile Group Corp., Limited (China) for their support and cooperation.

In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the year.

**Raza Kuli Khan Khattak**  
Chairman Board of Directors

Karachi  
Dated: 20th September, 2017



## چیرمین کا جائزہ

ہم بصد خوشی کمپنی کے مالی نتائج پیش کر رہے ہیں، یہ پی کے ڈی 411 کی فروخت کے حوالے سے اس کا آخری سال تھا لیکن ہم پر اعتماد ہیں کہ ہمارا موجودہ کمرشل بزنس اور اس کے ساتھ متوقع طور پر ملنے والے مواقع ہمارے کاروبار میں رواں برسوں کے دوران ہونے والی ترقی کو برقرار رکھنے میں مددگار ثابت ہوں گے۔ یہاں اس بات کا ذکر غیر ضروری نہیں ہوگا کہ کاروبار کے دیگر مواقع کے دروازے کھلنے کی وجہ سے کمپنی کی قدر میں مزید اضافہ ہوگا۔

میںجمنٹ اس سلسلے میں پر عزم ہے کہ آپ کی کمپنی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے۔ ہم اپنے حصص یافتگان، کسٹمرز، مینیکرز اور اسٹاف کے شکر گزار ہیں جن کی مدد اور اعتماد کمپنی کو حاصل رہا۔ ہم نسان موٹر کمپنی (جاپان)، یو ڈی ٹرس کارپوریشن (سابقہ نسان ڈیزل موٹر کمپنی لمیٹڈ، جاپان)، ڈونگ فینگ کمرشل وہیکل کمپنی (چین)، ڈونگ فینگ آٹوموبائل کمپنی لمیٹڈ (چین) اور انہوئی جیانگ ہوئی آٹوموبائل گروپ کارپوریشن لمیٹڈ (چین) کی جانب فراہم کی جانے والی مدد اور تعاون کے لیے ان سب کا بھی شکریہ ادا کرتے ہیں۔

آخر میں میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتا ہوں جن کی طرف سے پورے سال کے دوران قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

*Raza Khan*

رضاقلی خان خٹک

چیرمین بورڈ آف ڈائریکٹرز

کراچی

مورخہ: 20 ستمبر 2017



## Directors' Report

The Directors of your Company are pleased to present their Report together with the Audited Accounts and Auditors' Report thereon for the year ended 30th June 2017.

### Financial Results

The financial results for the year ended 30th June 2017 are summarized below:

	2017	2016
	(Rupees in thousands)	
<b>Profit before taxation</b>	<b>740,609</b>	832,511
<b>Taxation</b>		
Current	(316,679)	(279,989)
Deferred	(13,970)	(6,259)
	<u>(330,649)</u>	<u>(286,248)</u>
Profit after taxation	409,960	546,263
Other comprehensive Income/(Loss)	(11,689)	(2,275)
Total comprehensive Income	<u>398,271</u>	<u>543,988</u>
<b>Accumulated profit</b>		
Brought forward	1,111,191	784,086
Incremental depreciation	29,094	30,631
Final Dividend	(225,013)	(247,514)
	<u>915,272</u>	<u>276,620</u>
<b>Accumulated profit</b>		
Carried forward	<u>1,313,543</u>	<u>1,111,191</u>
<b>Earnings Per Share (Rupees)</b>	<u>9.11</u>	<u>12.14</u>

The Board of Directors have recommended 50% final Cash Dividend for the year ended 30th June 2017 at Rs.5/- per share and conserved the remaining profits in the retained earnings of the company.

### Operating Results

The company earned profit after tax of Rs.409.9 million, as against profit after tax of Rs.546.3 million in corresponding year.

### Developments during the Financial Year

As earlier informed by the Directors, the Company would no longer assemble commercial vehicle PKD owing to its discontinuation globally. This was a significant contributor to Company's revenue. In order to bridge the vacuum, the Company has already introduced Dongfeng heavy and light commercial vehicles wherein rapid growth in sales has been witnessed.

Moreover, the Company has also obtained franchise of JAC light commercial vehicles during the current year. The Company will start assembly of these vehicles during the next financial year.

It may however take some time for these trucks to fill in the gap created by cessation of PKD Trucks.

Foregoing the above and the potential projects in sight, we feel outlook of your company is positive.



### Statement of Compliance with Code of Corporate Governance

As required under the Code of Corporate Governance, the Directors are pleased to confirm that:

- 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;
- 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 accounts are given below:

	Value of investment	Year ended
Provident Fund	Rs.80.636 million	June 30, 2016
Gratuity Fund	Rs.30.000 million	June 30, 2016

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

### Meetings of Board

During the year 2016-17, five Board meetings were held. Attendance by each Director is as follows:

S.No.	Name of Director	No. of Meetings Attended
1.	Mr. Raza Kuli Khan Khattak	5
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	3
3.	Mr. Ahmed Kuli Khan Khattak	5
4.	Mr. Jamil A. Shah	5
5.	Mr. Mushtaq Ahmed Khan (FCA) <sup>1</sup>	0
6.	Syed Haroon Rashid	3
7.	Mr. Muhammad Zia	4
8.	Mr. Muhammad Saleem Baig	5
9.	Mr. Behram Hasan <sup>2</sup>	2
10.	Mr. Polad Merwan Polad <sup>3</sup>	1

- 1 Could not attend on medical grounds
- 2 Resigned during the year
- 3 Appointed during the year

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

### Meetings of Audit Committee

During the year 2016-17, four Audit Committee meetings were held. Attendance by each member is as follows:

S.No.	Name of Director	No. of Meetings Attended
1.	Mr. Muhammad Zia	3
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	3
3.	Mr. Behram Hasan *	2
4.	Mr. Jamil A. Shah	3

\* Resigned during the year

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

### Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee of the Company has been meeting as per Corporate Governance Policy.

### Performance Evaluation

The Board of Directors has performed evaluation of the directors.

### Holding Company

Bibojee Services (Pvt.) Limited with 62.32% shares is the holding Company of Ghandhara Nissan Limited.

### Subsequent Events

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the report.

### Earnings per Share:

The earnings per share for the current year is Rs.9.11/-.

### Pattern of Shareholding

The pattern of shareholding as on 30th June 2017 of the company is included in the Annual 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.



### Responsibility towards Environment and Society

The Company is well aware of its responsibility towards the environment and the society and makes its utmost efforts towards the betterment of the society including its employees. Various measures were undertaken during the year for health and safety education of its employees to develop a mindset for safe work and less hazardous environment. The Company is committed to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

### Auditors

The present External Auditors M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants and M/s. Junaidy Shoaib Asad Chartered Accountants, retire, and being eligible, offer themselves for reappointment. The Board of Directors recommend their appointment.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak  
Chief Executive Officer

Jamil A. Shah  
Director

Karachi  
Dated: September 20, 2017

**فی حصص آمدنی:**

اس سال کے لیے فی حصص آمدنی 9.11 روپے رہی۔

**شیر ہولڈنگ کا پیٹرن:**

30 جون 2017 کو کمپنی کی شیر ہولڈنگ کا پیٹرن سالانہ رپورٹ میں شامل ہے۔

**متعلقہ پارٹی ٹرانزیکشنز:**

متعلقہ پارٹی ٹرانزیکشنز کا گوشوارہ اس مالیاتی رپورٹ میں شامل ہے۔

**ماحول اور سوسائٹی کی طرف ذمے داری:**

کمپنی ماحول اور سوسائٹی کے لیے اپنی ذمے داریوں سے اچھی طرح آگاہ ہے اور کمپنی اپنے ملازمین سمیت سوسائٹی کی بہتری کے لیے ہر طرح سے کوشاں رہتی ہے، محفوظ کام اور کم نقصان دہ ماحول کے لیے مائنڈ سیٹ تیار کرنے کے لیے سال کے دوران کمپنی نے اپنے ملازمین کی صحت اور سیفٹی ایجوکیشن سے متعلق متعدد اقدامات کیے ہیں۔ کمپنی تمام اخلاقیات کی پاسداری کرنے کے لیے پرعزم ہے اور اپنی ورک فورس اور ان کے خاندانوں کے ساتھ ساتھ مقامی کمیونٹی اور پوری سوسائٹی وغیرہ کا معیار زندگی بلند کرتے ہوئے معاشی ترقی میں اپنا حصہ ادا کرنے کا عزم رکھتی ہے۔

**آڈیٹرز:**

موجودہ بیرونی آڈیٹرز میسرز شان ونگ حمید چوہدری اینڈ کو چارٹرڈ اکاؤنٹنٹس اور میسرز جنید شعیب اسد چارٹرڈ اکاؤنٹنٹس ریٹائر اور اہلیت رکھنے کی وجہ سے دوبارہ تقرری کے لیے پیش کش کر چکے ہیں، بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

جمیل اے۔ شاہ  
ڈائریکٹر

احمد قلی خان خٹک  
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 20 ستمبر 2017



۱۔ صحت کی خرابی کی وجہ سے اجلاس میں شرکت نہ سکے

۲۔ سال کے دوران استعفیٰ دے دیا

۳۔ سال کے دوران تقرری ہوئی

بورڈ کے اجلاس میں شرکت نہ کر سکنے والے ڈائریکٹرز کی رخصت منظور کر لی گئی۔

### آڈٹ کمیٹی کے اجلاس:

سال 2016-17 کے دوران آڈٹ کمیٹی کے چار (4) اجلاس ہوئے جن میں ممبران کی حاضری کی صورت حال درج ذیل رہی:-

نمبر شمار	ڈائریکٹر کا نام	اجلاسوں میں حاضری
-01	جناب محمد ضیاء	3
-02	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	3
-03	جناب بہرام حسن*	2
-04	جناب جمیل اے شاہ	3

\* سال کے دوران مستعفی ہو گئے۔

جوڈائریکٹرز آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کر سکے ان کی رخصت منظور کر لی گئی۔

### ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی:

کارپوریٹ گورننس پالیسی کے مطابق کمپنی کی ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کے اجلاس منعقد ہوتے رہے۔

### کارکردگی کی جانچ پڑتال:

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی جانچ پڑتال کو سرانجام دیا۔

### ہولڈنگ کمپنی:

پیو جی سروسز (پرائیویٹ) لمیٹڈ 62.32 فی صد کی شیئرز کے ساتھ گندھارا انسان لمیٹڈ کی ہولڈنگ کمپنی ہے۔

### بعد کے واقعات:

مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کوئی میٹریل تبدیلیاں یا کمیٹمنٹ نہیں ہوئے جن سے کمپنی کی فنانشل پوزیشن متاثر ہو۔





- \* کمپنی کی جانب سے اکاؤنٹس کی کتابوں کو صحیح انداز میں تیار کیا گیا ہے۔
- \* فنانشل اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے اندازے مناسب اور محتاط فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- \* فنانشل اسٹیٹمنٹ کی تیاری میں پاکستان میں لاگو انٹرنیشنل اکاؤنٹنگ رپورٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے اور ان میں سے کسی انحراف کی صورت میں اس کا اظہار کیا گیا اور اس کی وضاحت بھی کر دی گئی ہے۔
- \* انٹرنل کنٹرول کا سسٹم اپنے ڈیزائن میں مضبوط ہے اور اس کو موثر طریقے سے مانیٹر کیا جاتا ہے اور اس پر عملدرآمد کیا جاتا ہے۔
- \* کمپنی کی کارکردگی جاری رہنے کے بارے میں کسی قسم کا شبہ نہیں پایا جاتا۔
- \* گزشتہ چھ (6) سال کے اہم آپریٹنگ اور فنانشل ڈیٹا کو سالانہ رپورٹ میں شامل کیا گیا ہے۔
- \* ٹیکسوں اور لیویز کے بارے میں معلومات فنانشل اسٹیٹمنٹ کے متعلقہ نوٹس میں دی گئی ہیں۔
- \* اسٹاف ریٹائرمنٹ فنڈ سے سرمایہ کاری کی مالیت ان کے متعلقہ اکاؤنٹ کے مطابق درج ذیل ہے:-

سال اختتام	سرمایہ کاری کی مالیت	
30 جون 2016	80.636 ملین روپے	پروویڈنٹ فنڈ
30 جون 2016	30.000 ملین روپے	گریجویٹ فنڈ

- \* کمپنی کے ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری، ان کے اہل خانہ اور چھوٹے بچوں کی جانب سے کمپنی کے شیئرز کی کوئی ٹریڈنگ نہیں کی گئی۔

### بورڈ کے اجلاس:

سال 2016-17 کے دوران بورڈ کے پانچ اجلاس ہوئے جن میں ہر ڈائریکٹر کی حاضری مندرجہ ذیل رہی:-

نمبر شمار	ڈائریکٹر کا نام	اجلاسوں میں حاضری
-01	جناب رضا قلی خان خٹک	5
-02	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	3
-03	جناب احمد قلی خان خٹک	5
-04	جناب جمیل اے شاہ	5
-05	جناب مشتاق احمد خان (ایف سی اے)	0
-06	سید ہارون رشید	3
-07	جناب محمد ضیاء	4
-08	جناب محمد سلیم بیگ	5
-09	جناب بہرام حسن ۲	2
-10	جناب پولاد میروان پولاد ۳	1



بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لیے 5.00 روپے فی حصص یعنی 50 فی صد حتمی نقد ڈیویڈنڈ کی سفارش کی ہے اور باقی رہ جانے والے منافع کو کمپنی کی برقرار رہنے والی آمدنی میں محفوظ کر لیا گیا ہے۔

### آپریٹنگ نتائج:

کمپنی کو 409.9 ملین روپے کا بعد از ٹیکس منافع حاصل ہوا جبکہ اس سے پچھلے سال کے دوران کمپنی کا بعد از ٹیکس منافع 546.3 ملین روپے تھا۔

### مالی سال کے دوران ہونے والی ڈیولپمنٹ:

جیسے کہ بورڈ آف ڈائریکٹرز کی جانب سے پہلے بھی مطلع کیا جا چکا ہے کہ کمپنی کمرشل گاڑیوں پی کے ڈی کی اسمبلنگ نہیں کرے گی کیونکہ عالمی سطح پر اس کی اسمبلنگ معطل کر دی گئی ہے۔ اس کا کمپنی کے ریونیو میں بڑا حصہ تھا، اس خلاء کو پر کرنے کے لیے کمپنی پہلے ہی ڈونگ فینگ ہیوی اور لائٹ کمرشل گاڑیاں متعارف کرا چکی ہے جن کی فروخت میں مسلسل اضافہ دیکھا جا رہا ہے۔

مزید برآں کمپنی نے اس سال کے دوران جے اے سی کمرشل گاڑیوں کا فرنیچر بھی حاصل کر لیا ہے، کمپنی آئندہ مالی سال کے دوران ان گاڑیوں کی اسمبلی شروع کر دے گی۔

تاہم ان ٹرکوں کے لیے مزید کچھ وقت درکار ہوگا جو پی کے ڈی ٹرک کے خلاء کو پر کرے گا۔

مندرجہ بالا خوشگوار پیش رفت اور ممکنہ منصوبوں کے پیش نظر ہم محسوس کرتے ہیں کہ آپ کی کمپنی کا آؤٹ لک (مستقبل) بالکل مثبت ہے اور ہم پر اعتماد ہیں کہ 2017 کے بہتر مالی نتائج 2018 میں بھی برقرار رہیں گے۔

### کوڈ آف کارپوریٹ گورننس کی تعمیل کی اسٹیٹمنٹ:

کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ڈائریکٹرز اس بات کی تصدیق کرنے میں خوشی محسوس کرتے ہیں کہ:-

\* منسلک فنانشل اسٹیٹمنٹ کمپنی کے معاملات کی صورتحال، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی کی تبدیلی سے متعلق تمام صورتحال کو درست انداز میں پیش کیا گیا ہے۔



## ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کی جانب سے بصد خوشی اپنی رپورٹ اور 30 جون 2017 کو ختم ہونے والے سال کے لیے آڈٹ شدہ حسابات اور آڈیٹرز رپورٹ پیش کرتے ہیں۔

### مالی نتائج

30 جون 2017 کو ختم ہونے والے سال کے لیے مالی نتائج کا خلاصہ درج ذیل پیش کیا جا رہا ہے:-

2016	2017	
-----روپے ہزاروں میں-----		
832,511	740,609	قبل از ٹیکس منافع
(279,989)	(316,679)	ٹیکسیشن
(6,259)	(13,970)	موجودہ (کرنٹ)
(286,248)	(330,649)	تاخیر شدہ (deferred)
546,263	409,960	بعد از ٹیکس منافع
(2,275)	(11,689)	دیگر جامع آمدنی (خسارہ)
543,988	398,271	مجموعی جامع آمدنی
784,086	1,111,191	جمع شدہ منافع
30,631	29,094	آگے لایا جانے والا (Brought forward)
(247,514)	(225,013)	اضافی فرسودگی
276,620	915,272	حتمی ڈیویڈنڈ
1,111,191	1,313,543	جمع شدہ منافع
		آگے لایا گیا (Carry forward)
12.14	9.11	فی حصص آمدنی (روپے)

## Auditors' Report to the Members

We have audited the annexed balance sheet of Ghandhara Nissan Limited as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.



SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Raheel Ahmed  
Karachi: September 20, 2017



JUNAIDY SHOAIB ASAD  
CHARTERED ACCOUNTANTS  
Engagement Partner: Farrukh V. Junaidy  
Karachi: September 20, 2017









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# Balance Sheet

As at June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	1,983,445	1,852,218
Intangible assets	6	50	66
Long term investments	7	242,630	242,630
Long term loans	8	9,546	9,438
Long term deposits	9	19,266	17,487
Due from Subsidiary Company	10	313,140	478,444
		<b>2,568,077</b>	<b>2,600,283</b>
<b>Current assets</b>			
Stores, spares and loose tools	11	86,474	68,048
Stock-in-trade	12	277,690	604,689
Trade debts	13	181,088	188,332
Loans and advances	14	49,773	51,116
Deposits and prepayments	15	16,625	18,317
Other receivables	16	18,082	86,131
Accrued interest / mark-up	17	7,669	6,648
Taxation - net		-	82,118
Bank balances	18	514,390	375,408
		<b>1,151,791</b>	<b>1,480,807</b>
<b>Non current asset classified as held for sale</b>	19	<b>137,909</b>	-
<b>Total assets</b>		<b>3,857,777</b>	<b>4,081,090</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	20	450,025	450,025
Share premium		40,000	40,000
Unappropriated profit		1,313,543	1,111,191
<b>Total equity</b>		<b>1,803,568</b>	<b>1,601,216</b>
<b>Surplus on revaluation of fixed assets</b>	21	<b>988,570</b>	<b>1,017,664</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease	22	53,699	40,177
Long term deposits	23	9,611	8,611
Deferred gain on sale and lease back transaction	24	6	11
Deferred taxation	25	282,527	273,566
		<b>345,843</b>	<b>322,365</b>
<b>Current liabilities</b>			
Trade and other payables	26	628,809	1,126,050
Accrued mark-up on running finance		347	136
Running finance under mark-up arrangements	27	-	-
Current portion of liabilities against assets subject to finance lease	22	18,474	13,659
Taxation - net		72,166	-
		<b>719,796</b>	<b>1,139,845</b>
<b>Total liabilities</b>		<b>1,065,639</b>	<b>1,462,210</b>
<b>Contingencies and commitments</b>	28	-	-
<b>Total equity and liabilities</b>		<b>3,857,777</b>	<b>4,081,090</b>

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

Ahmed Kuli Khan Khattak  
Chief Executive OfficerJamil A. Shah  
Director



# Profit and Loss Account

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
Revenue	29	4,858,178	5,005,148
Cost of sales	30	(3,927,183)	(3,912,947)
<b>Gross profit</b>		<b>930,995</b>	1,092,201
Distribution cost	31	(39,842)	(55,528)
Administrative expenses	32	(201,836)	(204,369)
Other income	33	114,320	80,351
Other expenses	34	(54,889)	(61,701)
<b>Profit from operations</b>		<b>748,748</b>	850,954
Finance cost	35	(8,139)	(18,443)
<b>Profit before taxation</b>		<b>740,609</b>	832,511
Taxation	36	(330,649)	(286,248)
<b>Profit after taxation</b>		<b>409,960</b>	546,263
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		(16,698)	(3,297)
Impact of deferred tax		5,009	1,022
Other comprehensive loss for the year - net of tax		(11,689)	(2,275)
<b>Total comprehensive income for the year</b>		<b>398,271</b>	543,988
		----- Rupees -----	
<b>Earnings per share - basic and diluted</b>	37	<b>9.11</b>	12.14

