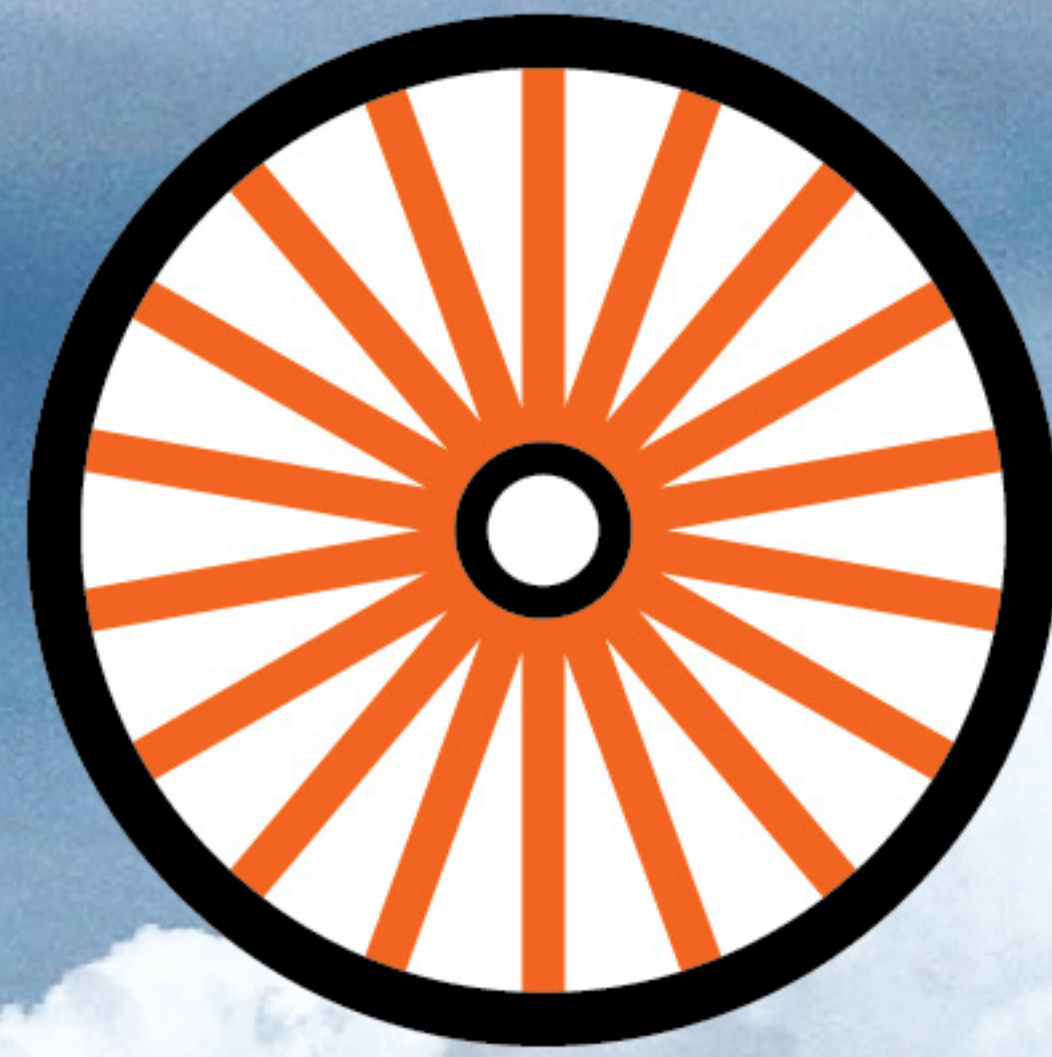


# ANNUAL REPORT 2019



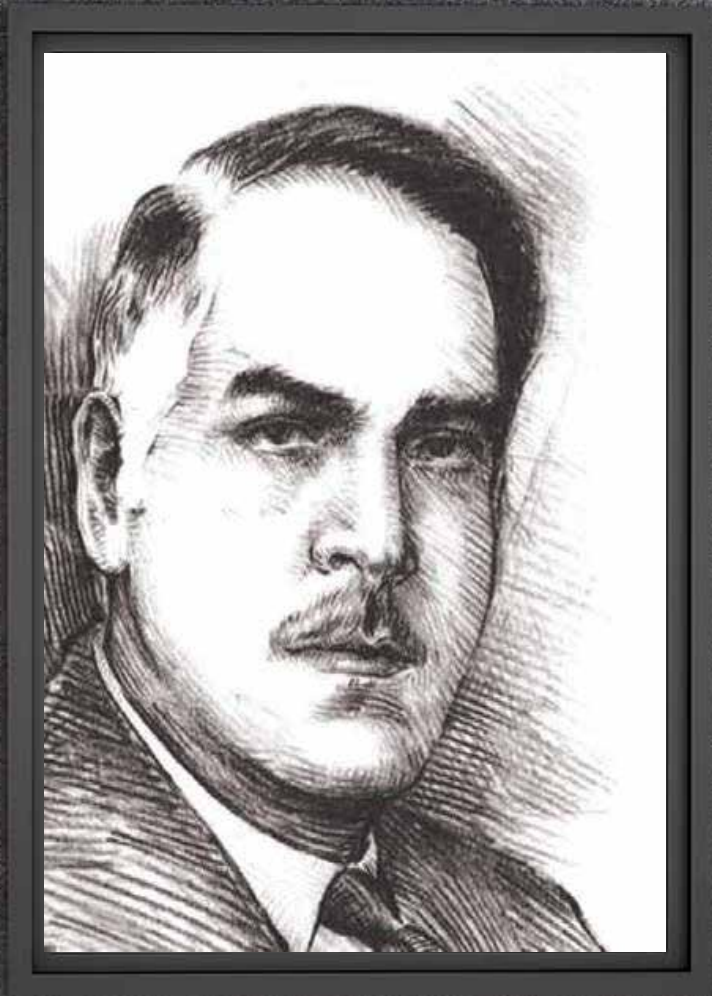
**GHANDHARA  
NISSAN  
LIMITED**





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## AT THE HELM OF THE WHEEL

Late General Habibullah Khan Khattak

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

Today, the Group is an industrial empire with an extensive portfolio of businesses comprising 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.





## An Illustrious Founder

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

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

## Core Values:

- Perseverance
- Dynamism
- Professionalism

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

## Philanthropy

### The Love of Giving Back

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





# Vision

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







# Mission

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

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

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

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





# Company Profile

## Board of Directors

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

## 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

## Regional Offices

First Floor, Laban's Arcade Main Canal Road, Lahore	400/2, Gammon House Peshawar Road Rawalpindi Cantt.
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## Bankers of the Company

National Bank of Pakistan  
Faysal Bank Limited  
Habib Bank Limited  
Allied Bank Limited  
United Bank Limited  
Soneri Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Industrial & Commercial Bank of China  
Summit Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
Askari Commercial Bank Limited  
Meezan Bank Limited - (Shariah)  
Bank Al Habib Limited  
Bank Alfalah Islamic - (Shariah)  
Al Baraka Bank (Pakistan) Limited - (Shariah)  
JS Bank Limited  
Samba Bank Limited

## Audit Committee

Mr. Polad Merwan Polad	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member
Mr. Salman Rasheed (FCA)	Member
Mr. Muhammad Zia	Member
Mr. Muhammad Saleem Baig	Member

## Human Resource & Remuneration Committee

Mr. Muhammad Jawaid Iqbal	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Mrs. Shahnaz Sajjad Ahmad	Member
Mr. Mohammad Zia	Member
Mr. Polad Merwan Polad	Member





### Auditors

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

### NTN:

0802990-3

### Share Registrars

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

### Sales Tax Registration No:

12-03-8702-001-46

### Legal & Tax Advisors

M/s. Khalid Anwer & Co.  
Advocate & Legal Consultants,  
153-K, Sufi Street, Block II,  
PECHS, Karachi-75500

M/s. Shekha & Mufti  
Chartered Accountants  
C-253, PECHS., Block 6  
Off Shahrah-e-Faisal  
Karachi.







# Shareholders' Information

## REGISTERED OFFICE

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

## EXCHANGE LISTING

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

## STOCK SYMBOL

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

## LISTING FEES

The annual listing fees for the financial year 2018 - 19 were paid to the PSX and Central Depository Company of Pakistan Limited within the prescribed time limit.

## STATUTORY COMPLIANCE

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

## ANNUAL GENERAL MEETING

Date: October 25, 2019 Time: 09:45 A.M. Venue: F-3, Hub Chowki Road, SITE, Karachi.

## FINANCIAL CALENDAR

September 2019	Audited annual results for the year ended June 30, 2019
October 2019	Mailing of annual reports
October 2019	Annual General Meeting
October 2019	Unaudited first quarter financial results
February 2020	Unaudited half year financial results
April 2020	Unaudited third quarter financial results
June 2020	Annual Budget 2020-21

## DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from October 19, 2019 to October 25, 2019 (both days inclusive).

## CIRCULATION OF ANNUAL REPORTS THROUGH CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 23, 2017, the Company shall circulate Annual Report 2019 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2019 may send a request using a Standard Request Form placed on Company website.

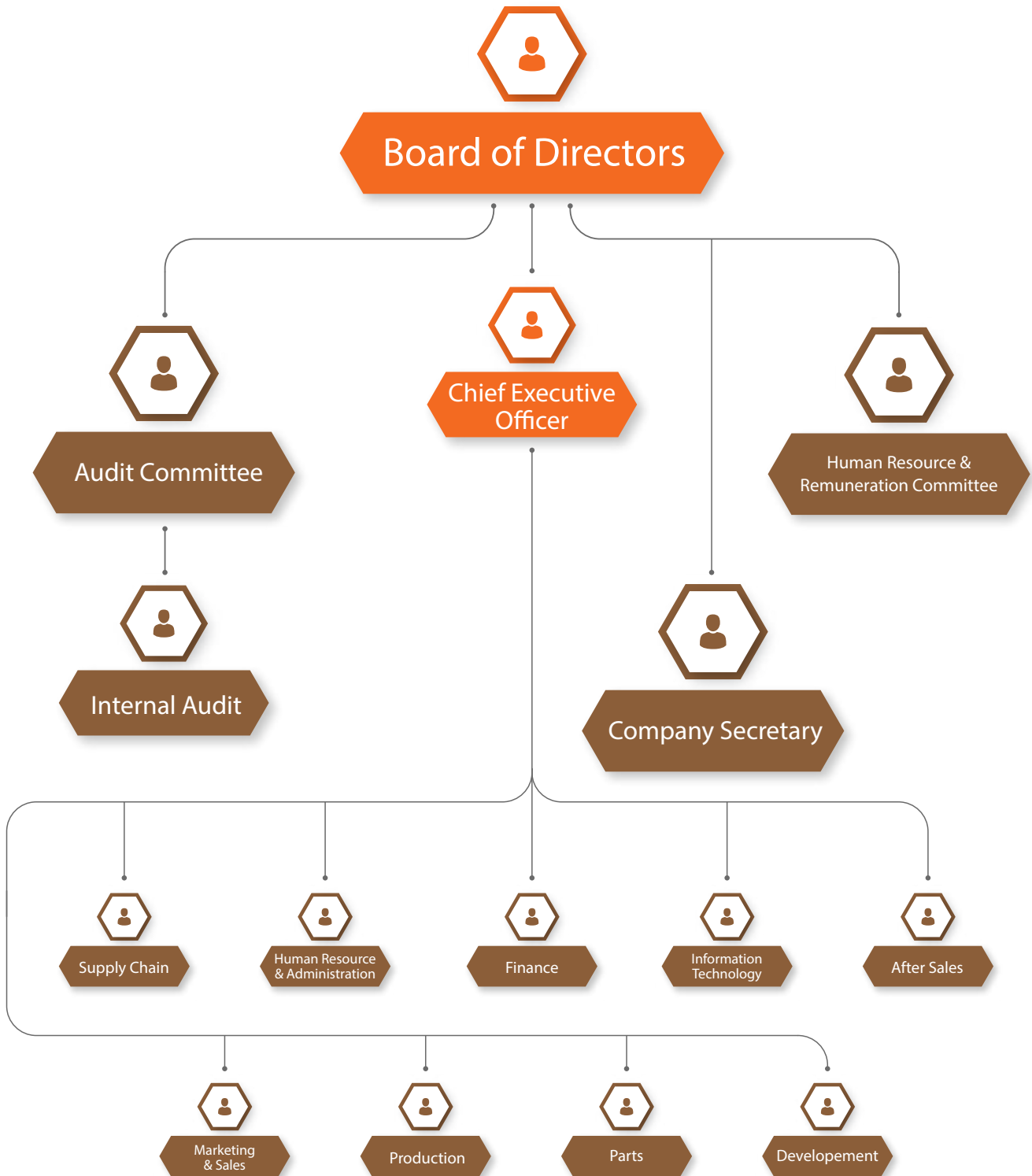
## E-DIVIDEND MANDATE (MANDATORY)

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





# Organization Chart





# Notice of Annual General Meeting

Notice is hereby given that 37th Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Friday, 25th October 2019 at 09:45 A.M., at F-3, Hub Chauki Road, S.I.T.E., Karachi, to transact the following business:

## Ordinary Business:

1. To confirm the minutes of the Extraordinary General Meeting held on 1st February, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2019 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending 30th June, 2020. The retiring auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, being eligible have offered themselves for reappointment.

## Special Business:

4. To consider to pass the following ordinary resolutions:
  - a) "RESOLVED that the transactions carried out in normal course of business with associated companies during the year ended June 30, 2019 (as disclosed in Note No. 39 of Financial Statements for the year ended June 30, 2019) be and are hereby ratified and approved."
  - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the year ending June 30, 2020 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

A statement of material facts under Section 134 (3) of the Companies Act, 2017 pertaining to the Special Business stated above is annexed to this Notice of the meeting.

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

Karachi: 4th October, 2019



By Order of the Board

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



## Notes:

- i. The share transfer books of the Company will remain closed from October 18, 2019 to October 25, 2019 (both days inclusive). The request for transfers shall be received at Company's Share Registrar namely M/s. T.H.K Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.CH.S, Karachi, Pakistan by the close of business on October 17, 2019 will be treated in time for the purpose of attendance at the Annual General Meeting.
- ii. A member entitled to attend and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his / her behalf. For proxies in order to be effective, instrument appointing Proxy must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting. For the convenience of the members, a Proxy Application Form is attached at the end of the Annual Report 2019.
- iii. Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars, M/s. T.H.K Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.CH.S, Karachi, Pakistan.
- iv. Any individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

### A. For Attending the Meeting:

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

### B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original passport at the time of Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.





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

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and Directors' report etc ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2018 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2018 may send a request using a Standard Request Form placed on Company website.

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

Members can request a hard copy which shall be provided free of cost within seven days from receipt of requisition.

vi. **Video Conference Facility**

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

vii. **Submission of CNIC / SNIC / NTN**

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

viii. **Dividend Mandate**

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website i.e. <http://www.gandharanissan.com.pk> and send it duly signed along with a copy of CNIC/NTN to the Registrar of the Company M/s. T.H.K Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.CH.S, Karachi, Pakistan in case of physical shares. In case shares are held in CDC then Dividend Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services.

ix. **Unclaimed Dividend**

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Section 244(l)(a) of the Act requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further SECP vide Direction No. 16 of 2017 issued on July 07, 2017 directed all listed Companies to issue such notice to the members and submit statement of unclaimed shares or dividend or any other instruments which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017.





x. **Details of Beneficial Ownership**

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

xi. **Placement of Financial Statements on Website**

The Financial Statements of the Company for the year ended June 30, 2019 along with reports have been placed on the website of the Company: <https://www.gandharanissan.com.pk/page-financial-reports>

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

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

- 1) Agenda Item No.4(a) of the Notice - Transactions carried out with associated companies during the year ended June 30, 2019 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause-15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

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

In view of the above, the transactions conducted during the financial year ended June 30, 2019 with associated company as shown in relevant notes of the Audited Financial Statements are being placed before the shareholders for their consideration and approval/ ratification.

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

- 2) Agenda Item No.4(b) of the Notice - Authorization of the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2020 to be passed as an Ordinary Resolution.

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

In order to comply with the provisions of Clause-15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020.

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



کی ہدایت نمبر 16 مجریہ 07 جولائی 2017 کے ذریعے تمام کمپنیوں کو ممبران کو ایسا نوٹس جاری کرنے اور لادعویٰ حصص یا ڈیویڈنڈ یا کسی ایسے وثیقہ جات کے حوالے سے، جو اپنے واجب الادا ہونے کی تاریخ سے تین سال کی مدت کے لیے لادعویٰ یا غیر ادا شدہ ہوں اور بمطابق 30 مئی 2017 واجب الادا ہوں، گوشوارے جمع کرانے کی ہدایت جاری کی ہے۔

### x- اصل ملکیت کی تفصیلات

کاروباری اداروں / قانونی افراد کی توجہ ایس ای سی پی Circular No.16 and 20 of 2018 کی طرف بھی مبذول کرائی جاتی ہے۔ متعلقہ حصص یافتگان (کاروباری ادارے / قانونی افراد) کو ہدایت کی جاتی ہے حتمی آمدنی وصول کرنے والے مالکان سے متعلق معلومات اور ایڈیٹیو معلومات جو کہ ایس ای سی پی کے مذکورہ سرکلرز میں تشریح کی گئی ہے، کمپنی کے شیر رجسٹرار کو فراہم کریں۔

### xi- مالیاتی گوشوارے ویب سائٹ پر رکھنا

30 جون 2019 کو ختم ہونے والے سال کے لیے مالیاتی گوشوارے بمع رپورٹس کمپنی کی ویب سائٹ [www.ghandaranissan.com.pk/page-financial-reports](http://www.ghandaranissan.com.pk/page-financial-reports) پر رکھ دیے گئے ہیں۔

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

نوٹس کے ایجنڈے میں دیئے گئے خصوصی امور سے متعلق ٹھوس حقائق سے متعلق بیانات درج ذیل ہیں جن پر ممبران غور کریں گے۔  
(1) نوٹس کا ایجنڈا اسٹم نمبر 4 (a) - متعلقہ کمپنیوں کے ساتھ 30 جون، 2019 کو ختم ہونے والے لین دین کو عام قرار داد کے طور پر منظور کیا جائے۔

متعلقہ کمپنیوں (متعلقہ فریقین) کے ساتھ کاروبار کے معمول کے مطابق ہونے والے لین دین کو بورڈ کے ذریعہ منظوری دی جاتی رہی تھی جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی شق 15 کے مطابق سہ ماہی بنیاد پر آڈٹ کمیٹی کی سفارش کردہ آڈٹ کمیٹی نے سفارش کی تھی۔  
بورڈ اجلاس کے دوران ڈائریکٹرز کی طرف سے اس بات کی نشان دہی کی کہ ڈائریکٹرز کا مفاد ان کی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں ان کے حصص کی ملکیت کی وجہ سے ان سودوں سے وابستہ ہے، اس لیے ان سودوں کی منظوری کے لیے ڈائریکٹرز کی کم از کم مطلوبہ تعداد دستیاب نہیں ہے۔ اس لیے ان کی منظوری سالانہ اجلاس عام میں حصص یافتگان سے لی جائے۔

مذکورہ بالا کے پیش نظر، 30 جون، 2019 کو ختم ہونے والے مالی سال کے دوران متعلقہ کمپنیوں کے ساتھ کئے گئے لین دین کو حصص یافتگان کے سامنے ان کی غور اور منظوری / توثیق کے لیے رکھا جائے گا۔

اس قرار داد سے ڈائریکٹرز کا مفاد صرف متعلقہ کمپنیوں میں ان کی مشترکہ ڈائریکٹرشپ اور ان میں حصص داری تک محدود ہے۔  
(2) نوٹس کا ایجنڈا اسٹم نمبر 4 (b) - 30 جون، 2020 کو ختم ہونے والے آئندہ سال کے دوران، متعلقہ کمپنیوں کے ساتھ ہونے والے لین دین کے لئے چیف ایگزیکٹو کو اختیار دینے کے لیے ایک عام قرار داد منظور کی جائے۔

کمپنی لاحقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق لین دین کرے گی۔ ڈائریکٹرز ان کمپنیوں میں مشترکہ ڈائریکٹرشپ اور شیئر ہولڈنگ کی وجہ سے اس لین دین میں دلچسپی لیتے ہیں۔ لہذا، متعلقہ کمپنیوں کے ساتھ اس طرح کے لین دین کی منظوری حصص یافتگان سے لی جائے گی۔  
لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی شق 15 کی شقوں کی تعمیل کرنے کے لئے، حصص یافتگان چیف ایگزیکٹو کو یہ اختیار دے سکتے ہیں کہ وہ 30 جون، 2020 کو ختم ہونے والے آئندہ سال کے دوران لین دین کی منظوری دے سکیں اور متعلقہ کمپنیوں کے ساتھ معمول کے مطابق کاروبار انجام پاسکے۔  
اس قرار داد سے ڈائریکٹرز کا مفاد متعلقہ کمپنیوں میں ان کی مشترکہ ڈائریکٹرشپ اور ان کی حصص داری تک محدود ہے۔



## v- آڈٹ شدہ سالانہ گوشواروں کی سی ڈی/ڈی وی ڈی/یو ایس بی یا کسی اور میڈیا کے ذریعے تقسیم:

سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے ایس آر او 470(I)/2016 بتاریخ 31 مئی 2016 کے ذریعے کمپنیوں کو اجازت دی ہے کہ وہ اپنے ارکان کو سالانہ بیلنس شیٹ، نفع نقصان اکاؤنٹ، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ ('سالانہ آڈٹ شدہ گوشوارے') بذریعہ سی ڈی/ڈی وی ڈی/یو ایس بی ان کے رجسٹرڈ پتوں پر ارسال کر سکتی ہیں۔ درج بالا کے پیش نظر کمپنی نے اپنے حصص داروں کو سالانہ رپورٹ 2019 سی ڈی کی شکل میں ارسال کر دی ہے۔ اگر کسی ممبر کو سالانہ رپورٹ 2019 کی پرنٹ شدہ کاپی تو وہ کمپنی کی ویب سائٹ پر موجود عمومی درخواست فارم استعمال کرتے ہوئے ایک درخواست بھیج سکتا ہے۔

ممبران کو بذریعہ ہذا اطلاع دی جاتی ہے کہ ایس ای سی پی 1/2014 SRO 787 (1) بتاریخ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کے سیکشن 223(6) کی پیروی میں آڈٹ شدہ مالیاتی گوشواروں اور اجلاس عام کے نوٹس کو ای میل کے ذریعے الیکٹرانک فارمیٹ میں تقسیم کرنے کی اجازت ہے۔ ممبران چاہیں تو انہیں دستاویزی کاپی بھی درخواست کی وصولی کے ساتھ دن کے اندر مہیا کر دی جائے گی۔

## vi- ویڈیو کانفرنس کی سہولت

اگر کمپنی کو کسی جغرافیائی محل وقوع پر مبنی 10 فیصد یا اس سے زائد مجموعی حصص یافتہ ممبران کی طرف سے سالانہ اجلاس عام کی تاریخ انعقاد سے کم از کم 10 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کی رضامندی موصول ہو تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی بشرطیکہ اس شہر میں ایسی سہولت دستیاب ہو۔ کمپنی سالانہ اجلاس سے کم از کم 5 دن پہلے ممبران کو، انہیں ایسی فیسیلیٹی تک رسائی کے قابل بنانے کے لیے درکار مکمل معلومات کے ساتھ ویڈیو کانفرنس فیسیلیٹی کے مقام کی اطلاع فراہم کرے گی۔

## vii- CNIC/SNIC/NTN کی فراہمی

ایس ای سی پی (SECP) کے جاری کردہ 2/2012 SRO 831 بتاریخ 5 جولائی 2012 جسے 1/2014 SRO 19 بتاریخ 10 جنوری 2014 کے ساتھ ملا کر پڑھا جائے، کے مطابق ڈیویڈنڈ وارنٹس پر CNIC/SNIC/NTN (صرف کارپوریٹ ادارے کی صورت میں) چھپے ہونے چاہئیں جس کے بغیر کوئی ڈیویڈنڈ وارنٹ جاری نہیں کیا جائے گا۔ لہذا ایسے تمام انفرادی ممبران جنہوں نے ابھی تک اپنے کارآمد CNIC/SNIC کی نقل جمع نہیں کرائی، انہیں فوری طور پر براہ راست کمپنی کے شیئر رجسٹرار کو ارسال کریں۔ کاروباری ادارے کی صورت میں NTN فراہم کریں۔ CNIC/SNIC/NTN کے ہمراہ اپنا فوٹیو نمبر بھی بھجوائیں۔

## viii- غیر دعویٰ شدہ ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ 2017 کی شقوں کے مطابق لسٹڈ کمپنیوں کے لیے لازم ہے وہ اپنے حق دار حصص یافتگان کو ان کا کیش ڈیویڈنڈ صرف برقی ذریعے سے براہ راست ان کے تفویض کردہ اکاؤنٹ میں منتقل کرے۔ دستاویزی حصص کی صورت میں حصص یافتگان سے درخواست ہے کہ اپنا ڈیویڈنڈ براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کے لیے کمپنی کی ویب سائٹ یعنی <http://www.ghandharanissan.com.pk> پر موجود ڈیویڈنڈ مینڈیٹ فارم پُر کریں اور اس پر دستخط کر کے CNIC / NTN کی ایک نقل کے ہمراہ کمپنی کے شیئر رجسٹرار میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، 40-C، بلاک-6، P.E.CH.S، کراچی، پاکستان کو بھجوادیں۔ سی ڈی سی حصص کی صورت میں ڈیویڈنڈ وارنٹس براہ راست حصص یافتگان کے بروکر/شراکت دار/سی ڈی وی ڈی اکاؤنٹ سروس کو بھجوائے جائیں گے۔