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

  
Ahmed Kuli Khan Khattak  
Chief Executive Officer

  
Jamil A. Shah  
Director



# Cash Flow Statement

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	740,609	832,511
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortisation	95,191	87,002
Provision for gratuity and compensated absences	8,654	20,910
Interest income	(43,765)	(39,329)
Dividend income	(51,662)	(23,248)
Gain on disposal of property, plant and equipment	(3,692)	(1,699)
Amortization of gain on sale and lease back of fixed assets	(5)	(5)
Finance cost	6,216	13,252
Exchange loss - net	-	3,854
<b>Operating profit before working capital changes</b>	<b>751,546</b>	<b>893,248</b>
<b>(Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	(18,426)	(17,874)
Stock-in-trade	326,999	19,158
Trade debts	7,244	157,395
Loans and advances	1,343	(10,904)
Deposit and prepayments	1,692	20,777
Other receivables	68,049	(58,197)
	386,901	110,355
<b>(Decrease) / increase in trade and other payables</b>	<b>(446,509)</b>	<b>413,410</b>
<b>Cash generated from operations</b>	<b>691,938</b>	<b>1,417,013</b>
Gratuity and compensated absences paid	(78,963)	(69,122)
Long term loans - net	(108)	(2,961)
Long term deposits paid	1,000	(1,000)
Finance cost paid	(6,005)	(24,955)
Taxes paid	(162,395)	(244,766)
<b>Net cash generated from operating activities</b>	<b>445,467</b>	<b>1,074,209</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(334,082)	(188,715)
Proceeds from disposal of property, plant and equipment	5,986	3,159
Interest income received	42,744	35,496
Investment made in Subsidiary Company	-	(50,000)
Due from Subsidiary Company - net	165,304	(478,444)
Short term investment - net	-	30,092
Long term deposits - net	(1,779)	(854)
Dividend received	51,662	23,248
<b>Net cash used in investing activities</b>	<b>(70,165)</b>	<b>(626,018)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease finances - net	(14,186)	(5,844)
Short term finances - net	-	(32,259)
Running finances - net	-	(118,802)
Dividend paid	(222,134)	(244,793)
<b>Net cash used in financing activities</b>	<b>(236,320)</b>	<b>(401,698)</b>
<b>Net increase in cash and cash equivalents</b>	<b>138,982</b>	<b>46,493</b>
Cash and cash equivalents at beginning of the year	375,408	328,915
<b>Cash and cash equivalents at end of the year</b>	<b>514,390</b>	<b>375,408</b>

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

Ahmed Kuli Khan Khattak  
Chief Executive Officer

Jamil A. Shah  
Director

# Statement of Changes in Equity

For the year ended June 30, 2017

	Share capital	Share premium	Unappropriated profit	Total
	----- Rupees '000 -----			
<b>Balance as at July 1, 2015</b>	450,025	40,000	784,086	1,274,111
<b>Transactions with owners, recognised directly in equity</b>				
Final dividend for the year ended June 30, 2015 at the rate of Rs.4.50 per share	-	-	(202,511)	(202,511)
Interim dividend for the year ended June 30, 2016 at the rate of Re.1.00 per share	-	-	(45,003)	(45,003)
	-	-	(247,514)	(247,514)
<b>Total comprehensive income for the year ended June 30, 2016</b>				
Profit for the year	-	-	546,263	546,263
Other comprehensive loss	-	-	(2,275)	(2,275)
	-	-	543,988	543,988
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	30,631	30,631
<b>Balance as at June 30, 2016</b>	450,025	40,000	1,111,191	1,601,216
<b>Transaction with owners, recognised directly in equity</b>				
Final dividend for the year ended June 30, 2016 at the rate of Rs.5.00 per share	-	-	(225,013)	(225,013)
<b>Total comprehensive income for the year ended June 30, 2017</b>				
Profit for the year	-	-	409,960	409,960
Other comprehensive loss	-	-	(11,689)	(11,689)
	-	-	398,271	398,271
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	29,094	29,094
<b>Balance as at June 30, 2017</b>	<b>450,025</b>	<b>40,000</b>	<b>1,313,543</b>	<b>1,803,568</b>

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



Ahmed Kuli Khan Khattak  
Chief Executive Officer



Jamil A. Shah  
Director

# Notes to the Financial Statements

For the year ended June 30, 2017

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1 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. The Company's shares are listed on Pakistan Stock Exchange Limited.

The principal business of the Company is assembly / progressive manufacturing of Nissan passenger Cars, UD Trucks and Buses, JAC trucks import and sale, import and marketing of Nissan vehicles, import and sale of Dongfeng Complete Built-up Trucks and assembly of other vehicles under contract agreement.

- 1.2 As informed by the Board of Directors in their report dated February 16, 2017 for the period ended December 31, 2016, the Company would no longer assemble commercial vehicle PKD owing to its discontinuation globally. This was a significant contributor to Company's revenue. In order to bridge the vacuum, the Company has already introduced Dongfeng heavy and light commercial vehicles. Moreover, the Company has also obtained franchise of JAC light commercial vehicles during the current year. The Company will start assembly of these vehicles during the next financial year. It may however take some time for these trucks to fill in the gap created by cessation of PKD Trucks.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however the Securities and Exchange Commission of Pakistan (SECP) through its Circular # 17 of 2017 dated July 20, 2017, has directed that the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 Functional and presentation currency

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

### 2.3 Changes in accounting standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2016:

- a) IAS 27 (Amendments), 'Separate financial statements' are applicable to accounting periods beginning on or after January 1, 2016. These provide the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- b) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or

# Notes to the Financial Statements

For the year ended June 30, 2017

performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments only affects the disclosures in the Company's financial statements.

- c) Amendments to IAS 38 'Intangible assets' and IAS 16 'Property, plant and equipment' are applicable for annual periods beginning on or after January 1, 2016 introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-base methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.
- d) Amendment to IAS 19 'Employee benefit' as a part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The Company's policy is already in line with this amendment.
- e) Amendments to IAS 34 'Interim Financial Reporting' clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only effects disclosures in the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Company:

- a) IFRS 16, 'Leases' is applicable on accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessee and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to 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 will not significantly change. 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. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard not likely to have material impact on the Company's financial statements.
- b) Amendment to IAS 12, 'Income taxes' is applicable on annual periods beginning on or after January 1, 2017. The amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.

## Notes to the Financial Statements

For the year ended June 30, 2017

- c) IFRIC 22 'Foreign Currency Transactions and Advance Consideration' is applicable for annual periods beginning on or after January 1, 2018. The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments does not expect to have a material impact on the Company's financial statements.
- d) IFRS 9, 'Financial instruments' is applicable on accounting periods beginning on or after July 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The standard not likely to have material impact on the Company's financial statements.
- e) IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. July 1, 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the full impact of this standard on its financial statements.
- f) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have material impact on the Company's financial statements.

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

### 3. BASIS OF MEASUREMENT

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

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

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

- i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 4.1 and 4.2)
- ii) Stock-in-trade (note 4.6)
- iii) Provision for staff benefits (note 4.11)
- iv) Provision for warranty (note 4.13)
- v) Provision for taxation (note 4.15)

# Notes to the Financial Statements

For the year ended June 30, 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Property, plant and equipment

#### 4.1.1 Operating fixed assets

##### Owned assets

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

##### 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 profit and loss account during the period in which they are incurred.

##### Depreciation

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

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

##### Disposal

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

##### 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 credited to the surplus on revaluation of fixed assets account.

##### Leased assets

Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any.



# Notes to the Financial Statements

For the year ended June 30, 2017

## 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 profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

### 4.1.2 Capital work-in-progress

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

## 4.2 Intangible assets

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

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

### Subsequent expenditure

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

### Amortisation

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

### 4.3 Non current assets held for sale

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

## 4.4 Investments

### 4.4.1 Investments in Subsidiary and Associated Company

Investments in Subsidiary and Associated Company are carried at cost less impairment, if any. Impairment losses are recognised as an expense. At each reporting date, the Company reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognised as an expense in profit and loss account.

### 4.4.2 Held to maturity

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. They are included in non-current assets unless the investment matures or management intends to dispose-off it within 12 months of the end of the reporting date.

# Notes to the Financial Statements

For the year ended June 30, 2017

Subsequent to initial recognition held to maturity investments are carried at amortised cost using the effective interest method. Interest on held to maturity investments is calculated using the effective interest method and is recognised in the profit and loss account.

#### 4.4.3 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition at cost, these are re-measured at fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

#### 4.5 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 upto the reporting date.

#### 4.6 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	Specific cost identification
Complete Built-up Units	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 upto the reporting date.

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

#### 4.7 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently carried at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

#### 4.8 Loans and receivables

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

#### 4.9 Cash and cash equivalents

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



# Notes to the Financial Statements

For the year ended June 30, 2017

## 4.10 Mark-up bearing loans and borrowings

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

## 4.11 Staff benefits

### 4.11.1 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, 2017 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the balance sheet 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 balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

### 4.11.2 Defined contribution plan

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

## 4.12 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.

## 4.13 Warranty obligations

The Company recognises the estimated liability, on an accrual basis, to repair parts of trucks under warranty at the reporting date, and recognises the estimated product warranty costs in profit and loss account when the sale is recognised.

## 4.14 Research and development cost

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

## 4.15 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 accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

# Notes to the Financial Statements

For the year ended June 30, 2017

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

## 4.16 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes long term loans, long term deposits, due from Subsidiary Company, trade debts, loans & advances, short term deposits, accrued interest / mark-up, short term investment, other receivables, bank balances, liabilities against assets subject to finance lease, long term deposits, trade and other payables, accrued mark-up, short term finances and running finances. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## 4.17 Off-setting of financial assets and liabilities

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

## 4.18 Provisions, contingent assets and contingent liabilities

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

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

## 4.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, sales returns and commission. Revenue from different sources is recognised on the following basis:

### Trading

- Vehicles are treated as sold when invoiced and delivered. Commission income is recognised on the basis of shipment.
- Spare part sales are recorded on the basis of dispatches made to the customers.

# Notes to the Financial Statements

For the year ended June 30, 2017

## Manufacturing

- Vehicles are treated as sold when invoiced and dispatched to customers.

## Other

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

## 4.20 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.

## 4.21 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year end foreign exchange rates. Non monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are taken to profit and loss account currently.

## 4.22 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 profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

## 4.23 Earnings per share

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

## 4.24 Dividend and appropriation to reserves

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

## 5. PROPERTY, PLANT AND EQUIPMENT

		2017	2016
	Note	----- Rupees '000 -----	
Operating fixed assets	5.1	<b>1,920,332</b>	1,846,454
Capital work-in-progress includes:			
Building		50,637	-
Plant and machinery		5,797	-
Vehicles		6,679	5,764
		<b>63,113</b>	5,764
		<b>1,983,445</b>	<b>1,852,218</b>



# Notes to the Financial Statements

For the year ended June 30, 2017

## 5.1 Operating fixed assets

	Freehold land	Leasehold land	Buildings on freehold land	Plant and machinery	Assembly jigs	Furniture and fixtures	Vehicles		Other equipment	Office equipment	Computers	Total
							Owned	Leased				
Rupees in '000												
<b>At July 1, 2015</b>												
Revaluation / cost	498,938	15,000	675,883	611,202	46,404	3,146	67,801	63,797	9,347	6,285	11,413	2,009,216
Accumulated depreciation	-	(9,770)	(33,794)	(97,045)	(42,610)	(2,552)	(43,845)	(6,452)	(8,741)	(5,280)	(9,842)	(259,931)
<b>Net book value</b>	<b>498,938</b>	<b>5,230</b>	<b>642,089</b>	<b>514,157</b>	<b>3,794</b>	<b>594</b>	<b>23,956</b>	<b>57,345</b>	<b>606</b>	<b>1,005</b>	<b>1,571</b>	<b>1,749,285</b>
<b>Year ended June 30, 2016</b>												
Opening net book value	498,938	5,230	642,089	514,157	3,794	594	23,956	57,345	606	1,005	1,571	1,749,285
Additions	-	162,724	-	13,672	-	294	4,581	2,658	185	220	1,275	185,609
Disposals												
- cost	-	-	-	-	-	-	(4,098)	(693)	-	(177)	-	(4,968)
- accumulated depreciation	-	-	-	-	-	-	3,245	90	-	173	-	3,508
	-	-	-	-	-	-	(853)	(603)	-	(4)	-	(1,460)
Depreciation charge	-	(10,015)	(32,104)	(25,984)	(759)	(78)	(4,912)	(11,736)	(239)	(398)	(755)	(86,980)
<b>Closing net book value</b>	<b>498,938</b>	<b>157,939</b>	<b>609,985</b>	<b>501,845</b>	<b>3,035</b>	<b>810</b>	<b>22,772</b>	<b>47,664</b>	<b>552</b>	<b>823</b>	<b>2,091</b>	<b>1,846,454</b>
<b>At June 30, 2016</b>												
Revaluation / cost	498,938	177,724	675,883	624,874	46,404	3,440	68,284	65,762	9,532	6,328	12,688	2,189,857
Accumulated depreciation	-	(19,785)	(65,898)	(123,029)	(43,369)	(2,630)	(45,512)	(18,098)	(8,980)	(5,505)	(10,597)	(343,403)
<b>Net book value</b>	<b>498,938</b>	<b>157,939</b>	<b>609,985</b>	<b>501,845</b>	<b>3,035</b>	<b>810</b>	<b>22,772</b>	<b>47,664</b>	<b>552</b>	<b>823</b>	<b>2,091</b>	<b>1,846,454</b>
<b>Year ended June 30, 2017</b>												
Opening net book value	498,938	157,939	609,985	501,845	3,035	810	22,772	47,664	552	823	2,091	1,846,454
Additions	-	207,980	-	39,442	-	14,710	4,300	32,523	6,188	3,042	1,071	309,256
Disposals												
- cost	-	-	-	-	-	-	(9,613)	-	-	-	(56)	(9,669)
- accumulated depreciation	-	-	-	-	-	-	7,348	-	-	-	27	7,375
	-	-	-	-	-	-	(2,265)	-	-	-	(29)	(2,294)
Assets classified as held for sale												
- cost	-	(162,724)	-	-	-	-	-	-	-	-	-	(162,724)
- accumulated depreciation	-	24,815	-	-	-	-	-	-	-	-	-	24,815
	-	(137,909)	-	-	-	-	-	-	-	-	-	(137,909)
Depreciation charge	-	(17,527)	(30,499)	(26,142)	(607)	(204)	(4,922)	(13,610)	(353)	(498)	(813)	(95,175)
<b>Closing net book value</b>	<b>498,938</b>	<b>210,483</b>	<b>579,486</b>	<b>515,145</b>	<b>2,428</b>	<b>15,316</b>	<b>19,885</b>	<b>66,577</b>	<b>6,387</b>	<b>3,367</b>	<b>2,320</b>	<b>1,920,332</b>
<b>At June 30, 2017</b>												
Revaluation / cost	498,938	222,980	675,883	664,316	46,404	18,150	62,971	98,285	15,720	9,370	13,703	2,326,720
Accumulated depreciation	-	(12,497)	(96,397)	(149,171)	(43,976)	(2,834)	(43,086)	(31,708)	(9,333)	(6,003)	(11,383)	(406,388)
<b>Net book value</b>	<b>498,938</b>	<b>210,483</b>	<b>579,486</b>	<b>515,145</b>	<b>2,428</b>	<b>15,316</b>	<b>19,885</b>	<b>66,577</b>	<b>6,387</b>	<b>3,367</b>	<b>2,320</b>	<b>1,920,332</b>
Depreciation rate (% per annum)		10	5	5	20	10	20	20	33	33	33	



## Notes to the Financial Statements

For the year ended June 30, 2017

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

The Company as on June 30, 2014 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Harvester Services (Pvt.) Ltd., (Approved valuers of Pakistan Banks' Association and Leasing Association of Pakistan) I. I. Chundrigar Road, Karachi. 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).

The different levels have been defined in IFRS 13 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 (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future) (level 3).

The appraisal surplus arisen on latest revaluation exercise aggregating Rs.468.345 million has been incorporated in the books of the Company in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

- 5.3 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:

	2017	2016
	----- Rupees '000 -----	
Freehold land	61,456	61,456
Buildings on freehold land	109,472	115,234
Plant and machinery	177,736	146,678
Assembly Jigs	2,262	2,828



## Notes to the Financial Statements

For the year ended June 30, 2017

5.4 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 -----							
<b>Items having book value exceeding Rs.50,000 each</b>							
<b>Vehicles</b>							
Nissan Sunny	1,170	922	248	765	517	Negotiation	Mr. Muhammad Anwar, House no. 280, Kalapul, Karachi.
Nissan Sunny	1,470	1,158	312	650	338	Company Policy	Mr. S. Farrukh Ijaz - Employee
Honda City	845	793	52	641	589	Negotiation	Mrs. Azra Noman Alvi, House # R-158 Sector 14, Shadman Town, North Karachi.
Nissan Sunny	949	851	98	636	538	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Nissan Sunny	1,025	891	134	711	577	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Suzuki Alto	513	444	69	381	312	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Chevrolet Joy	539	471	68	241	173	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Honda City	1,814	682	1,132	1,380	248	Company Policy	Mr. Muhammad Saleem Baig - Key Management Personal.
Nissan Tiida	1,249	1,106	143	510	367	Company Policy	Mr. Muhammad Saleem Baig - Key Management Personal.
	<b>9,574</b>	<b>7,318</b>	<b>2,256</b>	<b>5,915</b>	<b>3,659</b>		
<b>Items having book value upto Rs.50,000 each</b>							
	95	57	38	71	33		
<b>June 30, 2017</b>	<b>9,669</b>	<b>7,375</b>	<b>2,294</b>	<b>5,986</b>	<b>3,692</b>		
June 30, 2016	4,968	3,508	1,460	3,159	1,699		

5.5 Depreciation charge has been allocated as follows:

		2017	2016
	Note	----- Rupees '000 -----	
Cost of goods manufactured	30.1	79,565	73,396
Administrative expenses	32	15,610	13,584
		95,175	86,980

5.6 The Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged upto Rs.1,647 million (2016: Rs.1,647 million) with banks for short term finance facilities.





# Notes to the Financial Statements

For the year ended June 30, 2017

## 6. INTANGIBLE ASSETS

		2017	2016
	Note	----- Rupees '000 -----	
These represent computer software licenses.			
<b>Cost</b>		<b>500</b>	500
<b>Accumulated amortisation</b>			
At beginning of the year		434	412
Add: charge for the year	32	16	22
At end of the year		450	434
<b>Net book value</b>		<b>50</b>	66
<b>Rate of amortisation</b> (% - per annum)		<b>25</b>	25

## 7. LONG TERM INVESTMENTS

### Subsidiary Company - at cost

Ghandhara DF (Private) Limited

14,999,500 (2016: 14,999,500) ordinary shares of  
Rs.10 each

Equity held: 99.99% (2016: 99.99%)

Break-up value per share on the basis of latest  
financial statements is Rs.24.05 (2016:Rs.13.90)

### Associated Company - at cost

Ghandhara Industries Limited

5,166,168 (2016: 5,166,168) ordinary shares of  
Rs.10 each

Equity held: 24.25% (2016: 24.25%)

Fair value: Rs.3,358.577 million (2016: Rs.2,096.896 million)

### Others - available for sale

### Automotive Testing & Training Center (Private) Limited

187,500 (2016: 187,500) ordinary shares of  
Rs.10 each - cost

Provision for impairment

		149,995	149,995
		92,635	92,635
		1,875	1,875
		(1,875)	(1,875)
		-	-
		<b>242,630</b>	242,630



# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>8. LONG TERM LOANS - Unsecured, considered good and interest free</b>			
Loans to employees			
- executives	8.1 & 8.2	7,286	6,180
- other employees	8.1	6,787	6,108
		14,073	12,288
Less: amounts recoverable within one year and grouped under current assets			
- executives		2,351	1,387
- other employees		2,176	1,463
		4,527	2,850
		9,546	9,438

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

		2017	2016
		----- Rupees '000 -----	
<b>8.2 Reconciliation of carrying amount of loans to executives</b>			
Balance at beginning of the year		6,180	-
Disbursements		3,677	7,286
		9,857	7,286
Repayments		(2,571)	(1,106)
Balance at end of the year		7,286	6,180

8.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2017 from executives aggregated to Rs.9.613 million (2016: Rs.6.306 million).

		2017	2016
		----- Rupees '000 -----	
<b>9. LONG TERM DEPOSITS - Unsecured, considered good and interest free</b>			
Deposits held with / against:			
Central Depository Company of Pakistan Limited		25	25
Lease facilities			
- shariah compliant		12,444	9,094
- conventional		468	2,094
		12,912	11,188
Utilities		6,219	6,174
Others		110	100
		19,266	17,487

# Notes to the Financial Statements

For the year ended June 30, 2017

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

The Company, during the year, extended the aggregate cash limit from Rs.500 million to Rs.800 million of Ghandhara DF (Private) Limited (the Subsidiary Company) for its working capital requirements after obtaining requisite approval from the shareholders. This advance is unsecured and has been granted for a period of three years. It carries mark-up at rate of six months KIBOR + 3.00% per annum and is recoverable on quarterly basis.

	2017	2016
	----- Rupees '000 -----	
<b>11. STORES, SPARES AND LOOSE TOOLS</b>		
Stores	86,288	67,862
Spares and loose tools	186	186
	<u>86,474</u>	<u>68,048</u>
<b>12. STOCK-IN-TRADE</b>		
Raw materials		
In hand	21,404	346,421
less: provision for obsolete / slow moving stock	(15,000)	(15,000)
	6,404	331,421
In transit	-	159,682
	6,404	491,103
Finished goods		
In hand		
Trucks and cars	170,759	58,545
Spare parts	41,471	31,485
Held with third parties		
CBU - trucks	771	23,556
In transit		
CBU - trucks	58,285	-
	<u>271,286</u>	<u>113,586</u>
	<u>277,690</u>	<u>604,689</u>

12.1 The present and future stock-in-trade, trade debts and receivables aggregating Rs.3,114.7 million (2016: Rs.1,715 million) are under pledge / joint hypothecation charge with banks against short term finances and running finances.

	2017	2016
	----- Rupees '000 -----	
<b>13. TRADE DEBTS - Unsecured considered good</b>		
Vehicles and assembly charges	178,726	182,897
Spare parts	2,362	5,435
	<u>181,088</u>	<u>188,332</u>



# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
		----- Rupees '000 -----	
<b>13.1</b>	<b>Trade debts include the following amounts due from related parties:</b>		
	Ghandhara DF (Private) Limited	16,632	9,398
	Ghandhara Industries Limited	28,578	39,952
		45,210	49,350
<b>13.2</b>	<b>The ageing of the trade debts receivable from related parties as at the reporting date is as follows:</b>		
		2017	2016
	Note	----- Rupees '000 -----	
	Up to 3 months	45,210	47,816
	3 to 6 months	-	1,534
		45,210	49,350
<b>14.</b>	<b>LOANS AND ADVANCES - Unsecured, considered good and interest free</b>		
	Current portion of long term loans	4,527	2,850
	Loans to:		
	- executives	541	100
	- other employees	366	693
		907	793
	Advances to:		
	- executives	2,003	215
	- other employees	686	880
	- suppliers, contractors and others	41,487	38,108
		44,176	39,203
	Letters of credit	163	8,270
		49,773	51,116
<b>14.1</b>	<b>These represent interest free general loans and special loans provided to employees in accordance with Company's policy and have maturities upto twelve months.</b>		
		2017	2016
		----- Rupees '000 -----	
<b>14.2</b>	<b>Reconciliation of carrying amount of loans to executives</b>		
	Balance at beginning of the year	100	890
	Disbursements	950	175
		1,050	1,065
	Repayments	(509)	(965)
	Balance at end of the year	541	100

# Notes to the Financial Statements

For the year ended June 30, 2017

- 14.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2017 from executives aggregated to Rs.0.817 million (2016: Rs.0.830 million).
- 14.4 Includes Rs.0.221 million (2016: Rs.0.220 million) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

		2017	2016
	Note	----- Rupees '000 -----	
<b>15. DEPOSITS AND PREPAYMENTS</b>			
Deposits - considered good and interest free		4,241	2,614
Prepaid			
- rent [Bibojee Services (Private) Limited - the Holding Company]		708	-
- others		5,733	5,529
		6,441	5,529
Current account balances with statutory authorities		5,943	10,174
		16,625	18,317
<b>16. OTHER RECEIVABLES</b>			
Considered good and interest free			
Due from Subsidiary Company	16.1	864	2,976
Sales tax refundable / adjustable		-	47,365
Bank guarantee margin		7,574	7,574
Letters of credit margin		4,429	22,867
Security deposits and earnest money - interest free		4,693	4,955
Others		522	394
		18,082	86,131
16.1 This represents commission accrued on counter guarantees given to the commercial banks by the Company against letters of credit facilities utilised by the Subsidiary Company.			

		2017	2016
		----- Rupees '000 -----	
<b>17. ACCRUED INTEREST / MARK-UP</b>			
Interest / mark-up accrued on:			
- long term advance to Subsidiary Company		7,528	6,310
- term deposits receipts		141	338
		7,669	6,648



# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>18. BANK BALANCES</b>			
Cash at banks on:			
- current accounts		202,785	208,403
- deposit accounts	18.1	10,517	9,917
- term deposits receipts	18.2	305,000	161,000
		518,302	379,320
Provision for doubtful bank balance	18.3	(3,912)	(3,912)
		514,390	375,408
18.1	These, during the year, carry mark-up upto 5.50% (2016: 5.50%) per annum.		
18.2	Term deposit receipts (TDRs) have maturity days ranging from seven to thirty days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 5.50% to 6.00% (2016: 4.30% to 5.60%) per annum.		
18.3	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 million 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.		
18.4	The Company has banking relationships with banks having conventional banking system except an account maintained under shariah compliant banking system.		
19.	The Company during the current year decided to disposed off one of its lease hold land having net book value Rs.137.909 million. The management has find a prospective buyer and anticipates that this transaction will take place in the month of July 2017.		

		2017	2016
		----- Rupees '000 -----	
<b>20. SHARE CAPITAL</b>			
<b>20.1 Authorized capital</b>			
80,000,000 (2016: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
<b>20.2 Issued, subscribed and paid-up capital</b>			
		2017	2016
		----- No. of shares -----	
		14,800,000	14,800,000
	Ordinary shares of Rs. 10 each fully paid in cash	148,000	148,000
	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	2,000	2,000
	Ordinary shares of Rs. 10 each issued for acquisition	300,025	300,025
		45,002,500	45,002,500



## Notes to the Financial Statements

For the year ended June 30, 2017

20.3 At June 30, 2017 and June 30, 2016 Bibojee Services (Private) Limited (the Holding Company) and UD Trucks Corporation, Japan, a related party, respectively held 28,046,417 and 3,647,090 ordinary shares of the Company.

	2017	2016
Note	----- Rupees '000 -----	
<b>21. SURPLUS ON REVALUATION OF FIXED ASSETS - Net</b>		
Balance at beginning of the year	1,268,109	1,311,867
Transferred to unappropriated profit on account of incremental depreciation for the year	(41,563)	(43,758)
	<u>1,226,546</u>	<u>1,268,109</u>
Less: related deferred tax of:		
- opening balance	250,445	263,572
- incremental depreciation for the year	(12,469)	(13,127)
- closing balance	237,976	250,445
Balance at end of the year	<u>988,570</u>	<u>1,017,664</u>
<b>22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured</b>		
Balance at beginning of the year	53,836	57,022
Assets acquired during the year	33,502	8,358
Repaid / adjusted during the year	(15,165)	(11,544)
	<u>72,173</u>	<u>53,836</u>
Current portion grouped under current liabilities	(18,474)	(13,659)
Balance at end of the year	<u>53,699</u>	<u>40,177</u>

22.1 These represent vehicles acquired under finance lease / diminishing musharakah arrangements from various financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 7.93% to 17.50% (2016: 8.36% 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	2017	Upto one year	From one to five years	2016
	----- Rupees in '000 -----					
Minimum lease payments	22,929	58,827	81,756	17,600	44,304	61,904
Finance cost allocated to future periods	(4,455)	(5,128)	(9,583)	(3,941)	(4,127)	(8,068)
Present value of minimum lease payments	<u>18,474</u>	<u>53,699</u>	<u>72,173</u>	<u>13,659</u>	<u>40,177</u>	<u>53,836</u>



# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>23. LONG TERM DEPOSITS - Interest free</b>			
Dealers' deposit	23.1	8,000	8,000
Vendors		111	111
Others		1,500	500
		9,611	8,611

23.1 These deposits are interest free and are not refundable during subsistence of dealership.

## 24. DEFERRED GAIN ON SALE AND LEASE BACK TRANSACTION

During the year ended June 30, 2015, the Company had entered into a sale and lease back transaction which resulted in finance lease. The excess of sale proceeds over the net book value of vehicle under sale and lease back arrangement has been recognised as deferred income and is amortized over the period of lease term.

		2017	2016
	Note	----- Rupees '000 -----	
<b>25. DEFERRED TAXATION - Net</b>			
The liability for deferred taxation comprises of temporary differences relating to:			
- accelerated tax depreciation allowance		54,993	50,479
- surplus on revaluation of fixed assets		237,976	250,445
- lease finances		325	(142)
- provision for gratuity		(4,028)	(20,447)
- provision for warranty claims		(1,065)	(946)
- provision for obsolete / slow moving stock		(4,500)	(4,650)
- provision for bank balances		(1,174)	(1,174)
		282,527	273,566

## 26. TRADE AND OTHER PAYABLES

Trade creditors		83,664	117,686
Bills payable		58,077	56,908
Accrued liabilities	26.1	183,654	140,145
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	26.2	71,075	581,026
Commission		14,505	12,337
Unclaimed gratuity		231	231
Dealers' deposits against vehicles - interest free		23,400	21,900
Due to related parties	26.3	17,088	31,465
Payable to gratuity fund	26.4	13,427	67,038
Withholding tax		750	3,941
Sales tax payable - net		22,281	-
Workers' profit participation fund	26.5	4,775	44,711
Workers' welfare fund		15,114	16,990
Retention money		718	240
Unclaimed dividend		7,732	4,853
Advance against immoveable property		88,238	-
Warranty claims		3,550	8,051
Others	26.6 & 26.7	19,127	17,125
		628,809	1,126,050





## Notes to the Financial Statements

For the year ended June 30, 2017

- 26.1 Includes Rs.20.878 million (2016: Rs.27.900 million) which pertains to a key management person.
- 26.2 These represent advances from customers against sale of trucks and carry no mark-up.

	2017	2016
	----- Rupees '000 -----	
<b>26.3 Due to related parties</b>		
UD Trucks Corporation - Japan	7,203	13,899
Bibojee Services (Private) Limited	-	7,681
Waqf-e-Kuli Khan	9,885	9,885
	17,088	31,465

### 26.4 Provision for gratuity

The Company has established a Fund - 'Ghandhara Nissan Limited - Employees Gratuity Fund' governed under an irrevocable trust to pay / manage gratuities of eligible employees. This is a trustee-administered fund and is governed by local regulations which mainly includes Trust Act, 1882, Companies Ordinance, 1984, 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, 2017 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

	2017	2016
	----- Rupees '000 -----	
<b>26.4.1 Balance sheet reconciliation</b>		
Present value of defined benefit obligation	106,433	95,390
Fair value of plan assets	(97,745)	(30,000)
Benefits payable	4,739	1,648
Net liability at end of the year	13,427	67,038
<b>26.4.2 Net liability recognised</b>		
Net liability at beginning of the year	67,038	83,370
Charge to profit and loss account	8,654	13,215
Contributions made by the Company	(78,963)	(30,000)
Re-measurement recognised in other comprehensive income	16,698	3,297
Benefits paid during the year	-	(2,844)
	13,427	67,038



# Notes to the Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>26.4.3 Movement in the present value of defined benefit obligation</b>		
Balance at beginning of the year	95,390	80,791
Current service cost	6,646	5,431
Interest expense	6,964	7,784
Benefits paid	(7,981)	(1,328)
Benefits due but not paid	(3,091)	(585)
Re-measurement	8,505	3,297
Balance at end of the year	<u>106,433</u>	<u>95,390</u>
<b>26.4.4 Movement in the fair value of plan assets</b>		
Balance at beginning of the year	30,000	-
Contribution received during the year	78,963	30,000
Interest income	4,956	-
Benefits paid	(7,981)	-
Re-measurement	(8,193)	-
	<u>97,745</u>	<u>30,000</u>
<b>26.4.5 Expense recognised in profit and loss account</b>		
Current service cost	6,646	5,431
Net interest expense	2,008	7,784
	<u>8,654</u>	<u>13,215</u>
<b>26.4.6 Re-measurement recognised in other comprehensive income</b>		
Financial assumptions	179	-
Experience adjustments	8,326	3,297
Loss on remeasurement of plan assets	8,193	-
	<u>16,698</u>	<u>3,297</u>
<b>26.4.7 Plan assets comprise of:</b>		
Fixed income instruments	30,153	-
Mutual fund securities	33,643	-
Cash at bank	33,949	30,000
	<u>97,745</u>	<u>30,000</u>
	2017	2016
	----- % per annum -----	
<b>26.4.8 Significant actuarial assumptions and sensitivity</b>		
Discount rate	7.75	7.75
Expected rate of return on plan assets	7.75	7.75
Expected rate of increase in future salaries	9.25	7.75
Mortality rates (for death in service)	SLIC 2001-2005	SLIC 2001-2005

# Notes to the Financial Statements

For the year ended June 30, 2017

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

	Impact on define benefit obligation		
	Change in assumption	Increase in assumption --- Rupees in '000 ---	Decrease in assumption
Discount rate	1.00%	<u>95,984</u>	<u>116,952</u>
Increase in future salaries	1.00%	<u>116,968</u>	<u>95,792</u>

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 balance sheet.

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

26.4.9 Based on actuary's advice, the expected charge to profit and loss account for the year ending June 30, 2018 amounts to Rs.7.873 million.

26.4.10 The weighted average duration of the scheme is 10 years.

### 26.4.11 Historical information

	2017	2016	2015	2014	2013
	----- Rupees in '000 -----				
Present value of defined benefit obligation	<u>106,433</u>	<u>95,390</u>	<u>80,791</u>	<u>70,356</u>	<u>60,895</u>
Experience adjustment on obligation	<u>16,698</u>	<u>3,297</u>	<u>2,061</u>	<u>3,636</u>	<u>4,972</u>

### 26.4.12 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, 2017	<u>15,542</u>	<u>4,360</u>	<u>16,010</u>	<u>62,870</u>	<u>98,782</u>

	Note	2017	2016
		----- Rupees '000 -----	
26.5 Workers' profit participation fund			
Balance at beginning of the year		<u>44,711</u>	42,281
Allocation for the year	34	<u>39,775</u>	44,711
Interest on funds utilised in the Company's business	35	<u>168</u>	4,418
		<u>84,654</u>	91,410
Payment made during the year		<u>(79,879)</u>	(46,699)
Balance at end of the year		<u>4,775</u>	<u>44,711</u>



## Notes to the Financial Statements

For the year ended June 30, 2017

- 26.6 Includes Rs.Nil (2016: Rs.1.479 million) which pertain to a key management person.
- 26.7 Includes deposits and instalments under the Company's staff vehicle policy aggregating Rs.9.664 million (2016: Rs.7.196 million).
27. Running finance and short term facilities available from commercial banks under mark-up arrangements aggregate to Rs.625 million (2016: Rs.375 million) 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 7.54% to 7.65% (2016: 7.95% to 8.51%) per annum. The arrangements are expiring on October 31, 2017.
- 27.1 The facilities for opening letters of credit as at June 30, 2017 aggregate to Rs.3,525 million (2016: Rs.2,350 million) of which the amount remained unutilised at the year-end was Rs.3,490.2 million (2016: Rs.848.430 million). Further, the Company also has Finance against Import Merchandise facilities aggregating Rs.2,525 million (2016: Rs.2,150 million) as main limits and sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.310 million (2016: Rs.310 million) 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.
- 27.2 Facilities aggregated Rs.2,125 million (2016: Rs.1,250 million) out of the above mentioned facilities are also available to the Subsidiary Company.

### 28. CONTINGENCIES AND COMMITMENTS

- 28.1 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.
- 28.2 Commitment in respect of irrevocable letters of credit as at June 30, 2017 aggregate to Rs. 34.80 million (2016: Rs.1,501.570 million).
- 28.3 Guarantees aggregating Rs. 15.787 million (2016: Rs.11.022 million) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs. 259.443 million (2016: Rs.1,441 million) to the commercial banks against letters of credit facilities utilised by the Subsidiary Company.

### 29. REVENUE - Net

#### Manufacturing activity

Local sales

Less:

- sales tax
- commission

#### Trading activity

Local sales

Export sales

Less:

- sales tax
- discount and commission

	2017	2016
	----- Rupees '000 -----	
<b>5,338,836</b>	<b>5,338,836</b>	5,450,618
<b>775,728</b>	<b>775,728</b>	791,970
<b>70,200</b>	<b>70,200</b>	80,400
<b>845,928</b>	<b>845,928</b>	872,370
<b>4,492,908</b>	<b>4,492,908</b>	4,578,248
<b>427,631</b>	<b>427,631</b>	504,800
<b>1,483</b>	<b>1,483</b>	2,179
<b>429,114</b>	<b>429,114</b>	506,979
<b>62,394</b>	<b>62,394</b>	73,602
<b>1,450</b>	<b>1,450</b>	6,477
<b>63,844</b>	<b>63,844</b>	80,079
<b>365,270</b>	<b>365,270</b>	426,900
<b>4,858,178</b>	<b>4,858,178</b>	5,005,148



# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>30. COST OF SALES</b>			
Finished goods at beginning of the year		<b>113,586</b>	134,973
Cost of goods manufactured	30.1	<b>3,626,931</b>	3,572,661
Purchases - trading goods		<b>399,667</b>	318,899
		<b>4,026,598</b>	3,891,560
Finished goods at end of the year	12	<b>(213,001)</b>	(113,586)
		<b>3,927,183</b>	3,912,947
<b>30.1 Cost of goods manufactured</b>			
Raw materials and parts consumed	30.2	<b>3,025,136</b>	3,053,024
Fabrication of contract vehicles		<b>1,200</b>	1,352
Stores and spares consumed		<b>81,677</b>	50,943
Salaries, wages and benefits	30.3	<b>270,836</b>	195,900
Transportation		<b>13,665</b>	8,039
Repair and maintenance		<b>56,493</b>	44,865
Depreciation	5.5	<b>79,565</b>	73,396
Material handling		<b>6,476</b>	11,829
Insurance		<b>3,537</b>	3,115
Communication		<b>641</b>	539
Rent, rates and taxes		<b>7,088</b>	33,433
Travelling and entertainment		<b>1,527</b>	2,635
Power generation costs		<b>56,131</b>	49,208
Printing, stationery and office supplies		<b>2,028</b>	1,226
Royalty expense		<b>12,738</b>	28,440
Product up-gradation charges		<b>-</b>	6,900
Plant security		<b>6,079</b>	4,921
Other manufacturing expenses		<b>2,114</b>	2,896
		<b>3,626,931</b>	3,572,661
<b>30.2 Raw materials and parts consumed</b>			
Stocks at beginning of the year		<b>331,421</b>	249,099
Purchases		<b>2,700,119</b>	3,135,346
		<b>3,031,540</b>	3,384,445
Stocks at end of the year		<b>(6,404)</b>	(331,421)
		<b>3,025,136</b>	3,053,024
<b>30.3</b>			
Salaries, wages and benefits include Rs.4.139 million (2016: Rs.3.866 million) and Rs.3.525 million (2016: Rs.2.810 million) in respect of staff retirement gratuity and staff provident fund respectively.			



# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>31. DISTRIBUTION COST</b>			
Salaries and benefits	31.1	25,272	28,350
Utilities		306	246
Rent of showroom		7,500	12,000
Insurance		39	9
Repair and maintenance		11	363
Travelling and entertainment		3,964	8,919
Telephone and postage		119	142
Vehicle running		203	291
Printing, stationery and office supplies		38	69
Security		893	915
Warranty services		395	3,001
Godown and forwarding		370	44
Sales promotion expenses		347	1,004
Others		385	175
		39,842	55,528

31.1 Salaries and benefits include Rs.1.087 million (2016: Rs.0.209 million) and Rs.1.079 million (2016: Rs.1.018 million) in respect of staff retirement gratuity and staff provident fund respectively.

		2017	2016
	Note	----- Rupees '000 -----	
<b>32. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	32.1	123,066	127,449
Utilities		2,884	5,338
Rent, rates and taxes		10,792	9,142
Directors' fee		1,200	1,200
Insurance		2,944	2,571
Repairs and maintenance		7,776	3,089
Depreciation and amortisation	5.5 & 6	15,626	13,606
Auditors' remuneration	32.2	1,000	1,000
Advertising		2,917	1,887
Travelling and conveyance		8,155	12,190
Legal and professional charges		3,952	3,612
Vehicle running		2,488	4,167
Telephone and postage		3,843	4,575
Printing and stationery		4,805	5,241
Subscription		1,991	2,254
Security expenses		5,119	3,575
Donation	32.3	400	335
Others		2,878	3,138
		201,836	204,369

32.1 Salaries and benefits include Rs.3.428 million (2016: Rs.9.140 million) and Rs.2.767 million (2016: Rs.2.624 million) in respect of staff retirement gratuity and staff provident fund respectively.



# Notes to the Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>32.2 Auditors' remuneration</b>		
Audit fee		
ShineWing Hameed Chaudhri & Co.	500	500
Junaidy, Shoaib, Asad	500	-
Muniff Ziauddin & Co.	-	500
	<u>1,000</u>	<u>1,000</u>

32.3 None of the directors or their spouses had any interest in the donees.

	2017	2016
	----- Rupees '000 -----	
<b>33. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Interest / mark-up earned on:		
- deposit accounts	1,855	836
- term deposit receipts	7,388	21,917
- long term advance to Subsidiary Company	34,522	16,576
Dividend income - Ghandhara Industries Limited (an Associated Company)	51,662	23,248
	<u>95,427</u>	<u>62,577</u>
<b>Income from non-financial assets</b>		
Scrap sales - net of sales tax	5,296	3,815
Gain on disposal of operating fixed assets	3,692	1,699
Amortization of gain on sale and lease back of fixed assets	5	5
Commission income	9,155	11,516
Exchange gain	344	-
Others	401	739
	<u>18,893</u>	<u>17,774</u>
	<u>114,320</u>	<u>80,351</u>

33.1 Interest at the rates ranged from 4.10% to 6.00% (2016: 4.00% to 7.40%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.

33.2 Interest at the rates ranged from 9.06% to 9.15% (2016: 9.36% to 9.57%) per annum has been earned during the year on long term advance to Subsidiary Company.

33.3 This represents exchange loss / gain - net arising on revaluation of actual currency financial assets and financial liabilities.

33.4 This represents interest free income from various sources.



# Notes to the Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>34. OTHER EXPENSES</b>			
Workers' profit participation fund	26.5	39,775	44,711
Workers' welfare fund		15,114	16,990
		54,889	61,701
<b>35. FINANCE COST</b>			
Mark-up on:			
- short term finances		-	1,250
- running finances		1,124	2,864
Lease finance charges		4,924	4,720
Exchange loss - net	33.3	-	3,854
Interest on workers' profit participation fund	26.5	168	4,418
Bank and other charges		1,923	1,337
		8,139	18,443
<b>36. TAXATION</b>			
Current			
- for the year		227,260	279,989
- prior year		89,419	-
		316,679	279,989
Deferred			
- origination and reversal of temporary differences		13,454	5,560
- impact of change in tax rate		516	699
		13,970	6,259
		330,649	286,248
<b>36.1 Relationship between income tax expense and accounting profit</b>			
Net profit before taxation		740,609	832,511
Tax at the applicable income tax rate of 31% (2016: 32%)		229,589	266,404
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit and loss account		34,692	36,479
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit and loss account		(42,861)	(38,868)
Effect of tax credits		(3,944)	(1,367)
Tax effect of unused tax losses		-	-
Tax effect of income subject to final tax regime		(11,645)	(7,412)
Adjustments for current tax of prior years		89,419	
Super tax		21,429	24,753
Deferred taxation		12,620	6,259
		329,299	286,248
<b>36.2</b>			

Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

The Board of Directors in their meeting held on September 20, 2017 has distributed sufficient cash dividend for the year ended June 30, 2017 (note 45) which complies with the above-stated requirements. Accordingly, no provision for tax on profits has been recognised in these financial statements for the year ended June 30, 2017.





# Notes to the Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>37. EARNINGS PER SHARE</b>		
<b>37.1 Basic earnings per share</b>		
Net profit for the year	<u>409,960</u>	<u>546,263</u>
	----- Number of shares -----	
Weighted average ordinary shares in issue	<u>45,002,500</u>	<u>45,002,500</u>
	----- Rupees -----	
Earnings per share	<u>9.11</u>	<u>12.14</u>

**37.2 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.

**38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2017			2016		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	2,525	67,351	12,979	5,444	61,913
Bonus	2,550	615	8,437	-	-	5,876
Contribution to provident fund	850	103	2,945	587	75	2,587
Gratuity	850	103	2,321	425	75	1,897
Utilities	1,020	-	3,141	-	-	2,718
Passage / privilege leave	-	182	2,228	-	-	3,074
	<b>21,050</b>	<b>3,528</b>	<b>86,423</b>	<b>13,991</b>	<b>5,594</b>	<b>78,065</b>
Number of persons	<b>1</b>	<b>1</b>	<b>35</b>	<b>1</b>	<b>2</b>	<b>33</b>

38.1 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.

38.2 Directors and certain Executives of the Company are also provided with free use of the Company maintained vehicles.

38.3 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.1.200 million (2016: Rs.1.200 million).

**39. 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 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

For the year ended June 30, 2017

Name	Nature of transaction	2017 --- Rupees in '000 ---	2016
<b>(i) Holding Company</b>			
Bibojee Services (Private) Limited	Rent	8,850	17,400
	Dividend	140,232	154,255
<b>(ii) Subsidiary Company</b>			
Ghandhara DF (Private) Limited	Investment made	-	50,000
	Contract assembly	40,652	20,177
	Purchase of parts	2,384	
	Sale of truck and parts	3,714	762
	Long term advances made	976,646	527,944
	Repayment against long term advances	1,141,950	49,500
	Interest accrued on long term advance	34,522	16,576
	Amount received against interest	33,304	10,266
	Guarantee commission	3,957	2,976
	Expenses reimbursed	246	
<b>(iii) Associated Companies</b>			
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres, tubes and flaps	44,115	80,468
Ghandhara Industries Limited	Contract assembly	444,998	174,283
	Fabrication of vehicles	676	676
	Expense reimbursement	27,480	-
	Purchase of parts	17	5
	Sale of vehicles	1,050	34,410
	Sale of parts	12	
	Rent	2,138	-
	Dividend received	51,662	23,248
Gammon Pakistan Limited	Office rent	3,000	2,250
Janana De Malucho Textile Mills Limited	Expenses reimbursement	1,276	-
<b>(iv) Others</b>			
UD Trucks Corporation, Japan	Royalty	11,312	12,963
	Purchases of complete knock down kits	2,009,252	2,138,934
	Dividend	18,235	20,059
Staff provident fund	Contribution made	7,371	6,452
Staff gratuity fund	Contribution made	78,963	30,000
Key management personnel	Remuneration and other short term benefits	67,567	54,445
	Sale of fleet vehicles	4,533	1,925

# Notes to the Financial Statements

For the year ended June 30, 2017

## 40. PLANT CAPACITY

Against the production capacity of 4,800 (2016: 2,500) trucks and buses on single shift basis, the Company produced 4,923 (2016: 2704) trucks and buses of UD, Isuzu and DongFeng. The Company has also processed 4,616 (2016: 2,496) Truck cabs through paint shop.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Company has assembled nil (2016: 169) vehicles of Land Rover.

## 41. FINANCIAL RISK MANAGEMENT

### 41.1 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 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, 2017 along with comparative is tabulated below:

	2017	2016
	----- Rupees '000 -----	
Long term loans	9,546	9,438
Long term deposits	6,354	6,299
Due from Subsidiary Company	313,140	478,444
Trade debts	181,088	188,332
Loans and advances	5,434	3,643
Deposits and prepayments	4,241	2,614
Other receivables	18,082	38,766
Accrued interest / mark-up	7,669	6,648
Bank balances	514,390	375,408
	1,059,944	1,109,592

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



# Notes to the Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
The ageing of trade debts at the reporting date is as follows:		
Up to 3 months	119,611	150,921
3 to 6 months	4,627	35,846
more than 6 months	56,850	1,565
	181,088	188,332

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due over six months do not require any impairment.

## 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.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
	----- Rupees in '000 -----			
<b>June 30, 2017</b>				
<b>Liabilities against assets subject to finance lease</b>	<b>72,173</b>	<b>18,474</b>	<b>53,699</b>	<b>-</b>
<b>Long term deposits</b>	<b>9,611</b>	<b>-</b>	<b>-</b>	<b>9,611</b>
<b>Trade and other payables</b>	<b>537,095</b>	<b>537,095</b>	<b>-</b>	<b>-</b>
<b>Accrued mark-up</b>	<b>347</b>	<b>347</b>	<b>-</b>	<b>-</b>
	<b>619,226</b>	<b>555,916</b>	<b>53,699</b>	<b>9,611</b>
	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
	----- Rupees in '000 -----			
<b>June 30, 2016</b>				
Liabilities against assets subject to finance lease	53,836	13,659	40,177	-
Long term deposits	8,611	-	-	8,611
Trade and other payables	479,382	479,382	-	-
Accrued mark-up	136	136	-	-
	541,965	493,177	40,177	8,611

# Notes to the Financial Statements

For the year ended June 30, 2017

## 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, Japanese Yen and Chinese Yuan Renminbi (RMB). The Company's exposure is as follows:

	Rupees ----- in '000 -----	RMB -----
<b>June 30, 2017</b>		
Trade and other payables	<u>58,077</u>	<u>3,692</u>
	Rupees ----- in '000 -----	Yen -----
<b>June 30, 2016</b>		
Trade and other payables	<u>56,908</u>	<u>55,869</u>

The following significant exchange rates have been applied:

	Reporting date rate	
	2017	2016
Yen to Rupee	0.939	1.019
RMB to Rupee	15.73	-

### Sensitivity analysis

At June 30, 2017, if Rupee had strengthened by 5% against Yen, Dollar and RMB 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.

	2017	2016
	----- Rupees '000 -----	
<b>Effect on profit for the year</b>		
Yen to Rupee	-	2,845
RMB to Rupee	<u>2,904</u>	-
	<u>2,904</u>	<u>2,845</u>



# Notes to the Financial Statements

For the year ended June 30, 2017

## 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:

	2017	2016
	----- Rupees '000 -----	
<b>Fixed rate instruments - financial assets</b>		
Bank balances	315,517	170,917
Variable rate instruments		
<b>Financial assets</b>		
Due from Subsidiary Company	313,140	478,444
<b>Financial liabilities</b>		
Liabilities against assets subject to finance lease	72,173	53,836

## Sensitivity analysis

At June 30, 2017, if the interest rates on the Company's variable rate instruments had been 1% higher / (lower) with all other variables held constant, profit before tax for the year would have been Rs.2,399 thousand (2016: Rs.4,246 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.. At June 30, 2017 / 2016 the Company did not have any financial instruments dependent on market prices.

## 41.2 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

## 42. 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 and / or issue new shares. There was no change to the Company's approach to capital management during the year.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 43. NUMBER OF EMPLOYEES

Number of employees as at June 30,

- Permanent
- Contractual

Average number of employees during the year

- Permanent
- Contractual

	2017	2016
	----- Rupees '000 -----	
	<u>261</u>	<u>239</u>
	<u>491</u>	<u>402</u>
	<u>258</u>	<u>236</u>
	<u>478</u>	<u>315</u>

## 44. PROVIDENT FUND RELATED DISCLOSURES

44.1 The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2017:

Size of the Fund - total assets

Cost of investments made

Percentage of investments made

Fair value of investments

	2017	2016
	----- Rupees '000 -----	
	<u>92,148</u>	<u>85,794</u>
	<u>69,729</u>	<u>80,686</u>
	<u>75.67%</u>	<u>94.05%</u>
	<u>113,973</u>	<u>91,977</u>

44.2 Break-up of the investments is as follows:

Bank deposits

Government securities

Mutual funds

National Investment Trust - units

	2017	2016	2017	2016
	----- Percentage -----		----- Rupees '000 -----	
	4.20	7.78	3,867	6,674
	45.25	71.49	41,700	61,330
	10.74	-	9,900	-
	15.48	14.78	14,262	12,682



## Notes to the Financial Statements

For the year ended June 30, 2017

44.3 Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

### 45. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on September 20, 2017 have proposed final cash dividend of Rs.5.00 (2016: Rs.5.00) per share, amounting to Rs.225.013 million (2016: Rs.225.013 million), for the year ended June 30, 2017. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 23, 2017.

These financial statements do not reflect the proposed dividend, which will be accounted for in the statement of changes in equity as appropriation from unappropriated profit in year ending June 30, 2018.

### 46. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and /or re-classified for the purpose of better presentation the effect of which is not material.

### 47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 20, 2017 by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak  
Chief Executive Officer

Jamil A. Shah  
Director





# Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

- 1 The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the board includes:

Category	Names
Executive Directors (1)	Mr. Ahmed Kuli Khan Khattak
Non-Executive Directors (7)	Mr. Raza Kuli Khan Khattak
	Lt. Gen. (Retd.) Ali Kuli Khan Khattak
	Mr. Jamil A. Shah
	Mr. Mushtaq Ahmed Khan (FCA)
	Mr. M. Saleem Baig
	Syed Haroon Rashid
	Mr. Muhammad Zia
Independent Director (1)	Mr. Polad Merwan Polad

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

- 2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 3 All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
- 4 A casual vacancy occurring on the Board was filled up by the director within 90 days as follows:

S.No.	Name of Director	Date of Resignation	Date of Appointment
1.	Mr. Behram Hasan	15-02-2017	
2.	Mr. Polad Merwan Polad		15-05-2017

- 5 The Company has prepared a code of conduct and have ensured that appropriate steps have been taken to disseminate it throughout the Company along with the supporting policies and procedures.
- 6 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7 All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors have been taken by the Board/Shareholders.
- 8 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9 All directors of the Company have more than 14 years of education and 15 years of experience on the board of directors of listed companies except one director who have already attended ICAP Directors' Training Program last year.



## Statement of Compliance with Code of Corporate Governance

- 10 The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11 The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
- 12 The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.
- 13 The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 14 The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
- 15 The board has formed an Audit Committee which comprises of four members, of whom all are non-executive directors and one member is independent director.
- 16 The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
- 17 The board has formed a Human Resource and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the committee is a non-executive director.
- 18 The Board has set up an effective Internal Audit Function.
- 19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) Guidelines on Code of Ethics as adopted by the ICAP.
- 20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21 The 'Closed Period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
- 22 Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
- 23 The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officers in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- 24 We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak  
Chief Executive Officer

Karachi  
September 20, 2017

## Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors ("the Board") of Ghandhara Nissan Limited ("the Company") for the year ended June 30, 2017 to comply with the requirements of Regulation No. 5.19 of the Listing Regulations of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

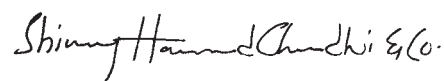
As a part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance with this requirement to the extent of the approval of the related party transactions by the Board upon the recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.



JUNAIDY SHOAIB ASAD  
CHARTERED ACCOUNTANTS  
Farrukh V. Junaidy  
Karachi; September 20, 2017



SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
Raheel Ahmed  
Karachi; September 20, 2017



## Key Operating and Financial Data

Particulars	(Rs. In '000')					
	Jun-17	Jun-16	Jun-15	Jun-14	Jun-13 (Restated)	Jun-12
<b>Sales</b>	<b>4,858,178</b>	5,005,148	5,445,392	2,619,910	1,852,238	1,388,002
Gross profit / (Loss)	930,995	1,092,201	1,131,014	471,089	225,800	130,578
Profit/(Loss) before tax	740,609	832,511	787,277	269,695	17,693	(97,683)
Profit/(Loss) after tax	409,960	546,263	508,867	173,930	10,234	(85,968)
Share Capital	450,025	450,025	450,025	450,025	450,025	450,025
Shareholders equity	1,803,568	1,601,216	1,274,111	824,400	632,844	599,018
Fixed Assets - Net	1,983,445	1,852,218	1,749,285	1,764,038	1,326,266	1,382,880
Total Assets	3,857,777	4,081,090	3,571,264	3,434,954	2,217,550	2,740,106
Unit Produced and Supplied (Contract Assembly)	4,197	2,106	1,527	1,628	1,568	1,379
Units Produced	720	804	852	384	214	236
Units Sold (CBU)	69	69	87	52	9	12
Units Sold (CKD)	702	807	856	380	226	230
Interim Dividend - Cash	-	10%				
Dividend - Cash	50%	50%	45%	20%	-	-
<b>Ratios</b>						
<b>Profitability</b>						
Gross profit margin	19.2%	21.8%	20.8%	18.0%	12.2%	9.4%
Profit/(Loss) before tax	15.2%	16.6%	14.5%	10.3%	1.0%	(7.04%)
Profit/(Loss) after tax	8.4%	10.9%	9.3%	6.6%	0.6%	(6.19%)
<b>Return to shareholders:</b>						
Return/(Loss) on Equity (BT)	41.0%	52.0%	61.8%	32.7%	2.8%	(16.31%)
Return/(Loss) on Equity (AT)	22.7%	34.1%	39.9%	21.1%	1.6%	(14.35%)
Earning/(Loss) per share (BT)-Rs.	16.45	18.50	17.49	5.99	0.39	(0.002)
Earning/(Loss) per share (AT)- Rs.	9.11	12.14	11.31	3.86	0.23	(1.91)
<b>Basic Earning Per Share</b>	<b>9.11</b>	12.14	11.31	3.86	0.23	(1.91)
<b>Activity:</b>						
Sales to total assets - Times	1.26	1.23	1.52	0.76	0.84	0.51
Sales to fixed assets -Times	2.45	2.70	3.11	1.49	1.40	1.00
<b>Liquidity:</b>						
Current ratio -Times	1.60	1.30	1.97	1.18	1.02	0.95
Break-up value per share- Rs.	62.04	58.19	51.61	41.74	29.91	36.22



## Pattern of Shareholding

As at 30th June 2017

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
1,120	1	100	65,788	0.1462
1,798	101	500	687,999	1.5288
676	501	1,000	578,531	1.2856
792	1,001	5,000	1,883,795	4.1860
124	5,001	10,000	897,439	1.9942
33	10,001	15,000	417,832	0.9285
31	15,001	20,000	562,671	1.2503
10	20,001	25,000	227,548	0.5056
9	25,001	30,000	255,040	0.5667
3	30,001	35,000	100,500	0.2233
2	35,001	40,000	75,200	0.1671
1	40,001	45,000	45,000	0.1000
4	45,001	50,000	196,000	0.4355
3	55,001	60,000	174,584	0.3879
3	60,001	65,000	183,824	0.4085
1	70,001	75,000	75,000	0.1667
1	75,001	80,000	80,000	0.1778
3	80,001	85,000	252,600	0.5613
3	85,001	90,000	267,000	0.5933
2	95,001	100,000	194,000	0.4311
1	120,001	125,000	124,300	0.2762
1	245,001	250,000	245,813	0.5462
1	250,001	255,000	251,200	0.5582
1	300,001	305,000	304,600	0.6769
1	1,205,001	1,210,000	1,205,211	2.6781
1	1,500,001	1,505,000	1,501,100	3.3356
1	2,465,001	2,470,000	2,466,400	5.4806
1	3,645,001	3,650,000	3,647,090	8.1042
1	5,115,001	5,120,000	5,119,820	11.3768
1	22,915,001	22,920,000	22,916,597	50.9230
<b>4,629</b>			<b>45,002,482</b>	<b>100.0000</b>



## Category of Shareholders

As at 30th June 2017

S.No.	Categories of Shareholders	Number of Shares held	Category wise no. of Folios/ CDC Accounts	Category wise Shares held	Percentage
1	<b>Director, CEO &amp; Children</b> Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmed Kuli Khan Khattak Mr. Mushstaq Ahmed Khan Mr. Jamil Ahmed Shah Mr. Muhammad Zia Mr. Muhammad Saleem Baig Mr. Polad Merwan Polad	62,569 60,070 69,565 3,805 1,312 512 500 12	19	198,345	0.4407
2	<b>Associated Companies</b> Bibojee Services (Pvt) Ltd. UD Truck Corporation Japan (Formerly Nissan Diesel Motor Co. Ltd. Japan)	28,046,417 3,647,090	4	31,693,507	70.4261
3	<b>NIT &amp; ICP</b> CDC - Trustee National Investment (unit) Trust Investment Corporation of Pakistan	1,205,211 5,750	2	1,210,961	2.6909
4	<b>Banks, DFI &amp; NBFIs</b> National Bank of Pakistan MCB Bank Limited - Treasury MCB Islamic Bank Limited National Bank of Pakistan Trustee Wing, Head Office Pak Brunei Investment Co. Limited	1,510 1,501,100 304,600 250 85,000	5	1,892,460	4.2052
5	<b>Insurance Companies</b> Gulf Insurance Company Limited Premier Insurance Ltd. United Insurance Co. of Pakistan Ltd. EFU Life Assurance Limited Excel Insurance Co. Ltd. Pak Qatar Family Takaful Limited The United Insurance Co. of Pakistan Ltd.	17,800 3,900 124,300 2,466,400 5,000 86,400 9,500	9	2,713,300	6.0292
6	<b>Modarabas &amp; Mutual Funds</b> Pak Qatar Individual Family Participant, Investment Fund The Pakistan Fund CDC - Trustee KSE Meezan Index Fund First Alnoor Modaraba First Equity Modaraba First UDL Modaraba	173,200 5,312 27,963 1,800 16,900 1,100	8	226,275	0.5028
7	<b>General Public (Local)</b>		4,287	5,826,390	12.9468
8	<b>General Public (Foreign)</b>		241	255,737	0.5683
9	<b>Others</b>		54	985,507	2.1899
			4,629	45,002,482	100.0000

Shareholders holding 10% or more

Voting interest in the Company

Bibojee Services (Pvt) Limited

Share held

28,046,417

Percentage

62.32

## Directors' Report on Consolidated Financial Statements

The directors are pleased to present their report together with consolidated financial statements of Ghandhara Nissan Limited (GNL) and its subsidiary Ghandhara DF (Pvt.) Limited for the year ended 30th June 2017.