## ix- غیر دعویٰ شدہ منافع منقسم

کمپنیز ایکٹ 2017 کے سیکشن 244 کے مطابق کسی بھی کمپنی کے جاری کردہ حصص یا ڈیویڈنڈ کے اعلان کے بعد وہ اپنے واجب الادا ہونے کی تاریخ سے تین سال تک لا دعویٰ یا غیر ادا شدہ رہا تو کمپنیز ایکٹ 2017 کے طریقہ کار کے مطابق اسے وفاقی حکومت کی تحویل میں دے دیا جائے گا۔ ایکٹ کے سیکشن Section 244(I)(a) کے تحت کمپنی کے لیے لازم ہے کہ وہ ممبران کا اپنے دعوے دائر کرنے کے لیے 90 دن کا نوٹس دے۔ مزید برآں ایس ای سی پی (SECP)





## گزارشات:

i- کمپنی کی حصص منتقلی کی کتابیں 19 اکتوبر سے 25 اکتوبر 2019 (دونوں دن شامل ہونگے) تک بند رہیں گی۔ منتقلی کی درخواستیں کمپنی کے شیئر رجسٹرار میسرز ٹی ایچ کے لیسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک 6، کراچی، پاکستان کو 18 اکتوبر 2019 کو کاروباری دن کے اختتام تک موصول ہونے والی منتقلی کی درخواستیں سالانہ اجلاس عام میں شرکت کے مقصد کے لیے بروقت تصوری جائیں گی۔

ii- اس سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل کوئی ممبر کسی دوسرے ممبر کو بطور نمائندہ (پروکسی) اپنی جگہ اجلاس میں شریک ہونے اور ووٹ دینے کے لیے مقرر کرنے کا استحقاق رکھتا ہے۔ نمائندگی ناموں کے مؤثر ہونے کے لیے ضروری ہے کہ وہ اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرار آفس یا شیئر رجسٹرار کے پاس موصول ہو چکے ہوں۔ ممبران کی سہولت کے لیے ایک پراکسی ایپیلی کیشن فارم (نمائندگی نامہ) سالانہ رپورٹ 2019 کے ساتھ منسلک ہے۔

iii- دستاویزی حصص رکھنے والے ممبران سے گزارش ہے کہ وہ اپنے پتے میں کسی تبدیلی سے فوری طور پر ہمارے شیئر رجسٹرار کو مطلع کریں۔  
میسرز ٹی ایچ کے لیسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک 6-P.E.CH.S، کراچی، پاکستان۔

iv- اس اجلاس میں سی ڈی سی کا کوئی انفرادی انتقالی مالک اجلاس میں ووٹ ڈالنے کا حقدار ہے اور شناخت ثابت کرنے کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) ضرور ساتھ لانا ہوگا، اور نمائندے کی صورت میں، حصص دار کے تصدیق شدہ CNIC کی ایک کاپی پروکسی فارم کے ساتھ منسلک کرنا ہوگی۔ کارپوریٹ ممبروں کے نمائندوں کو چاہیے کہ اس مقصد کے لئے درکار معمول کی دستاویزات لائیں۔  
سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے جاری کردہ 26 جنوری 2000 کے سرکلر 1 میں درج ذیل ہدایات پر بھی عمل کرنا ہوگا۔

## A- اجلاس میں شرکت کے لئے:

- انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص، جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ضوابط کے مطابق ان کی رجسٹریشن کی تفصیلات اپ لوڈ کی جاتی ہیں، وہ اجلاس میں شرکت کے وقت اپنا اصلی کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ۔ دکھا کر شناخت کی توثیق کرے گا/گی۔
- (ii) سی ڈی سی میں رجسٹرڈ ممبران سے بھی درخواست کی جاتی ہے کہ وہ اپنے کوائف، آئی ڈی نمبر اور سی ڈی ایس میں اکاؤنٹ نمبر ساتھ لائیں۔
- (iii) کارپوریٹ ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نمائندے کے دستخط کے نمونے کے ساتھ کمپنی کو پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو۔)

## B- پراکسی کی تقرری کے لیے:

- انفرادی فرد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر اور/یا فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات اپ لوڈ کی جا چکی ہیں، مندرجہ بالا تقاضوں کے مطابق پراکسی نامہ جمع کرائے گا۔
- (ii) پراکسی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر نمائندگی نامے میں درج ہوں۔
- (iii) پراکسی کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیا کی جائیں۔
- (iv) پراکسی کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ ادارے کی صورت میں اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نمائندے کے دستخط کے نمونے کے ساتھ کمپنی کو پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو۔)



## سالانہ اجلاس عام کانوٹس

اطلاع دی جاتی ہے کہ گندھارا انسان لمیٹڈ کے حصص یافتگان کا 37 واں سالانہ اجلاس عام بروز جمعہ 25 اکتوبر 2019، بوقت صبح 9:45 بجے، بمقام F-3-حب چوکی روڈ، سائٹ، کراچی، درج ذیل امور کی انجام دہی کے لیے منعقد ہوگا۔

### عام امور:

- 1- یکم فروری 2019 کو منعقدہ کمپنی کے غیر معمولی اجلاس عام کی کارروائی کی توثیق
- 2- 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور اور ان کی منظوری۔
- 3- 30 جون 2020 کو ختم ہونے والے مالیاتی سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ ریٹائر ہونے والے آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل کی بنا پر خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

### خاص امور:

- 4- مندرجہ ذیل عمومی قرارداد کو منظور کرنے کے لیے غور کرنا:
  - (a) ”قرار پایا کہ 30 جون 2019 کو ختم ہونے والے سال کے دوران متعلقہ کمپنیوں کے ساتھ عمومی کاروباری انداز میں لین دین ہوا، جیسا کہ 30 جون 2019 کو ختم ہونے والے سال کے لئے آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 39 میں منکشف ہے) جس کی بذریعہ توثیق کی جاتی ہے اور منظوری دی جاتی ہے۔“
  - (b) ”قرار پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر کو بذریعہ 30 جون 2020 کو ختم ہونے والے سال کے دوران انجام دیے جانے والے تمام لین دین اور ملحقہ کمپنیوں کے ساتھ سرانجام دیے جانے والے معمول کے کاروبار کی منظوری دینے کا اختیار دیا جاتا ہے اور اس سلسلے میں چیف ایگزیکٹو آفیسر کوئی بھی یا تمام ضروری اقدامات کرنے اور ایسی کسی بھی یا تمام دستاویزات / اقرار ناموں پر دستخط / عمل درآمد کا بھی اختیار دیا جاتا ہے جو کمپنی کی طرف اس ضمن میں درکار ہوں۔“
- کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت درج بالا خصوصی امور سے متعلق ٹھوس حقائق پر مبنی بیان اس سالانہ اجلاس کے نوٹس کے ساتھ منسلک ہے۔
- 5- صدر مجلس کی اجازت سے مزید کسی معاملے کو اجلاس کی کارروائی کا حصہ بنانا۔

بحکم بورڈ

ایم شہریار اسلم

کمپنی سیکرٹری

کراچی: بتاریخ 14 اکتوبر 2019





# Chairman's Review

I am pleased to present the 37 th Annual Report of the Company for the year ended June 30, 2019.

## Economy at a Glance

During the FY 2018-19, the Government took measures to correct the major macro-economic imbalances through Discount rates, PKR/ USD parity, taxes and duties, etc. The major reason behind these adjustments was mainly to curtail the rising twin deficits i.e. current account and fiscal deficit. Previously the country focused more on import-led growth strategy rather than capitalization of domestic industry. Recent economic activity indicates slowdown which will take some time to recover.

The inflation rate is now touching 10.5 percent, which is a record high over the last five years mostly due to rupee depreciation and rising energy prices. As a result of depreciating rupee that has made imports costlier and Government's drive to get the economy documented, business sentiments and purchasing power has been on a lower side.

## Industry outlook

The economic slowdown is more pronounced in domestic industries such as automobiles and steel. Sales volumes of auto industry for light and heavy commercial vehicles reported by PAMA were 5,828 units during the financial year 2018-19 as compared to 9,331 units last year. Tax measures announced in Federal Budget 2019-20 will further have an adverse impact on the cost of production of the industry as taxes and customs duties have increased significantly.

## Company's performance

The Company has incurred an after-tax loss of Rs.28.8 million (after-tax profit of Rs.1,037.5 million last year).The main reason of loss during the financial year is fall in gross profit of the company due to increase in imported cost of material as a result of devaluation of PKR against USD and other currencies.

## Future Outlook

Macroeconomic indicators of the country are challenging in general and for auto industry in particular. Pak Rupee devaluation, increase in cost of doing business, rise in interest rate and additional taxes and duties implemented through Federal Budget are major challenges for autoindustry.

To address the above challenges, your Company believes that through focusing more on diversity in its product range and by upgrading the existing products, it can achieve customer satisfaction while maximizing return for the shareholders at the same time.

## Acknowledgement

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

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

Karachi

Dated: 28th September, 2019

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





## چیمبر مین کا جائزہ

30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کی 37 ویں سالانہ رپورٹ پیش کرنا میرے لیے باعث مسرت ہے۔

### معیشت کا جائزہ

مالی سال 2018-19 کے دوران، حکومت نے معاشی عدم توازن کی اصلاح کے لیے ڈسکاؤنٹ ریٹ، پاکستانی روپے/ امریکی ڈالر میں مساوات، ٹیکسوں اور ڈیویڈنڈ وغیرہ کے ذریعہ بڑے اقدامات کیے۔ ان ایڈجسٹمنٹس کے پیچھے سب سے بڑی وجہ بنیادی طور پر بڑھتے ہوئے دہرے خساروں یعنی کرنٹ اکاؤنٹ اور مالی خساروں پر قابو پانا تھا۔ اس سے قبل ملک نے مقامی صنعت کی سرمایہ بندی کے بجائے درآمد پر مبنی نمو کی حکمت عملی پر زیادہ توجہ رکھی تھی۔ حالیہ معاشی سرگرمی مندی کی نشاندہی کرتی ہے جس سے بحالی میں کچھ وقت لگے گا۔

افراط زر کی شرح اب 10.5 فیصد کو چھو رہی ہے جو پچھلے پانچ سالوں میں سب سے زیادہ ہے جس کی سب سے بڑی وجہ روپے کی قدر میں کمی اور توانائی کی بڑھتی قیمتیں ہیں۔ روپے کی قدر میں کمی کے نتیجے میں، جس نے درآمدات کو مہنگا کر دیا ہے اور معیشت کو دستاویزی شکل دینے کے لئے حکومت کی مہم سے، کاروباری جذبات اور قوت خرید میں کمی آئی ہے۔

### انڈسٹری کی توقعات

مقامی صنعتوں مثلاً آٹوموبائل اور اسٹیل میں معاشی مندی زیادہ نمایاں ہے۔ مالی سال 2018-19 کے دوران PAMA کی طرف سے رپورٹ کیا گیا لائٹ اور بیوی گاڑیوں کے لئے آٹو انڈسٹری کی فروخت کا حجم 5,828 یونٹ تھا جبکہ اس سے پچھلے سال یہ تعداد 9,331 یونٹ تھی۔ وفاقی بجٹ 2019-20 میں اعلان کردہ ٹیکس اقدامات سے صنعت کی پیداواری لاگت پر مزید منفی اثرات مرتب ہوں گے کیونکہ ٹیکسوں اور کسٹمز ڈیویڈنڈ میں نمایاں اضافہ ہوا ہے۔

### کمپنی کی کارکردگی

کمپنی کو 28.8 ملین روپے بعد از ٹیکس کا نقصان ہوا ہے (گزشتہ سال 1,037.5 ملین روپے بعد از ٹیکس منافع)۔ مالی سال کے دوران نقصان کی بنیادی وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے نتیجے درآمدی لاگت میں اضافہ اور اس کی وجہ سے کمپنی کے مجموعی منافع میں کمی ہے۔

### مستقبل کی توقعات

ملک کے مجموعی معاشی اشارے عام طور پر اور خصوصاً آٹو انڈسٹری کے لئے چیلنج سے بھرپور ہیں۔ پاکستانی روپے کی قدر میں کمی، کاروبار کرنے کی لاگت میں اضافہ، شرح سود میں اضافہ اور وفاقی بجٹ کے ذریعے اضافی ٹیکس اور ڈیویڈنڈ عائد کرنا آٹو انڈسٹری کے لیے بڑے چیلنج ہیں۔ مندرجہ بالا چیلنجوں سے نمٹنے کے لیے، آپ کی کمپنی کا خیال ہے کہ اپنی مصنوعات کی اقسام میں تنوع پر زیادہ توجہ دینے اور موجودہ مصنوعات کو اپ گریڈ کرنے کے ذریعے، ایک ہی وقت میں حصص یافتگان کو زیادہ سے زیادہ منافع پیش کرتے ہوئے گا کہوں کا اطمینان حاصل کیا جاسکتا ہے۔

### اعتراف

کمپنی ڈونگلینگ کرسٹل و ہیکل کمپنی (چین)، ڈونگلینگ آٹوموبائل کمپنی لمیٹڈ (چین)، اسنہوئی جیا ناہوائی آٹوموبائل گروپ کارپوریشن لمیٹڈ (چین) اور ریٹیلٹ ٹرک ایس اے ایس (فرانس) کی مسلسل معاونت اور تعاون کا اعتراف کرتی ہے۔

مزید برآں، اس موقع کا فائدہ اٹھاتے ہوئے میں ہم پر لگاتار اعتماد کے لیے اپنے قابل قدر خریداروں اور مخلصانہ کوششوں کے لئے انتظامیہ کی ٹیم کا شکریہ ادا کرتا ہوں، جب کہ پورے سال کے دوران رہنمائی فراہم کرنے کے لیے اپنے بورڈ آف ڈائریکٹرز اور مسلسل تعاون پر تمام مینجمنٹ، ڈیلرز، ویڈرز، ایسوسی ایٹس اور حصص یافتگان کا تہہ دل سے ممنون ہوں۔

Raza Khan  
رضا قلی خان خانگ

برائے و منجانب بورڈ آف ڈائریکٹرز

کراچی

مورخہ: 28 ستمبر 2019



# 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 30 th June 2019.

## Financial Results

The financial results for the year ended 30 th June 2019 are summarized below:

	2019	2018
	(Rupees in thousands)	
<b>Profit before taxation</b>	<b>5,421</b>	1,252,196
<b>Taxation</b>		
Current	(51,073)	(219,348)
Deferred	16,846	4,673
	<u>(34,227)</u>	<u>(214,675)</u>
(Loss) / profit after taxation	<u>(28,806)</u>	1,037,521
Other comprehensive Income/(Loss)	<u>(5,818)</u>	(2,982)
Total comprehensive(loss)/ income	<u>(34,624)</u>	1,034,539
<b>Accumulated profit</b>		
Brought forward	2,151,296	1,313,543
Incremental depreciation	33,189	28,227
Final Dividend	-	(225,013)
	<u>2,184,485</u>	1,116,757
<b>Accumulated profit</b>		
Carried forward	<u>2,149,861</u>	<u>2,151,296</u>
		Restated
<b>(Loss)/Earnings per Share</b>	<u>(0.51)</u>	<u>20.96</u>

## Reasons for the Loss and Future Prospects of Profit

The main reason of loss during the financial year is fall in gross profit of the company due to increase in imported cost of material as a result of devaluation of PKR as well as increase in few operating expenses due to inflation. Further, the increase in finance cost as a result of soaring discount rates and the expenses incurred on the potential projects including the one-time cost of arrangement of project financing has also impacted the company's bottom line during the year. However, the company has positioned itself to cope up with the challenges and will recover along the lines of expected improvement in macroeconomic fundamentals.

## Developments during the Financial Year

The Company is taking steps to aim long-term sustainability to address the challenging macro-economic environment. The Company has positioned itself as an organization delivering appropriate solutions to the changing market requirements.



## Holding company

Bibojee Services (Pvt.) Limited, incorporated in Pakistan, is the holding company of Ghandhara Nissan Limited with 57.76% shares.

## Chairman's Review

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

## Board of Directors and its Committees

### The Board

The Board comprises of three independent Directors, one executive and six non-executive Directors. The Directors of the Company were elected in Extraordinary General meeting of the Company held on 1st February, 2019.

### Human Resource and Remuneration (HR&R) Committee

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

### Board Audit Committee (BAC)

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

After each meeting, the Chairman of the Committee reports to the Board. During the year 2018-19, four BAC meetings were held. Attendance by each member is as follows:

S.No.	Name of Director	Status	No. of Meetings Attended
1.	Mr. Polad Merwan Polad	Re-Elected on 1 st Feb. 2019	1
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	-do-	3
3.	Mr. Muhammad Zia	-do-	2
4.	Mr. Muhammad Saleem Baig	Elected on 1 st Feb. 2019	1
5.	Mr. Salman Rasheed (FCA)	-do-	1

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



### Meetings of Board of Directors

During the year 2018-19, six meetings of Board of Directors were held. Attendance by each Director is as follows:

S.No.	Name of Director	Status	No. of Meetings Attended
1.	Mr. Raza Kuli Khan Khattak	Re-Elected on 1 st Feb. 2019	6
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	-do-	5
3.	Mr. Ahmed Kuli Khan Khattak	-do-	6
4.	Syed Haroon Rashid	-do-	3
5.	Mr. Muhammad Zia	-do-	5
6.	Mr. Muhammad Saleem Baig	-do-	4
7.	Mr. Polad Merwan Polad	-do-	4
8.	Mrs. Shahnaz Sajjad Ahmad	Elected on 1 st Feb. 2019	3
9.	Mr Salman Rasheed (FCA)	-do-	2
10.	Mr. Muhammad Jawaid Iqbal	-do-	2

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

### Performance Evaluation of Board of Directors and Committees of the Board

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

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

### Review of CEO's Performance

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

### Directors' Remuneration

The remuneration of the Board members is recommended by Board and approved by the shareholders in General meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2018-19, please refer notes to the Financial Statements.



## External Auditors

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

## Internal Audit

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

## Material changes

There have been no material changes since June 30, 2019 to date of the report and the Company has not entered into any material commitment during this period, which would have an adverse impact on the financial position of the Company. All the material events and other price sensitive information have been reported to PSX on as and where basis.

## Pattern of Shareholding

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

## Related Party Transactions

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

## Communication

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the company are updated on its web site at [www.ghandharanissan.com.pk](http://www.ghandharanissan.com.pk) on timely basis.

## Safeguarding of Records

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

## Health, Safety and Environment

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

## Corporate Social Responsibility

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



### Corporate and Financial reporting framework

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

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

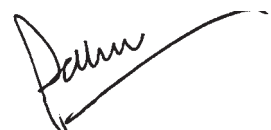
	<u>Value of Investment</u>	<u>Year ended</u>
<b>Provident Fund</b>	<b>Rs.116.364 million</b>	<b>June 30, 2018</b>
<b>Gratuity Fund</b>	<b>Rs.125.315 million</b>	<b>June 30, 2018</b>

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

For and on behalf of the Board of Directors



**Ahmad Kuli Khan Khattak**  
Chief Executive Officer



**Salman Rasheed**  
Director

Karachi  
Dated: 28th September, 2019





- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔ اور ان سے روگردانی کی صورت میں انہیں حسابات میں نمایاں اور واضح کیا گیا ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے کاروبار کے چلنے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار اس رپورٹ میں شامل کئے گئے ہیں۔
- کارپوریٹ گورننس کے بہترین طریق کار سے کوئی مادی پہلو تہی نہیں کی گئی ہے، جیسا کہ پاکستان اسٹاک ایکسچینج کی رول بک کے قواعد و ضوابط میں تفصیل سے درج ہے۔
- ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی گوشواروں کے متعلقہ نوٹس میں دی گئی ہیں۔
- عملہ کے رہنماؤں منٹ فنڈز سے کی گئی سرمایہ کاریوں کی مالیت ان کے متعلقہ آڈٹ شدہ مالیاتی گوشواروں کے مطابق درج ذیل ہیں:

سال محتتمہ

سرمایہ کاری کی مالیت

30 جون 2018

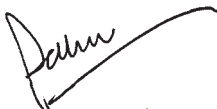
پروویڈنٹ فنڈ 116.364 ملین روپے


30 جون 2018

گریجویٹی فنڈ 125.315 ملین روپے

- ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری، ان کے شریک حیات اور چھوٹے بچوں نے سال کے دوران کمپنی کے حصص میں کوئی کاروبار نہیں کیا۔

برائے و منجانب بورڈ آف ڈائریکٹرز

  
سلمان رشید  
ڈائریکٹر

  
احمد قلی خان خٹک  
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 28 ستمبر 2019



**حصص داری کی ساخت**  
کمپنی کی حصص داری کی ساخت اس رپورٹ کے ساتھ منسلک ہے۔

**ماحققہ پارٹیوں کے سودے**  
ماحققہ پارٹیوں کے ساتھ تمام سودے عمومی طریقہ کار کے مطابق انجام پائے اور مالیاتی گوشواروں کے متعلقہ نوٹس میں انہیں منکشف کیا گیا ہے۔

**رابطے**  
کمپنی حصص یافتگان کے ساتھ رابطے کی اہمیت پر زور دیتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹیں کمپنیز ایکٹ 2017 کے مطابق مقررہ مدت پر انہیں تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیوں کو اس کی ویب سائٹ [www.ghandharanissan.com.pk](http://www.ghandharanissan.com.pk) پر بروقت اپ ڈیٹ کیا جاتا ہے۔

**ریکارڈ کا تحفظ**  
کمپنی مالیاتی ریکارڈ کی حفاظتی تحویل اور ذخیرہ کو خصوصی اہمیت دیتی ہے۔ برقی دستاویزات تک رسائی کو جامع پاسورڈ پروٹیکشن سسٹم کے ذریعے تحفظ فراہم کیا گیا ہے۔

**صحت، تحفظ اور ماحول**  
ہم صحت، تحفظ اور ماحول کے اعلیٰ معیارات کو برقرار رکھنے پر مضبوط یقین رکھتے ہیں تاکہ جو لوگ ہمارے ساتھ کام کر رہے ہیں اور جس جگہ کی برادریوں میں کاروبار کر رہے ہیں، ان کو خوشحالی میسر آئے۔

**ادارتی سماجی ذمہ داری**  
کمپنی اپنی مجموعی کاروباری ماحول کے تناظر میں اپنی سماجی، ماحولیاتی اور اخلاقی ذمہ داریوں سے آگاہ ہے۔ کمپنی اپنے تمام مستفیدان کے بہترین مفاد کے لئے پرعزم ہے۔ انتظامیہ اس بات کے لئے کوشاں ہے کہ کمپنی کی کاروباری سرگرمیوں کی وجہ سے معاشرہ متاثر نہ ہو۔

### ادارتی اور مالیاتی رپورٹنگ کا فریم ورک

بورڈ اس بات کی تصدیق کرتا ہے کہ مندرجہ ذیل معاملات میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے وضع کردہ ادارتی اور مالیاتی رپورٹنگ فریم ورک اور ادارتی نظم و ضبط کے ضابطے کی پاسداری کی گئی ہے:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور لیکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔





بورڈ اور اسکی کمیٹیوں کی کارکردگی کی نگرانی، جو کہ بورڈ بذات خود کرتا ہے۔ اس کے بنیادی اجزاء درج ذیل ہیں:

- \* کمپنی کے وژن اور مشن کے تحت اس کے اہداف اور مقاصد سے مطابقت
- \* پائیدار آپریشنز کے لئے حکمت عملی وضع کرنا
- \* آزادانہ بورڈ کا قیام
- \* بورڈ کی کمیٹیوں کی کارکردگی کی نگرانی اور اس کی اثر پذیری کی تشخیص ایک مسلسل عمل ہے

### سی ای او کی کارکردگی کا جائزہ

سی ای او کی کارکردگی کی تشخیص ایک تشخیصی نظام کے تحت کی جاتی ہے جس کی بنیاد مقدار ی اور معیاری اقدار ہیں۔ اس میں کاروباری کارکردگی، مقاصد کا حصول بلحاظ منافع، ادارے کی تعمیر، عملہ کی منصوبہ بندی اور ادارتی کامیابیاں شامل ہیں۔

### ڈائریکٹرز کا معاوضہ

بورڈ ممبران کے معاوضہ کی سفارش بورڈ کرتا ہے اور اس کی منظوری حصص یافتگان سے سالانہ اجلاس میں لی جاتی ہے۔ تاہم، ادارتی نظم و ضبط کے ضابطے کے تحت اس بات کو یقینی بنایا جاتا ہے کہ کوئی ڈائریکٹر بھی اپنے معاوضہ کے تعین کے فیصلے میں شریک نہ ہو۔ اجلاس میں شریک ہونے کی فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ نہیں دیا جاتا۔ بہترین قابل افراد کے لگا تار ساتھ کے لئے کمپنی کی معاوضہ کی پالیسیاں اور ساخت صنعت میں جاری رجحانات اور بہترین طور طریقوں سے مطابقت رکھتی ہیں۔ 2018-19 میں ڈائریکٹرز اور سی ای او کے معاوضہ سے متعلق معلومات کے لئے مالیاتی گوشواروں کے نوٹس کا مطالعہ کریں۔

### بیرونی آڈیٹرز

موجودہ آڈیٹرز میسرز شین ونگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے میسرز شین ونگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

### اندرونی آڈٹ

کمپنی کے پاس اپنا خود مختار اندرونی آڈٹ کا نظام ہے۔ بورڈ کی آڈٹ کمیٹی ہر سہ ماہی میں اس کے وسائل کی موزونیت اور اس کے اختیارات کا جائزہ لیتی ہے۔ اندرونی آڈٹ کا سربراہ اپنی رپورٹ آڈٹ کمیٹی کو پیش کرتا ہے۔ بورڈ کی آڈٹ کمیٹی آڈٹ کے منصوبے کو منظور کرتی ہے جس میں کاروباری شعبوں کی سالانہ اور سہ ماہی تشخیص ہوتی ہے۔ اندرونی آڈٹ کے نظام میں مالیاتی، کاروباری اور کنٹرول پر عملدرآمد کا جائزہ لیا جاتا ہے اور رپورٹ کے نتائج بورڈ کی آڈٹ کمیٹی، چیف ایگزیکٹو اور انتظامی سربراہوں کو پیش کئے جاتے ہیں۔