The Company has annexed consolidated financial statements alongwith its standalone financial statements in accordance with the requirements of the International Financial Reporting Standard-10 (Consolidated Financial Statements).

The consolidated financial statements show turnover of Rs.6,569 million, gross profit of Rs.1,212 million and profit after tax of Rs.719 million.


### Ghandhara DF (Pvt.) Limited

Ghandhara DF (Pvt.) Limited (GDFPL) has shown a substantial improvement during the current year. The revenue has increased by 128% to Rs.1,763 million in the current year. This is a result of overwhelming efforts by GDFPL in promoting the Chinese brand nationwide. We hope that this brand will continue to prosper and give fruitful rewards to the stakeholders.

For and on behalf of the Board of Directors



Ahmed Kuli Khan Khattak  
Chief Executive Officer



Jamil A. Shah  
Director

Karachi  
Dated: September 20, 2017



## ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے بصد خوشی 30 جون 2017 کو ختم ہونے والے سال کے لیے گندھارا انسان لمیٹڈ اور اس کی ذیلی کمپنی (سبسڈری) گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے مجموعی مالی حسابات پیش کیے جا رہے ہیں۔


کمپنی کی جانب سے انٹرنیشنل فنانشل اکاؤنٹنگ اسٹینڈرڈ-10 (کنسولیدٹڈ فنانشل اسٹیٹمنٹ) کی شرائط کے مطابق مجموعی مالی حسابات اس کے انفرادی مالی حسابات کے ساتھ منسلک ہے۔


مجموعی مالی حسابات کے مطابق ٹرن اوور 6,569 ملین روپے، مجموعی منافع 1,212 ملین روپے اور بعد از ٹیکس منافع 719 ملین روپے رہا۔

### گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ

گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ نے رواں سال کے دوران نمایاں بہتری کا مظاہرہ کیا ہے، رواں سال میں آمدنی بڑھ کر 128 فی صد کے اضافے سے 1,763 ملین روپے ہو گئی، یہ اضافہ چین کے برانڈ کو قومی سطح پر فروغ دینے کے لیے جی ڈی ایف پی ایل کی انتھک کوششوں کی وجہ سے ہوا، ہمیں توقع ہے کہ مستقبل قریب میں یہ برانڈ مزید ترقی کرے گا جو حصص یافتگان کے لیے مزید منافع بخش ثابت ہوگا۔

برائے اور بورڈ آف ڈائریکٹرز کی وساطت سے

  
جلیل اے۔ شاہ  
ڈائریکٹر

  
احمد قلی خان خٹک  
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 20 ستمبر 2017





## Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Ghandhara Nissan Limited (GNL) and its subsidiary company, Ghandhara DF (Private) Limited as at June 30, 2017 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of GNL while Junaidy Shoaib Asad Chartered Accountants (JSA) have also expressed opinion on subsidiary company, whose report has been furnished to ShineWing Hameed Chaudhri & Co. Chartered Accountants (SWHCC) and their opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditor (JSA). These financial statements are the responsibility of GNL's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of GNL and its subsidiary company as at June 30, 2017 and the results of their operations for the year then ended.

*ShineWing Hameed Chaudhri & Co.*

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Raheel Ahmed  
Karachi: September 20, 2017

*Junaidy Shoaib Asad*

JUNAIDY SHOAB ASAD  
CHARTERED ACCOUNTANTS  
Engagement Partner: Farrukh V. Junaidy  
Karachi: September 20, 2017

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# Consolidated Balance Sheet

As at June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	<b>1,992,030</b>	1,862,949
Intangible assets	6	<b>258</b>	344
Long term investments	7	<b>857,012</b>	647,079
Long term loans	8	<b>9,546</b>	9,438
Long term deposits	9	<b>19,266</b>	17,487
		<b>2,878,112</b>	2,537,297
<b>Current assets</b>			
Stores, spares and loose tools	10	<b>86,474</b>	68,048
Stock-in-trade	11	<b>699,540</b>	1,249,977
Trade debts	12	<b>516,167</b>	448,895
Loans and advances	13	<b>51,235</b>	51,993
Deposits and prepayments	14	<b>31,372</b>	23,333
Other receivables	15	<b>89,761</b>	158,323
Taxation - net		<b>-</b>	132,113
Cash and bank balances	16	<b>573,693</b>	394,789
		<b>2,048,242</b>	2,527,471
Non current asset classified as held for sale	17	<b>137,909</b>	-
<b>Total assets</b>		<b>5,064,263</b>	5,064,768
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	18	<b>450,025</b>	450,025
Share premium		<b>40,000</b>	40,000
Items credit directly in equity by an Associate		<b>68,426</b>	66,516
Unappropriated profit		<b>1,818,045</b>	1,306,554
Equity attributable to shareholders of the Holding Company		<b>2,376,496</b>	1,863,095
Non-controlling interest		<b>26</b>	11
<b>Total equity</b>		<b>2,376,522</b>	1,863,106
Surplus on revaluation of fixed assets	19	<b>1,389,904</b>	1,370,097
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease	20	<b>92,194</b>	40,177
Long term deposits	21	<b>9,611</b>	8,611
Deferred liabilities	22	<b>6</b>	11
Deferred taxation	23	<b>282,843</b>	274,145
		<b>384,654</b>	322,944
<b>Current liabilities</b>			
Trade and other payables	24	<b>870,479</b>	1,494,826
Accrued mark-up		<b>347</b>	136
Running finances under mark-up arrangements	25	<b>-</b>	-
Current portion of liabilities against assets subject to finance lease	20	<b>38,313</b>	13,659
Taxation - net		<b>4,044</b>	-
		<b>913,183</b>	1,508,621
<b>Total liabilities</b>		<b>1,297,837</b>	1,831,565
<b>Contingencies and commitments</b>	26		
<b>Total equity and liabilities</b>		<b>5,064,263</b>	5,064,768

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



Ahmed Kuli Khan Khattak  
Chief Executive Officer



Jamil A. Shah  
Director



# Consolidated Profit and Loss Account

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
Revenue	27	6,568,846	5,761,498
Cost of sales	28	(5,356,508)	(4,565,798)
<b>Gross profit</b>		<b>1,212,338</b>	1,195,700
Distribution cost	29	(54,473)	(61,959)
Administrative expenses	30	(214,224)	(206,919)
Other income	31	26,567	37,827
Other expenses	32	(54,889)	(61,701)
<b>Profit from operations</b>		<b>915,319</b>	902,948
Finance cost	33	(9,620)	(19,950)
		<b>905,699</b>	882,998
Share of profit of an Associate		<b>210,870</b>	161,643
<b>Profit before taxation</b>		<b>1,116,569</b>	1,044,641
Taxation	34	(397,369)	(309,808)
<b>Profit after taxation</b>		<b>719,200</b>	734,833
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		(16,698)	(3,297)
Share of other comprehensive loss of an Associate		(86)	(77)
Impact of deferred tax		5,009	1,022
Other comprehensive loss for the year - net of tax		(11,775)	(2,352)
<b>Total comprehensive income for the year</b>		<b>707,425</b>	732,481
<b>Attributable to:</b>			
- Shareholders of the Holding Company		707,410	732,476
- Non-controlling interest		15	5
		<b>707,425</b>	732,481
<b>Earnings per share - basic and diluted</b>	35	<b>15.98</b>	16.33

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

  
Ahmed Kuli Khan Khattak  
Chief Executive Officer

  
Jamil A. Shah  
Director



# Consolidated Cash Flow Statement

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,116,569	1,044,641
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortisation	97,407	89,749
Interest income	(9,278)	(22,913)
Finance cost	6,952	13,252
Gain on disposal of property, plant and equipment	(3,692)	(1,699)
Exchange loss	-	3,854
Share of profit of an Associate	(210,870)	(161,643)
Provision for gratuity and compensated absences	8,654	20,910
Amortization of gain on sale and lease back of fixed assets	(5)	(5)
<b>Operating profit before working capital changes</b>	<b>1,005,737</b>	<b>986,146</b>
<b>(Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	(18,426)	(17,874)
Stock-in-trade	550,437	(371,009)
Trade debts	(67,272)	(72,922)
Loans and advances	758	(11,588)
Deposits and prepayments	(8,039)	18,512
Other receivables	128,162	(106,516)
Increase in trade and other payables	585,620	(561,397)
<b>Cash generated from operations</b>	<b>1,017,742</b>	<b>955,181</b>
Gratuity and compensated absences paid	(78,963)	(69,122)
Long term loans - net	(108)	(2,961)
Long term deposits - net	1,000	(1,000)
Finance cost paid	(6,741)	(24,955)
Taxes paid	(247,505)	(304,358)
<b>Net cash generated from operating activities</b>	<b>685,425</b>	<b>552,785</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(334,082)	(188,715)
Proceeds from disposal of property, plant and equipment	5,986	3,159
Intangible assets purchased	-	(342)
Interest income received	9,475	25,390
Short term investment - net	-	30,092
Long term deposits - net	(1,779)	(854)
Dividend received	51,662	23,248
<b>Net cash used in investing activities</b>	<b>(268,738)</b>	<b>(108,022)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease finances - net	(15,649)	(5,844)
Short term finances - net	-	(32,259)
Running finances - net	-	(118,802)
Dividend paid	(222,134)	(244,793)
<b>Net cash used in financing activities</b>	<b>(237,783)</b>	<b>(401,698)</b>
<b>Net increase in cash and cash equivalents</b>	<b>178,904</b>	<b>43,065</b>
Cash and cash equivalents - at beginning of the year	394,789	351,724
<b>Cash and cash equivalents - at end of the year</b>	<b>573,693</b>	<b>394,789</b>

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

Ahmed Kuli Khan Khattak  
Chief Executive Officer

Jamil A. Shah  
Director



# Consolidated Statement of Changes in Equity

For the year ended June 30, 2017

	Share capital	Share premium	Items credit directly in equity by an Associate	Unappropriated profit	Total	Non-controlling interest
----- Rupees '000 -----						
<b>Balance as at July 1, 2015</b>	450,025	40,000	64,158	790,961	1,345,144	6
<b>Transactions with owners</b>						
Final dividend for the year ended June 30, 2015 at the rate of Rs.4.50 per share	-	-	-	(202,511)	(202,511)	-
Interim dividend for the year ended June 30, 2016 at the rate of Re.1.00 per share	-	-	-	(45,003)	(45,003)	-
	-	-	-	(247,514)	(247,514)	-
<b>Total comprehensive income for the year ended June 30, 2016</b>						
Profit for the year	-	-	-	734,828	734,828	5
Other comprehensive loss	-	-	-	(2,352)	(2,352)	-
	-	-	-	732,476	732,476	5
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	-	30,631	30,631	-
Effect of item directly credited in equity by an Associated Company	-	-	2,358	-	2,358	-
<b>Balance as at June 30, 2016</b>	450,025	40,000	66,516	1,306,554	1,863,095	11
<b>Transaction with owners</b>						
Final dividend for the year ended June 30, 2016 at the rate of Rs.5.00 per share	-	-	-	(225,013)	(225,013)	-
<b>Total comprehensive income for the year ended June 30, 2016</b>						
Profit for the year	-	-	-	719,185	719,185	15
Other comprehensive loss	-	-	-	(11,775)	(11,775)	-
	-	-	-	707,410	707,410	15
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	-	29,094	29,094	-
Effect of item directly credited in equity by an Associated Company	-	-	1,910	-	1,910	-
<b>Balance as at June 30, 2017</b>	<b>450,025</b>	<b>40,000</b>	<b>68,426</b>	<b>1,818,045</b>	<b>2,376,496</b>	<b>26</b>

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

  
Ahmed Kuli Khan Khattak  
Chief Executive Officer

  
Jamil A. Shah  
Director

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 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. 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 Nissan passenger Cars, UD Trucks and Buses, import and marketing of Nissan vehicles, import and sale of Dongfeng Complete Built-up Trucks 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.

1.4 As informed by the Board of Directors in their report dated February 16, 2017 for the period ended December 31, 2016, the Group would no longer assemble commercial vehicle PKD owing to its discontinuation globally. This was a significant contributor to Group's revenue. In order to bridge the vacuum, the Group has already introduced Dongfeng heavy and light commercial vehicles wherein rapid growth in sales has been witnessed. Moreover, the Group has also obtained franchise of JAC light commercial vehicles during the current year. The Group will start assembly of these vehicles during the next financial year. It may however take some time for these trucks to fill in the gap created by cessation of PKD Trucks.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however the Securities and Exchange Commission of Pakistan (SECP) through its Circular # 17 of 2017 dated July 20, 2017, has directed that the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of consolidation

These consolidated financial statements include the financial statements of Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at June 30, 2017 and June 30, 2016.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

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 affect its variable returns from the subsidiary.

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

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

## 2.3 Transactions and non-controlling interests

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

## 2.4 Functional and presentation currency

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

## 2.5 Changes in accounting standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2016:

- a) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016. The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments.
- b) IAS 27 (Amendments), 'Separate financial statements' are applicable to accounting periods beginning on or after January 1, 2016. These provide the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

- c) Amendments to IAS 38 'Intangible assets' and IAS 16 'Property, plant and equipment' are applicable for annual periods beginning on or after January 1, 2016 introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-base methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The Group's policy is already in line with these amendments.
- d) Amendment to IAS 19 'Employee benefit' as a part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The Group's policy is already in line with this amendment.
- e) Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12, 'Disclosure of interests in other entities' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Group:

- a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Group has yet to assess the impact of these changes on its consolidated financial statements.
- b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Group yet to assess the impact of this standard on its financial statements.
- c) IFRS 16, 'Leases' is applicable on accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to 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 will not significantly change. 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. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard not likely to have material impact on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

- d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have material impact on the Group's consolidated financial statements.
- e) Annual improvements 2016 applicable for annual periods beginning on or after January 1, 2017. These amendments include changes from the 2014-2016 cycle of annual improvements project that mainly affect following standards:
  - i) Amendment to IFRS 12 'Disclosure of Interest in Other Entities', clarifies the scope of IFRS 12 i.e. the disclosure requirements for interests in other entities also applicable to interests that are classified as held for sale or distribution in accordance with IFRS 5.
  - ii) Amendment to IAS 28 'Investment in Associates and Joint Ventures' clarifies that a venture capital organisation, or other similar qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis. Further, a non-investment entity investor while applying equity method on its associate / joint venture investment may elect to retain the fair value accounting applied by its investment entity associate / joint venture to their subsidiaries. This election can be made separately for each investment entity associate or joint venture.

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

## 3. BASIS OF MEASUREMENT

- 3.1 These consolidated financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and provision for gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.
- 3.2 The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgements, 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 recognized 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 judgement was exercised in application of accounting policies are as follows:

- i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 4.1 and 4.2)
- ii) Stock-in-trade (note 4.5)
- iii) Provision for staff benefits (note 4.10)
- iv) Provision for warranty (note 4.12)
- v) Provision for taxation (note 4.14)

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 4.1 Property, plant and equipment

### 4.1.1 Operating fixed assets

#### Owned assets

Operating fixed assets except for freehold land, buildings 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 buildings 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 profit and loss account during the period in which they are incurred.

#### Depreciation

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

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

#### Disposal

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

#### 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 credited to the surplus on revaluation of fixed assets account.

#### Leased assets

Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any.

#### 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 profit and loss account 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.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 4.1.2 Capital work-in-progress

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

## 4.2 Intangible assets

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

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

### Subsequent expenditure

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

### Amortisation

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

## 4.3 Investments

### 4.3.1 Investments in Associated Company

Investment in an Associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss of the Investee after the date of acquisition.

The Group's share of post acquisition profit or loss is recognised in the profit and loss account, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an Associate equals or exceeds its interest in the Associate the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognises the amount adjacent to share of profit / loss of an Associate in the profit and loss account.

### 4.3.2 Held to maturity

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. They are included in non-current assets unless the investment matures or management intends to dispose-off it within 12 months of the end of the reporting date.

Subsequent to initial recognition held to maturity investments are carried at amortised cost using the effective interest method. Interest on held to maturity investments is calculated using the effective interest method and is recognised in the profit and loss account.

### 4.3.3 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

Subsequent to initial recognition at cost, these are re-measured at fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

#### 4.4 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 upto the reporting date.

#### 4.5 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:

##### Stock category

##### Valuation method

Complete Knock Down Kits  
 Complete Built-up Units  
 Local raw materials  
 Work-in-process and finished goods

Specific cost identification  
 Specific cost identification  
 At cost on weighted average basis.  
 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 upto the reporting date.

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

#### 4.6 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently carried at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

#### 4.7 Loans and receivables

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

#### 4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

#### 4.9 Mark-up bearing loans and borrowings

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

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 4.10 Staff benefits - The Holding Company

### 4.10.1 Defined benefit plan

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, 2017 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the balance sheet 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 balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

### 4.10.2 Defined contribution plan

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

### 4.10.3 Employees compensated absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the reporting date.

## 4.11 Trade and other payables

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

## 4.12 Warranty obligations

The Group recognises the estimated liability, on an accrual basis, to repair parts of trucks under warranty at the reporting date, and recognises the estimated product warranty costs in profit and loss account when the sale is recognised.