### بڑی تبدیلیاں

30 جون 2019 سے لے کر اس رپورٹ کی تاریخ تک کوئی بڑی تبدیلیاں رونما نہیں ہوئیں اور اس مدت کے دوران کمپنی نے کوئی ایسا بڑا معاہدہ نہیں کیا جو کہ کمپنی کی مالیاتی پوزیشن پر برا اثر ڈالے۔ تمام بڑے واقعات اور قیمت سے متعلق حساس معلومات سے PSX کو جب اور جیسے کی بنیاد پر آگاہ کیا گیا ہے۔





ہر اجلاس کے بعد کمیٹی کا چیئرمین اپنی رپورٹ بورڈ کو پیش کرتا ہے۔ سال 2018-19 کے دوران BAC کے چار اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹر کا نام	حیثیت / رتبہ	حاضر اجلاسوں کی تعداد
1	جناب پولاد مروان پولاد	یکم فروری 2019 کو دوبارہ منتخب ہوئے	1
2	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	ایضاً	3
3	جناب محمد ضیاء	ایضاً	2
4	جناب محمد سلیم بیگ	یکم فروری 2019 کو منتخب ہوئے	1
5	جناب سلمان رشید	ایضاً	1

جو ڈائریکٹران آڈٹ کمیٹی کے اجلاسوں میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

### بورڈ آف ڈائریکٹرز کے اجلاس

سال 2018-19 کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹر کا نام	حیثیت / رتبہ	حاضر اجلاسوں کی تعداد
1	جناب رضا قلی خان خٹک	یکم فروری 2019 کو دوبارہ منتخب ہوئے	6
2	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	ایضاً	5
3	جناب احمد قلی خان خٹک	ایضاً	6
4	سید ہارون رشید	ایضاً	3
5	جناب محمد ضیاء	ایضاً	5
6	جناب محمد سلیم بیگ	ایضاً	4
7	جناب پولاد مروان پولاد	ایضاً	4
8	محترمہ شہناز سجاد احمد	یکم فروری 2019 کو منتخب ہوئے	3
9	جناب سلمان رشید (ایف سی اے)	ایضاً	2
10	جناب محمد جاوید اقبال	ایضاً	2

جو ڈائریکٹرز بورڈ کے اجلاسوں میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔



## نقصان کی وجوہات اور مستقبل میں منافع کے امکانات

مالی سال کے دوران نقصان کی بنیادی وجہ کمپنی کے مجموعی منافع میں کمی ہے جس کی وجہ پاکستانی روپے کی قدر میں کمی کے نتیجے میں میٹیریل کی درآمدی لاگت میں اضافہ اور افراط زر کی وجہ سے کچھ آپریٹنگ اخراجات کا بڑھنا ہے۔ مزید برآں ڈسکاؤنٹ ریٹس میں اضافے اور ممکنہ پروڈیکٹس پر ہونے والے اخراجات بشمول پروڈیکٹ فنانسنگ کے بندوبست کی لاگت میں اضافے نے بھی سال کے دوران کمپنی کی منافع کمانے کی اہلیت کو ضرب لگائی۔ تاہم، چیلنج سے بھرپور مجموعی معاشی ماحول سے نمٹنے کے لئے کمپنی مناسب اقدامات کر رہی ہے اور حصص یافتگان کے منافع جات میں زیادہ سے زیادہ اضافے اور مارکیٹ کے بدلتے تحریک کے مطابق مناسب حل پیش کرنے پر توجہ مرکوز کر رکھی ہے۔

## مالی سال کے دوران پیش رفت

چیلنج سے بھرپور مجموعی معاشی ماحول سے نمٹنے کے لئے کمپنی طویل المدت پائیداری کے مقصد کے لئے اقدامات کر رہی ہے۔ کمپنی نے مارکیٹ کی بدلتی ضروریات کے مطابق مناسب حل فراہم کرنے والے ایک ادارے کے طور پر اپنی ایک پہچان قائم کی ہے۔

### بالادست کمپنی

بیہوجی سروسز (پرائیویٹ) لمیٹڈ جس کی تشکیل پاکستان میں ہوئی، وہ گندھارا انسان لمیٹڈ کے 57.76 فیصد حصص داری کی وجہ سے ہماری بالادست کمپنی ہے

### چیسر مین کا جائزہ

چیسر مین کا جائزہ جو سالانہ رپورٹ میں شامل ہے اس میں دیگر کے علاوہ کاروبار کی نوعیت، کمپنی کی کارکردگی، مستقبل کے امکانات اور غیر یقینی صورتحال کے متعلق بتایا گیا ہے

### بورڈ آف ڈائریکٹرز اور اس کی کمیٹی

#### دی بورڈ

بورڈ تین خود مختار ڈائریکٹرز، ایک ایگزیکٹو اور چھ نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی ڈائریکٹرز کو یکم فروری 2019 کو منعقدہ کمپنی کی غیر معمولی سالانہ اجلاس میں منتخب کئے گئے۔

### انسانی وسائل اور معاوضہ کمیٹی (HR&R COMMITTEE)

اس کمیٹی کے اجلاس سال میں ایک دفعہ ہوتا ہے جن میں ملازمین کے لئے تلافی بدل / معاوضہ کا جائزہ اور ان میں بہتری کی سفارشات تیار کی جاتی ہیں اور اعلیٰ انتظامی عہدیداران کی ترویج کے لئے پالیسیاں وضع کی جاتی ہیں۔

### بورڈ کی آڈٹ کمیٹی (BAC)

بورڈ کی آڈٹ کمیٹی بورڈ کی بحیثیت نگران ذمہ داریوں، بنیادی طور پر حصص یافتگان کو مالیاتی اور غیر مالیاتی معلومات کی فراہمی اور اس کا جائزہ لیتی ہے، اندرونی گرفت کے نظام اور خطرات سے نمٹنے اور آڈٹ کے عمل میں مدد کرتی ہے۔ اس کے پاس اختیارات ہیں کہ وہ انتظامیہ سے کوئی بھی معلومات طلب کرے اور بلاواسطہ آڈیٹرز یا مشیروں سے مشاورت کرے جس طرح بھی مناسب سمجھتی ہو۔ طلب کرنے پر چیف فنانشل آفیسر باقاعدگی سے بورڈ آڈٹ کمیٹی کے اجلاسوں میں حاضر ہوتا ہے۔



## گندھارا نسان لمیٹڈ

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے سال کے لیے اپنی رپورٹ کے ساتھ آڈٹ شدہ حسابات اور ان سے متعلق آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### مالیاتی نتائج

مالیاتی نتائج برائے مختتمہ سال 30 جون 2019 مختصراً درج ذیل ہیں:

2018	2019
(روپے ہزاروں میں)	
1,252,196	5,421
(219,348)	(51,073)
4,673	16,846
(214,675)	(34,227)
1,037,521	(28,806)
(2,982)	(5,818)
1,034,539	(34,624)
1,313,543	2,151,296
28,227	33,189
(225,013)	-
1,116,757	2,184,485
2,151,296	2,149,861
Restated	
20.96	(0.51)

قبل از ٹیکس منافع

ٹیکسیشن

موجودہ

ملٹوی شدہ

(خسارہ)/منافع بعد از ٹیکس

دیگر جامع آمدن/(خسارہ)

کل جامع آمدن

جمع شدہ منافع (پہنچنے سے لایا گیا)

اضافی فرسودگی

حتی منافع منقسمہ

جمع شدہ منافع (آگے لے جایا گیا)

فی حصص (خسارہ)/آمدنی





# Independent Auditor's Report





# Independent Auditor's Report to the Members of Ghandhara Nissan Limited

## Report on the Audit of The Financial Statements

### Opinion

We have audited the annexed financial statements of Ghandhara Nissan Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

Following is the Key Audit Matters:

#### S.No. Key Audit Matters

#### How the matter was addressed in our audit

##### 1. Capitalization / Revaluation of Property, Plant and Equipment

As disclosed in notes 2.2, 6.1, 6.3 and 22 to the financial statements, the Company, during the year, incurred significant capital expenditure with additions of Rs.382,784 thousand made to its operating fixed assets. The Company also revalued its freehold lands, buildings on freehold land, plant and machinery and assembly jigs that resulted in net surplus / gain of Rs.1,431,103 thousand.

Our audit procedures in respect of this area included:

Obtained an understanding of the management controls over capitalization and on a sample basis, test relevant controls over authorization and recording in the system;

On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;



We identified the above matters as a key audit matter as these represents significant transactions and involves certain estimates and judgemental areas.

Evaluate the nature of costs on a sample basis to ensure capitalization criteria of International Accounting Standard 16 'Property, plant and equipment';

Reviewed revaluation report of independent valuer for revaluation. Also, recalculated the computation for revaluation surplus / gain; and

Considered the adequacy of the disclosures made in the financial statements in relation to the above.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

*ShineWing*



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

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

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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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

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

*ShineWing Hameed Chaudhri & Co.*

**SHINEWING HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**  
Raheel Ahmed  
Karachi; September 28, 2019





**RENAULT**

# Financial Statements

## Statement of Financial Position

As at June 30, 2019

	Note	2019 ----- Rupees '000 -----	2018 -----
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	6	3,912,436	2,133,465
Intangible assets	7	2,537	2,744
Long term investments	8	222,906	222,906
Long term loans	9	10,141	6,972
Long term deposits	10	13,368	20,247
Due from Subsidiary Company	11	650,757	766,994
		<u>4,812,145</u>	<u>3,153,328</u>
<b>Current assets</b>			
Stores, spares and loose tools	12	124,506	91,767
Stock-in-trade	13	1,069,654	738,323
Trade debts	14	252,479	260,537
Loans and advances	15	28,589	72,190
Deposits and prepayments	16	19,459	11,260
Investments	17	389,325	100,928
Other receivables	18	161,325	64,605
Accrued interest / mark-up	19	27,527	17,755
Taxation - net		62,870	-
Bank balances	20	150,109	1,314,660
		<u>2,285,843</u>	<u>2,672,025</u>
		<u>7,097,988</u>	<u>5,825,353</u>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	21	570,025	450,025
Subscription money against right issue		-	1,054,319
Capital reserve			
- share premium		1,102,721	40,000
- surplus on revaluation of fixed assets	22	2,261,358	972,241
		3,364,079	1,012,241
Revenue reserve - unappropriated profit		2,149,861	2,151,296
<b>Total equity</b>		<u>6,083,965</u>	<u>4,667,881</u>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease	23	44,767	47,439
Long term deposits	24	8,611	9,611
Deferred taxation	25	354,312	264,738
		<u>407,690</u>	<u>321,788</u>
<b>Current liabilities</b>			
Trade and other payables	26	381,201	695,581
Accrued mark-up		22,287	6,736
Short term borrowings	27	173,670	-
Current portion of liabilities against assets subject to finance lease	23	18,564	17,721
Taxation - net		-	104,971
Unclaimed dividend		10,611	10,675
		<u>606,333</u>	<u>835,684</u>
<b>Total liabilities</b>		<u>1,014,023</u>	<u>1,157,472</u>
<b>Contingencies and commitments</b>	28		
<b>Total equity and liabilities</b>		<u>7,097,988</u>	<u>5,825,353</u>

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



Ahmad Kuli Khan Khattak  
Chief Executive Officer



Salman Rasheed  
Director



Muhammad Umair  
Chief Financial Officer



## Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2019

		2019	2018
	Note	-----Rupees '000 -----	
Revenue	29	2,373,750	2,218,734
Cost of sales	30	<u>(2,053,661)</u>	(1,785,430)
Gross profit		320,089	433,304
Distribution cost	31	(70,051)	(53,669)
Administrative expenses	32	(228,397)	(213,207)
Other income	33	259,882	1,130,227
Other expenses	34	<u>(12,281)</u>	(21,677)
<b>Profit from operations</b>		269,242	1,274,978
Finance cost	35	<u>(263,821)</u>	(22,782)
<b>Profit before taxation</b>		5,421	1,252,196
Taxation	36	<u>(34,227)</u>	(214,675)
<b>(Loss) / profit after taxation</b>		<u>(28,806)</u>	1,037,521
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Surplus on revaluation of fixed assets		1,431,103	-
Impact of deferred tax		(105,028)	-
Re-measurement of staff retirement benefit obligation		(8,195)	(4,200)
Impact of deferred tax		2,377	1,218
Effect of change in tax rates on balance of revaluation of fixed assets		<u>(3,769)</u>	11,898
Other comprehensive income for the year - net of tax		1,316,488	8,916
<b>Total comprehensive income for the year</b>		<u>1,287,682</u>	<u>1,046,437</u>
			Restated
			----- Rupees '000 -----
<b>(Loss) / earnings per share - basic and diluted</b>	37	<u>(0.51)</u>	<u>20.96</u>

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

  
Ahmad Kuli Khan Khattak  
Chief Executive Officer

  
Salman Rasheed  
Director

  
Muhammad Umair  
Chief Financial Officer

## Statement of Changes in Equity

For the year ended June 30, 2019

	Share capital	Subscription money against right issue	Capital Reserve		Revenue Reserve	Total
			Share premium	Surplus on revaluation of fixed assets	Unappropriated profit	
----- Rupees '000 -----						
<b>Balance as at July 1, 2017</b>	450,025	-	40,000	988,570	1,313,543	2,792,138
<b>Transactions with owners, recognised directly in equity</b>						
Final dividend for the year ended June 30, 2017 at the rate of Rs.5.00 per share	-	-	-	-	(225,013)	(225,013)
Subscription money received	-	1,068,306	-	-	-	1,068,306
Issuance cost	-	(13,987)	-	-	-	(13,987)
	-	1,054,319	-	-	-	1,054,319
<b>Total comprehensive income for the year ended June 30, 2018</b>						
Profit for the year	-	-	-	-	1,037,521	1,037,521
Other comprehensive income / (loss)	-	-	-	11,898	(2,982)	8,916
	-	-	-	11,898	1,034,539	1,046,437
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(28,227)	28,227	-
<b>Balance as at June 30, 2018</b>	<b>450,025</b>	<b>1,054,319</b>	<b>40,000</b>	<b>972,241</b>	<b>2,151,296</b>	<b>4,667,881</b>
<b>Transactions with owners, recognised directly in equity</b>						
Subscription money received	-	131,694	-	-	-	131,694
Issuance cost	-	(3,292)	-	-	-	(3,292)
	-	128,402	-	-	-	128,402
Issuance of right shares at premium	120,000	(1,182,721)	1,062,721	-	-	-
<b>Total comprehensive income for the year ended June 30, 2019</b>						
Loss for the year	-	-	-	-	(28,806)	(28,806)
Other comprehensive income / (loss)	-	-	-	1,322,306	(5,818)	1,316,488
	-	-	-	1,322,306	(34,624)	1,287,682
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(33,189)	33,189	-
<b>Balance as at June 30, 2019</b>	<b>570,025</b>	<b>-</b>	<b>1,102,721</b>	<b>2,261,358</b>	<b>2,149,861</b>	<b>6,083,965</b>

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

  
**Ahmad Kuli Khan Khattak**  
 Chief Executive Officer

  
**Salman Rasheed**  
 Director

  
**Muhammad Umair**  
 Chief Financial Officer





## Statement of Cash Flows

For the year ended June 30, 2019

	2019	2018
	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,421	1,252,196
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortisation	120,136	108,478
Provision for gratuity	10,121	8,120
Provision for expected credit losses	5,263	-
Interest income	(93,551)	(67,480)
Dividend income	(102,227)	(77,493)
(Gain) / loss on disposal of property, plant and equipment	(4,331)	293
Gain on disposal of non current assets for sale	-	(36,802)
Gain on disposal of investments	(32,657)	(925,506)
Fair value loss on investment at fair value through profit or loss	5,516	(928)
Amortization of gain on sale and lease back	-	(6)
Finance cost	259,948	20,361
Exchange loss - net	6,363	1,226
<b>Operating profit before working capital changes</b>	<b>180,002</b>	<b>282,459</b>
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(32,739)	(5,293)
Stock-in-trade	(331,331)	(460,633)
Trade debts	2,795	(79,449)
Loans and advances	43,601	(22,417)
Deposit and prepayments	(8,199)	5,365
Other receivables	(96,720)	(46,523)
(Decrease) / increase in trade and other payables	(422,593)	(608,950)
	(326,739)	74,385
<b>Cash used in operations</b>	<b>(569,330)</b>	<b>(252,106)</b>
Gratuity paid	(12,320)	(13,427)
Long term loans - net	(3,169)	2,574
Long term deposits - net	(1,000)	-
Finance cost paid	(244,397)	(13,972)
Taxes paid	(218,914)	(186,543)
<b>Net cash used in operating activities</b>	<b>(1,049,130)</b>	<b>(463,474)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(462,729)	(246,613)
Intangible assets	(545)	(2,980)
Proceeds from disposal of property, plant and equipment	19,415	177,914
Proceeds from disposal of investment in an associate	-	945,230
Interest income received	83,779	57,394
Due from Subsidiary Company - net	116,237	(453,854)
Investments - net	(261,256)	(100,000)
Long term deposits - net	6,879	(981)
Dividend received	102,227	77,493
<b>Net cash (used in) / generated from investing activities</b>	<b>(395,993)</b>	<b>453,603</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease finances - net	(21,436)	(22,108)
Short term borrowings	173,670	-
Dividend paid	(64)	(222,070)
Subscription money against right issue	128,402	1,054,319
<b>Net cash generated from financing activities</b>	<b>280,572</b>	<b>810,141</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,164,551)</b>	<b>800,270</b>
Cash and cash equivalents at beginning of the year	1,314,660	514,390
<b>Cash and cash equivalents at end of the year</b>	<b>150,109</b>	<b>1,314,660</b>

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

Ahmad Kuli Khan Khattak  
Chief Executive OfficerSalman Rasheed  
DirectorMuhammad Umair  
Chief Financial Officer



## Notes to the Financial Statements

For the year ended June 30, 2019

### 1. THE COMPANY AND ITS OPERATIONS

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

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

### 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

#### 2.1 Issuance of 12,000,000 right shares at premium

During the year, the Company has issued 12,000,000 right shares at exercise price of Rs.100 per share (including premium of Rs.90 per share) for the purpose of revival of existing assembly facility for the progressive manufacturing of Datsun passenger cars, as well as to enhance the capacity to cater the increase in existing operations of the Company. This has been reflected in note 21 to the financial statements.

#### 2.2 Revaluation of assets

The Company, during the year has conducted revaluation exercise of its free hold land, leasehold land, building on freehold land, plant & machinery and assembly jigs in accordance with the requirements of International Accounting Standard (IAS) 16 'Property, plant & equipment. This has been reflected in note 6.1, 6.3 and 22 to the financial statements.

2.3 For details on performance review of the Company, refer Directors' Report.

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

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

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

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



## Notes to the Financial Statements

For the year ended June 30, 2019

### 3.2 Functional and presentation currency

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

### 3.3 Changes in accounting standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2018:

- (a) IFRS 15, 'Revenue from contracts with customers' is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This has replaced 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.

As stated in note 5.19 to the financial statements the management has concluded that the adoption of IFRS 15 doesn't not have significant impact on the timing and amount of revenue recognition of the Company.

- (b) IFRS 9, 'Financial instruments' is applicable in Pakistan on accounting periods ended on or after June 30, 2019. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39 'Financial Instruments - Recognition and Measurement'. 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 adoption of IFRS 9 have changed the classification of financial assets and related disclosures as stated in note 5.4, 5.8 and note 41.3 to the financial statements. The adoption of standards doesn't effect the reported figures of the financial assets and liabilities of the Company.

- (c) The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2018 and have not been early adopted by the Company:

- (a) The IFRS 16 'Leases' will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard is applicable on accounting periods beginning on or after January 1, 2019. 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. The Company has yet to assess the full impact of this standard on its financial statements.

## Notes to the Financial Statements

For the year ended June 30, 2019

- (b) IFRIC 23 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The amendment clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS12 'Income Taxes'. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The interpretation is not expected to have a material impact on the Company's financial statements.
- (c) Annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. These amendments include changes from the 2015-2017 cycle of annual improvements project that mainly affect following standards:
- (i) Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements', clarifies how a company accounts for increase of its interest in a joint operation that meets the definition of a business. If a party maintains (or obtains) joint control, then the previously held interest is not re-measured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party re-measures the previously held interest at fair value.
  - (ii) Amendment to IAS 12, 'Income taxes', clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits - i.e. in profit or loss, OCI or equity.
  - (iii) Amendment to IAS 23 'Borrowing Costs', clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance the qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non qualifying assets - are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.
- (d) The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 1, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.
- (e) Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

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

### 4. BASIS OF MEASUREMENT

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



## Notes to the Financial Statements

For the year ended June 30, 2019

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

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

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

- (i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 5.1 and 5.2)
- (ii) Stock-in-trade (note 5.7)
- (iii) Provision for expected credit losses (note 5.8)
- (iv) Provision for staff benefits (note 5.13)
- (v) Provision for warranty (note 5.15)
- (vi) Provision for taxation (note 5.17)

### 5. SIGNIFICANT ACCOUNTING POLICIES

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

#### 5.1 Property, plant and equipment

##### 5.1.1 Operating fixed assets

###### Owned assets

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

###### Subsequent cost

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

###### Depreciation

Depreciation on all items of operating fixed assets other than freehold land is charged to profit or loss applying the reducing balance method at the rates stated in note 6.1. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.



## Notes to the Financial Statements

For the year ended June 30, 2019

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 or loss.

### Revaluation of assets

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

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

### 5.1.2 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.

### 5.2 Intangible assets

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

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



## Notes to the Financial Statements

For the year ended June 30, 2019

### Subsequent expenditure

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

### Amortisation

Intangible assets are amortised using the reducing balance method at the rate stated in note 7.

### 5.3 Non current assets held for sale

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

### 5.4 Financial instruments

#### 5.4.1 Financial assets

The details of new accounting policies after the application of IFRS 9 is as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS 39.

#### 5.4.2 Classification

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

##### (a) Financial assets at amortised cost

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

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

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

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

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

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

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

## Notes to the Financial Statements

For the year ended June 30, 2019

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

### 5.4.3 Recognition and measurement

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

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

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

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

### 5.4.4 Financial liabilities

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

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

Financial instruments carried on the statement of financial position includes long term deposits, long term loans, trade debts, loan & advances, deposits and prepayments, other receivables, investments, bank balances, liabilities against assets subject to finance lease, due from subsidiary company, trade and other payables, accrued mark-up and short term borrowings and unclaimed dividends.

### 5.5 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.



## Notes to the Financial Statements

For the year ended June 30, 2019

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

### 5.6 Stores, spares and loose tools

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

### 5.7 Stock-in-trade

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

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

### 5.8 Trade debts and other receivables and related impairment

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

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

### 5.9 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.

## Notes to the Financial Statements

For the year ended June 30, 2019

### 5.10 Cash and cash equivalents

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

### 5.11 Share capital

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

### 5.12 Mark-up bearing loans and borrowings

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

### 5.13 Staff benefits

#### 5.13.1 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, 2019 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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

#### 5.13.2 Defined contribution plan

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

### 5.14 Trade and other payables

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

### 5.15 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 or loss when the sale is recognised.

### 5.16 Research and development cost

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

### 5.17 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.



## Notes to the Financial Statements

For the year ended June 30, 2019

### 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.

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 or loss, except in the case of items credited or charged to equity in which case it is included in equity.

### 5.18 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.

### 5.19 Revenue recognition

According to the core principle of IFRS 15, the Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

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

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

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

This criteria of revenue recognition for its timing and amount is in accordance with repealed IAS 18 which is also consistent with IFRS 15 therefore, the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Company.

## Notes to the Financial Statements

For the year ended June 30, 2019

### 5.20 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.

### 5.21 Foreign currency transactions and translation

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

### 5.22 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 or loss. Reversal of impairment loss is restricted to the original cost of the asset.

### 5.23 Segment reporting

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

### 5.24 Earnings per share

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

### 5.25 Dividend and appropriation to reserves

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

## 6. PROPERTY, PLANT AND EQUIPMENT

		2019	2018
	Note	----- Rupees '000 -----	-----
Operating fixed assets	6.1	3,620,513	1,941,094
Capital work-in-progress includes:			
Buildings		215,471	120,703
Plant and machinery		62,817	55,686
Furniture and fixtures		-	2,587
Vehicles		4,035	9,795
Computers		9,600	3,600
		291,923	192,371
		<u>3,912,436</u>	<u>2,133,465</u>





# Notes to the Financial Statements

For the year ended June 30, 2019

## 6.1 Operating fixed assets

	Freehold land (note 6.2)	Leasehold land (note 6.2)	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Assembly jigs	Furniture and fixtures	Vehicles		Office equipment	Computers	Total
									Owned	Leased			
Rupees in '000													
At July 1, 2017													
Revaluation / cost	498,938	222,980	675,883	-	-	664,316	46,404	18,150	62,971	98,285	9,370	13,703	2,326,720
Accumulated depreciation	-	(12,497)	(96,397)	-	-	(149,171)	(43,976)	(2,834)	(43,086)	(31,708)	(6,003)	(11,383)	(406,388)
Net book value	498,938	210,483	579,486	-	-	515,145	2,428	15,316	19,885	66,577	3,367	2,320	1,920,332
Year ended June 30, 2018													
Opening net book value	498,938	210,483	579,486	-	-	515,145	2,428	15,316	19,885	66,577	3,367	2,320	1,920,332
Additions	-	-	-	-	44,751	33,740	6,341	254	11,925	15,095	4,338	1,852	132,450
Disposals	-	-	-	-	-	-	-	-	(6,379)	-	-	-	(6,379)
- cost	-	-	-	-	-	-	-	-	2,883	-	-	-	2,883
- accumulated depreciation	-	-	-	-	-	-	-	-	(3,496)	-	-	-	(3,496)
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	16,840	(16,840)	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(9,798)	9,798	-	-	-
Depreciation charge	-	(21,048)	(28,975)	-	(1,305)	(26,570)	(803)	(1,550)	(4,602)	(15,266)	(2,195)	(962)	(108,192)
Closing net book value	498,938	189,435	550,511	-	43,446	522,315	7,966	14,020	30,754	59,364	5,510	3,210	1,941,094
At June 30, 2018													
Revaluation / cost	498,938	222,980	675,883	-	44,751	698,056	52,745	18,404	85,357	96,540	13,708	15,555	2,452,791
Accumulated depreciation	-	(33,545)	(125,372)	-	(1,305)	(175,741)	(44,779)	(4,384)	(54,603)	(37,176)	(8,198)	(12,345)	(511,697)
Net book value	498,938	189,435	550,511	-	43,446	522,315	7,966	14,020	30,754	59,364	5,510	3,210	1,941,094
Year ended June 30, 2019													
Opening net book value	498,938	189,435	550,511	-	43,446	522,315	7,966	14,020	30,754	59,364	5,510	3,210	1,941,094
Additions	-	-	8,489	93,745	42,455	174,253	-	25,923	15,029	19,607	690	901	382,784
Revaluation adjustments (Note 6.3)	1,068,937	-	68,898	-	-	-	-	-	-	-	-	-	1,137,835
- cost	-	-	140,993	-	-	149,724	2,551	-	-	-	-	-	293,268
- accumulated depreciation	-	-	209,891	-	-	149,724	2,551	-	-	-	-	-	1,431,103
Disposals (Note 6.7)	-	-	-	-	-	-	-	-	(13,795)	(1,289)	-	-	(15,084)
- cost	-	-	-	-	-	-	-	-	(31,801)	(1,406)	-	-	(33,207)
- accumulated depreciation	-	-	-	-	-	-	-	-	18,006	117	-	-	18,123
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	4,676	(4,676)	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(2,980)	2,980	-	-	-
Depreciation charge (Note 6.5)	-	(18,943)	(32,834)	(391)	(3,403)	(31,304)	(1,848)	(1,833)	(6,496)	(13,632)	(1,980)	(1,205)	(119,384)
Closing net book value	1,567,875	170,492	736,057	93,354	82,498	814,988	8,669	38,110	27,188	62,354	4,220	2,906	3,620,513
At June 30, 2019													
Revaluation / cost	1,567,875	222,980	753,270	93,745	87,206	872,309	52,745	44,327	73,261	110,065	14,398	16,456	3,940,203
Accumulated depreciation	-	(52,488)	(17,213)	(391)	(4,708)	(57,321)	(44,076)	(6,217)	(46,073)	(47,711)	(10,178)	(13,550)	(319,690)
Net book value	1,567,875	170,492	736,057	93,354	82,498	814,988	8,669	38,110	27,188	62,354	4,220	2,906	3,620,513
Depreciation rate (% per annum)	10	10	5	5	5	5	20	10	20	33	33	33	33

## Notes to the Financial Statements

For the year ended June 30, 2019

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

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

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

During the year, the Company again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Tristar International Consultant (Private) Limited, (Approved valuers of Pakistan Banks' Association) Room No. 17, 3rd Floor, Davis Hynes, 38-Davis Road, Lahore. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 and are mentioned in note 41.2.

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

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

		2019	2018
		----- Rupees '000 -----	
Freehold land	Note	61,456	61,456
Buildings on freehold land		107,227	103,999
Plant and machinery		364,495	201,777
Assembly Jigs		6,266	7,834
<b>6.5 Depreciation charge has been allocated as follows:</b>			
Cost of goods manufactured	30.1	97,707	89,153
Administrative expenses	32	21,677	19,039
		<u>119,384</u>	<u>108,192</u>



## Notes to the Financial Statements

For the year ended June 30, 2019

**6.6** The Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged up to Rs.1,650,667 thousand (2018: Rs.1,647,100 thousand) with banks for short term finance facilities.

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

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
----- Rupees '000 -----							
<b>Items having book value exceeding Rs.500,000 each</b>							
Vehicles							
	1,039	513	526	526	-	Company policy	Mr. Shakeel Ahmed, (Ex. Employee).
	1,683	1,129	554	554	-	Company policy	Mr. Sohail Ahmed, (Key Management personel).
	1,425	250	1,175	1,175	-	Sale and lease bank	First Habib Modaraba, Karachi.
	1,425	250	1,175	1,175	-		First Habib Modaraba, Karachi.
	1,425	250	1,175	1,175	-		First Habib Modaraba, Karachi.
	1,425	250	1,175	1,175	-		First Habib Modaraba, Karachi.
	1,425	229	1,196	1,196	-		First Habib Modaraba, Karachi.
	1,700	28	1,672	1,672	-		First Habib Modaraba, Karachi.
	1,406	117	1,289	1,395	106		Insurance claim
	<u>12,953</u>	<u>3,016</u>	<u>9,937</u>	<u>10,043</u>	<u>106</u>		
<b>Items having book value upto Rs.500,000 each</b>	<u>20,254</u>	<u>15,107</u>	<u>5,147</u>	<u>9,372</u>	<u>4,225</u>		
<b>June 30, 2019</b>	<u><b>33,207</b></u>	<u><b>18,123</b></u>	<u><b>15,084</b></u>	<u><b>19,415</b></u>	<u><b>4,331</b></u>		
June 30, 2018	<u>6,379</u>	<u>2,883</u>	<u>3,496</u>	<u>3,203</u>	<u>(293)</u>		

## Notes to the Financial Statements

For the year ended June 30, 2019

### 7. INTANGIBLE ASSETS

These represent computer software licenses.

#### Cost

At beginning of the year  
Addition during the year  
At end of the year

#### Accumulated amortisation

At beginning of the year  
Charge for the year  
At end of the year

#### Net book value

Rate of amortisation (% - per annum)

	2019	2018
	----- Rupees '000 -----	
Note		
	3,480	500
	545	2,980
	<u>4,025</u>	<u>3,480</u>
	736	450
32	752	286
	1,488	736
	<u>2,537</u>	<u>2,744</u>
	<u>25</u>	<u>25</u>

### 8. LONG TERM INVESTMENTS

#### Subsidiary Company - at cost

Ghandhara DF (Private) Limited

14,999,500 (2018: 14,999,500) ordinary shares of  
Rs.10 each

Equity held: 99.99% (2018: 99.99%)

Break-up value per share on the basis of latest

financial statements is Rs.45.19 (2018: Rs.35.80)

#### Associated Company - at cost

Ghandhara Industries Limited

8,132,336 (2018: 4,066,168) ordinary shares of  
Rs.10 each (**Note 8.1**)

Equity held: 19.09% (2018: 19.09%)

Fair value: Rs.710,522 thousand (2018: Rs.2,873,520 thousand)

#### Others - available for sale

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

187,500 (2018: 187,500) ordinary shares of

Rs.10 each - **cost**

Provision for impairment

	149,995	149,995
	72,911	72,911
	1,875	1,875
	(1,875)	(1,875)
	<u>222,906</u>	<u>222,906</u>



## Notes to the Financial Statements

For the year ended June 30, 2019

### 8.1 Movement in investment of Ghandhara Industries Limited

	2019	2018
	----- Number of shares -----	
At beginning of the year	4,066,168	5,166,168
Bonus shares received	4,066,168	-
Disposal of shares	-	(1,100,000)
At end of the year	<u>8,132,336</u>	<u>4,066,168</u>

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

		2019	2018
	Notes	----- Rupees '000 -----	
Loans to employees			
Related parties - Key Management Personnel	9.1 & 9.2	3,703	2,730
Other employees	9.1	<u>11,791</u>	<u>9,667</u>
		15,494	12,397
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		1,980	1,841
Other employees		<u>3,373</u>	<u>3,584</u>
	15	<u>5,353</u>	<u>5,425</u>
		<u>10,141</u>	<u>6,972</u>

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

9.2 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2019 from Key Management Personnel aggregated to Rs.3,883 thousand (2018: Rs.3,537 thousand).

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

## Notes to the Financial Statements

For the year ended June 30, 2019

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

Deposits held with / against:

Central Depository Company of Pakistan Limited

Lease facilities

Utilities

Others

2019	2018
----- Rupees '000 -----	
25	25
7,005	13,893
6,228	6,219
110	110
<u>13,368</u>	<u>20,247</u>

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

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

**11.2** The maximum aggregate amount of loan at the end of any month during the year was Rs.796,173 thousand (2018: Rs.798,086 thousand).

**12. STORES, SPARES AND LOOSE TOOLS**

Stores

Spares and loose tools

2019	2018
----- Rupees '000 -----	
123,491	90,752
1,015	1,015
<u>124,506</u>	<u>91,767</u>



## Notes to the Financial Statements

For the year ended June 30, 2019

### 13. STOCK-IN-TRADE

	2019	2018
	----- Rupees '000 -----	
Raw materials		
In hand	189,017	234,123
Less: provision for obsolete / slow moving stock	(15,000)	(15,000)
	174,017	219,123
In transit	62,634	33,509
	236,651	252,632
Finished goods		
In hand		
Complete built units - trucks and cars	529,283	163,130
Complete knockdown units - trucks	30,786	118,444
Spare parts	30,008	6,295
Held with third parties		
Complete built units - trucks	207,798	83,940
Complete knockdown units - trucks	35,128	6,743
In transit		
Complete built units - trucks	-	107,139
	833,003	485,691
	<u>1,069,654</u>	<u>738,323</u>

**13.1** The present and future stock-in-trade, trade debts and receivables aggregating Rs.4,501,017 thousand (2018: Rs.3,100,343 thousand) are under pledge / joint hypothecation charge with banks against short term finances and running finances (Refer note 27).

### 14. TRADE DEBTS - Unsecured

	2019	2018
	----- Rupees '000 -----	
<b>Considered good against sale of</b>		
Vehicles and assembly charges	247,241	251,692
Spare parts	5,238	8,845
	252,479	260,537
<b>Considered doubtful</b>	5,263	-
Provision for expected credit losses	257,742	260,537
	(5,263)	-
	<u>252,479</u>	<u>260,537</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

### 14.1 Trade debts include the following amounts due from related parties:

	2019	2018
	----- Rupees '000 -----	
Ghandhara DF (Private) Limited	6,356	18,201
Ghandhara Industries Limited	94,650	90,798
	<u>101,006</u>	<u>108,999</u>

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

Up to 3 months	<u>101,006</u>	<u>108,999</u>
----------------	----------------	----------------

### 14.3 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.187,533 thousand (2018: Rs.193,454 thousand).

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

		2019	2018
	Note	----- Rupees '000 -----	
Current portion of long term loans	9	5,353	5,425
Loans to other employees		12	147
Advances to / against: Related party- Key Management Personnel		16	148
Other employees		3,308	4,771
Suppliers, contractors and others	15.2	19,796	61,498
		<u>23,120</u>	66,417
Letters of credit		104	201
		<u>28,589</u>	<u>72,190</u>

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

### 15.2 Includes Rs.35 thousand (2018: Rs.226 thousand) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.



## Notes to the Financial Statements

For the year ended June 30, 2019

### 16. DEPOSITS AND PREPAYMENTS

	2019	2018
Note	----- Rupees '000 -----	-----
Deposits - considered good and interest free	10,960	3,082
Prepaid		
- rent [Bibojee Services (Private) Limited - the Holding Company]	-	590
- insurance	3,373	3,306
	3,373	3,896
Current account balances with statutory authorities	5,126	4,282
	<u>19,459</u>	<u>11,260</u>

### 17. INVESTMENTS

At amortised cost

- Investment in term deposit receipt
- Accrued profit at the rate of 11.20% per annum

At fair value through profit or loss

17.1

190,000	-
117	-
<u>190,117</u>	<u>-</u>
17.1	100,928
<u>199,208</u>	<u>100,928</u>
<u>389,325</u>	<u>100,928</u>

#### 17.1 Investments - at fair value through profit or loss

2019	2018	
-----	-----	Units in '000 -----
-	11,645	BMA Chundrigar Road Savings Fund
1,990	-	JS Islamic Hybrid Fund Of Funds 2- JSICPAP-5
<u>1,990</u>	<u>-</u>	
<u>199,208</u>	<u>-</u>	
<u>199,208</u>	<u>100,928</u>	

17.2

199,208	-
<u>199,208</u>	<u>100,928</u>

17.2 1,943,053 units of JS Islamic Hybrid Fund of Funds - JSICPAP-5 valuing Rs.194,480 thousand are under pledge of a commercial bank against short term finance facilities availed by the subsidiary company.

## Notes to the Financial Statements

For the year ended June 30, 2019

### 18. OTHER RECEIVABLES

Considered good and interest free

		2019	2018
	Note	----- Rupees '000 -----	-----
Due from Subsidiary Company	18.1	1,834	1,760
Sales tax refundable / adjustable		152,713	53,411
Bank guarantee margin		21	21
Security deposits and earnest money - interest free		5,448	8,656
Others		1,309	757
		<u>161,325</u>	<u>64,605</u>

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

### 19. ACCRUED INTEREST / MARK-UP

		2019	2018
	Note	----- Rupees '000 -----	-----
Interest / mark-up accrued on:			
- long term advance to Subsidiary Company		27,230	17,735
- term deposits receipts		297	20
		<u>27,527</u>	<u>17,755</u>

### 20. BANK BALANCES

		2019	2018
		----- Rupees '000 -----	-----
Cash at banks on:			
- current accounts		128,774	204,750
- saving accounts	20.1	4,730	-
- deposit accounts	20.2	10,517	10,517
- term deposits receipts	20.3	10,000	34,999
- right subscription account		-	1,068,306
		<u>154,021</u>	<u>1,318,572</u>
Provision for doubtful bank balance	20.4	(3,912)	(3,912)
		<u>150,109</u>	<u>1,314,660</u>

**20.1** At reporting date, these carry mark-up at the rate of 10.25% per annum.

**20.2** During the year, this carries mark-up up to 10.40% (2018: 5.50%) per annum.

**20.3** Term deposit receipt (TDR) has maturity of 15 days from respective dates of acquisition. These TDR carries mark-up at rate of 12.5% (2018: ranging from 5.25% to 6.20%) per annum.

**20.4** This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42,586 thousand deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Company considers that it has discharged its obligation against the said letters of credit.

## Notes to the Financial Statements

For the year ended June 30, 2019

### 21. SHARE CAPITAL

#### 21.1 Authorized capital

	2019	2018
	----- Rupees '000 -----	

80,000,000 (2018: 80,000,000) ordinary shares of Rs.10 each	<u>800,000</u>	<u>800,000</u>
---	----------------	----------------

#### 21.2 Issued, subscribed and paid-up capital

	2019	2018		2019	2018
	----- No. of shares -----				
<u>26,800,000</u>	14,800,000		Ordinary shares of Rs.10 each fully paid in cash (Note 21.3)	<u>268,000</u>	148,000
<u>200,000</u>	200,000		Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>2,000</u>	2,000
<u>30,002,500</u>	30,002,500		Ordinary shares of Rs.10 each issued for acquisition	<u>300,025</u>	300,025
<u>57,002,500</u>	<u>45,002,500</u>			<u>570,025</u>	<u>450,025</u>

#### 21.3 Movement in issued, subscribed and paid-up capital

	2019	2018		2019	2018
	----- No. of shares -----				
<u>45,002,500</u>	45,002,500		Balance at the beginning of the year	<u>450,025</u>	450,025
<u>12,000,000</u>	-		Ordinary shares of Rs.10 each issued as right shares (Note 21.4)	<u>120,000</u>	-
<u>57,002,500</u>	<u>45,002,500</u>			<u>570,025</u>	<u>450,025</u>

#### 21.4 Issuance of right shares at premium

The Board of Directors of the Company in their meeting held on April 24, 2018 approved issue of 12,000,000 right shares at exercise price of Rs.100 per share (including premium of Rs.90 per share) in proportion of 26.67 shares for every 100 shares held as at May 8, 2018. The right shares were issued for the purpose of revival of existing assembly facility for the progressive manufacturing of Datsun passenger cars, as well as to enhance the capacity to cater the increase in existing operations of the Company.

These right shares have been issued to Company's existing shareholders. Total amount raised through the rights issue is Rs.1,200,000 thousand comprising of Rs.120,000 thousand and Rs.1,080,000 thousand in respect of ordinary share capital and share premium respectively. In this respect, the Company has allotted 12,000,000 shares during the year.

Issuance cost amounting to Rs.17,280 thousand were incurred in relation to above right issue which has been set-off with the subscription money received and accordingly accounted for as a deduction from equity on allotment of shares.



## Notes to the Financial Statements

For the year ended June 30, 2019

**21.5** At June 30, 2019, Bibojee Services (Private) Limited (the Holding Company) holds 57.76% (2018: 56.32%) of share capital of the Company.

**21.6** The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets.

**22. SURPLUS ON REVALUATION OF  
FIXED ASSETS - Net**

	2019	2018
Note	----- Rupees '000 -----	-----
Balance at beginning of the year	1,187,068	1,226,546
Surplus arisen on revaluation carried-out during the year	6.3 1,431,103	-
Transferred to unappropriated profit on account of incremental depreciation for the year	(46,745)	(39,478)
	<u>2,571,426</u>	<u>1,187,068</u>
Less: related deferred tax of:		
- opening balance	214,827	237,976
- surplus arisen during the year	105,028	-
- incremental depreciation for the year	(13,556)	(11,251)
- effect of change in tax rate	3,769	(11,898)
- closing balance	310,068	214,827
Balance at end of the year	<u>2,261,358</u>	<u>972,241</u>

**23. LIABILITIES AGAINST ASSETS SUBJECT  
TO FINANCE LEASE - Secured**

Balance at beginning of the year	65,160	72,173
Assets acquired during the year	17,557	14,486
Repaid / adjusted during the year	(19,386)	(21,499)
	<u>63,331</u>	<u>65,160</u>
Current portion grouped under current liabilities	(18,564)	(17,721)
Balance at end of the year	<u>44,767</u>	<u>47,439</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

- 23.1** 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 7.47% to 17.50% (2018: 7.47% to 17.50%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Company intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

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

Particulars	Upto one year	From one to five years	2019	Upto one year	From one to five years	2018
	Rupees in '000					
Minimum lease payments	22,768	48,959	71,727	21,464	50,940	72,404
Finance cost allocated to future periods	(4,204)	(4,192)	(8,396)	(3,743)	(3,501)	(7,244)
Present value of minimum lease payments	18,564	44,767	63,331	17,721	47,439	65,160

**24. LONG TERM DEPOSITS - Interest free**

	Note	2019	2018
		Rupees '000	
Dealers' deposit	24.1	7,000	8,000
Vendors		111	111
Others		1,500	1,500
		<u>8,611</u>	<u>9,611</u>

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

**25. DEFERRED TAXATION - Net**

	2019	2018
	Rupees '000	
The liability for deferred taxation comprises of temporary differences relating to:		
- accelerated tax depreciation allowance	88,681	58,466
- surplus on revaluation of fixed assets	310,068	214,827
- lease finances	887	201
- provision for expected credit losses	(1,526)	-
- provision for gratuity	-	(2,355)
- provision for warranty claims	(101)	(1,011)
- provision for obsolete / slow moving stock	(4,350)	(4,275)
- provision for bank balances	(1,134)	(1,115)
- unabsorbed tax depreciation	(38,213)	-
	<u>354,312</u>	<u>264,738</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

**25.1** As at June 30, 2019, the Company has unused tax losses aggregating Rs.18,224 thousand. Deferred tax asset on un-used losses has not been recognised on prudent basis.

### 26. TRADE AND OTHER PAYABLES

	Note	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
Trade creditors		56,927	124,175
Bills payable		53,982	145,310
Accrued liabilities	26.1	55,912	81,443
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	26.2	132,695	231,276
Commission		16,463	28,975
Unclaimed gratuity		231	231
Dealers' advances against vehicles - interest free		11,000	4,000
Payable to Waqf-e-Kuli Khan		9,885	9,885
Payable to UD Truck Corporations, Japan		-	8,429
Payable to gratuity fund	26.3	18,316	12,320
Withholding tax		1,615	867
Workers' profit participation fund	26.4	291	15,502
Workers' welfare fund		111	4,656
Retention money		506	103
Warranty claims		349	3,549
Others	26.5	21,515	23,457
		<u>381,201</u>	<u>695,581</u>

**26.1** Includes Rs.29,650 thousand (2018: Rs.17,206 thousand) and Rs.3,010 (Rs. Nil) which pertains to a Key Management Person and Bibojee Services (Private) Limited respectively.

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

#### 26.3 Provision for gratuity

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

The latest actuarial valuation of the Scheme as at June 30, 2019 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

#### 26.3.1 Statement of financial position reconciliation

	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
Present value of defined benefit obligation	148,318	124,341
Fair value of plan assets	(130,719)	(113,665)
Benefits payable	717	1,644
Net liability at end of the year	<u>18,316</u>	<u>12,320</u>



## Notes to the Financial Statements

For the year ended June 30, 2019

### 26.3.2 Net liability recognised

	2019	2018
	----- Rupees '000 -----	
Net liability at beginning of the year	12,320	13,427
Charge to profit or loss	10,121	8,120
Contributions made by the Company	(12,320)	(13,427)
Re-measurement recognised in other comprehensive income	8,195	4,200
	<u>18,316</u>	<u>12,320</u>

### 26.3.3 Movement in the present value of defined benefit obligation

Balance at beginning of the year	124,341	106,433
Current service cost	9,705	7,982
Interest expense	12,379	9,709
Benefits paid	(393)	(1,984)
Benefits due but not paid	(717)	(954)
Re-measurement	3,003	3,155
Balance at end of the year	<u>148,318</u>	<u>124,341</u>

### 26.3.4 Movement in the fair value of plan assets

Balance at beginning of the year	113,665	97,745
Contribution received during the year	12,320	13,427
Interest income	11,963	9,571
Benefits paid	(2,037)	(6,033)
Re-measurement	(5,192)	(1,045)
	<u>130,719</u>	<u>113,665</u>

### 26.3.5 Expense recognised in statement of profit or loss

Current service cost	9,705	7,982
Net interest expense	416	138
	<u>10,121</u>	<u>8,120</u>

### 26.3.6 Re-measurement recognised in other comprehensive income

Financial assumptions	654	102
Experience adjustments	2,349	3,053
Loss on remeasurement of plan assets	5,192	1,045
	<u>8,195</u>	<u>4,200</u>

### 26.3.7 Plan assets comprise of

Fixed income instruments	32,796	53,652
Mutual fund securities	61,136	55,990
Cash at bank	36,787	4,023
	<u>130,719</u>	<u>113,665</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

### 26.3.8 Significant actuarial assumptions and sensitivity

	2019	2018
	----- % per annum -----	
Discount rate	14.25	9.25
Expected rate of increase in future salaries	14.25	10.00
Mortality rates (for death in service)	SLIC 2001-2005	SLIC 2001-2005

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

	Impact on define benefit obligation		
	Change in assum- ption	Increase in assumption	Decrease in assumption
	----- Rupees '000 -----		
Discount rate	1.00%	<u>135,618</u>	<u>161,889</u>
Increase in future salaries	1.00%	<u>161,920</u>	<u>135,376</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 statement of financial position.

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

**26.3.9** Based on actuary's advice, the expected charge to profit or loss for the year ending June 30, 2020 amounts to Rs. 13,414 thousand.

**26.3.10** The weighted average duration of the scheme is 9 years.

### 26.3.11 Historical Information

	2019	2018	2017	2016	2015
	----- Rupees in '000 -----				
Present value of defined benefit obligation	<u>148,318</u>	<u>124,341</u>	<u>106,433</u>	<u>95,390</u>	<u>80,791</u>
Experience adjustment	<u>8,195</u>	<u>4,200</u>	<u>16,698</u>	<u>3,297</u>	<u>2,061</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

### 26.3.12 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 -----				
<b>18,985</b>	<b>8,807</b>	<b>37,617</b>	<b>4,600,327</b>	<b>4,665,736</b>

At June 30, 2019

### 26.4 Workers' profit participation fund

	Note	2019	2018
		----- Rupees '000 -----	
Balance at beginning of the year		15,502	4,775
Allocation for the year	34	291	15,502
Interest on funds utilised in the Company's business	35	316	495
		<u>16,109</u>	<u>20,772</u>
Payment made during the year		(15,818)	(5,270)
Balance at end of the year		<u>291</u>	<u>15,502</u>

26.5 Includes deposits and instalments under the Company's staff vehicle policy aggregating Rs.11,355 thousand (2018: Rs.11,143 thousand).

### 27. SHORT TERM BORROWINGS

Finance against imported merchandise	<u>173,670</u>	<u>-</u>
--------------------------------------	----------------	----------

27.1 Running finance and short term facilities available from commercial banks under mark-up arrangement aggregate to Rs.875,000 thousand (2018: Rs.1,075,000 thousand) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 7.92% to 14.8% (2018: 7.16% to 8.01%) per annum. The arrangements are expiring on January 31, 2020.

27.2 The facilities for opening letters of credits as at June 30, 2019 aggregate to Rs.3,675,000 thousand (2018: Rs.3,925,000 thousand) of which the amount remained unutilised at the year-end was Rs.3,589,077 thousand (2018: Rs.3,744,890 thousand). Further, the Company also has facilities for Finance against Import Merchandise aggregating Rs.2,975,000 thousand (2018: Rs.2,475,000 thousand) as main limits and sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.400,000 thousand (2018: Rs.400,000 thousand) as sub limits of these letters of credit facilities. These facilities are secured against effective pledge of imported consignment, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.