## 4.13 Research and development cost

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

## 4.14 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 accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of the taxable profit.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

## 4.15 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the consolidated profit and loss account for the year.

Financial instruments carried on the consolidated balance sheet includes long term loans, long term deposits, trade debts, loans & advances, short term deposits, short term investment, other receivables, cash & bank balances, liabilities against assets subject to finance lease, long term deposits, trade and other payables, accrued mark-up, short term finances and running finances. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## 4.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 counter party.

## 4.17 Provisions, contingent assets and contingent liabilities

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

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

## 4.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, sales returns, commission and discounts. Revenue from different sources is recognised on the following basis:

### Trading

- Vehicles are treated as sold when invoiced and delivered. Commission income is recognised on the basis of shipment.
- Spare part sales are recorded on the basis of dispatches made to the customers.

### Manufacturing

- Vehicles are treated as sold when invoiced and dispatched to customers.

### Other

- Return on bank deposits is accounted for on accrual basis.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 4.19 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.

## 4.20 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year end foreign exchange rates. Non monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are taken to consolidated profit and loss account currently.

## 4.21 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 and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

## 4.22 Segment reporting

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

## 4.23 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 profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

## 4.24 Dividend and appropriation to reserves

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

## 5. PROPERTY, PLANT AND EQUIPMENT

		2017	2016
	Note	----- Rupees '000 -----	
Operating fixed assets	5.1	<b>1,928,917</b>	1,857,185
Capital work-in-progress includes:			
Building		50,637	-
Plant and machinery		5,797	-
Vehicles		6,679	5,764
		<b>63,113</b>	5,764
		<b>1,992,030</b>	1,862,949





# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

5.1 Operating fixed assets

	Freehold land	Leasehold land	Buildings on freehold land	Plant and machinery	Assembly jigs	Furniture and fixtures	Vehicles		Other equipment	Office equipment	Computers	Total
							Owned	Leased				
Rupees in '000												
<b>At July 1, 2015</b>												
Revaluation / cost	498,938	15,000	675,883	611,202	60,317	3,146	69,821	63,797	9,347	6,285	11,413	2,025,149
Accumulated depreciation	-	(9,770)	(33,794)	(97,045)	(44,929)	(2,552)	(44,045)	(6,452)	(8,741)	(5,280)	(9,842)	(262,450)
<b>Net book value</b>	<b>498,938</b>	<b>5,230</b>	<b>642,089</b>	<b>514,157</b>	<b>15,388</b>	<b>594</b>	<b>25,776</b>	<b>57,345</b>	<b>606</b>	<b>1,005</b>	<b>1,571</b>	<b>1,762,699</b>
<b>Year ended June 30, 2016</b>												
Opening net book value	498,938	5,230	642,089	514,157	15,388	594	25,776	57,345	606	1,005	1,571	1,762,699
Additions	-	162,724	-	13,672	-	294	4,581	2,658	185	220	1,275	185,609
Disposals												
- cost	-	-	-	-	-	-	(4,098)	(693)	-	(177)	-	(4,968)
- accumulated depreciation	-	-	-	-	-	-	3,245	90	-	173	-	3,508
	-	-	-	-	-	-	(853)	(603)	-	(4)	-	(1,460)
Depreciation charge	-	(10,015)	(32,104)	(28,303)	(759)	(78)	(5,276)	(11,736)	(239)	(398)	(755)	(89,663)
<b>Closing net book value</b>	<b>498,938</b>	<b>157,939</b>	<b>609,985</b>	<b>499,526</b>	<b>14,629</b>	<b>810</b>	<b>24,228</b>	<b>47,664</b>	<b>552</b>	<b>823</b>	<b>2,091</b>	<b>1,857,185</b>
<b>At June 30, 2016</b>												
Revaluation / cost	498,938	177,724	675,883	624,874	60,317	3,440	70,304	65,762	9,532	6,328	12,688	2,205,790
Accumulated depreciation	-	(19,785)	(65,898)	(125,348)	(45,688)	(2,630)	(46,076)	(18,098)	(8,980)	(5,505)	(10,597)	(348,605)
<b>Net book value</b>	<b>498,938</b>	<b>157,939</b>	<b>609,985</b>	<b>499,526</b>	<b>14,629</b>	<b>810</b>	<b>24,228</b>	<b>47,664</b>	<b>552</b>	<b>823</b>	<b>2,091</b>	<b>1,857,185</b>
<b>Year ended June 30, 2017</b>												
Opening net book value	498,938	157,939	609,985	499,526	14,629	810	24,228	47,664	552	823	2,091	1,857,185
Additions	-	207,980	-	39,442	-	14,710	4,300	32,523	6,188	3,042	1,071	309,256
Disposals												
- cost	-	-	-	-	-	-	(9,613)	-	-	-	(56)	(9,669)
- accumulated depreciation	-	-	-	-	-	-	7,348	-	-	-	27	7,375
	-	-	-	-	-	-	(2,265)	-	-	-	(29)	(2,294)
Assets classified as held for sale												
- cost	-	(162,724)	-	-	-	-	-	-	-	-	-	(162,724)
- accumulated depreciation	-	24,815	-	-	-	-	-	-	-	-	-	24,815
	-	(137,909)	-	-	-	-	-	-	-	-	-	(137,909)
Depreciation charge	-	(17,527)	(30,499)	(27,997)	(607)	(204)	(5,213)	(13,610)	(353)	(498)	(813)	(97,321)
<b>Closing net book value</b>	<b>498,938</b>	<b>210,483</b>	<b>579,486</b>	<b>510,971</b>	<b>14,022</b>	<b>15,316</b>	<b>21,050</b>	<b>66,577</b>	<b>6,387</b>	<b>3,367</b>	<b>2,320</b>	<b>1,928,917</b>
<b>At June 30, 2017</b>												
Revaluation / cost	498,938	222,980	675,883	664,316	60,317	18,150	64,991	98,285	15,720	9,370	13,703	2,342,653
Accumulated depreciation	-	(12,497)	(96,397)	(153,345)	(46,295)	(2,834)	(43,941)	(31,708)	(9,333)	(6,003)	(11,383)	(413,736)
<b>Net book value</b>	<b>498,938</b>	<b>210,483</b>	<b>579,486</b>	<b>510,971</b>	<b>14,022</b>	<b>15,316</b>	<b>21,050</b>	<b>66,577</b>	<b>6,387</b>	<b>3,367</b>	<b>2,320</b>	<b>1,928,917</b>
Depreciation rate (% per annum)		10	5	5 - 20	20	10	20	20	33	33	33	



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

- 5.2 Freehold land, buildings on freehold land and plant & machinery of the Holding Company had previously been revalued on June 30, 1997, June 30, 1999, January 1, 2004 and June 30, 2009.

The Holding Company as on June 30, 2014 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Harvester Services (Pvt.) Ltd., (Approved valuers of Pakistan Banks' Association and Leasing Association of Pakistan) I. I. Chundrigar Road, Karachi. 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).

The different levels have been defined in IFRS 13 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 (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future (level 3).

The appraisal surplus arisen on latest revaluation exercise aggregating Rs.468.345 million has been incorporated in the books in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

- 5.3 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:

		2017	2016
	Note	----- Rupees '000 -----	
Freehold land		61,456	61,456
Buildings on freehold land		109,472	115,234
Plant and machinery		177,736	156,404
Assembly Jigs		2,262	2,828
<b>5.4 Depreciation charge has been allocated as follows:</b>			
Cost of goods manufactured	28.1	81,711	76,076
Administrative expenses	30	15,610	13,587
		97,321	89,663



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

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

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
----- Rupees in '000 -----							
<b>Items having book value exceeding Rs.50,000 each</b>							
<b>Vehicles</b>							
Nissan Sunny	1,170	922	248	765	517	Negotiation	Mr. Muhammad Anwar, House no. 280, Kalapul, Karachi.
Nissan Sunny	1,470	1,158	312	650	338	Company Policy	Mr. S. Farrukh Ijaz - Employee
Honda City	845	793	52	641	589	Negotiation	Mrs. Azra Noman Alvi, House # R-158 Sector 14, Shadman Town, North Karachi.
Nissan Sunny	949	851	98	636	538	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Nissan Sunny	1,025	891	134	711	577	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Suzuki Alto	513	444	69	381	312	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Chevrolet Joy	539	471	68	241	173	Negotiation	Mr. Syed Muhammad Taufique, Faiyaz Plaza, F.B. Area, Karachi.
Honda City	1,814	682	1,132	1,380	248	Company Policy	Mr. Muhammad Saleem Baig - Key Management Personal.
Nissan Tiida	1,249	1,106	143	510	367	Company Policy	Mr. Muhammad Saleem Baig - Key Management Personal.
	<b>9,574</b>	<b>7,318</b>	<b>2,256</b>	<b>5,915</b>	<b>3,659</b>		
<b>Items having book value upto Rs.50,000 each</b>							
	95	57	38	71	33		
<b>June 30, 2017</b>	<b>9,669</b>	<b>7,375</b>	<b>2,294</b>	<b>5,986</b>	<b>3,692</b>		
June 30, 2016	4,968	3,508	1,460	3,159	1,699		

5.6 The Holding Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged upto Rs.1,647 million (2016: Rs.1,647 million) with banks for short term finance facilities.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 6. INTANGIBLE ASSETS

		2017	2016
	Note	----- Rupees '000 -----	
These represent computer software licenses.			
<b>Cost</b>			
At beginning of the year		842	500
Add: charge for the year		-	342
At end of the year		842	842
<b>Accumulated amortisation</b>			
At beginning of the year		498	412
Add: charge for the year	30	86	86
At end of the year		584	498
<b>Net book value</b>		<b>258</b>	<b>344</b>
<b>Rate of amortisation</b> (% - per annum)		<b>25</b>	<b>25</b>
<b>7. LONG TERM INVESTMENTS</b>			
Associate - equity accounted investment	7.1	857,012	647,079
Others - available for sale	7.2	-	-
		<b>857,012</b>	<b>647,079</b>
<b>7.1 Associated Company - equity accounted investment</b>			
<b>Ghandhara Industries Limited</b>			
Balance at beginning of the year		647,079	508,761
Share of profit / OCI for the year		210,784	161,566
Share of revaluation during the year		50,811	-
Dividend received		(51,662)	(23,248)
Balance at end of the year		<b>857,012</b>	<b>647,079</b>

7.1.1 Investment in Ghandhara Industries Limited (GIL) represents 5,166,168 (2016: 5,166,168) fully paid ordinary shares of Rs.10 each representing 24.25% (2016: 24.25%) of its issued, subscribed and paid-up capital as at June 30, 2017. 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.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

7.1.2 The summary of financial information / reconciliation of GIL as of March 31, 2017 is as follows:

	Note	As at March 31, 2017	As at March 31, 2016
		----- Rupees '000 -----	
<b>Summarised Balance Sheet</b>			
Non current assets		2,054,638	1,818,835
Current assets		6,224,700	2,337,319
		<u>8,279,338</u>	<u>4,156,154</u>
Non current liabilities		128,875	92,021
Current liabilities		4,627,242	1,406,609
	32	<u>4,756,117</u>	<u>1,498,630</u>
<b>Net asset</b>		<u>3,523,221</u>	<u>2,657,524</u>
<b>Reconciliation to carrying amount</b>			
Opening net assets		2,657,524	2,087,144
Profit for the year		869,566	660,865
Other comprehensive loss		(354)	(318)
Revaluation during the year - net		209,529	-
Other adjustment		-	5,703
Dividend paid		(213,044)	(95,870)
Closing net assets		<u>3,523,221</u>	<u>2,657,524</u>
Company's share (Percentage)		24.25%	24.25%
Company's share		854,381	644,450
Goodwill and other adjustment		2,631	2,629
Carrying amount of investment		<u>857,012</u>	<u>647,079</u>
Nine months period ended			
		March 31, 2017	March 31, 2016
		----- Rupees '000 -----	
<b>Summarised Profit and Loss Account</b>			
Revenue		6,235,963	3,503,692
Profit before tax		902,247	735,478
Profit after tax		<u>627,713</u>	<u>504,007</u>

7.1.3 The above figures are based on unaudited condensed interim financial information of GIL as at March 31, 2017. The latest financial statements of GIL as at June 30, 2017 are not presently available. Accordingly, results of operations of first three quarters of financial year 2017 and last quarter of financial year 2016 have been considered.

7.1.4 The market value of investment as at June 30, 2017 was Rs.3,358.577 million (2016: Rs.2,096.896 million).

	2017	2016
	----- Rupees '000 -----	
<b>7.2 Others - available for sale</b>		
<b>Automotive Testing &amp; Training Centre (Private) Limited</b>		
187,500 (2016: 187,500) ordinary shares of Rs.10 each - cost	1,875	1,875
Provision for impairment	(1,875)	(1,875)
	<u>-</u>	<u>-</u>



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>8. LONG TERM LOANS - Unsecured, considered good and interest free</b>			
Loans to employees			
- executives	8.1 & 8.2	7,286	6,180
- other employees	8.1	6,787	6,108
		<u>14,073</u>	<u>12,288</u>
Less: amounts recoverable within one year and grouped under current assets			
- executives		2,351	1,387
- other employees		2,176	1,463
		<u>4,527</u>	<u>2,850</u>
		<u>9,546</u>	<u>9,438</u>

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

	2017	2016
	----- Rupees '000 -----	
<b>8.2 Reconciliation of carrying amount of loans to executives</b>		
Balance at beginning of the year	6,180	-
Disbursements during the year	3,677	7,286
	<u>9,857</u>	<u>7,286</u>
Repayments during the year	(2,571)	(1,106)
Balance at end of the year	<u>7,286</u>	<u>6,180</u>

8.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2017 from executives aggregated to Rs.9.613 million (2016: Rs.6.306).

	2017	2016
	----- Rupees '000 -----	
<b>9. LONG TERM DEPOSITS - Unsecured, considered good and interest free</b>		
Deposits held with / against:		
Central Depository Company of Pakistan Limited	25	25
Lease facilities		
- shariah compliant	12,444	9,094
- conventional	468	2,094
	<u>12,912</u>	<u>11,188</u>
Utilities	6,219	6,174
Others	110	100
	<u>19,266</u>	<u>17,487</u>



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>10. STORES, SPARES AND LOOSE TOOLS</b>		
Stores	86,288	67,862
Spares and loose tools	186	186
	<u>86,474</u>	<u>68,048</u>
<b>11. STOCK-IN-TRADE</b>		
<b>Raw materials</b>		
- In hand	213,793	824,944
- provision for obsolete / slow moving stock	(15,000)	(15,000)
	198,793	809,944
- In transit	123,934	274,220
	<u>322,727</u>	<u>1,084,164</u>
<b>Finished goods</b>		
In hand		
Trucks and cars	260,555	110,772
Spare parts	57,202	31,485
<b>Held with third parties</b>		
CBU - trucks	771	23,556
<b>In transit</b>		
CBU - trucks	58,285	-
	<u>376,813</u>	<u>165,813</u>
	<u>699,540</u>	<u>1,249,977</u>

- 11.1 The present and future stock-in-trade, trade debts and receivables aggregating Rs.3,114.7 million (2016: Rs.1,715 million) of the Holding Company are under pledge / joint hypothecation charge with banks against short term finances and running finances.

	2017	2016
	----- Rupees '000 -----	
<b>12. TRADE DEBTS - Unsecured considered good</b>		
Vehicles and assembly charges	513,805	443,460
Spare parts	2,362	5,435
	<u>516,167</u>	<u>448,895</u>

Note

12.1



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
		----- Rupees '000 -----	
<b>12.1</b>	<b>Trade debts include the following amounts due from related parties:</b>		
	Ghandhara Industries Limited	<u>28,578</u>	<u>39,922</u>
<b>12.2</b>	<b>The ageing of the trade debts receivable from related party as at the reporting date are as follows:</b>		
		2017	2016
		----- Rupees '000 -----	
	Note		
Up to 3 months		<u>28,578</u>	<u>39,922</u>
<b>13.</b>	<b>LOANS AND ADVANCES - Unsecured, considered good and interest free</b>		
	Current portion of long term loans	8 <u>4,527</u>	2,850
	Loans to:		
	- executives	13.1 & 13.2 <u>541</u>	<u>100</u>
	- other employees	13.1 <u>366</u>	<u>693</u>
		<u>907</u>	<u>793</u>
	Advances to:		
	- executives	<u>2,003</u>	<u>215</u>
	- other employees	<u>1,262</u>	<u>909</u>
	- suppliers, contractors and others	13.4 <u>41,703</u>	<u>38,929</u>
		<u>44,968</u>	<u>40,053</u>
	Letters of credit	<u>833</u>	<u>8,297</u>
		<u>51,235</u>	<u>51,993</u>
<b>13.1</b>	<b>These represent interest free general loans and special loans provided to employees in accordance with Group's policy and have maturities upto twelve months.</b>		
		2017	2016
		----- Rupees '000 -----	
<b>13.2</b>	<b>Reconciliation of carrying amount of loans to executives</b>		
	Balance at beginning of the year	<u>100</u>	890
	Disbursements	<u>950</u>	<u>175</u>
		<u>1,050</u>	<u>1,065</u>
	Repayments	<u>(509)</u>	<u>(965)</u>
	Balance at end of the year	<u>541</u>	<u>100</u>





# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

- 13.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2017 from executives aggregated to Rs.0.817 million (2016: Rs.0.830 million).
- 13.4 Includes Rs.0.221 million (2016: Rs.0.220 million) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

	2017	2016
Note	----- Rupees '000 -----	
<b>14. DEPOSITS AND PREPAYMENTS</b>		
Deposits - considered good and interest free	4,241	7,155
Prepaid		
- rent [Bibojee Services (Private) Limited - the ultimate Holding Company]	708	-
- others	5,733	5,589
	6,441	5,589
Current account balances with statutory authorities	20,690	10,589
	31,372	23,333
<b>15. OTHER RECEIVABLES</b>		
Considered good and interest free		
Sales tax refundable / adjustable	-	121,395
Bank guarantee margin	7,574	7,574
Letters of credit margin	19,002	23,667
Security deposits and earnest money - interest free	5,857	4,955
Accrued interest	141	338
Others	57,187	394
	89,761	158,323
<b>16. CASH AND BANK BALANCES</b>		
Cash in hand	1	1
Cash at banks on:		
- current accounts	262,087	227,783
- deposit accounts	10,517	9,917
- term deposits receipts	305,000	161,000
	577,604	398,700
Provision for doubtful bank balance	(3,912)	(3,912)
	573,692	394,788
	573,693	394,789



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

- 16.1 These, during the year, carry mark-up upto 5.50% (2016: 5.50%) per annum.
- 16.2 Term deposit receipts (TDRs) have maturity days ranging from seven to one hundred eighty two days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 5.50% to 6.00% (2016: 4.30% to 5.60%) per annum.
- 16.3 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 million deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Group considers that it has discharged its obligation against the said letters of credit.
- 16.4 The Group has banking relationships with banks having conventional banking system except an account maintained under shariah compliant banking system.
17. The Holding Company during the current year decided to disposed off one of its lease hold land having net book value Rs.137.909 million. The management has find a prospective buyer and anticipates that this transaction will take place in the month of July 2017.