27.3 Facilities aggregated Rs.2,225,000 thousand (2018: Rs.2,275,000 thousand) for opening letters of credits, running finances, letter of guarantees facilities and finance against import merchandise facilities are also available to the Subsidiary Company at Group level.

27.4 The Company has also arranged long-term finance facility of Rs. 4,620,000 thousand at the rate of KIBOR + 2.25% per annum (including USD 15,000 thousand at the rate of LIBOR + 3.90% per annum).



## Notes to the Financial Statements

For the year ended June 30, 2019

### 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, 2019 aggregate to Rs.31,941 thousand (2018: Rs.34,800 thousand).
- 28.3** Guarantees aggregating Rs.6,490 thousand (2018: Rs.5,601 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.466,100 thousand (2018: Rs.538,749 thousand) to the commercial banks against financing facilities utilised by the Subsidiary Company.

### 29. REVENUE - Net

	Note	2019 ----- Rupees '000 -----	2018 -----
<b>Manufacturing activity</b>			
Sales		1,840,132	1,288,668
Less:			
- sales tax		267,370	187,243
- commission		24,140	16,320
		291,510	203,563
		<u>1,548,622</u>	<u>1,085,105</u>
<b>Trading activity</b>			
Sales		1,000,545	1,352,367
Less:			
- sales tax		145,864	197,453
- discount and commission		29,553	21,285
		175,417	218,738
		825,128	1,133,629
		<u>2,373,750</u>	<u>2,218,734</u>
<b>30. COST OF SALES</b>			
Finished goods at beginning of the year		378,552	213,001
Cost of goods manufactured	30.1	1,384,236	904,072
Purchases - trading goods		1,123,876	1,046,909
		2,508,112	1,950,981
Finished goods at end of the year	13	(833,003)	(378,552)
		<u>2,053,661</u>	<u>1,785,430</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

### 30.1 Cost of goods manufactured

		2019	2018
	Note	----- Rupees '000 -----	-----
Raw materials and parts consumed	30.2	722,273	363,364
Fabrication of contract vehicles		8,613	-
Stores and spares consumed		57,207	41,821
Salaries, wages and benefits	30.3	352,053	265,562
Transportation		23,281	16,109
Repair and maintenance		31,203	46,409
Depreciation	6.5	97,707	89,153
Material handling		15	301
Insurance		3,368	2,176
Communication		1,833	1,863
Rent, rates and taxes		2,001	6,648
Travelling and entertainment		3,056	2,877
Power generation costs		61,837	53,638
Printing, stationery and office supplies		1,479	2,227
Royalty expense		2,745	580
Plant security		13,392	9,520
Other manufacturing expenses		2,173	1,824
		<u>1,384,236</u>	<u>904,072</u>
<b>30.2 Raw materials and parts consumed</b>			
Stocks at beginning of the year		219,123	6,404
Purchases		677,167	576,083
		<u>896,290</u>	<u>582,487</u>
Stocks at end of the year	13	<u>(174,017)</u>	<u>(219,123)</u>
		<u>722,273</u>	<u>363,364</u>

**30.3** Salaries, wages and benefits include Rs.6,394 thousand (2018: Rs.3,914 thousand) and Rs.4,627 thousand (2018: Rs.3,723 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

### 31. DISTRIBUTION COST

		2019	2018
	Note	----- Rupees '000 -----	-----
Salaries and benefits	31.1	36,929	35,309
Utilities		577	154
Rent		4,034	3,000
Insurance		378	24
Repair and maintenance		152	27
Travelling and entertainment		11,426	6,996
Telephone and postage		256	103
Vehicle running		306	118
Printing, stationery and office supplies		300	267
Security		119	663
Warranty services		1,364	331
Godown and forwarding		544	522
Sales promotion expenses		13,496	4,523
Others		170	1,632
		<u>70,051</u>	<u>53,669</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

**31.1** Salaries and benefits include Rs.742 thousand (2018: Rs.987 thousand ) and Rs.1,403 thousand (2018: Rs.1,188 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

### 32. ADMINISTRATIVE EXPENSES

	Note	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
Salaries and benefits	32.1	118,335	127,285
Utilities		1,631	1,865
Rent, rates and taxes		10,518	8,437
Directors' fee		2,425	1,275
Insurance		1,836	3,124
Repairs and maintenance		3,668	1,600
Depreciation and amortisation	7.6 & 8	22,429	19,325
Auditors' remuneration	32.2	1,000	1,000
Advertising		3,008	1,768
Travelling and conveyance		11,013	8,300
Legal and professional charges		16,087	12,595
Vehicle running		3,269	2,162
Telephone and postage		5,667	4,551
Printing and stationery		4,751	5,253
Subscription		4,240	3,262
Security expenses		9,818	8,383
Provision for expected credit losses		5,263	-
Others		3,439	3,022
		<u>228,397</u>	<u>213,207</u>

**32.1** Salaries and benefits include Rs.2,985 thousand (2018: Rs.3,219 thousand) and Rs.3,860 thousand (2018: Rs.3,339 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

### 32.2 Auditors' remuneration - audit fee

	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
ShineWing Hameed Chaudhri & Co.	1,000	500
Junaidy, Shoaib, Asad	-	500
	<u>1,000</u>	<u>1,000</u>



## Notes to the Financial Statements

For the year ended June 30, 2019

### 33. OTHER INCOME

	2019	2018
Note	----- Rupees '000 -----	-----
<b>Income from financial assets</b>		
Interest / mark-up earned on:		
- deposit accounts	33.1 767	530
- term deposit receipts	33.1 7,306	15,858
- long term advance to Subsidiary Company	33.2 85,478	51,092
Gain from sale of investment in an associated company - Ghandhara Industries Limited (GIL)	-	925,506
Gain from sale of investment in mutual funds	32,657	-
Unrealised gain on investment	-	928
Dividend income - mutual funds' investment	38,795	-
Dividend income - GIL	63,432	77,493
	<u>228,435</u>	<u>1,071,407</u>
<b>Income from non-financial assets</b>		
Scrap sales - net of sales tax	6.7 8,320	4,582
Gain on disposal of operating fixed assets	6.7 4,331	-
Gain on disposal of non current asset classified as held for sale	-	36,802
Amortization of gain on sale and lease back	-	6
Commission income	16,790	16,688
Service income - net of sales tax	1,158	-
Others	848	742
	<u>31,447</u>	<u>58,820</u>
	<u>259,882</u>	<u>1,130,227</u>

**33.1** Interest at the rates ranged from 7.21% to 12.50% (2018: 4.16% to 6.20%) 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 11.59% to 14.96% (2018: 9.16% to 9.15%) per annum has been earned during the year on long term advance to Subsidiary Company.

### 34. OTHER EXPENSES

	2019	2018
Note	----- Rupees '000 -----	-----
Workers' profit participation fund	26.4 291	15,502
Workers' welfare fund	111	4,656
Exchange loss - net	6,363	1,226
Fair value loss on investment at fair value through profit or loss	5,516	-
Loss on disposal of operating fixed assets	-	293
	<u>12,281</u>	<u>21,677</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

### 35. FINANCE COST

	2019	2018
Note	----- Rupees '000 -----	-----
Mark-up on :		
- running finances	55,742	15,066
- finance against imported merchandise	6,519	-
	<u>62,261</u>	<u>15,066</u>
Lease finance charges	4,687	4,800
Bank advisory fee on arrangement of loans	27.4 192,684	-
Interest on workers' profit participation fund	26.4 316	495
Bank and other charges	3,873	2,421
	<u>263,821</u>	<u>22,782</u>

### 36. TAXATION

Current		
- for the year	43,924	208,784
- prior year	7,149	10,564
	<u>51,073</u>	<u>219,348</u>
Deferred		
- origination and reversal of temporary differences	(17,764)	(2,378)
- impact of change in tax rate	918	(2,295)
	<u>(16,846)</u>	<u>(4,673)</u>
	<u>34,227</u>	<u>214,675</u>

**36.1** No numeric tax rate reconciliation for the period is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 and section 5A of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 37A and 150 of the Ordinance. Relationship between tax expense and accounting profit for the preceding financial year is as follows:

#### 36.2 Relationship between income tax expense and accounting profit

	June 30, 2018
	---- Rupees '000 ----
Net profit before taxation	<u>1,252,196</u>
Tax at the applicable income tax rate of 29% (2018: 30%)	375,659
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit or loss	131,731
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit or loss	(31,177)
Tax effect of gains, which are not chargeable for tax purposes and are taken to profit or loss	(288,693)
Tax effect of tax credits	(4,008)
Tax effect of income subject to final tax regime	(13,145)
Adjustments for current tax of prior years	10,564
Super tax	38,417
Deferred taxation	(4,673)
<b>Tax charge</b>	<u>214,675</u>

## Notes to the Financial Statements

For the year ended June 30, 2019

### 37. (LOSS) / EARNINGS PER SHARE

	2019	2018
	----- Rupees '000 -----	
<b>37.1 Basic (loss) / earnings per share</b>		
Net (loss) / profit for the year	<u>(28,806)</u>	<u>1,037,521</u>
		Restated
	----- Number of shares -----	
Weighted average ordinary shares in issue	<u>57,002,500</u>	<u>49,502,750</u>
	----- Rupees -----	
(Loss) / earnings per share - basic and diluted	<u>(0.51)</u>	<u>20.96</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

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	-	51,299	15,780	-	37,899
Bonus	-	-	4,588	-	-	9,944
Contribution to provident fund	850	-	2,390	850	-	1,958
Gratuity	850	-	1,950	850	-	1,584
Utilities	1,020	-	2,859	1,020	-	3,527
Passage / privilege leave	-	-	1,742	-	-	1,382
	<u>18,500</u>	<u>-</u>	<u>64,828</u>	<u>18,500</u>	<u>-</u>	<u>56,294</u>
Number of persons	<u>1</u>	<u>-</u>	<u>13</u>	<u>1</u>	<u>-</u>	<u>12</u>

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

### 38.3 Remuneration to other directors

Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.2,425 thousand (2018: Rs.1,275 thousand).



## Notes to the Financial Statements

For the year ended June 30, 2019

### 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:

Name	Nature of transaction	2019 --- Rupees in '000 ---	2018
<b>(i) Holding Company</b>			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	6,000	6,000
	Dividend	-	140,232
	Subscription money against right issue	81,734	675,797
	Issue of shares including premeium	757,531	-
<b>(ii) Subsidiary Company</b>			
Ghandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	199,661	133,614
	Purchase of parts	41	302
	Sale of parts	799	52,456
	Long term advances made - net	-	453,854
	Payment received against long term advances - net	116,237	-
	Interest income	85,478	51,092
	Guarantee commission	12,075	6,631
	Sale of vehicle	8,200	-
<b>(iii) Associated Companies</b>			
Ghandhara Industries Limited 19.09% shares held by the Company (39.1)	Contract assembly charges	578,138	764,724
	Reimbursement of expenses	24	6,481
	Purchase of parts and tyres	32	3,079
	Sale of parts	-	6
	Head office rent	2,882	2,640
	Dividend income	63,432	77,493
	Bonus share in numbers	4,006	-
The General Tyre and Rubber Company of Pakistan Limited (39.1)	Purchase of tyres, tubes and flaps	198	92
	Regional office rent	3,000	3,000
Gammon Pakistan Limited (39.1)	Reimbursement of expenses	1,806	1,639
Janana De Malucho Textile Mills Limited (39.1)			
<b>(iv) Others</b>			
Staff provident fund Staff gratuity fund Key management personnel	Contribution made	9,890	8,251
	Contribution made	12,320	13,427
	Remuneration and other short term benefits	82,397	79,811
	Subscription money against right issue	-	5,288
	Sale of fleet vehicles	1,241	-
	Issue of shares including premeium	5,288	-

39.1 Associated company by virtue of common directorship.

## Notes to the Financial Statements

For the year ended June 30, 2019

### 40. PLANT CAPACITY

Against the production capacity of 4,800 (2018: 4,800) trucks, buses and pickups on single shift basis, the Company produced 4,804 (2018: 4,884) trucks and buses of JAC, DongFeng and Isuzu. The Company has also processed 4,731 (2018: 4,754) truck cabs and pickups through paint shop.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Company has not assembled any vehicle and the plant was idle during the year ended June 30, 2019 and June 30, 2018.

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

#### (a) Credit risk

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

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

The maximum exposure to credit risk as at June 30, 2019 along with comparative is tabulated below:

	2019	2018
	----- Rupees '000 -----	
Long term loans	10,141	6,972
Long term deposits	6,363	6,354
Due from Subsidiary Company	650,757	766,994
Trade debts	252,479	260,537
Loans and advances	5,365	5,572
Deposits and prepayments	10,960	3,082
Investments	389,325	100,928
Other receivables	8,612	11,194
Accrued interest / mark-up	27,527	17,755
Bank balances	150,109	1,314,660
	<u>1,511,638</u>	<u>2,494,048</u>

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

## Notes to the Financial Statements

For the year ended June 30, 2019

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

	2019	2018
	----- Rupees '000 -----	
Up to 3 months	241,890	215,301
3 to 6 months	3,710	28,117
6 to 12 months	3,216	13,619
more than 12 months	8,926	3,500
Provision for expected credit losses	(5,263)	-
	<u>252,479</u>	<u>260,537</u>

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

### (b) Liquidity risk

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

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

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
	----- Rupees in '000 -----			
<b>June 30, 2019</b>				
<b>Liabilities against assets</b>				
subject to finance lease	63,331	18,564	44,767	-
Long term deposits	8,611	-	-	8,611
Trade and other payables	246,489	246,489	-	-
Accrued mark-up	22,287	22,287	-	-
Short term borrowings	173,670	173,670	-	-
Unclaimed dividend	10,611	10,611	-	-
	<u>524,999</u>	<u>471,621</u>	<u>44,767</u>	<u>8,611</u>
<b>June 30, 2018</b>				
<b>Liabilities against assets</b>				
subject to finance lease	65,160	17,721	47,439	-
Long term deposits	9,611	-	-	9,611
Trade and other payables	443,280	443,280	-	-
Accrued mark-up	6,736	6,736	-	-
Unclaimed dividend	10,675	10,675	-	-
	<u>535,462</u>	<u>478,412</u>	<u>47,439</u>	<u>9,611</u>



## Notes to the Financial Statements

For the year ended June 30, 2019

### (c) Market risk

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

#### Foreign exchange risk

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

	Rupees	Euro	U.S. Dollar	RMB
	----- in '000 -----			
<b>June 30, 2019</b>				
Trade and other payables	<u>190,121</u>	<u>728</u>	<u>-</u>	<u>2,232</u>
<b>June 30, 2018</b>				
Trade and other payables	<u>145,310</u>	<u>264</u>	<u>801</u>	<u>564</u>

The following significant exchange rates have been applied:

	<u>Reporting date rate</u>	
	2019	2018
RMB to Rupee	<u>24.19</u>	18.76
U.S. Dollar to Rupee	-	121.60
Euro to Rupee	<u>186.99</u>	141.57

#### Sensitivity analysis

At June 30, 2019, if Rupee had strengthened by 5% against RMB, Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of net financial liabilities.

	<b>2019</b>	2018
	----- Rupees '000 -----	
<b>Effect on profit for the year</b>		
RMB to Rupee	<u>2,700</u>	529
U.S. Dollar to Rupee	<u>-</u>	4,870
Euro to Rupee	<u>6,806</u>	1,869
	<u><u>9,506</u></u>	<u><u>7,268</u></u>

#### Interest rate risk

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

## Notes to the Financial Statements

For the year ended June 30, 2019

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:

	2019	2018
	----- Rupees '000 -----	
<b>Fixed rate instruments - financial assets</b>		
Investment at amortised cost	190,117	-
Bank balances	25,247	45,516
	<u>215,364</u>	<u>45,516</u>
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Due from Subsidiary Company	650,757	766,994
<b>Financial liabilities</b>		
Short term borrowings	173,670	-
Liabilities against assets subject to finance lease	237,001	65,160
	<u>410,671</u>	<u>65,160</u>

### Sensitivity analysis

At June 30, 2019, 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.2,401 thousand (2018: Rs.7,018 thousand) lower / higher mainly as a result of net higher / (lower) interest income.

### Price risk

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

The Company is exposed to equity securities price risk because of investments in mutual fund securities amounting to Rs.199,208 thousand (2018: Rs. 100,928 thousand) and classified at fair value through profit or loss. The Company is not exposed to commodity risk.

At June 30, 2019, if fair value had been 1% higher / lower with all other variables held constant, the post-tax profit for the year would have Rs.1,992 thousand (2018: Rs. 1,009 thousand) higher / (lower) as a result of gain / (loss) on investments classified as at fair value through profit or loss.

### 41.2 Fair value of financial assets and liabilities

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

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

## Notes to the Financial Statements

For the year ended June 30, 2019

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

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

The Company's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs.199,208 thousand (2018: Rs.100,928 thousand).

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

### Valuation techniques used to determine fair values

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

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

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

### 41.3 Financial instruments by categories

	At June 30, 2019			At June 30, 2018		
	Amortised Cost	At fair value through profit and loss	Total	Loans and receivables	At fair value through profit and loss	Total
----- Rupees in '000 -----						

#### Financial assets as per statement of financial position

Long term loans	10,141	-	10,141	6,972	-	6,972
Long term deposits	13,368	-	13,368	20,247	-	20,247
Due from Subsidiary Company	650,757	-	650,757	766,994	-	766,994
Trade debts	252,479	-	252,479	260,537	-	260,537
Loans and advances	8,689	-	8,689	10,491	-	10,491
Deposits and prepayments	16,086	-	16,086	7,364	-	7,364
Investments	190,117	199,208	389,325	-	100,928	100,928
Other receivables	8,612	-	8,612	11,194	-	11,194
Accrued interest / mark-up	27,527	-	27,527	17,755	-	17,755
Bank balances	150,109	-	150,109	1,314,660	-	1,314,660
	<b>1,327,885</b>	<b>199,208</b>	<b>1,527,093</b>	<b>2,416,214</b>	<b>100,928</b>	<b>2,517,142</b>



## Notes to the Financial Statements

For the year ended June 30, 2019

	Financial liabilities at amortised cost	
	2019	2018
	----- Rupees '000 -----	
<b>Financial liabilities as per statement of financial position</b>		
Liabilities against assets subject to finance lease	63,331	65,160
Long term deposits	8,611	9,611
Trade and other payables	246,489	443,280
Accrued mark-up	22,287	6,736
Short term borrowings	173,670	-
Unclaimed dividend	10,611	10,675
	<u>524,999</u>	<u>535,462</u>

### 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. The Company monitors capital on the basis of gearing ratio calculated as follows:

	2019
	-- Rupees '000 --
Total borrowings	173,670
Bank balances	(150,109)
Net debt / bank balances	23,561
Total equity	6,083,965
Total capital	<u>6,107,526</u>
Gearing ratio	<u>0.39%</u>

### 43. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2019 were 1,035 (2019: 906), average number of employees during the year were 987 (2018: 820).

## Notes to the Financial Statements

For the year ended June 30, 2019

### 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, 2019:

	2019	2018
	----- Rupees '000 -----	
Size of the Fund - total assets	131,123	115,421
Cost of investments made	103,368	95,846
Percentage of investments made	78.83%	83.04%
Fair value of investments	137,726	127,982

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

	2019	2018	2019	2018
	----- Percentage -----		----- Rupees in '000 -----	
Bank deposits	4.14	6.13	5,434	7,074
Government securities	41.11	50.16	53,900	57,900
Mutual funds	15.13	9.08	19,835	10,485
National Investment Trust - units	11.53	12.96	15,124	14,961
Others	6.92	4.70	9,075	5,426

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

### 45. SHAHRIAH SCREENING DISCLOSURE

	2019		2018	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	----- Rupees '000 -----			
Bank balances	148,505	5,516	1,309,988	8,584
Accrued mark-up	27,527	-	17,755	-
Accrued mark-up on running finance	16,513	5,774	3,810	2,926
Revenue	-	2,373,750	-	2,218,734
Other income				
a) Profit on saving accounts and term deposit receipts	93,551	-	64,965	2,515
b) Gain from sale of investment	32,657	-	-	925,506
c) Unrealised gain on investment	-	-	928	-
d) Dividend income	38,795	63,432	-	77,493
e) Others including exchange gain on actual currency	-	31,447	-	58,820
Mark-up / interest expense	247,344	12,604	12,022	8,339

### 46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2019 by the Board of Directors of the Company.

  
Ahmad Kuli Khan Khattak  
Chief Executive Officer

  
Salman Rasheed  
Director

  
Muhammad Umair  
Chief Financial Officer



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Name of the Company: Ghandhara Nissan Limited  
Year Ended: June 30, 2019

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

1. The total number of directors are 10 as per the following:
  - a. Male: 09
  - b. Female: 01
2. The composition of Board is as follows:
  - a. Independent Director: 03
  - b. Other Non-executive Directors: 06
  - c. Executive Director: 01
3. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board. At present, the Board includes:

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

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

4. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
5. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
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 relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (Regulations).
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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
9. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
10. The Board has arranged Directors' Training program for the following:
- Mr. Polad Merwan Polad - Director
  - Mr. Salman Rasheed (FCA) - Director
  - Mr. Muazzam Pervaiz Khan - Chief Operating Officer
  - Mr. Muhammad Umair - Chief Financial Officer
  - Mr. M. Sheharyar Aslam - Company Secretary
  - Mr. Muhammad Aamir - Head of Internal Audit
11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
13. The Board has formed committees comprising of members given below:
- a) Audit Committee:
- Mr. Polad Merwan Polad - Chairman
  - Lt.Gen (Retd.) Ali Kuli Khan Khattak - Member
  - Mr. Salman Rasheed (FCA) - Member
  - Mr. Muhammad Zia - Member
  - Mr. Muhammad Saleem Baig - Member
- b) Human Resource and Remuneration Committee:
- Mr. Muhammad Jawaid Iqbal - Chairman
  - Mr. Ahmad Kuli Khan Khattak - Member
  - Mrs. Shahnaz Sajjad Ahmad - Member
  - Mr. Muhammad Zia - Member
  - Mr. Polad Merwan Polad - Member
14. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
15. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee:
- 1st Meeting : within one month of end of quarter.
  - 2nd Meeting : within two months of end of half year.
  - 3rd Meeting : within one month of end of quarter.
  - 4th Meeting : within three months of end of quarter
- b) Human Resource and Remuneration Committee:
- Held once during the financial year



16. The Board has set up an effective Internal Audit Function, which functionally reports to the Audit Committee.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they 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.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. 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.
20. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
21. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors

**Ahmad Kuli Khan Khattak**  
Chief Executive Officer

**Salman Rasheed**  
Director

Karachi  
Dated: 28th September, 2019

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

### REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ghandhara Nissan Limited (the Company) for the year ended June 30, 2019, in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

*ShineWing Hameed Chaudhri & Co.*

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
Raheel Ahmed  
Karachi; September 28, 2019

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## Key Operating and Financial Data

Particulars	(Rs. In '000')					
	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15 (Restated)	Jun-14
Sales	2,373,750	2,218,734	4,858,178	5,005,148	5,445,392	2,619,910
Gross profit	320,089	433,304	930,995	1,092,201	1,131,014	471,089
Profit before tax	5,421	1,252,196	740,609	832,511	787,277	269,695
(Loss) / profit after tax	(28,806)	1,037,521	409,960	546,263	508,867	173,930
Share Capital	570,025	450,025	450,025	450,025	450,025	450,025
Shareholders equity without revaluation surplus	3,822,607	3,695,640	1,803,568	1,601,216	1,274,111	824,400
Shareholders equity with revaluation surplus	6,083,965	4,667,881	2,792,138	2,618,880	2,322,406	1,878,588
Fixed Assets	3,912,436	2,133,465	1,983,445	1,852,218	1,749,285	1,764,038
Total Assets	7,097,988	5,825,353	3,857,777	4,081,090	3,571,264	3,434,954
Unit Produced and Supplied (Contract Assembly)	4,336	4,525	4,197	2,106	1,527	1,628
Units Produced	618	359	720	804	852	384
Units Sold (CBU)	94	526	69	69	87	52
Units Sold (CKD)	618	177	702	807	856	380
Interim Dividend - Cash	-	-	-	10%	-	-
Dividend - Cash	-	-	50%	50%	45%	20%
<b>Ratios</b>						
<b>Profitability</b>						
Gross profit margin	13.5%	19.5%	19.2%	21.8%	20.8%	18.0%
Profit before tax	0.23%	56.44%	15.24%	16.63%	14.46%	10.29%
(Loss)/profit after tax	-1.2%	46.8%	8.4%	10.9%	9.3%	6.6%
<b>Return to shareholders:</b>						
Return/(Loss) on Equity without surplus(BT)	0.1%	33.9%	41.1%	52.0%	61.8%	32.7%
Return/(Loss) on Equity without surplus (AT)	-0.8%	28.1%	22.7%	34.1%	39.9%	21.1%
Earning/(Loss) per share (BT)-Rs.	0.10	27.79	16.45	18.50	17.49	5.99
Earning/(Loss) per share (AT)- Rs.	(0.51)	23.02	9.10	12.14	11.31	3.86
Basic Earning Per Share	(0.51)	23.02	9.10	12.14	11.31	3.86
<b>Activity:</b>						
Sales to total assets - Times	0.33	0.38	1.26	1.23	1.52	0.76
Sales to fixed assets -Times	0.61	1.04	2.45	2.70	3.11	1.49
<b>Liquidity:</b>						
Current ratio -Times	3.77	3.20	1.60	1.30	1.97	1.18
Break-up value per share- Rs.	106.73	103.72	62.04	58.19	51.61	41.74

## Pattern of Shareholding

As at 30th June 2019

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
1239	1	100	73501	0.1289
2478	101	500	877438	1.5393
1320	501	1000	1093460	1.9183
1689	1001	5000	3966911	6.9592
274	5001	10000	1970075	3.4561
107	10001	15000	1308643	2.2958
41	15001	20000	740117	1.2984
28	20001	25000	622372	1.0918
19	25001	30000	527922	0.9261
13	30001	35000	429833	0.7541
10	35001	40000	381438	0.6692
2	40001	45000	86600	0.1519
4	45001	50000	195700	0.3433
4	50001	55000	211232	0.3706
1	55001	60000	60000	0.1053
2	60001	65000	126664	0.2222
2	65001	70000	138465	0.2429
2	70001	75000	147670	0.2591
2	75001	80000	156588	0.2747
3	85001	90000	263500	0.4623
3	90001	95000	282196	0.4951
2	95001	100000	198965	0.3490
2	100001	105000	206332	0.3620
1	105001	110000	105065	0.1843
1	115001	120000	115886	0.2033
1	125001	130000	126665	0.2222
1	150001	155000	153600	0.2695
1	215001	220000	217300	0.3812
1	225001	230000	229364	0.4024
1	245001	250000	245813	0.4312
1	270001	275000	274372	0.4813
1	300001	305000	304600	0.5344
1	310001	315000	313182	0.5494
1	330001	335000	334000	0.5859
1	665001	670000	668000	1.1719
1	765001	770000	766901	1.3454
1	1000001	1005000	1002000	1.7578
1	1525001	1530000	1526582	2.6781
1	3645001	3650000	3647090	6.3981
1	6485001	6490000	6485029	11.3767
1	26420001	26425000	26421429	46.3514
<b>7,265</b>			<b>57,002,500</b>	<b>100,000</b>



## Category of Shareholders

As at 30th June 2019

S.No.	Categories of Shareholders	Number of Shares held	Category wise no. of Folios/ CDC Accounts	Category wise Shares held	Percentage
1	Director, CEO, their Spouses and minor children Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Muhammad Zia Mr. Muhammad Saleem Baig Mr. Polad Merwan Polad Mr. Salman Rasheed (FCA) Mr. Muhammad Jawaid Iqbal	79,251 76,086 88,113 23,567 648 632 1281 500 1	19	270,079	0.4738
2	Associate Companies Bibojee Services (Pvt) Ltd.	32,921,887	4	32,921,887	57.7552
3	NIT & ICP CDC - Trustee National Investment (unit) Trust Investment Corporation of Pakistan	1,526,582	2	1,532,332	2.6882
4	Banks, DFI & NBF National Bank of Pakistan MCB Bank Limited - Treasury Trustee - Pak Brunei Investment Co. Ltd. Emp. Provident Fund MCB Islamic Bank Limited Pak-Qatar Investment (Pvt.) Limited	5,750 1,510 766,901 2,500 304,600	6	1,078,511	1.8920
5	Insurance Companies Gulf Insurance Company Limited Premier Insurance Limited United Insurance Company of Pakistan Limited Excel Insurance Co. Ltd. Progressive Insurance Company Limited Askari General Insurance Company Dawood Family Takaful Limited	3,000 17,800 3,900 50,000 31,599 300 40,000	9	233,450	0.4095
6	Modarabas & Mutual Funds First UDL Modaraba CDC - Trustee Al Meezan Mutual Fund CDC - Trustee First Capital Mutual Fund BMA Capital Management Ltd. - Mutual Fund JS Global Capital Ltd. - Mutual Fund Arif Habib Ltd. - Mutual Fund BIPL Securities Ltd. - Mutual Fund Axis Global Ltd. - Mutual Fund Sakarwala Capital Securities (PVT.) Ltd. - Mutual Fund Dawood Equities Ltd. - Mutual Fund ASDA Securities (Pvt.) Ltd. - Mutual Fund Darson Securities (Pvt.) Ltd. - Mutual Fund Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Ltd - Mutual Fund Pak Qatar Family Takaful Limited	89,851 100 3,163 2,000 6,400 11,700 9,000 27,200 5,100 12,500 4,000 10,000 5,200 93,200 2,104,000	17	2,293,563	4.0236
7	General Public (Local)		6,759	10,346,362	18.1507
8	General Public (Foreign)		355	631,311	1.1075
9	Foreign Companies		3	3,747,055	6.5735
10	Others		91	3,947,950	6.9259
			7,265	57,002,500	100.000

Shareholders holding 10% or more

Voting interest in the Company

Bibojee Services (Pvt) Limited

Share held

32,921,887

Percentage

57.76





# Directors' Report on Consolidated Financial Statements

The directors are pleased to present their report together with consolidated financial statements of Ghandhara Nissan Limited and its subsidiary Ghandhara DF (Pvt.) Limited for the year ended 30th June, 2019.

## Financial Results

The financial results for the year ended June 30, 2019 are summarized below:

	2019	2018
	(Rupees in thousands)	
Revenue	<b>5,946,358</b>	4,896,644
Gross Profit	<b>776,677</b>	778,865
Operating Profit	<b>449,626</b>	1,315,575
Net Profit after Tax	<b>143,019</b>	1,348,356

During the last financial year, the country's economic situation has remained vulnerable mainly due to devaluation of Pak-Rupee which has resulted in higher cost of imported raw material. Apart from devaluation, Discount rates together with taxes and duties implemented through Federal Budget 2020 have also kept the purchasing power at lower side.

Dongfeng business has supported the consolidated performance of the group during these difficult times courtesy customer loyalty established as a result of consistency in quality and after-sales service.

Moreover, JAC and Renault Trucks have also played a vital role by enhancing the Company's product range, thereby providing complete range to the customers.

Going forward, with the steady recovery in macro-economic variables, we are hopeful of steady improvement in financial performance of the group.

For and on behalf of the Board of Directors



**Ahmad Kuli Khan Khattak**  
Chief Executive Officer



**Salman Rasheed**  
Director

Karachi  
Dated: 28th September, 2019



## مجمع مالیاتی گوشواروں پر ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے سال کے لیے گندھارا انسان لمیٹڈ اور اس کے ذیلی ادارے گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے مجمع مختصر عبوری گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### مالیاتی نتائج

30 جون 2019 کو ختم ہونے والے سال کے لیے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2018	2019	
		(روپے ہزاروں میں)
4,896,644	5,946,358	آمدنی
778,865	776,677	مجموعی منافع
1,315,575	449,626	آپریٹنگ منافع
1,348,356	143,019	بعد از ٹیکس خالص منافع

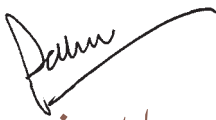
گذشتہ مالی سال کے دوران، ملک کی معاشی صورتحال کمزور رہی ہے جس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی ہے جس کا نتیجہ درآمد شدہ خام مال کی زیادہ قیمت کی صورت میں برآمد ہوا۔ روپے کی قدر میں کمی سے ہٹ کر وفاقی بجٹ 2020 کے ذریعے نافذ ٹیکسوں اور محصولات کے ساتھ ڈسکاؤنٹ ریٹ سے بھی قوت خرید میں کمی کا رجحان رہا۔


معیار اور بعد از فروخت خدمات میں مستقل مزاجی کے نتیجے میں مستحکم ہونے والے صارف کے اعتماد کی بدولت ڈولگ ٹیکنیکل بزنس نے اس مشکل وقت کے دوران گروپ کی مجمع کارکردگی کو سہارا دیا۔

علاوہ ازیں جے اے سی اور ریٹائرمنٹ ٹرسٹ نے بھی کمپنی کی پروڈکٹ رینج بڑھا کر اہم کردار ادا کیا ہے، جس سے صارفین کو مکمل رینج فراہم کی جاسکتی ہے۔

آگے بڑھتے ہوئے، مجموعی معاشی متغیر حالات میں بتدریج بحالی کے ساتھ، ہمیں گروپ کی مالی کارکردگی میں مستحکم بہتری کی امید ہے۔

برائے ومنجانب بورڈ آف ڈائریکٹرز

  
سلمان رشید  
ڈائریکٹر

  
احمد قاسمی خان خٹک  
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 28 ستمبر 2019

## Independent Auditors' Report to the Member Of Ghandhara Nissan Limited

### Opinion

We have audited the annexed consolidated financial statements of Ghandhara Nissan Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matter

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

Following is the Key Audit Matter:

#### S.No. Key Audit Matter

##### 1. Capitalization / revaluation of property, plant and equipment

As disclosed in notes 2.2, 6.1, 6.3 and 20 to the consolidated financial statements, the Group, during the year, incurred significant capital expenditure with additions of Rs.388,895 thousand made to its operating fixed assets. The Holding Company also revalued its freehold lands, buildings on freehold land, plant and machinery and assembly jigs that resulted in net surplus / gain of Rs.1,431,103 thousand.

##### Key Audit Matter

We identified the above matters as a key audit matter as these represents significant transactions and involves certain estimates and judgemental areas.

#### How the matter was addressed in our audit

Our audit procedures in respect of this area included:  
Obtained an understanding of the management controls over capitalization and on a sample basis, test relevant controls over authorization and recording in the system;

On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;

#### How the matter was addressed in our audit

Evaluate the nature of costs on a sample basis to ensure capitalization criteria of International Accounting Standard 16 'Property, plant and equipment';

Reviewed revaluation report of independent valuer for revaluation. Also, recalculated the computation for revaluation surplus / gain; and

Considered the adequacy of the disclosures made in the consolidated financial statements in relation to the above.

*Saeed*



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

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

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

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

*Shaukat*

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

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

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

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

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

*ShineWing Hameed Chaudhri & Co.*

**SHINEWING HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**  
Raheel Ahmed  
Karachi; September 28, 2019



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# Consolidated Financial Statements

## Consolidated Statement of Financial Position

As at June 30, 2019

	Note	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	6	3,927,906	2,140,333
Intangible assets	7	2,654	2,900
Long term investments	8	915,674	886,352
Long term loans	9	14,941	6,972
Long term deposits	10	26,680	20,735
		<u>4,887,855</u>	<u>3,057,292</u>
<b>Current assets</b>			
Stores, spares and loose tools	11	124,506	91,767
Stock-in-trade	12	2,127,741	1,767,583
Trade debts	13	987,340	1,201,044
Loans and advances	14	33,171	76,224
Deposits and prepayments	15	26,408	18,931
Investments	16	392,878	100,928
Other receivables	17	307,916	146,617
Taxation - net		417,107	66,965
Cash and bank balances	18	202,173	1,323,012
		<u>4,619,240</u>	<u>4,793,071</u>
		<u>9,507,095</u>	<u>7,850,363</u>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	19	570,025	450,025
Subscription money against right issue		-	1,054,319
Capital reserve			
- share premium		1,102,721	40,000
- surplus on revaluation of fixed assets	20	2,574,149	1,286,608
- Items directly credited to equity by an Associate		71,811	70,235
		<u>3,748,681</u>	<u>1,396,843</u>
Revenue reserve - unappropriated profit		3,134,966	2,966,287
Equity attributable to shareholders of the Holding Company		<u>7,453,672</u>	<u>5,867,474</u>
Non-controlling interest		58	44
<b>Total equity</b>		<u>7,453,730</u>	<u>5,867,518</u>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease	21	71,017	65,828
Long term deposits	22	8,611	9,611
Deferred taxation	23	347,784	265,416
		<u>427,412</u>	<u>340,855</u>
<b>Current liabilities</b>			
Trade and other payables	24	647,970	1,429,111
Accrued mark-up		41,486	9,528
Short term borrowings	25	875,673	153,661
Current portion of liabilities against assets subject to finance lease	21	50,213	39,015
Unclaimed dividend		10,611	10,675
		<u>1,625,953</u>	<u>1,641,990</u>
<b>Total liabilities</b>		<u>2,053,365</u>	<u>1,982,845</u>
<b>Contingencies and commitments</b>	26		
<b>Total equity and liabilities</b>		<u>9,507,095</u>	<u>7,850,363</u>

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



Ahmad Kuli Khan Khattak  
Chief Executive Officer



Salman Rasheed  
Director



Muhammad Umair  
Chief Financial Officer

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2019

	Note	2019 -----Rupees '000 -----	2018
Revenue	27	5,946,358	4,896,644
Cost of sales	28	(5,169,681)	(4,117,779)
Gross profit		776,677	778,865
Distribution cost	29	(99,650)	(66,768)
Administrative expenses	30	(286,779)	(237,699)
Other income	31	103,384	861,628
Other expenses	32	(44,006)	(20,451)
<b>Profit from operations</b>		<b>449,626</b>	<b>1,315,575</b>
Finance cost	33	(318,670)	(31,152)
		130,956	1,284,423
Share of profit of an Associate	8.1	94,451	346,934
<b>Profit before taxation</b>		<b>225,407</b>	<b>1,631,357</b>
Taxation	34	(82,388)	(283,001)
<b>Profit after taxation</b>		<b>143,019</b>	<b>1,348,356</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Surplus on revaluation of fixed assets		1,431,103	-
Impact of deferred tax		(105,028)	-
Re-measurement of staff retirement benefit obligation		(8,195)	(4,200)
Impact of deferred tax		2,377	1,218
Share of other comprehensive loss of an Associate		(1,697)	(328)
Effect of change in tax rates on balance of revaluation of fixed assets		(3,769)	11,898
Other comprehensive income for the year - net of tax		1,314,791	8,588
<b>Total comprehensive income for the year</b>		<b>1,457,810</b>	<b>1,356,944</b>
<b>Attributable to:</b>			
- Shareholders of the Holding Company		1,457,796	1,356,926
- Non-controlling interest		14	18
		<b>1,457,810</b>	<b>1,356,944</b>
			Restated
<b>Earnings per share</b> - basic and diluted	35	<b>2.51</b>	<b>27.24</b>

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



Ahmad Kuli Khan Khattak  
Chief Executive Officer



Salman Rasheed  
Director



Muhammad Umair  
Chief Financial Officer



## Consolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Share capital	Subscription money against right issue	Capital Reserve			Revenue Reserve Unappropriated profit	Total	Non - controlling interest
			Share premium	Surplus on revaluation of fixed assets	Items directly credited to equity by an Associate			
----- Rupees '000 -----								
Balance as at July 1, 2017	450,025	-	40,000	1,389,904	68,426	1,818,045	3,766,400	26
Transactions with owners, recognised directly in equity								
Final dividend for the year ended June 30, 2018 at the rate of Rs.5.00 per share	-	-	-	-	-	(225,013)	(225,013)	-
Gross subscription money received	-	1,068,306	-	-	-	-	1,068,306	-
Issuance cost	-	(13,987)	-	-	-	-	(13,987)	-
	-	1,054,319	-	-	-	-	1,054,319	-
Total comprehensive income for the year ended June 30, 2018								
Profit for the year	-	-	-	-	-	1,348,338	1,348,338	18
Other comprehensive income / (loss)	-	-	-	11,898	-	(3,310)	8,588	-
	-	-	-	11,898	-	1,345,028	1,356,926	18
Share of surplus pertain to investment disposed-off of an Associated Company	-	-	-	(85,158)	-	-	(85,158)	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(28,227)	-	28,227	-	-
Effect of item directly credited in equity by an Associate	-	-	-	(1,809)	1,809	-	-	-
Balance as at June 30, 2018	450,025	1,054,319	40,000	1,286,608	70,235	2,966,287	5,867,474	44
Transactions with owners, recognised directly in equity								
Subscription money received	-	131,694	-	-	-	-	131,694	-
Issuance cost	-	(3,292)	-	-	-	-	(3,292)	-
	-	128,402	-	-	-	-	128,402	-
Issuance of right shares at premium	120,000	(1,182,721)	1,062,721	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2019								
Profit for the year	-	-	-	-	-	143,005	143,005	14
Other comprehensive income / (loss)	-	-	-	1,322,306	-	(7,515)	1,314,791	-
	-	-	-	1,322,306	-	135,490	1,457,796	14
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(33,189)	-	33,189	-	-
Effect of item directly credited in equity by an Associate	-	-	-	(1,576)	1,576	-	-	-
Balance as at June 30, 2019	570,025	-	1,102,721	2,574,149	71,811	3,134,966	7,453,672	58

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

  
**Ahmad Kuli Khan Khattak**  
 Chief Executive Officer

  
**Salman Rasheed**  
 Director

  
**Muhammad Umair**  
 Chief Financial Officer



## Consolidated Statement of Cash Flows

For the year ended June 30, 2019

	2019	2018
	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	225,407	1,631,357
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortisation	122,133	110,247
Provision for gratuity	10,121	8,120
Provision for expected credit losses	27,675	-
Interest income	(10,082)	(16,389)
(Gain) / loss on disposal of property, plant and equipment	(4,528)	293
Gain on disposal of non current assets for sale	-	(36,802)
Gain on disposal of investment	(32,657)	(790,615)
Dividend income - mutual funds' investment	(38,795)	-
Unrealised loss / (gain) on investments	5,891	(928)
Share of profit of an Associate	(94,451)	(346,934)
Amortization of gain on sale and lease back	-	(6)
Finance cost	318,670	31,152
Exchange loss / (gain) - net	37,713	(76)
<b>Operating profit before working capital changes</b>	<b>567,097</b>	<b>589,419</b>
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(32,739)	(5,293)
Stock-in-trade	(360,158)	(1,068,043)
Trade debts	186,029	(684,877)
Loans and advances	43,053	(24,989)
Deposit and prepayments	(7,477)	12,441
Other receivables	(161,299)	(56,856)
	(332,591)	(1,827,617)
(decrease) / Increase in trade and other payables	(824,850)	567,547
<b>Cash used in operations</b>	<b>(590,344)</b>	<b>(670,651)</b>
Gratuity paid	(12,320)	(13,427)
Long term loans - net	(7,969)	2,574
Long term deposits - net	(1,000)	-
Finance cost paid	(286,712)	(21,971)
Taxes paid	(456,582)	(358,321)
<b>Net cash used in operating activities</b>	<b>(1,354,927)</b>	<b>(1,061,796)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(467,526)	(246,613)
Intangible assets	(545)	(2,980)
Proceeds from disposal of property, plant and equipment	19,960	177,914
Proceeds from disposal of investment in an associate	-	945,230
Interest income received	10,082	16,389
Investments - net	(265,184)	(100,000)
Long term deposits - net	(5,945)	(1,469)
Dividend received	102,227	77,493
<b>Net cash (used in) / generated from investing activities</b>	<b>(606,931)</b>	<b>865,964</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease finances - net	(9,331)	(40,759)
Short term borrowings	722,012	153,661
Dividend paid	(64)	(222,070)
Subscription money against right issue	128,402	1,054,319
<b>Net cash generated from financing activities</b>	<b>841,019</b>	<b>945,151</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,120,839)</b>	<b>749,319</b>
Cash and cash equivalents at beginning of the year	1,323,012	573,693
<b>Cash and cash equivalents at end of the year</b>	<b>202,173</b>	<b>1,323,012</b>

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

Ahmad Kuli Khan Khattak  
Chief Executive OfficerSalman Rasheed  
DirectorMuhammad Umair  
Chief Financial Officer



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 1. THE GROUP AND ITS OPERATIONS

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

#### 1.2 Ghandhara Nissan Limited

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

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

#### 1.3 Ghandhara DF (Private) Limited

Ghandhara DF (Private) Limited (the Subsidiary Company) was incorporated on June 25, 2013 in Pakistan as a private limited company. The registered office of the Subsidiary Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. It has outsourced assembly of the vehicles to the Holding Company.

The Subsidiary Company has cooperation agreement with DongFeng Commercial Vehicles Limited dated December 11, 2013 as well as 'Motor Vehicles & Related Products Distribution' agreements with Wuhan DongFeng Foreign Trade Company Limited (a subsidiary company of DongFeng Automobile Company Limited) dated January 24, 2014.

### 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

#### 2.1 Issuance of 12,000,000 right shares at premium

During the year, the Holding Company has issued 12,000,000 right shares at exercise price of Rs.100 per share (including premium of Rs.90 per share) for the purpose of revival of existing assembly facility for the progressive manufacturing of Datsun passenger cars, as well as to enhance the capacity to cater the increase in existing operations of the Holding Company. This has been reflected in note 19 to the consolidated financial statements.

#### 2.2 Revaluation of assets

The Holding Company, during the year has conducted revaluation exercise of its free hold land, buildings on freehold land, plant & machinery and assembly jigs in accordance with the requirements of International Accounting Standard (IAS) 16 'Property, plant & equipment. This has been reflected in note 6.1, 6.3 and 20.1 to the consolidated financial statements.

2.3 For details on performance review of the Group, refer Directors' Report.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

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

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

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

#### 3.2 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, 2019 and June 30, 2018.

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

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

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

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

#### 3.3 Transactions and non-controlling interests

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





## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 3.4 Functional and presentation currency

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

### 3.5 Changes in accounting standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2018:

- (a) IFRS 15, 'Revenue from contracts with customers' is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This has replaced 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.

As stated in note 5.19 to the consolidated financial statements the management has concluded that the adoption of IFRS 15 doesn't not have significant impact on the timing and amount of revenue recognition of the Group.

- (b) IFRS 9, 'Financial instruments' is applicable in Pakistan on accounting periods ended on or after June 30, 2019. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39 'Financial Instruments - Recognition and Measurement'. 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 adoption of IFRS 9 have changed the classification of financial assets and related disclosures as stated in note 5.4, 5.8 and note 39.3 to the consolidated financial statements. The adoption of standards doesn't effect the reported figures of the financial assets and liabilities of the Group.

- (c) The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2018 and have not been early adopted by the Group:

- (a) The IFRS 16 'Leases' will affect primarily the accounting by lessees and will result in the recognition of almost all leases on consolidated statement of financial position. The standard is applicable on accounting periods beginning on or after January 1, 2019. 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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. The Group has yet to assess the full impact of this standard on its financial statements.

- (b) IFRIC 23 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The amendment clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS12 'Income Taxes'. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The interpretation is not expected to have a material impact on the Group's financial statements.
- (c) Annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. These amendments include changes from the 2015-2017 cycle of annual improvements project that mainly affect following standards:
  - (i) Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements', clarifies how a Group accounts for increase of its interest in a joint operation that meets the definition of a business. If a party maintains (or obtains) joint control, then the previously held interest is not re-measured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party re-measures the previously held interest at fair value.
  - (ii) Amendment to IAS 12, 'Income taxes', clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits - i.e. in profit or loss, OCI or equity.
  - (iii) Amendment to IAS 23 'Borrowing Costs', clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance the qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non qualifying assets - are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.
- (d) The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 1, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.
- (e) Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

### 4. BASIS OF MEASUREMENT

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

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

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

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

- (i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 5.1 and 5.2)
- (ii) Stock-in-trade (note 5.7)
- (iii) Provision for expected credit losses (note 5.8)
- (iv) Provision for staff benefits (note 5.13)
- (v) Provision for warranty (note 5.15)
- (vi) Provision for taxation (note 5.17)

### 5. SIGNIFICANT ACCOUNTING POLICIES

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

#### 5.1 Property, plant and equipment

##### 5.1.1 Operating fixed assets

###### Owned assets

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### Subsequent cost

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

### Depreciation

Depreciation on all items of operating fixed assets other than freehold land is charged to profit or loss applying the reducing balance method at the rates stated in note 6.1. Depreciation on additions to \ operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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

### Disposal

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

### Revaluation of assets

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

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





## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 5.1.2 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.

### 5.2 Intangible assets

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

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

#### Subsequent expenditure

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

#### Amortisation

Intangible assets are amortised using the reducing balance method at the rate stated in note 7.

### 5.3 Non current assets held for sale

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

### 5.4 Financial instruments

#### 5.4.1 Financial assets

The details of new accounting policies after the application of IFRS 9 is as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS 39.

#### 5.4.2 Classification

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

#### (a) Financial assets at amortised cost

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

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

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

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

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

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

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

### 5.4.3 Recognition and measurement

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

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

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

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

### 5.4.4 Recognition and measurement

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

Financial instruments carried on the consolidated statement of financial position includes long term deposits, long term loans, trade debts, loan & advances, deposits and prepayments, other receivables, investments, bank balances, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up, short term borrowings and unclaimed dividend.

### 5.5 Off-setting of financial assets and liabilities

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

### 5.6 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.

### 5.7 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 (CKD)	Specific cost identification
Complete Built-up Units (CBU)	Specific cost identification
Local raw materials	At cost on weighted average basis.
Work-in-process and finished goods	At cost which comprises of raw materials, import incidentals, direct labour and appropriate portion of manufacturing overheads.
Stock-in-transit	At invoice price plus all charges paid thereon 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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 5.8 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

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

### 5.9 Loans and receivables

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

### 5.10 Cash and cash equivalents

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

### 5.11 Share capital

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

### 5.12 Mark-up bearing loans and borrowings

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

### 5.13 Staff benefits - The Holding Company

#### 5.13.1 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, 2019 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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

#### 5.13.2 Defined contribution plan

The Holding 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.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 5.14 Trade and other payables

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

### 5.15 Warranty obligations

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

### 5.16 Research and development cost

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

### 5.17 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.

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 consolidated profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

### 5.18 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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 5.19 Revenue recognition

According to the core principle of IFRS 15, the Group recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those good and services. The Group recognises revenue in accordance with that core principle by applying the following steps:

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

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

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

This criteria of revenue recognition for its timing and amount is in accordance with repealed IAS 18 which is also consistent with IFRS 15 therefore, the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Group.