	2017	2016
	----- Rupees '000 -----	
<b>18. SHARE CAPITAL</b>		
<b>18.1 Authorized capital</b>		
80,000,000 (2016: 80,000,000) ordinary shares of Rs.10 each	<u>800,000</u>	<u>800,000</u>
<b>18.2 Issued, subscribed and paid-up capital</b>		
	2017	2016
	----- No. of shares -----	
	14,800,000	14,800,000
	200,000	200,000
	30,002,500	30,002,500
	<u>45,002,500</u>	<u>45,002,500</u>
	148,000	148,000
	2,000	2,000
	300,025	300,025
	<u>450,025</u>	<u>450,025</u>

- 18.3 At June 30, 2017 and June 30, 2016 Bibojee Services (Private) Limited (the Ultimate Holding Company) and UD Trucks Corporation, Japan, a related party, respectively held 28,046,417 and 3,647,090 ordinary shares.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>19. SURPLUS ON REVALUATION OF FIXED ASSETS - Net</b>			
Surplus on revaluation of the Holding Company's fixed assets	19.1	988,570	1,017,664
Share of surplus on revaluation of fixed assets of an Associated Company		401,334	352,433
		1,389,904	1,370,097
<b>19.1 Surplus on revaluation of the Holding Company's fixed assets</b>			
Balance at beginning of the year		1,268,109	1,311,867
Transferred to unappropriated profit on account of incremental depreciation for the year		(41,563)	(43,758)
		1,226,546	1,268,109
Less: related deferred tax of:			
- opening balance		250,445	263,572
- incremental depreciation for the year		(12,469)	(13,127)
- closing balance		237,976	250,445
Balance at end of the year		988,570	1,017,664
<b>20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured</b>			
Balance at beginning of the year		53,836	57,022
Assets acquired during the year		93,299	8,358
Repaid / adjusted during the year		(16,628)	(11,544)
		130,507	53,836
Current portion grouped under current liabilities		(38,313)	(13,659)
Balance at end of the year		92,194	40,177

20.1 These represent vehicles acquired under finance lease / diminishing musharakah arrangements from various financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 7.93% to 17.50% (2016: 8.36% 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	2017			2016		
	Upto one year	From one to five years		Upto one year	From one to five years	
	----- Rupees in '000 -----					
Minimum lease payments	47,720	96,927	144,647	17,600	44,304	61,904
Finance cost allocated to future periods	(9,407)	(4,733)	(14,140)	(3,941)	(4,127)	(8,068)
Present value of minimum lease payments	38,313	92,194	130,507	13,659	40,177	53,836

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>21. LONG TERM DEPOSITS - Interest free</b>			
Dealers' deposit	21.1	8,000	8,000
Vendors		111	111
Others		1,500	500
		9,611	8,611

21.1 These deposits are interest free and are not refundable during subsistence of dealership.

## 22. DEFERRED GAIN ON SALE AND LEASE BACK TRANSACTION

The Holding Company has entered into a sale and lease back transaction during the year which results in finance lease. The excess of sale proceeds over the net book value of vehicle under sale and lease back arrangement has been recognised as deferred income and is amortized over the period of lease term.

		2017	2016
	Note	----- Rupees '000 -----	
<b>23. DEFERRED TAXATION - Net</b>			
The liability for deferred taxation comprises of temporary differences relating to:			
- accelerated tax depreciation allowance		55,309	51,058
- surplus on revaluation of fixed assets		237,976	250,445
- lease finances		325	(142)
- provision for gratuity		(4,028)	(20,447)
- provision for warranty claims		(1,065)	(946)
- provision for obsolete / slow moving stock		(4,500)	(4,650)
- provision for bank balances		(1,174)	(1,174)
		282,843	274,145

## 24. TRADE AND OTHER PAYABLES

Trade creditors		106,560	163,078
Bills payable		220,742	313,752
Accrued liabilities	24.1	198,751	142,381
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	24.2	90,145	604,066
Commission		22,826	17,869
Unclaimed gratuity		231	231
Dealers' deposits against vehicles - interest free		26,900	53,900
Due to related parties	24.3	18,428	31,705
Payable to gratuity fund	24.4	13,427	67,038
Withholding tax		2,694	4,270
Sales tax payable - net		10,493	-
Workers' profit participation fund	24.5	4,775	44,711
Workers' welfare fund		15,114	16,990
Retention money		718	240
Unclaimed dividend		7,732	4,853
Advance against immoveable property		88,238	-
Warranty claims		3,550	8,051
Others	23.5 & 23.6	37,752	20,288
		870,479	1,494,826



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

- 24.1 Includes Rs.20.878 million (2016: Rs.27.90 million) which pertains to a key management person.
- 24.2 These represent advances from customers against sale of trucks and carry no mark-up.

	2017	2016
	----- Rupees '000 -----	
<b>24.3 Due to related parties</b>		
Bibojee Services (Private) Limited	-	7,921
UD Trucks Corporation - Japan	7,203	13,899
The General Tyre and Rubber Company of Pakistan Limited	1,340	-
Waqf-e-Kuli Khan	9,885	9,885
	<b>18,428</b>	31,705

#### 24.4 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 Ordinance, 1984, 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 Holding Company.

The latest actuarial valuation of the Scheme as at June 30, 2017 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

	2017	2016
	----- Rupees '000 -----	
<b>24.4.1 Balance sheet reconciliation</b>		
Present value of defined benefit obligation	106,433	95,390
Fair value of plan assets	(97,745)	(30,000)
Benefits payable	4,739	1,648
Net liability at end of the year	<b>13,427</b>	67,038
<b>24.4.2 Net liability recognised</b>		
Net liability at beginning of the year	67,038	83,370
Charge to profit and loss account	8,654	13,215
Contributions made by the Company	(78,963)	(30,000)
Re-measurement recognised in other comprehensive income	16,698	3,297
Benefits paid during the year	-	(2,844)
	<b>13,427</b>	67,038



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>24.4.3 Movement in the present value of defined benefit obligation</b>		
Balance at beginning of the year	95,390	80,791
Current service cost	6,646	5,431
Interest expense	6,964	7,784
Benefits paid	(7,981)	(1,328)
Benefits due but not paid	(3,091)	(585)
Re-measurement	8,505	3,297
Balance at end of the year	<u>106,433</u>	<u>95,390</u>
<b>24.4.4 Movement in the fair value of plan assets</b>		
Balance at beginning of the year	30,000	-
Contribution received during the year	78,963	30,000
Interest income	4,956	-
Benefits paid	(7,981)	-
Re-measurement	(8,193)	-
	<u>97,745</u>	<u>30,000</u>
<b>24.4.5 Expense recognised in profit and loss account</b>		
Current service cost	6,646	5,431
Net interest expense	2,008	7,784
	<u>8,654</u>	<u>13,215</u>
<b>24.4.6 Re-measurement recognised in other comprehensive income</b>		
Financial assumptions	179	-
Experience adjustments	8,326	3,297
Loss on remeasurement of plan assets	8,193	-
	<u>16,698</u>	<u>3,297</u>
<b>24.4.7 Plan assets comprise of:</b>		
Fixed income instruments	30,153	-
Mutual fund securities	33,643	-
Cash at bank	33,949	30,000
	<u>97,745</u>	<u>30,000</u>
	2017	2016
	----- % per annum -----	
<b>24.4.8 Significant actuarial assumptions and sensitivity</b>		
Discount rate	7.75	7.75
Expected rate of return on plan assets	7.75	7.75
Expected rate of increase in future salaries	9.25	7.75
Mortality rates (for death in service)	SLIC 2001-2005	SLIC 2001-2005

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

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

	Impact on define benefit obligation		
	Change in assumption	Increase in assumption --- Rupees in '000 ---	Decrease in assumption
Discount rate	1.00%	<u>95,984</u>	<u>116,952</u>
Increase in future salaries	1.00%	<u>116,968</u>	<u>95,792</u>

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 balance sheet.

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

24.4.9 Based on actuary's advice, the expected charge to profit and loss account for the year ending June 30, 2018 amounts to Rs.7.873 million.

24.4.10 The weighted average duration of the scheme is 10 years.

#### 24.4.11 Historical information

	2017	2016	2015	2014	2013
	----- Rupees in '000 -----				
Present value of defined benefit obligation	<u>106,433</u>	<u>95,390</u>	<u>80,791</u>	<u>70,356</u>	<u>60,895</u>
Experience adjustment	<u>16,698</u>	<u>3,297</u>	<u>2,061</u>	<u>3,636</u>	<u>4,972</u>

#### 24.4.12 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 till years	Total
	----- Rupees in '000 -----				
At June 30, 2017	<u>15,542</u>	<u>4,360</u>	<u>16,010</u>	<u>62,870</u>	<u>98,782</u>

#### 24.5 Workers' profit participation fund

	Note	2017	2016
		----- Rupees '000 -----	
Balance at beginning of the year		<u>44,711</u>	42,281
Allocation for the year	32	<u>39,775</u>	44,711
Interest on funds utilised in the Holding Company's business	33	<u>168</u>	4,418
		<u>84,654</u>	91,410
Payment made during the year		<u>(79,879)</u>	(46,699)
Balance at end of the year		<u>4,775</u>	<u>44,711</u>



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

- 24.6 Includes Rs.Nil million (2016: Rs.1.479 million) which pertain to a key management person.
- 24.7 Includes deposits and instalments under the Holding Company's staff vehicle policy aggregating Rs.9.664 million (2016: Rs.7.196 million).
25. Running finance and short term facilities available from commercial banks under mark-up arrangements aggregate to Rs.625 million (2016: Rs.375 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Holding Company. These, during the current financial year, carry mark-up at the rates ranging from 7.54% to 7.65% (2016: 7.95% to 8.51%) per annum. The arrangements are expiring on October 31, 2017.
- 25.1 The facilities for opening letters of credit as at June 30, 2017 aggregate to Rs.3,525 million (2016: Rs.2,350 million) of which the amount remained unutilised at the year-end was Rs.3,010.10 million (2016: Rs.840.530 million). Further, the Holding Company also has Finance against Import Merchandise (FIM) facilities aggregating Rs.2,525 million (2016: Rs.2,150 million) as main limits and sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.310 million (2016: Rs.310 million) 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.
- 25.2 Facilities aggregated Rs.2,125 million (2016: Rs.1,250 million) out of the abovementioned facilities are also available at Group level.

## 26. CONTINGENCIES AND COMMITMENTS

- 26.1 Certain cases have been filed against the Holding Company in respect of employees matters. These cases are pending before National Industrial Relations Commission, Karachi. The management is confident that the outcome of these cases will be in the Holding Company's favour.
- 26.2 Commitment in respect of irrevocable letters of credit as at June 30, 2017 aggregate to Rs.294.243 million (2016: Rs.1,509.470 million).
- 26.3 Guarantees aggregating Rs.15.787 million (2016: Rs.11.022 million) are issued by banks of the Holding Company to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.259.443 million (2016: Rs.1,441 million) to the commercial banks against letters of credit facilities utilised by the Subsidiary Company.

## 27. REVENUE - Net

### Manufacturing activity

Local sales

Less:

- sales tax
- commission

### Trading activity

Local sales

Export sales

Less:

- sales tax
- discount and commission

	2017	2016
	----- Rupees '000 -----	
<b>Manufacturing activity</b>		
Local sales	7,359,864	6,348,257
Less:		
- sales tax	1,081,300	924,902
- commission	85,223	88,025
	1,166,523	1,012,927
	6,193,341	5,335,330
<b>Trading activity</b>		
Local sales	440,694	504,073
Export sales	1,483	2,179
	442,177	506,252
Less:		
- sales tax	65,222	73,607
- discount and commission	1,450	6,477
	66,672	80,084
	375,505	426,168
	6,568,846	5,761,498





# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>28. COST OF SALES</b>			
Finished goods at beginning of the year		<b>165,813</b>	143,314
Cost of goods manufactured	28.1	<b>5,108,503</b>	4,269,368
Purchases - trading goods		<b>400,720</b>	318,929
		<b>5,509,223</b>	4,588,297
Finished goods at end of the year	11	<b>(318,528)</b>	(165,813)
		<b>5,356,508</b>	4,565,798
<b>28.1 Cost of goods manufactured</b>			
Raw materials and parts consumed	28.2	<b>4,472,159</b>	3,736,073
Fabrication of contract vehicles		<b>11,164</b>	2,376
Stores and spares consumed		<b>100,108</b>	50,943
Salaries, wages and benefits	28.3	<b>271,258</b>	195,911
Transportation		<b>13,665</b>	8,039
Repair and maintenance		<b>56,493</b>	44,877
Depreciation	5.4	<b>81,711</b>	76,076
Material handling		<b>6,476</b>	11,829
Insurance		<b>7,123</b>	3,649
Communication		<b>641</b>	539
Rent, rates and taxes		<b>7,088</b>	33,433
Travelling and entertainment		<b>1,527</b>	2,635
Power generation costs		<b>56,131</b>	49,208
Printing, stationery and office supplies		<b>2,028</b>	1,226
Royalty expense		<b>12,738</b>	37,837
Product upgradation charges		<b>-</b>	6,900
Plant security		<b>6,079</b>	4,921
Other manufacturing expenses		<b>2,114</b>	2,896
		<b>5,108,503</b>	4,269,368
<b>28.2 Raw materials and parts consumed</b>			
Stocks at beginning of the year		<b>809,944</b>	364,145
Purchases		<b>3,861,008</b>	4,181,872
		<b>4,670,952</b>	4,546,017
Stocks at end of the year		<b>(198,793)</b>	(809,944)
		<b>4,472,159</b>	3,736,073

28.3 Salaries, wages and benefits include Rs.4.139 million (2016: Rs.3.866 million) and Rs.3.525 million (2016: Rs.2.810 million) in respect of staff retirement gratuity and staff provident fund respectively.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>29. DISTRIBUTION COST</b>			
Salaries and benefits	29.1	26,640	29,410
Utilities		306	345
Rent of showroom		7,500	12,000
Insurance		204	9
Repair and maintenance		11	363
Travelling and entertainment		6,887	9,012
Telephone and postage		163	142
Vehicle running		236	291
Printing, stationery and office supplies		435	69
Security		893	915
Warranty services		3,105	4,004
Godown and forwarding		2,454	1,172
Sales promotion expenses		5,217	4,005
Others		422	222
		54,473	61,959

29.1 Salaries and benefits include Rs.1.087 million (2016: Rs.0.209 million) and Rs.1.079 million (2016: Rs.1.018 million) in respect of staff retirement gratuity and staff provident fund respectively.

		2017	2016
	Note	----- Rupees '000 -----	
<b>30. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	30.1	127,675	127,659
Utilities		2,884	5,338
Rent, rates and taxes		16,463	10,138
Directors' fee		1,257	1,236
Insurance		3,036	2,571
Repairs and maintenance		7,776	3,089
Depreciation and amortisation	5.4 & 6	15,696	13,673
Auditors' remuneration	30.2	1,500	1,280
Advertising		2,917	1,887
Travelling and conveyance		8,599	12,738
Legal and professional charges		4,013	3,636
Vehicle running		2,488	4,167
Telephone and postage		3,843	4,575
Printing and stationery		5,166	5,253
Subscription		1,991	2,266
Security expenses		5,119	3,575
Donation	30.3	725	535
Others		3,076	3,303
		214,224	206,919

30.1 Salaries and benefits include Rs.3.428 million (2016: Rs.9.140 million) and Rs.2.767 million (2016: Rs.2.624 million) in respect of staff retirement gratuity and staff provident fund respectively.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>30.2 Auditors' remuneration</b>		
Audit fee		
ShineWing Hameed Chaudhri & Co.	500	500
Muniff Ziauddin & Co.	-	500
Junaidy Shoaib Asad	1,000	280
	1,500	1,280

30.3 None of the directors or their spouses had any interest in the donees.

	2017	2016
	----- Rupees '000 -----	
<b>31. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Interest / mark-up earned on:		
- deposit accounts	1,890	836
- term deposit receipts	7,388	22,077
	9,278	22,913
<b>Income from non-financial assets</b>		
Scrap sales - net of sales tax	5,296	3,815
Gain on disposal of operating fixed assets	3,692	1,699
Amortization of gain on sale and lease back of fixed assets	5	5
Commission income	5,198	8,540
Exchange gain	1,015	-
Others	2,083	855
	17,289	14,914
	26,567	37,827

31.1 Interest at the rates ranged from 4.10% to 6.00% (2016: 4.00% to 7.40%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.

31.2 This represents exchange loss / gain - net arising on revaluation of actual currency financial assets and financial liabilities.

31.3 This represents interest free income from various sources.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>32. OTHER EXPENSES</b>			
Workers' profit participation fund	24.5	39,775	44,711
Workers' welfare fund		15,114	16,990
		54,889	61,701
<b>33. FINANCE COST</b>			
Mark-up on:			
- short term finances		-	1,250
- running finances		1,124	2,864
Lease finance charges		5,660	4,720
Exchange loss - net		-	3,854
Interest on workers' profit participation fund	24.5	168	4,418
Bank and other charges		2,668	2,844
		9,620	19,950
<b>34. TAXATION</b>			
Current			
- for the year		294,243	303,903
- prior year		89,419	-
		383,662	303,903
Deferred			
- origination and reversal of temporary differences		13,191	5,206
- impact of change in tax rate		516	699
		13,707	5,905
		397,369	309,808
<b>34.1 Relationship between income tax expense and accounting profit</b>			
Net profit before taxation		1,116,569	1,044,641
Tax at the applicable income tax rate of 31% (2016: 32%)		346,136	334,285
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit and loss account		50,471	44,239
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit and loss account		(42,861)	(38,869)
Tax effect of share of profit of an Associate		(65,370)	(51,726)
Effect of tax credits		(3,944)	(1,367)
Tax effect of income subject to final tax regime		(11,645)	(7,412)
Adjustments for current tax of prior years		89,419	-
Super tax		21,429	24,753
Deferred taxation		13,707	5,905
		397,342	309,808
<b>34.2</b>			

Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

The Board of Directors in their meeting held on September 20, 2017 has distributed sufficient cash dividend for the year ended June 30, 2017 (refer note 44) which complies with the above-stated requirements. Accordingly, no provision for tax on profits has been recognised in these financial statements for the year ended June 30, 2017.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>35. EARNINGS PER SHARE</b>		
<b>35.1 Basic earnings per share</b>		
Net profit for the year	<u>719,185</u>	<u>734,828</u>
	----- Number of shares -----	
Weighted average ordinary shares in issue	<u>45,002,500</u>	<u>45,002,500</u>
	----- Rupees -----	
Earnings per share	<u>15.98</u>	<u>16.33</u>

## 35.2 Diluted earnings per share

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

## 36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017			2016		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	2,525	67,351	12,979	5,444	61,913
Bonus	2,550	615	8,437	-	-	5,876
Contribution to provident fund	850	103	2,945	587	75	2,587
Gratuity	850	103	2,321	425	75	1,897
Utilities	1,020	-	3,141	-	-	2,718
Passage / privilege leave	-	182	2,228	-	-	3,074
	<u>21,050</u>	<u>3,528</u>	<u>86,423</u>	<u>13,991</u>	<u>5,594</u>	<u>78,065</u>
Number of persons	<u>1</u>	<u>1</u>	<u>35</u>	<u>1</u>	<u>2</u>	<u>33</u>

36.1 No remuneration has been paid or is payable by the Subsidiary Company on account of remuneration of Chief Executive and Executives for the year.

36.2 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 the Holding Company policy applicable to all management employees.

36.3 Director and certain Executives of the Holding Company are also provided with free use of the Company maintained vehicles.

36.4 Aggregate amount charged in the consolidated financial statements for meeting fee to Directors of the Holding Company and Subsidiary Company was Rs.1.236 million (2016: Rs.1.236 million).

## 37. 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 plan, key management personnel and close members of the families of the directors & key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

Name	Nature of transaction	2017 --- Rupees in '000 ---	2016
<b>(i) Ultimate Holding Company</b>			
Bibojee Services (Private) Limited	Rent	13,740	17,520
	Dividend	140,232	154,255
<b>(ii) Associated Companies</b>			
Janana De Malucho Textile Mills Limited	Expense reimbursement	1,276	-
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres, tubes and flaps	57,835	106,587
Ghandhara Industries Limited	Contract assembly	444,998	174,283
	Fabrication of vehicles	676	706
	Purchase of vehicle	-	-
	Expense reimbursement	27,480	-
	Purchase of parts	17	5
	Sale of vehicles	1,050	34,410
	Dividend received	51,662	23,248
	Rent	2,138	-
	Sale of parts	12	-
Gammon Pakistan Limited	Office rent	3,000	2,250
<b>(iii) Others</b>			
UD Trucks Corporation, Japan	Royalty	11,312	12,963
	Purchases of complete knock down kits	2,009,252	2,138,934
	Dividend	18,235	20,059
Staff provident fund	Contribution made	7,371	6,452
Staff gratuity fund	Contribution made	78,963	30,000
Key management personnel	Remuneration and other short term benefits	71,167	54,445
	Sale of fleet vehicles	4,533	1,925

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 38. PLANT CAPACITY

### The Holding Company

Against the production capacity of 4,800 (2016: 2,500) trucks and buses on single shift basis, the Holding Company produced 4,923 (2016: 2,704) trucks and buses of UD, Isuzu, Dongfeng and Kamaz. The Company has also processed 4,616 (2016: 2,496) 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 assembled Nil (2016: 169) vehicles of Land Rover.