### 5.20 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.

### 5.21 Foreign currency transactions and translation

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

### 5.22 Impairment loss

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

### 5.23 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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 5.24 Earnings per share

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

### 5.25 Dividend and appropriation to reserves

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

## 6. PROPERTY, PLANT AND EQUIPMENT

		2019	2018
	Note	----- Rupees '000 -----	-----
Operating fixed assets	6.1	3,631,186	1,947,962
Capital work-in-progress includes:			
Buildings		215,471	120,703
Plant and machinery		62,817	55,686
Furniture and fixtures		4,797	2,587
Vehicles		4,035	9,795
Computers		9,600	3,600
		296,720	192,371
		<u>3,927,906</u>	<u>2,140,333</u>



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 6.1 Operating fixed assets

	Freehold land (note 6.2)	Leasehold land (note 6.2)	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Assembly jigs	Furniture and fixtures	Vehicles		Office equipment	Computers	Total	
									Owned	Leased				
Rupees in '000														
At July 1, 2017														
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)	-	-	(149,171)	(50,469)	(2,834)	(43,941)	(31,708)	(9,333)	(6,003)	(11,383)	(413,736)
Net book value	<b>498,938</b>	<b>210,483</b>	<b>579,486</b>	-	-	<b>515,145</b>	<b>9,848</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>
Year ended June 30, 2018														
Opening net book value	498,938	210,483	579,486	-	-	515,145	9,848	15,316	21,050	66,577	6,387	3,367	2,320	1,928,917
Additions	-	-	-	-	44,751	33,740	6,341	254	11,925	15,095	14,154	4,338	1,852	132,450
Disposals	-	-	-	-	-	-	-	-	(6,379)	-	-	-	-	(6,379)
- cost	-	-	-	-	-	-	-	-	2,883	-	-	-	-	2,883
- accumulated depreciation	-	-	-	-	-	-	-	-	(3,496)	-	-	-	-	(3,496)
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	16,840	(16,840)	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(9,798)	9,798	-	-	-	-
Depreciation charge	-	(21,048)	(28,975)	-	(1,305)	(26,570)	(2,287)	(1,550)	(4,835)	(15,266)	(4,916)	(2,195)	(962)	(109,909)
Closing net book value	<b>498,938</b>	<b>189,435</b>	<b>550,511</b>	-	<b>43,446</b>	<b>522,315</b>	<b>13,902</b>	<b>14,020</b>	<b>31,686</b>	<b>59,364</b>	<b>15,625</b>	<b>5,510</b>	<b>3,210</b>	<b>1,947,962</b>
At June 30, 2018														
Revaluation / cost	498,938	222,980	675,883	-	44,751	698,056	66,658	18,404	87,377	96,540	29,874	13,708	15,555	2,468,724
Accumulated depreciation	-	(33,545)	(125,372)	-	(1,305)	(175,741)	(52,756)	(4,384)	(55,691)	(37,176)	(14,249)	(8,198)	(12,345)	(520,762)
Net book value	<b>498,938</b>	<b>189,435</b>	<b>550,511</b>	-	<b>43,446</b>	<b>522,315</b>	<b>13,902</b>	<b>14,020</b>	<b>31,686</b>	<b>59,364</b>	<b>15,625</b>	<b>5,510</b>	<b>3,210</b>	<b>1,947,962</b>
Year ended June 30, 2019														
Opening net book value	498,938	189,435	550,511	-	43,446	522,315	13,902	14,020	31,686	59,364	15,625	5,510	3,210	1,947,962
Additions	-	-	8,489	93,745	42,455	174,253	-	25,923	15,029	25,718	1,692	690	901	388,895
Revaluation adjustments (Note 6.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	1,088,937	-	68,898	-	-	149,724	2,551	-	-	-	-	-	-	1,137,835
- accumulated depreciation	-	-	140,993	-	-	(149,724)	(2,551)	-	-	-	-	-	-	293,268
Disposals (Note 6.7)	1,088,937	-	209,891	-	-	149,724	2,551	-	-	-	-	-	-	1,431,103
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	(32,801)	(1,406)	-	-	-	(34,207)
Transferred from lease to owned assets	-	-	-	-	-	-	-	-	18,658	117	-	-	-	18,775
- cost	-	-	-	-	-	-	-	-	(14,143)	(1,289)	-	-	-	(15,432)
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge (Note 6.5)	-	(18,943)	(32,834)	(391)	(3,403)	(31,304)	(3,035)	(1,833)	(6,668)	(14,231)	(5,515)	(1,980)	(1,205)	(121,342)
Closing net book value	<b>1,567,875</b>	<b>170,492</b>	<b>736,057</b>	<b>93,354</b>	<b>82,498</b>	<b>814,988</b>	<b>13,418</b>	<b>38,110</b>	<b>27,600</b>	<b>67,866</b>	<b>11,802</b>	<b>4,220</b>	<b>2,906</b>	<b>3,631,186</b>
At June 30, 2019														
Revaluation / cost	1,567,875	222,980	753,270	93,745	87,206	872,309	66,658	44,327	74,281	116,176	31,566	14,398	16,456	3,961,247
Accumulated depreciation	-	(52,488)	(17,213)	(391)	(4,708)	(57,321)	(53,240)	(6,217)	(46,681)	(48,310)	(19,764)	(10,178)	(13,550)	(330,061)
Net book value	<b>1,567,875</b>	<b>170,492</b>	<b>736,057</b>	<b>93,354</b>	<b>82,498</b>	<b>814,988</b>	<b>13,418</b>	<b>38,110</b>	<b>27,600</b>	<b>67,866</b>	<b>11,802</b>	<b>4,220</b>	<b>2,906</b>	<b>3,631,186</b>
Depreciation rate (% per annum)	10	5	5	5	5	5	20	10	20	20	33	33	33	33



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

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

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

During the year, the Company again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Tristar International Consultant (Private) Limited, (Approved valuers of Pakistan Banks' Association) Room No. 17, 3rd Floor, Davis Hytes, 38-Davis Road, Lahore. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 and are mentioned in note 39.2.

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

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

		2019	2018
		----- Rupees '000 -----	
Freehold land	Note	61,456	61,456
Buildings on freehold land		107,227	103,999
Plant and machinery		364,495	201,777
Assembly Jigs		6,266	7,834
<b>6.5 Depreciation charge has been allocated as follows:</b>			
Cost of goods manufactured	28.1	99,066	90,870
Distribution cost	29	599	-
Administrative expenses	30	21,677	19,039
		<u>121,342</u>	<u>109,909</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

**6.6** The Holding Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged up to Rs.1,650,667 thousand (2018: Rs.1,647,100 thousand) with banks for short term finance facilities.

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

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
----- Rupees '000 -----							
<b>Items having book value exceeding Rs.500,000 each</b>							
Vehicles							
	1,039	513	526	526	-	Company policy	Mr. Shakeel Ahmed, (Ex. Employee).
	1,683	1,129	554	554	-	Company policy	Mr. Sohail Ahmed, (Key Management personnel).
	1,425	250	1,175	1,175	-	Sale and lease bank	First Habib Modaraba, Karachi.
	1,425	250	1,175	1,175	-		First Habib Modaraba, Karachi.
	1,425	250	1,175	1,175	-		First Habib Modaraba, Karachi.
	1,425	250	1,175	1,175	-		First Habib Modaraba, Karachi.
	1,425	229	1,196	1,196	-		First Habib Modaraba, Karachi.
	1,700	28	1,672	1,672	-		First Habib Modaraba, Karachi.
	1,406	117	1,289	1,395	106		Insurance claim
	<b>12,953</b>	<b>3,016</b>	<b>9,937</b>	<b>10,043</b>	<b>106</b>		
<b>Items having book value upto Rs.500,000 each</b>							
	21,254	15,759	5,495	9,917	4,422		
<b>June 30, 2019</b>	<b>34,207</b>	<b>18,775</b>	<b>15,432</b>	<b>19,960</b>	<b>4,528</b>		
June 30, 2018	6,379	2,883	3,496	3,203	(293)		

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 7. INTANGIBLE ASSETS

These represent computer software licenses.

#### Cost

At beginning of the year  
Addition during the year  
At end of the year

#### Accumulated amortisation

At beginning of the year  
Charge for the year  
At end of the year

#### Net book value

Rate of amortisation (% - per annum)

		2019	2018
	Note	----- Rupees '000 -----	
		3,822	842
		545	2,980
		<u>4,367</u>	<u>3,822</u>
		922	584
	30	791	338
		<u>1,713</u>	922
		<u>2,654</u>	<u>2,900</u>
		<u>25</u>	<u>25</u>

### 8. LONG TERM INVESTMENTS

Associate - equity accounted investment  
Others - available for sale

8.1	915,674	886,352
8.2	-	-
	<u>915,674</u>	<u>886,352</u>

#### 8.1 Ghandhara Industries Limited

Balance at beginning of the year  
Share of profit for the year  
Share of OCI for the year  
Disposal of investment  
Dividend received  
Balance at end of the year

886,352	857,012
94,451	346,934
(1,697)	(328)
-	(239,773)
(63,432)	(77,493)
<u>915,674</u>	<u>886,352</u>

**8.1.1** Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (June 30, 2018: 4,066,168) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2018: 19.09%) of its issued, subscribed and paid-up capital as at June 30, 2019. 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, 2019

**8.1.2** The summary of financial statements / reconciliation of GIL as of March 31, 2019 is as follows:

	As at March 31, 2019	As at March 31, 2018
	----- Rupees '000 -----	
<b>Summarised Statement of Financial Position</b>		
Non current assets	2,832,197	2,442,009
Current assets	<u>14,162,135</u>	<u>8,251,850</u>
	<u>16,994,332</u>	<u>10,693,859</u>
Non current liabilities	<u>134,807</u>	<u>90,875</u>
Current liabilities	<u>12,072,893</u>	<u>5,969,984</u>
	<u>12,207,700</u>	<u>6,060,859</u>
<b>Net asset</b>	<u>4,786,632</u>	<u>4,633,000</u>
<b>Reconciliation to carrying amount</b>		
Opening net assets	4,633,000	3,523,221
Profit for the year	494,874	1,430,699
Other comprehensive loss	(8,893)	(1,354)
Dividend paid	(332,349)	(319,566)
Closing net assets	<u>4,786,632</u>	<u>4,633,000</u>
Holding Company's share (Percentage)	19.086%	19.086%
Holding Company's share	913,577	884,254
Goodwill and other adjustment	2,097	2,098
Carrying amount of investment	<u>915,674</u>	<u>886,352</u>
Nine months period ended		
	As at March 31, 2019	As at March 31, 2018
	----- Rupees '000 -----	
<b>Summarised Profit or Loss Account</b>		
Revenue	<u>10,742,910</u>	<u>11,565,648</u>
Profit before tax	<u>372,478</u>	<u>1,750,083</u>
Profit after tax	<u>394,852</u>	<u>1,262,398</u>

**8.1.3** The above figures are based on unaudited condensed interim financial information of GIL as at March 31, 2019. The latest financial statements of GIL as at June 30, 2019 are not presently available. Accordingly, results of operations of first three quarters of financial year 2019 and last quarter of financial year 2018 have been considered.

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

**8.1.5** The market value of investment as at June 30, 2019 was Rs.710,522 thousand (June 30, 2018: Rs.2,873,520 thousand).



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 8.1.6 Movement in investment of Ghandhara Industries Limited

	2019	2018
	----- Number of shares -----	
At beginning of the year	4,066,168	5,166,168
Bonus shares received	4,066,168	-
Disposal during the year	-	(1,100,000)
At end of the year	<u>8,132,336</u>	<u>4,066,168</u>

### 8.2 Others - available for sale

	2019	2018
	----- Rupees '000 -----	
<b>Automotive Testing &amp; Training Centre (Private) Limited</b>		
187,500 (2018: 187,500) ordinary shares of Rs.10 each - cost	1,875	1,875
Provision for impairment	(1,875)	(1,875)
	<u>-</u>	<u>-</u>

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

		2019	2018
Loans to employees			
Related parties - Key Management Personnel	9.1 & 9.2	3,703	2,730
Other employees	9.1	17,311	9,667
		<u>21,014</u>	<u>12,397</u>
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		1,980	1,841
Other employees	14	4,093	3,584
		<u>6,073</u>	<u>5,425</u>
		<u>14,941</u>	<u>6,972</u>

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

**9.2** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2019 from Key Management Personnel aggregated to Rs.3,883 thousand (2018: Rs.3,537 thousand).

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

	2019	2018
	----- Rupees '000 -----	
Deposits held with / against:		
Central Depository Company of Pakistan Limited	25	25
Lease facilities	20,092	14,156
Utilities	6,228	6,444
Others	335	110
	<u>26,680</u>	<u>20,735</u>

**11. STORES, SPARES AND LOOSE TOOLS**

Stores	123,491	90,752
Spares and loose tools	1,015	1,015
	<u>124,506</u>	<u>91,767</u>

**12. STOCK-IN-TRADE**

**Raw materials**

In hand	1,013,847	592,076
Less: provision for obsolete / slow moving stock	(15,000)	(15,000)
	998,847	577,076
In transit	62,634	467,452
	1,061,481	1,044,528

**Finished goods**

**In hand**

Complete built units - trucks and cars	529,283	163,130
Complete knockdown units - trucks	155,371	265,144
Spare parts	114,303	48,660

**Held with third parties**

Complete built units - trucks	207,798	6,743
Complete knockdown units - trucks	59,505	132,239

**In transit**

Complete built units - trucks	-	107,139
-------------------------------	---	---------

	<u>1,066,260</u>	<u>723,055</u>
	<u>2,127,741</u>	<u>1,767,583</u>

**12.1** The present and future stock-in-trade, trade debts and receivables aggregating Rs.8,367,683 thousand (2018: Rs.5,867,009 thousand) are under pledge / joint hypothecation charge with banks against short term finances and running finances (Refer note 25).

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 13. TRADE DEBTS - Unsecured

	Note	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
<b>Considered good against sale of</b>			
Vehicles and assembly charges			
- due from Ghandhara Industries Limited - an Associated Company	13.1	94,650	90,798
- others		883,256	1,097,317
		977,906	1,188,115
Spare parts		9,434	12,929
		987,340	1,201,044
Considered doubtful		27,675	-
		1,015,015	1,201,044
Provision for expected credit losses		(27,675)	-
		987,340	1,201,044

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

Up to 3 months	94,650	90,798
----------------	--------	--------

**13.2** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.122,050 thousand (2018: Rs.133,824 thousand).

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

	Note	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
Current portion of long term loans	9	6,073	5,425
Loans to other employees	14.1	12	147
Advances to:			
Related party- Key Management Personnel		16	148
Other employees		4,789	6,460
Suppliers, contractors and others	14.2	20,463	63,843
		25,268	70,451
Letters of credit		1,818	201
		33,171	76,224

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

**14.2** Includes Rs.35 thousand (2018: Rs.226 thousand) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 15. DEPOSITS AND PREPAYMENTS

	Note	2019 Rupees '000	2018
Deposits - considered good and interest free		11,630	3,082
Prepaid			
- rent [Bibojee Services (Private) Limited - the Ultimate Holding Company]		-	6,355
- others		3,538	3,307
		3,538	9,662
Current account balances with statutory authorities		11,240	6,187
		<u>26,408</u>	<u>18,931</u>

### 16. INVESTMENTS

At amortised cost

- Investment in term deposit receipt
- Accrued profit at the rate of 11.20% per annum

At fair value through profit or loss

16.1

#### 16.1 Investments - at fair value through profit or loss

	2019 Units in '000	2018 Units in '000		2019	2018
-	11,645		BMA Chundrigar Road Savings Fund	-	100,928
1,990	-		JS Islamic Hybrid Fund Of Funds 2- JSICPAP-5	199,208	-
500	-		Indus Motor Company Limited	602	-
117,500	-		Lotte Chemical Pakistan Limited	1,792	-
500	-		Lucky Cement Limited	190	-
1,000	-		OIL & Gas Development Co. Ltd.	131	-
5,800	-		Pakistan Petroleum Limited	838	-
				<u>202,761</u>	<u>100,928</u>

16.2 1,943,053 units of JS Islamic Hybrid Fund of Funds - JSICPAP-5 valuing Rs.194,480 thousand are under pledge of a commercial bank against short term finance facility availed by the subsidiary company.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 17. OTHER RECEIVABLES

Considered good and interest free

	2019	2018
Note	----- Rupees '000 -----	-----
Sales tax refundable / adjustable	260,464	94,919
Bank guarantee margin	21	21
Letters of credit margin	10,101	-
Security deposits and earnest money - interest free	5,448	10,021
Accrued interest	297	20
Receivable against sub lease	29,198	36,598
Others	2,387	5,038
	<u>307,916</u>	<u>146,617</u>

### 18. CASH AND BANK BALANCES

Cash in hand		1	1
Cash at banks on:			
- current accounts		149,816	213,101
- saving accounts	18.1	35,751	-
- deposit accounts	18.2	10,517	10,517
- term deposits receipts	18.3	10,000	34,999
- right subscription account		-	1,068,306
		<u>206,084</u>	<u>1,326,923</u>
Provision for doubtful bank balance	18.4	<u>(3,912)</u>	<u>(3,912)</u>
		<u>202,172</u>	<u>1,323,011</u>
		<u>202,173</u>	<u>1,323,012</u>

**18.1** At reporting date, these carry mark-up at the rate of 10.25% per annum.

**18.2** These, during the year, carry mark-up upto 10.40% (2018: 5.50%) per annum.

**18.3** Term deposit receipt (TDR) has maturity of 15 days from respective dates of acquisition. These TDR carries mark-up at rate of 12.5% (2018: ranging from 5.25% to 6.20%) per annum.

**18.4** This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42,586 thousand deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Group considers that it has discharged its obligation against the said letters of credit.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 19. SHARE CAPITAL

#### 19.1 Authorized capital

	2019	2018
	----- Rupees '000 -----	

80,000,000 (2018: 80,000,000) ordinary shares of Rs.10 each	<u>800,000</u>	<u>800,000</u>
---	----------------	----------------

#### 19.2 Issued, subscribed and paid-up capital

	2019	2018			
	----- No. of shares -----				
<b>26,800,000</b>	14,800,000		Ordinary shares of Rs.10 each fully paid in cash (Note 19.3)	<b>268,000</b>	148,000
<b>200,000</b>	200,000		Ordinary shares of Rs.10 each issued as fully paid bonus shares	<b>2,000</b>	2,000
<b>30,002,500</b>	30,002,500		Ordinary shares of Rs.10 each issued for acquisition	<b>300,025</b>	300,025
<b><u>57,002,500</u></b>	<u>45,002,500</u>			<b><u>570,025</u></b>	<u>450,025</u>

#### 19.3 Movement in issued, subscribed and paid-up capital

	2019	2018			
	----- No. of shares -----				
<b>45,002,500</b>	45,002,500		Balance at the beginning of the year	<b>450,025</b>	450,025
<b>12,000,000</b>	-		Ordinary shares of Rs.10 each issued as right shares (Note 19.4)	<b>120,000</b>	-
<b><u>57,002,500</u></b>	<u>45,002,500</u>			<b><u>570,025</u></b>	<u>450,025</u>

#### 19.4 Issuance of right shares at premium

The Board of Directors of the Holding Company in their meeting held on April 24, 2018 approved issue of 12,000,000 right shares at exercise price of Rs.100 per share (including premium of Rs.90 per share) in proportion of 26.67 shares for every 100 shares held as at May 8, 2018. The right shares were issued for the purpose of revival of existing assembly facility for the progressive manufacturing of Datsun passenger cars, as well as to enhance the capacity to cater the increase in existing operations of the Holding Company.

These right shares have been issued to Holding Company's existing shareholders. Total amount raised through the rights issue is Rs.1,200,000 thousand comprising of Rs.120,000 thousand and Rs.1,080,000 thousand in respect of ordinary share capital and share premium respectively. In this respect, the Holding Company has allotted 12,000,000 shares during the year.

Issuance cost amounting to Rs.17,280 thousand were incurred in relation to above right issue which has been set-off with the subscription money received and accordingly accounted for as a deduction from equity on allotment of shares.

#### 19.5 At June 30, 2019, Bibojee Services (Private) Limited (the Ultimate Holding Company) holds 57.76% (2018: 56.32%) of share capital of the Company.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

**19.6** The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Holding Company's residual assets.

### 20. SURPLUS ON REVALUATION OF FIXED ASSETS - Net

		2019	2018
	Note	----- Rupees '000 -----	-----
Surplus on revaluation of the Holding Company's fixed assets	20.1	2,261,358	972,241
Share of surplus on revaluation of fixed assets of an Associated Company		312,791	314,367
		<u>2,574,149</u>	<u>1,286,608</u>
<b>20.1 Surplus on revaluation of the Holding Company's fixed assets</b>			
Balance at beginning of the year		1,187,068	1,226,546
Surplus arisen on revaluation carried-out during the year	6.3	1,431,103	-
Transferred to unappropriated profit on account of incremental depreciation for the year		(46,745)	(39,478)
		<u>2,571,426</u>	<u>1,187,068</u>
Less: related deferred tax of:			
- opening balance		214,827	237,976
- surplus arisen during the year		105,028	-
- incremental depreciation for the year		(13,556)	(11,251)
- effect of change in tax rate		3,769	(11,898)
- closing balance		310,068	214,827
Balance at end of the year		<u>2,261,358</u>	<u>972,241</u>
<b>21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured</b>			
Balance at beginning of the year		104,843	130,507
Assets acquired during the year		61,268	14,486
Repaid / adjusted during the year		(44,881)	(40,150)
		<u>121,230</u>	<u>104,843</u>
Current portion grouped under current liabilities		(50,213)	(39,015)
Balance at end of the year		<u>71,017</u>	<u>65,828</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

- 21.1** 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 7.47% to 17.50% (2018: 7.93% to 17.50%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Group intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

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

Particulars	Upto one year	From one to five years	2019	Upto one year	From one to five years	2018
----- Rupees in '000 -----						
Minimum lease payments	56,524	76,328	132,852	43,315	70,588	113,903
Finance cost allocated to future periods	(6,311)	(5,311)	(11,622)	(4,300)	(4,760)	(9,060)
Present value of minimum lease payments	50,213	71,017	121,230	39,015	65,828	104,843

**22. LONG TERM DEPOSITS - Interest free**

	Note	2019	2018
----- Rupees '000 -----			
Dealers' deposit	22.1	7,000	8,000
Vendors		111	111
Others		1,500	1,500
		<u>8,611</u>	<u>9,611</u>

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

**23. DEFERRED TAXATION - Net**

	2019	2018
----- Rupees '000 -----		
The liability for deferred taxation comprises of temporary differences relating to:		
- accelerated tax depreciation allowance	88,658	59,144
- surplus on revaluation of fixed assets	310,068	214,827
- lease finances	882	201
- provision for expected credit losses	(8,026)	-
- provision for gratuity	-	(2,355)
- provision for warranty claims	(101)	(1,011)
- provision for obsolete / slow moving stock	(4,350)	(4,275)
- provision for bank balances	(1,134)	(1,115)
- unabsorbed tax depreciation	(38,213)	-
	<u>347,784</u>	<u>265,416</u>



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

**23.1** As at June 30, 2019, the Holding Company has unused tax losses aggregating Rs.18,224 thousand. Deferred tax asset on un-used losses has not been recognised on prudent basis.

### 24. TRADE AND OTHER PAYABLES

	Note	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
Trade creditors		76,953	145,064
Bills payable		206,255	684,059
Accrued liabilities	24.1	80,145	98,631
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	24.2	158,339	354,112
Commission		21,223	34,226
Unclaimed gratuity		231	231
Dealers' deposits against vehicles - interest free		15,500	7,000
Payable to Waqf-e-Kuli Khan		9,885	9,885
Payable to UD Truck Corporations, Japan		-	8,429
Payable to gratuity fund	24.3	18,316	12,320
Withholding tax		17,755	8,377
Workers' profit participation fund	24.4	291	15,502
Workers' welfare fund		111	4,656
Retention money		506	103
Warranty claims		349	3,549
Others	24.5	40,708	41,564
		<u>647,970</u>	<u>1,429,111</u>

**24.1** Includes Rs.29,650 thousand (2018: Rs.17,206 thousand) and Rs.3,245 thousand (Rs. Nil) which pertains to a Key Management Person and Bibojee Services (Private) Limited respectively.

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

### 24.3 Provision for gratuity

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

The latest actuarial valuation of the Scheme as at June 30, 2019 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

#### 24.3.1 Statement of financial position reconciliation

	2019 ----- Rupees '000 -----	2018 ----- Rupees '000 -----
Present value of defined benefit obligation	148,318	124,341
Fair value of plan assets	(130,719)	(113,665)
Benefits payable	717	1,644
Net liability at end of the year	<u>18,316</u>	<u>12,320</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 24.3.2 Net liability recognised

	2019	2018
	----- Rupees '000 -----	
Net liability at beginning of the year	12,320	13,427
Charge to profit or loss	10,121	8,120
Contributions made by the Holding Company	(12,320)	(13,427)
Re-measurement recognised in other comprehensive income	8,195	4,200
	<u>18,316</u>	<u>12,320</u>

### 24.3.3 Movement in the present value of defined benefit obligation

Balance at beginning of the year	124,341	106,433
Current service cost	9,705	7,982
Interest expense	12,379	9,709
Benefits paid	(393)	(1,984)
Benefits due but not paid	(717)	(954)
Re-measurement	3,003	3,155
Balance at end of the year	<u>148,318</u>	<u>124,341</u>

### 24.3.4 Movement in the fair value of plan assets

Balance at beginning of the year	113,665	97,745
Contribution received during the year	12,320	13,427
Interest income	11,963	9,571
Benefits paid	(2,037)	(6,033)
Re-measurement	(5,192)	(1,045)
	<u>130,719</u>	<u>113,665</u>

### 24.3.5 Expense recognised in consolidated statement of profit or loss

Current service cost	9,705	7,982
Net interest expense	416	138
	<u>10,121</u>	<u>8,120</u>

### 24.3.6 Re-measurement recognised in consolidated other comprehensive income

Financial assumptions	654	102
Experience adjustments	2,349	3,053
Loss on remeasurement of plan assets	5,192	1,045
	<u>8,195</u>	<u>4,200</u>

### 24.3.7 Plan assets comprise of

Fixed income instruments	32,796	53,652
Mutual fund securities	61,136	55,990
Cash at bank	36,787	4,023
	<u>130,719</u>	<u>113,665</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 24.3.8 Significant actuarial assumptions and sensitivity

	2019	2018
	----- % per annum -----	
Discount rate	14.25	9.25
Expected rate of increase in future salaries	14.25	10.00
Mortality rates (for death in service)	SLIC 2001-2005	SLIC 2001-2005

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

	Impact on define benefit obligation		
	Change in assump- tion	Increase in assumption	Decrease in assumption
	----- Rupees '000 -----		
Discount rate	1.00%	<u>135,618</u>	<u>161,889</u>
Increase in future salaries	1.00%	<u>161,920</u>	<u>135,376</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 statement of financial position.

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

**24.3.9** Based on actuary's advice, the expected charge to consolidated profit or loss for the year ending June 30, 2020 amounts to Rs.13,414 thousand.

**24.3.10** The weighted average duration of the scheme is 9 years.

### 24.3.11 Historical Information

	2019	2018	2017	2016	2015
	----- Rupees in '000 -----				
Present value of defined benefit obligation	<u>148,318</u>	<u>124,341</u>	<u>106,433</u>	<u>95,390</u>	<u>80,791</u>
Experience adjustment	<u>8,195</u>	<u>4,200</u>	<u>16,698</u>	<u>3,297</u>	<u>2,061</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 24.3.12 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 -----					
<b>At June 30, 2019</b>	<b>18,985</b>	<b>8,807</b>	<b>37,617</b>	<b>4,600,327</b>	<b>4,665,736</b>

### 24.4 Workers' profit participation fund

	Note	2019 ----- Rupees '000 -----	2018
Balance at beginning of the year		15,502	4,775
Allocation for the year	32	291	15,502
Interest on funds utilised in the Holding Company's business	33	316	495
		<u>16,109</u>	<u>20,772</u>
Payment made during the year		(15,818)	(5,270)
Balance at end of the year		<u>291</u>	<u>15,502</u>

24.5 Includes deposits and instalments under the Group's staff vehicle policy aggregating Rs. 12,210 thousand (2018: Rs.11,143 thousand).

### 25. SHORT TERM BORROWINGS

Running finances / musharakah	502,003	153,661
Short term finance facility	200,000	-
Finance against imported merchandise	173,670	-
	<u>875,673</u>	<u>153,661</u>

25.1 Running finances facilities available from commercial banks under mark-up arrangements aggregate to Rs.1,575,000 thousand (2018: Rs.1,475,000 thousand) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Group. These, during the current financial year, carry mark-up at the rates ranging from 7.92% to 14.8% (2018: 7.16% to 8.01%) per annum. The arrangements are expiring on January 31, 2020.

25.2 The facilities for opening letters of credit as at June 30, 2019 aggregate to Rs.7,140,000 thousand (2018: Rs.3,925,000 thousand) of which the amount remained unutilised at the year-end was Rs.6,800,700 thousand (2018: Rs.3,010,000 thousand). Further, the Group also has facilities of Finance against Import Merchandise aggregating Rs.4,175,000 thousand (2018: Rs.2,475,000 thousand) as main limits and sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.400,000 thousand (2018: Rs.400,000 thousand) as sub limits of these letters of credit facilities. These facilities are secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.

25.3 Facilities aggregated Rs.2,225,000 thousand (2018: Rs.2,275,000 thousand) out of the above mentioned facilities are also available to the Group level.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

**25.4** The Holding Company has also arranged long-term finance facility of Rs. 4,620,000 thousand at the rate of KIBOR + 2.25% per annum (including USD 15,000 thousand at the rate of LIBOR + 3.90% per annum).

### 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 High Court of Sindh and National Industrial Relations Commission, Karachi . The management is confident that the outcome of these cases will be in the Holding Company's favour.

**26.2** Commitment in respect of irrevocable letters of credit as at June 30, 2019 aggregate to Rs.133,345 thousand (2018: Rs.140,251 thousand).

**26.3** Guarantees aggregating Rs.6,999 thousand (2018: Rs.5,601 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.466,100 thousand (2018: Rs.538,749 thousand) to the commercial banks against financing facilities utilised by the Subsidiary Company.

### 27. REVENUE - Net

	Note	2019 Rupees '000	2018
<b>Manufacturing activity</b>			
Sales		6,004,521	4,469,661
Less:			
- sales tax		872,452	649,651
- commission		33,229	22,935
		905,681	672,586
		<u>5,098,840</u>	<u>3,797,075</u>
<b>Trading activity</b>			
Sales		1,027,208	1,312,695
Less:			
- sales tax		150,137	191,841
- discount and commission		29,553	21,285
		179,690	213,126
		847,518	1,099,569
		<u>5,946,358</u>	<u>4,896,644</u>
<b>28. COST OF SALES</b>			
Finished goods at beginning of the year		615,916	318,528
Cost of goods manufactured	28.1	4,441,542	3,357,414
Purchases - trading goods		1,178,483	1,057,753
		5,620,025	4,415,167
Finished goods at end of the year	12	(1,066,260)	(615,916)
		<u>5,169,681</u>	<u>4,117,779</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 28.1 Cost of goods manufactured

		2019	2018
	Note	----- Rupees '000 -----	-----
Raw materials and parts consumed	28.2	3,734,093	2,790,184
Fabrication of contract vehicles		16,859	-
Stores and spares consumed		86,333	63,260
Salaries, wages and benefits	28.3	356,601	266,980
Transportation		23,281	16,109
Repair and maintenance		31,203	46,423
Depreciation	6.5	99,066	90,870
Material handling		15	301
Insurance		4,356	2,928
Communication		1,833	1,863
Rent, rates and taxes		3,211	7,682
Travelling and entertainment		3,064	2,930
Power generation costs		61,837	53,638
Printing, stationery and office supplies		1,479	2,227
Royalty expense		2,745	580
Plant security		13,392	9,520
Other manufacturing expenses		2,174	1,919
		<u>4,441,542</u>	<u>3,357,414</u>
<b>28.2 Raw materials and parts consumed</b>			
Stocks at beginning of the year		577,076	198,793
Purchases		4,155,864	3,168,467
		<u>4,732,940</u>	<u>3,367,260</u>
Stocks at end of the year	12	<u>(998,847)</u>	<u>(577,076)</u>
		<u>3,734,093</u>	<u>2,790,184</u>

**28.3** Salaries, wages and benefits include Rs.6,394 thousand (2018: Rs.3,914 thousand) and Rs.4,713 thousand (2018: Rs.3,723 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

### 29. DISTRIBUTION COST

		2019	2018
	Note	----- Rupees '000 -----	-----
Salaries and benefits	29.1	54,237	39,342
Utilities		577	154
Rent		4,034	3,000
Insurance		467	77
Repair and maintenance		152	27
Travelling and entertainment		13,031	8,230
Telephone and postage		909	754
Depreciation	6.5	599	-
Vehicle running		306	128
Printing, stationery and office supplies		327	667
Security		158	1,048
Warranty services		3,300	1,231
Godown and forwarding		3,306	2,489
Sales promotion expenses		17,845	7,853
Others		402	1,768
		<u>99,650</u>	<u>66,768</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

**29.1** Salaries and benefits include Rs.742 thousand (2018: Rs.987 thousand) and Rs.1,752 thousand (2018: Rs.1,188 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

### 30. ADMINISTRATIVE EXPENSES

	Note	2019 ----- Rupees '000 -----	2018
Salaries and benefits	30.1	134,305	136,642
Utilities		2,030	2,443
Rent, rates and taxes		17,743	14,642
Directors' fee		2,488	1,335
Insurance		1,853	3,129
Repairs and maintenance		5,804	2,564
Depreciation and amortisation	7.6 & 8	22,468	19,377
Auditors' remuneration	30.2	1,500	1,500
Advertising		3,008	1,768
Travelling and conveyance		15,917	11,653
Legal and professional charges		19,041	13,767
Vehicle running		3,269	2,162
Telephone and postage		5,667	4,551
Printing and stationery		5,471	5,869
Subscription		4,977	3,262
Security expenses		10,067	8,769
Provision for expected credit losses		27,675	-
Donation		-	1,000
Others		3,496	3,266
		<u>286,779</u>	<u>237,699</u>

**30.1** Salaries and benefits include Rs.2,985 thousand (2018: Rs.3,219 thousand) and Rs.4,005 thousand (2018: Rs.3,339 thousand) in respect of staff retirement gratuity and staff provident fund respectively.

### 30.2 Auditors' remuneration

		2019 ----- Rupees '000 -----	2018
Audit fee			
ShineWing Hameed Chaudhri & Co.		1,000	500
Junaidy, Shoaib, Asad		500	1,000
		<u>1,500</u>	<u>1,500</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 31. OTHER INCOME

	2019	2018
Note	----- Rupees '000 -----	-----
<b>Income from financial assets</b>		
Interest / mark-up earned on:		
- deposit and saving accounts	31.1 2,776	531
- term deposit receipts	31.1 7,306	15,858
Gain from sale of investment in GIL	-	790,615
Gain from sale of investment in mutual funds	32,657	-
Dividend income - mutual funds' investment	38,795	-
Unrealised gain on investment	-	928
	81,534	807,932
<b>Income from non-financial assets</b>		
Scrap sales - net of sales tax	8,320	4,582
Gain on disposal of operating fixed assets	6.7 4,528	-
Gain on disposal of non current asset classified as held for sale	-	36,802
Amortization of gain on sale and lease back of fixed assets	-	6
Commission income	6,104	10,820
Service income - net of sales tax	1,158	-
Exchange gain	-	76
Others	1,740	1,410
	21,850	53,696
	103,384	861,628

31.1 Interest at the rates ranged from 7.21% to 12.50% (2018: 4.16% to 6.20%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.

### 32. OTHER EXPENSES

	2019	2018
Note	----- Rupees '000 -----	-----
Workers' profit participation fund	24.4 291	15,502
Workers' welfare fund	111	4,656
Exchange loss - net	37,713	-
Fair value loss on investment at fair value through profit or loss	5,891	-
Loss on disposal of operating fixed assets	-	293
	44,006	20,451



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 33. FINANCE COST

	Note	2019 ----- Rupees '000 -----	2018 -----
Mark-up on :			
- running finances		99,047	19,354
- finance against imported merchandise		6,519	-
		<u>105,566</u>	<u>19,354</u>
Lease finance charges		7,570	7,846
Bank advisory fee on arrangement of loans	25.4	200,184	-
Interest on workers' profit participation fund	24.4	316	495
Bank and other charges		5,034	3,457
		<u>318,670</u>	<u>31,152</u>

### 34. TAXATION

Current			
- for the year		98,330	276,748
- prior year		8,110	10,564
		<u>106,440</u>	<u>287,312</u>
Deferred			
- origination and reversal of temporary differences		(24,970)	(2,016)
- impact of change in tax rate		918	(2,295)
		<u>(24,052)</u>	<u>(4,311)</u>
		<u>82,388</u>	<u>283,001</u>

**34.1** No numeric tax rate reconciliation for the year is given in the financial statements of the Holding Company, as provision made during the current year primarily represents minimum tax due under section 113 and section 5A of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 37A and 150 of the Ordinance.

However relationship between tax expense and accounting profit for the preceding financial year of the Group is as follows:

### 34.2 Relationship between income tax expense and accounting profit

	June 30, 2018 ---- Rupees '000 ----
Net profit before taxation	<u>1,631,357</u>
Tax at the applicable income tax rate of 29% (2018: 30%)	489,407
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit or loss	131,731
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit or loss	(24,389)
Tax effect of gains, which are not chargeable for tax purposes and are taken to profit or loss	(237,185)
Tax effect of share of profit of an Associate	(104,080)
Tax effect of tax credits	(4,008)
Tax effect of income subject to final tax regime	(13,145)
Adjustments for current tax of prior years	10,564
Super tax	38,417
Deferred taxation	(4,311)
	<u>283,001</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 35. EARNINGS PER SHARE

	2019	2018
	----- Rupees '000 -----	
<b>35.1 Basic earnings per share</b>		
Net profit for the year	<u>143,005</u>	<u>1,348,338</u>
		Restated
		----- Number of shares -----
Weighted average ordinary shares in issue	<u>57,002,500</u>	<u>49,502,750</u>
		----- Rupees -----
Earnings per share - basic and diluted	<u>2.51</u>	<u>27.24</u>
<b>35.2 Diluted earnings per share</b>		

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

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

	2019			2018		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	----- Rupees in '000 -----					
Managerial remuneration	15,780	1,896	54,682	15,780	3,600	40,590
Bonus	-	-	4,588	-	-	9,944
Contribution to provident fund	850	-	2,390	850	-	1,958
Gratuity	850	-	1,950	850	-	1,584
Utilities	1,020	-	2,859	1,020	-	3,527
Passage / privilege leave	-	-	1,742	-	-	1,382
	<u>18,500</u>	<u>1,896</u>	<u>68,211</u>	<u>18,500</u>	<u>3,600</u>	<u>58,985</u>
Number of persons	<u>1</u>	<u>1</u>	<u>14</u>	<u>1</u>	<u>1</u>	<u>13</u>

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

**36.2** Certain Executives of the Holding Company are also provided with free use of the Holding Company maintained vehicles.

**36.3** Aggregate amount charged in the Consolidated financial statements for meeting fee to Directors of Holding Company and Subsidiary Company was Rs.2,488 thousand (2018: Rs.1,335 thousand).

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

Name	Nature of transaction	2019 --- Rupees in '000 ---	2018
<b>(i) Ultimate Holding Company</b>			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	12,000	12,000
	Dividend	-	140,232
	Subscription money against right issue	81,734	675,797
	Issue of shares including premeium	757,531	-
<b>(ii) Associated Companies</b>			
Ghandhara Industries Limited 19.09% shares held by the Company (37.1)	Contract assembly charges	578,138	764,724
	Reimbursement of expenses	24	6,481
	Purchase of parts and tyres	40	3,084
	Sale of parts	22	6
	Head office rent	2,882	2,640
	Dividend income	63,432	77,493
	Bonus share in numbers	4,006	-
The General Tyre and Rubber Company of Pakistan Limited (37.1)	Purchase of tyres, tubes and flaps	32,526	32,526
Gammon Pakistan Limited (37.1)	Regional office rent	3,000	3,000
Janana De Malucho Textile Mills Limited (37.1)	Reimbursement of expenses	1,806	1,639
<b>(iii) Others</b>			
Staff provident fund	Contribution made	10,469	8,251
Staff gratuity fund	Contribution made	12,320	13,427
Key management personnel	Remuneration and other short term benefits	84,294	83,411
	Subscription money against right issue	-	5,288
	Sale of fleet vehicles	1,241	-
	Issue of shares including premeium	5,288	-

37.1 Associated company by virtue of common directorship.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 38. PLANT CAPACITY

#### The Holding Company

Against the production capacity of 4,800 (2018: 4,800) trucks, buses and pickups on single shift basis, the Holding Company produced 4,804 (2018: 4,884) trucks and buses of JAC, DongFeng and Isuzu. The Holding Company has also processed 4,731 (2018: 4,754) truck cabs through paint shop.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Holding Company has not assembled any vehicle and the plant was idle during the year ended June 30, 2019 and June 30, 2018.

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

The maximum exposure to credit risk as at June 30, 2019 along with comparative is tabulated below:

	2019	2018
	----- Rupees '000 -----	
Long term loans	14,941	6,972
Long term deposits	6,588	6,579
Trade debts	987,340	1,201,044
Loans and advances	10,890	12,180
Deposits and prepayments	11,630	3,082
Investments	392,878	100,928
Other receivables	47,452	51,698
Bank balances	202,172	1,323,011
	<u>1,673,891</u>	<u>2,705,494</u>

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



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

	2019	2018
	----- Rupees '000 -----	
Up to 3 months	955,641	1,066,646
3 to 6 months	12,927	99,223
6 to 12 months	26,921	31,675
more than 12 months	19,526	3,500
Provision for expected credit losses	(27,675)	-
	<u>987,340</u>	<u>1,201,044</u>

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

### (b) Liquidity risk

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

Financial liabilities are presented below:

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
	----- Rupees in '000 -----			
<b>June 30, 2019</b>				
Liabilities against assets				
subject to finance lease	121,230	50,213	71,017	-
Long term deposits	8,611	-	-	8,611
Trade and other payables	471,474	471,474	-	-
Accrued mark-up	41,486	41,486	-	-
Short term borrowings	875,673	875,673	-	-
Unclaimed dividend	10,611	10,611	-	-
	<u>1,529,085</u>	<u>1,449,457</u>	<u>71,017</u>	<u>8,611</u>
<b>June 30, 2018</b>				
Liabilities against assets				
subject to finance lease	104,843	39,015	65,828	-
Long term deposits	9,611	-	-	9,611
Trade and other payables	1,046,464	1,046,464	-	-
Accrued mark-up	9,528	9,528	-	-
Short term borrowings	153,661	-	-	-
Unclaimed dividend	10,675	10,675	-	-
	<u>1,334,782</u>	<u>1,105,682</u>	<u>65,828</u>	<u>9,611</u>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### (c) Market risk

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

#### Foreign exchange risk

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

	Rupees	Euro	U.S. Dollar	RMB
	----- in '000 -----			
<b>June 30, 2019</b>				
Trade and other payables	<u>684,059</u>	<u>728</u>	<u>-</u>	<u>9,457</u>
 June 30, 2018				
Trade and other payables	<u>684,059</u>	<u>264</u>	<u>3,026</u>	<u>14,859</u>

The following significant exchange rates have been applied:

	<u>Reporting date rate</u>	
	2019	2018
RMB to Rupee	<u>24.19</u>	18.76
U.S. Dollar to Rupee	-	121.60
Euro to Rupee	<u>186.99</u>	141.57

#### Sensitivity analysis

At June 30, 2019, if Rupee had strengthened by 5% against RMB, Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of net financial liabilities.

	<u>2019</u>	2018
	----- Rupees '000 -----	
<b>Effect on profit for the year</b>		
RMB to Rupee	<u>11,438</u>	13,938
U.S. Dollar to Rupee	-	18,398
Euro to Rupee	<u>6,806</u>	1,869
	<u><u>18,245</u></u>	<u><u>34,205</u></u>

#### Interest rate risk

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

	2019	2018
	----- Rupees '000 -----	
<b>Fixed rate instruments - financial assets</b>		
Investment at amortised cost	190,117	-
Bank balances	56,268	45,516
	<u>246,385</u>	<u>45,516</u>
<b>Variable rate instruments - financial liabilities</b>		
Liabilities against assets subject to finance lease	121,230	104,843
Short term borrowings	875,673	153,661
	<u>996,903</u>	<u>258,504</u>

### Sensitivity analysis

At June 30, 2019, 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.9,969 thousand (2018: Rs.2,585 thousand) lower / higher mainly as a result of net higher / (lower) interest expense.

### Price risk

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

The Company is exposed to equity securities price risk because of investments in mutual fund securities amounting to Rs.202,761 thousand (2018: Rs. 100,928 thousand) and classified at fair value through profit or loss. The Company is not exposed to commodity risk.

At June 30, 2019, if fair value had been 1% higher / lower with all other variables held constant, the post-tax profit for the year would have Rs.2,028 thousand (2018: Rs.1,009 thousand) higher / (lower) as a result of gain / (loss) on investments classified as at fair value through profit or loss.

### 39.2 Fair value of financial assets and liabilities

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

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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

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

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

**Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs.202,761 thousand (2018: Rs.100,928 thousand).

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

### 39.3 Financial instruments by categories

	At June 30, 2019			At June 30, 2018		
	Amortised Cost	At fair value through profit and loss	Total	Loans and receivables	At fair value through profit and loss	Total
----- Rupees in '000 -----						
<b>Financial assets as per statement of financial position</b>						
Long term loans	14,941	-	14,941	6,972	-	6,972
Long term deposits	26,680	-	26,680	20,735	-	20,735
Trade debts	987,340	-	987,340	1,201,044	-	1,201,044
Loans and advances	10,890	-	10,890	12,180	-	12,180
Deposits and prepayments	22,870	-	22,870	9,269	-	9,269
Investments	190,117	202,761	392,878	-	100,928	100,928
Other receivables	47,452	-	47,452	51,698	-	51,698
Bank balances	202,172	-	202,172	1,323,012	-	1,323,012
	<b>1,502,462</b>	<b>202,761</b>	<b>1,705,223</b>	<b>2,624,910</b>	<b>100,928</b>	<b>2,725,838</b>



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	Financial liabilities at amortised cost	
	2019	2018
	----- Rupees '000 -----	
<b>Financial liabilities as per statement of financial position</b>		
Liabilities against assets subject to finance lease	121,230	104,843
Long term deposits	8,611	9,611
Trade and other payables	647,970	1,429,111
Accrued mark-up	41,486	9,528
Short term borrowings	875,673	153,661
Unclaimed dividend	10,611	10,675
	<u>1,705,581</u>	<u>1,717,429</u>

#### 40. CAPITAL RISK MANAGEMENT

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

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

	2019
	-- Rupees '000 --
Total borrowings	875,673
Bank balances	(202,173)
Net debt / bank balances	673,500
Total equity	7,453,672
Total capital	8,127,172
Gearing ratio	8.29%

#### 41. OPERATING SEGMENTS

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

- (a) All non-current assets of the Group at June 30, 2019 and 2018 are located in Pakistan.
- (b) 100% (2018: 100%) of the Group's sales relate to customers in Pakistan.
- (c) During the year, the Group's customers base remains diverse with no single customer accounting for more than 10% of net revenue.

#### 42. NUMBER OF EMPLOYEES

The total number of employees (including contractual employees) as at June 30, 2019 were 1,081 (2019: 928), average number of employees during the year were 987 (2018: 839).

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 43. PROVIDENT FUND RELATED DISCLOSURES

43.1 The following information is based on un-audited financial statements of the Holding Company's Fund for the year ended June 30, 2019:

	2019	2018
	----- Rupees '000 -----	
Size of the Fund - total assets	131,124	115,421
Cost of investments made	103,368	95,846
Percentage of investments made	78.83%	83.04%
Fair value of investments	137,726	127,982

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

	2019	2018	2019	2018
	----- Percentage -----		----- Rupees in '000 -----	
Bank deposits	4.14	6.13	5,434	7,074
Government securities	41.11	50.16	53,900	57,900
Mutual funds	15.13	9.08	19,835	10,485
National Investment Trust - units	11.53	12.96	15,124	14,961
Others	6.92	4.70	9,075	5,426

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

### 44. SHAHRIAH SCREENING DISCLOSURE

	2019		2018	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	----- Rupees '000 -----			
Bank balances	189,403	16,682	1,316,215	10,709
Accrued mark-up	297	-	20	-
Accrued mark-up on short term borrowings	35,712	5,774	6,902	2,626
Revenue	-	5,946,358	-	4,896,644
Other income				
a) Profit on saving accounts and term deposit receipts	10,082	-	13,874	2,515
b) Gain from sale of investment	32,657	-	-	790,615
c) Unrealised gain on investment	-	-	928	-
d) Dividend income	38,795	63,432	-	77,493
e) Others including exchange gain on actual currency	-	21,850	-	53,696
Mark-up / interest expense	100,848	12,604	19,356	8,339

### 45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 28, 2019 by the Board of Directors of the Holding Company.



Ahmad Kuli Khan Khattak  
Chief Executive Officer



Salman Rasheed  
Director



Muhammad Umair  
Chief Financial Officer

# Dividend Mandate Form

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)

# 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 **37th** Annual General Meeting of the  
Company to be held on **Friday, 25th October 2019 at 09:45 A.M.** and any adjournment thereof.

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

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

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

AFFIX  
REVENUE  
STAMP  
Rs.5/-

## IMPORTANT:

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



# نمائندگی فارم

میں / ہم \_\_\_\_\_  
جو \_\_\_\_\_ کے گندھارا انسان لمیٹڈ کے ممبر ہونے کے ناطے  
شیرز رجسٹر فوٹیو کے مطابق عام شیرز کے اہل ہیں / CDC کے شراکت کار کا شناختی نمبر \_\_\_\_\_  
کا تقرر کرتے ہیں \_\_\_\_\_  
جو \_\_\_\_\_ کے یا ان کی ناکامی کی صورت میں \_\_\_\_\_ کے  
میرے / ہمارے نمائندہ کے طور پر کمپنی کی 37 واں سالانہ جنرل میٹنگ میں میری / ہماری طرف سے میرے / ہمارے لیے میرے / ہمارے نائب کے طور پر ووٹ دے سکتے ہیں جو بروز جمعہ ،  
125 اکتوبر 2019 کو صبح 09:45 بجے، منعقد ہونے والی ہے۔  
دستخط \_\_\_\_\_ دن \_\_\_\_\_ 2019 کو کیے گئے۔

دستخط \_\_\_\_\_  
گواہ \_\_\_\_\_  
نام \_\_\_\_\_  
شناختی کارڈ نمبر \_\_\_\_\_  
پتہ \_\_\_\_\_  
گواہ \_\_\_\_\_  
نام \_\_\_\_\_  
شناختی کارڈ نمبر \_\_\_\_\_  
پتہ \_\_\_\_\_

5 روپے کے ریونیو ٹکٹ پر دستخط

## اہم:









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









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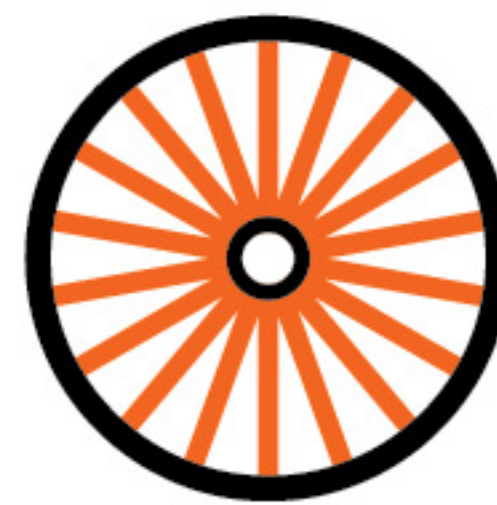
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# BOOK POST

PRINTED MATTER  
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Gandhara Nissan Limited

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