## 39. FINANCIAL RISK MANAGEMENT

### 39.1 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 board of directors has overall responsibility for the establishment and overview of Group's risk management frame work. The board is also responsible for developing and monitoring the Group'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, 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, 2017 along with comparative is tabulated below:

	2017	2016
	----- Rupees '000 -----	
Long term loans	9,546	9,438
Long term deposits	6,354	6,299
Trade debts	516,167	448,895
Loans and advances	5,434	3,643
Deposits and prepayments	4,241	7,155
Other receivables	89,761	36,928
Bank balances	573,692	394,788
	<b>1,205,195</b>	<b>907,146</b>

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



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

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

	2017	2016
	----- Rupees '000 -----	
Up to 3 months	428,958	349,763
3 to 6 months	23,933	88,405
more than 6 months	63,276	10,727
	<u>516,167</u>	<u>448,895</u>

Based on past experience, consideration of financial position, past track records and recoveries, the management believes that trade debts past due over six months do not require any impairment.

## 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.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
	----- Rupees in '000 -----			
<b>June 30, 2017</b>				
<b>Liabilities against assets subject to finance lease</b>	<b>130,507</b>	<b>38,313</b>	<b>92,194</b>	<b>-</b>
<b>Long term deposits</b>	<b>9,611</b>	<b>-</b>	<b>-</b>	<b>9,611</b>
<b>Trade and other payables</b>	<b>757,751</b>	<b>757,751</b>	<b>-</b>	<b>-</b>
<b>Accrued mark-up</b>	<b>347</b>	<b>347</b>	<b>-</b>	<b>-</b>
	<u><b>898,216</b></u>	<u><b>796,411</b></u>	<u><b>92,194</b></u>	<u><b>9,611</b></u>
<b>June 30, 2016</b>				
<b>Liabilities against assets subject to finance lease</b>	<b>53,836</b>	<b>13,659</b>	<b>40,177</b>	<b>-</b>
<b>Long term deposits</b>	<b>8,611</b>	<b>-</b>	<b>-</b>	<b>8,611</b>
<b>Trade and other payables</b>	<b>824,789</b>	<b>824,789</b>	<b>-</b>	<b>-</b>
<b>Accrued mark-up</b>	<b>136</b>	<b>136</b>	<b>-</b>	<b>-</b>
	<u><b>887,372</b></u>	<u><b>838,584</b></u>	<u><b>40,177</b></u>	<u><b>8,611</b></u>





# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect 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 with 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, Japanese Yen and Chinese Yuan Renminbi (RMB). The Group's exposure is as follows:

	Rupees ----- in '000 -----	RMB ----- in '000 -----
<b>June 30, 2017</b>		
Trade and other payables	<u>220,742</u>	<u>14,033</u>
	Rupees	RMB
		----- in '000 -----
June 30, 2016		
Trade and other payables	<u>301,880</u>	<u>15,495</u>
	Rupees	RMB
		----- in '000 -----
The following significant exchange rates have been applied:	Reporting date rate	
	2017	2016
Yen to Rupee	0.9392	1.019
RMB to Rupee	15.73	15.81

### Sensitivity analysis

At June 30, 2017, if Rupee had strengthened by 5% against Yen, Dollar and RMB 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 on translation of net financial liabilities.

	2017	2016
	----- Rupees '000 -----	
<b>Effect on profit for the year</b>		
Yen to Rupee	-	789
U.S. \$ to Rupee	-	-
RMB to Rupee	<u>11,037</u>	12,249
	<u>11,037</u>	<u>13,038</u>

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

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

	2017	2016
	----- Rupees '000 -----	
<b>Fixed rate instruments - financial assets</b>		
Bank balances	<b>315,517</b>	170,917
<b>Variable rate instruments - financial assets</b>		
Liabilities against assets subject to finance lease	<b>130,507</b>	53,836

## Sensitivity analysis

At June 30, 2017, if the interest rates on the Group'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.1,305 thousand (2016: Rs.538 thousand) lower / higher mainly as a result of higher / (lower) interest expense.

## Price risk

Price risk is the risk that fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency 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. At June 30, 2017 / 2016 the Group did not have any financial instruments dependent on market prices.

### 39.2 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

### 40. CAPITAL RISK MANAGEMENT

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

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Group's approach to capital management during the year.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 41. OPERATING SEGMENTS

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

- All non-current assets of the Group at June 30, 2017 and 2016 are located in Pakistan.
- 99.98% (2016: 99.96%) of the Group's sales relate to customers in Pakistan.
- During the year, the Company's customers base remains diverse with no single customer accounting for more than 10% of net revenue.

## 42. NUMBER OF EMPLOYEES

Number of employees as at June 30,

- Permanent
- Contractual

Average number of employees during the year

- Permanent
- Contractual

	2017	2016
	----- Rupees '000 -----	
- Permanent	<u>26,118</u>	<u>256</u>
- Contractual	<u>491</u>	<u>402</u>
Average number of employees during the year		
- Permanent	<u>275</u>	<u>252</u>
- Contractual	<u>478</u>	<u>315</u>

## 43. PROVIDENT FUND RELATED DISCLOSURES

- The Holding Company operates a recognised provident fund for all its permanent employees. The following information is based on un-audited financial statements of the Holding Company's Fund for the year ended June 30, 2017:

	2017	2016
	----- Rupees '000 -----	
Size of the Fund - total assets	<u>92,148</u>	<u>85,794</u>
Cost of investments made	<u>69,729</u>	<u>80,686</u>
Percentage of investments made	<u>75.67%</u>	<u>94.05%</u>
Fair value of investments	<u>113,973</u>	<u>91,977</u>

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 43.2 Break-up of the investments is as follows:

	2017	2016	2017	2016
	----- Percentage -----		----- Rupees '000 -----	
Bank deposits	4.20	7.78	3,867	6,674
Government securities	45.25	71.49	41,700	61,330
Mutual funds	10.74	-	9,900	-
National Investment Trust - units	15.48	14.78	14,262	12,682

43.3 Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

## 44. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on September 20, 2017 have proposed final cash dividend of Rs.5.00 (2016: Rs.5.00) per share, amounting to Rs.225.013 million (2016: Rs.225.013 million), for the year ended June 30, 2017. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 23, 2017.

These consolidated financial statements do not reflect the proposed dividend, which will be accounted for in the consolidated statement of changes in equity as appropriation from unappropriated profit in year ending June 30, 2017.

## 45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and /or re-classified for the purpose of better presentation the effect of which is not material.

## 46. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 20, 2017 by the Board of Directors of the Holding Company.



Ahmed Kuli Khan Khattak  
Chief Executive Officer



Jamil A. Shah  
Director

## 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 35th Annual General Meeting of the  
Company to be held on Monday, 23rd October 2017 at 10:30 A.M. and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Witness: \_\_\_\_\_  
Name with \_\_\_\_\_  
CNIC No.: \_\_\_\_\_

Address: \_\_\_\_\_

Signature \_\_\_\_\_

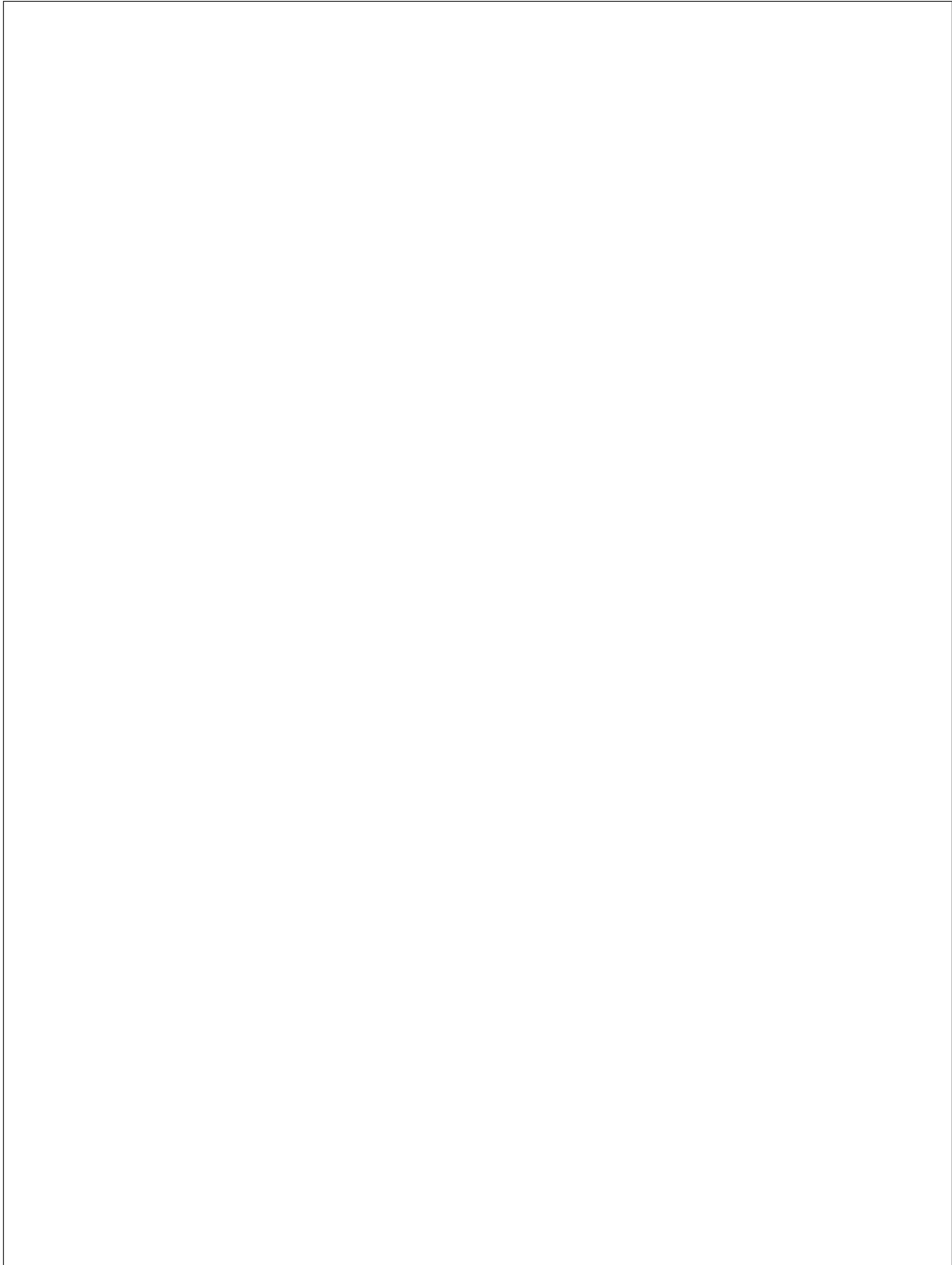
Witness: \_\_\_\_\_  
Name with \_\_\_\_\_  
CNIC No.: \_\_\_\_\_

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  
شیزر رجسٹر فوئیو کے مطابق عام شیزر کے اہل ہیں / CDC کے شراکت کار کا شناختی نمبر \_\_\_\_\_

کا تقرر کرتے ہیں \_\_\_\_\_ جو \_\_\_\_\_ کے بااں کی ناکامی کی صورت میں  
میرے / ہمارے نمائندہ کے طور پر کمپنی کی 35 واں سالانہ جنرل میٹنگ میں میری / ہماری طرف سے میرے / ہمارے لیے میرے / ہمارے نائب کے طور پر ووٹ دے سکتے ہیں جو بروز پیر،  
123 اکتوبر 2017 کو صبح 10:30 بجے، منعقد ہونے والی ہے۔

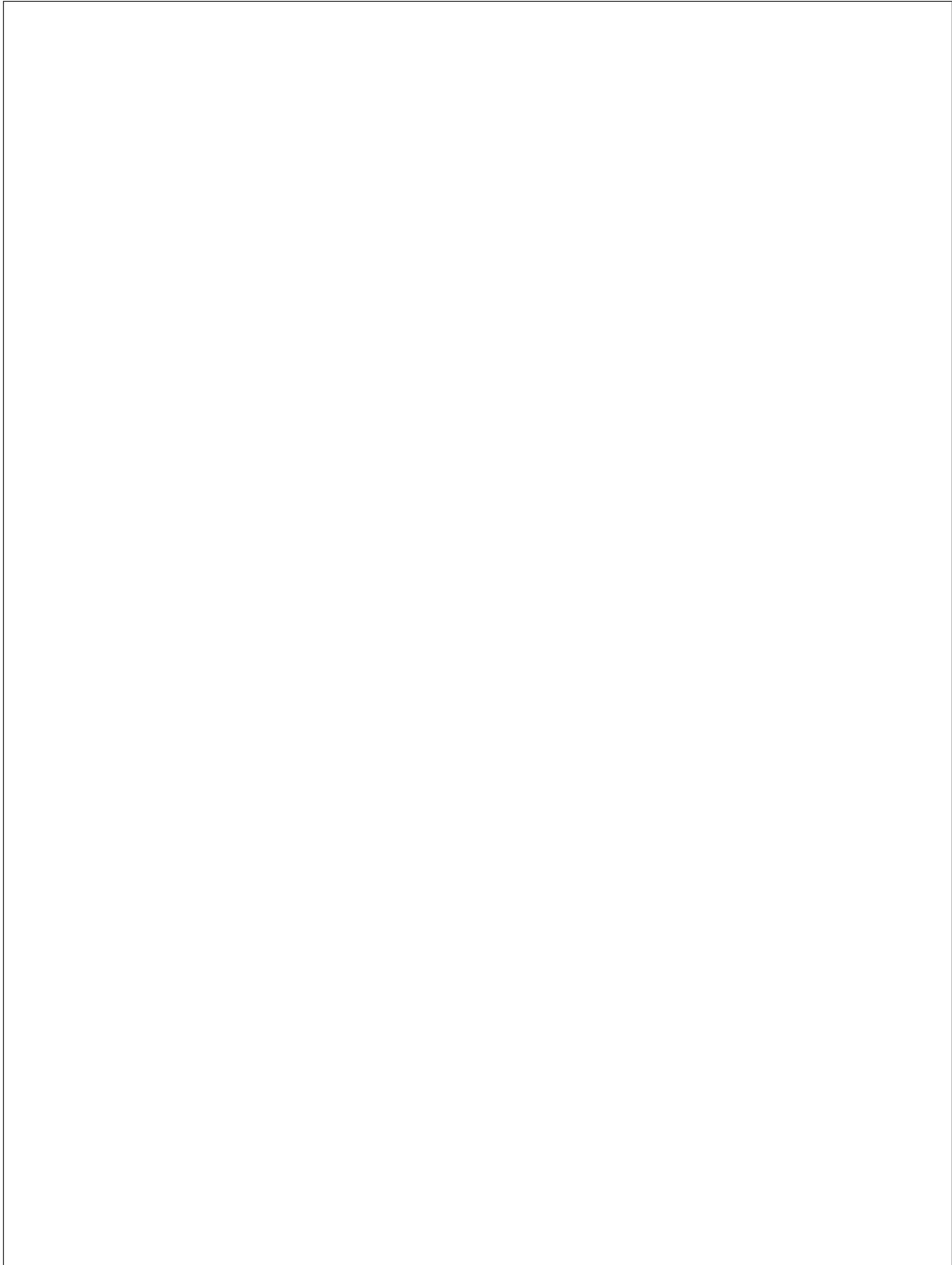
دستخط \_\_\_\_\_ دن \_\_\_\_\_ 2017 کو کیے گئے۔

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

5 روپے کے ریونیو ٹکٹ پر دستخط

## اہم:

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





# Dividend Mandate Form

T.H.K. Associates (Pvt.) Ltd.  
1st Floor, 40-C,  
Block-6, P.E.C.H.S  
Karachi-75400

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

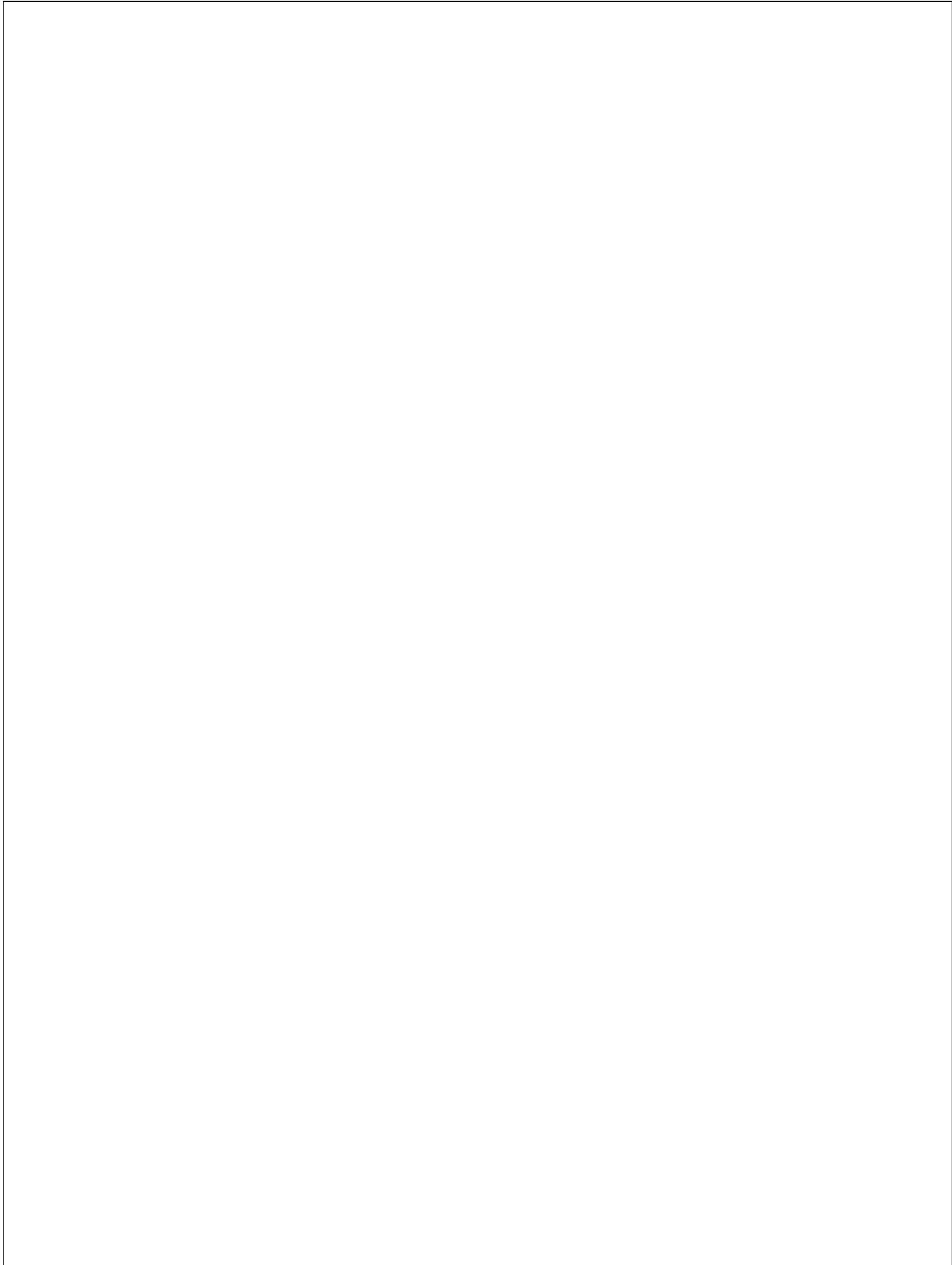
Name of Shareholder	
Folio No.	
CNIC No. / NTN / Passport No. (please attach an attested photocopy)	
Title of Bank Account	
Bank Account Number (COMPLETE)	
Bank's Name	
Bank's Branch Name	
Branch Code	
Address of Bank Branch	
Telephone Number (Landline)	
Telephone Number (Mobile)	

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)



















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\*Mobile apps are also available for download for android and ios devices



## Ghandhara Nissan Limited

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F-3, Hub Chowki Road, S.I.T.E., Karachi-75730  
Tel: 021-32556901 - 10 UAN: 111-190-190 Fax: 021-32556911 - 12  
Email: [info@ghandhara.com.pk](mailto:info@ghandhara.com.pk) Web: [www.ghandhara.com.pk](http://www.ghandhara.com.pk)