# Annual Report 2018

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.

# GHANDHARA NISSAN LIMITED

## An Illustrious Founder

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

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

## Core Values: Perseverance, Dynamism and Professionalism

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

## Philanthropy: The Love of Giving Back

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

# Vision

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

# Mission

- As a customer oriented Company, provide highest level of customer satisfaction.
- To accelerate performance in all operating areas, ensuring growth of the Company and increasing return to the stakeholders.
- To create a conducive working environment leading to enhanced productivity, job satisfaction and personal development of the employees.
- To contribute to social welfare by adopting environment friendly practices and processes for the well being of society.

# Company Profile

## Board of Directors

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

## Company Secretary

Mr. Muhammad Sheharyar Aslam

## Chief Financial Officer

Mr. Muhammad Umair

## Registered Office

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

## Factory

Truck / Car Plants
Port Bin Qasim, Karachi

## Bankers of the Company

National Bank of Pakistan
Faysal Bank Limited
Habib Bank Limited
Allied Bank Limited
United Bank Limited
Soneri Bank Limited
MCB Bank Limited
The Bank of Tokyo – Mitsubishi, Ltd.
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. Jamil A. Shah | Member |
| Mr. Mohammad Zia | Member |

## Human Resource & Remuneration Committee

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

## Auditors

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

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

## Legal & Tax Advisors

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

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

## Share Registrars

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

## NTN:

0802990-3

## Sales Tax Registration No:

12-03-8702-001-46

# 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 2017 - 18 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, Companies Ordinance 1984 (now repealed) 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 23, 2018
Time: 09:30 A.M.
Venue: F-3, Hub Chowki Road, SITE, Karachi.

## FINANCIAL CALENDAR

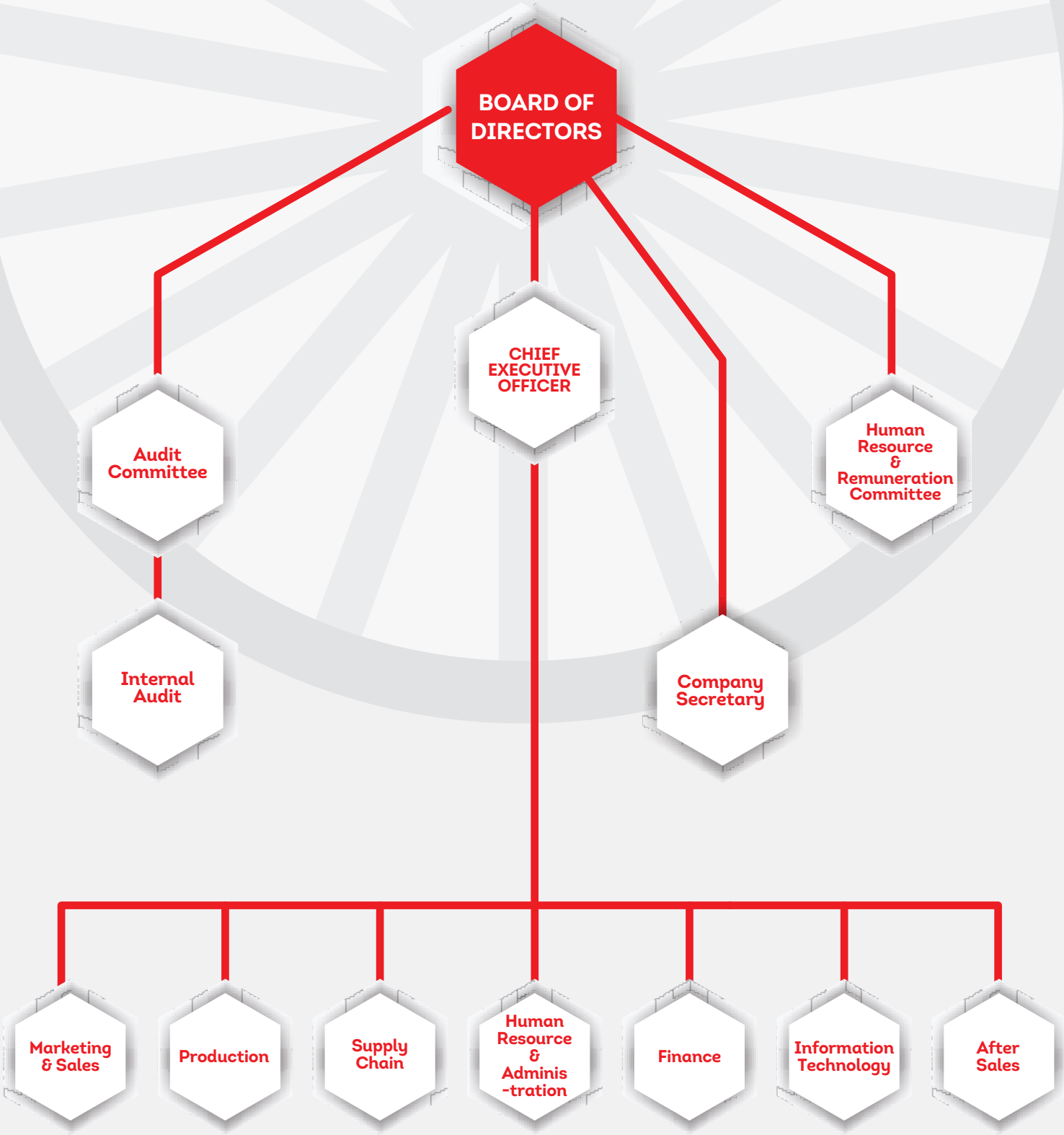
| | |
|---|---|
| September 2018 | Audited annual results for the year ended June 30, 2018 |
| September 2018 | Mailing of annual reports |
| October 2018 | Annual General Meeting |
| October 2018 | Unaudited first quarter financial results |
| February 2019 | Unaudited half year financial results |
| April 2019 | Unaudited third quarter financial results |

## DATES OF BOOK CLOSURE
The register of the members and shares transfer books of the Company will remain closed from October 17, 2018 to October 23, 2018 (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 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.

## 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.

# Organizational Chart



# Notice of Annual General Meeting

Notice is hereby given that 36th Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Tuesday, 23rd October 2018 at 09:30 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 Annual General Meeting held on 23rd October 2017.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 30th June, 2018 together with Directors' and Auditors' Reports thereon.

3. To appoint Auditors for the year ending 30th June, 2019 and fix their remuneration. The Board of Directors have recommended reappointment of M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants.

## 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, 2018 (as disclosed in Note-41 of Financial Statements for the year ended June 30, 2018) 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, 2019 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

5. To consider and approve the renewal of the cash advance facility of PKR 800 million to M/s Ghandhara DF (Pvt.) Limited (GDFPL), a wholly owned subsidiary company, and to pass the following resolution as Special Resolution, with or without modification, under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors of the Company:

   "Resolved that the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017 for cash advance facility Rs.800 million to M/s Ghandhara DF (Pvt.) Limited (GDFPL), a wholly owned subsidiary company for further period of three years to support its working capital requirements, at a markup of 6 months KIBOR+1.85%.

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

6. To amend Article 86 of the Articles of Association of the Company to enhance the Directors' meeting fee from Rs.25,000/- to Rs.50,000/-. For that purpose, following resolution is proposed:

   "Resolved that Directors' meeting fee be and is hereby enhanced from Rs.25,000/- to Rs.50,000/- which will be paid through crossed cheque or pay order.

Further resolved that Article 86 of the Articles of Association of the Company be and is hereby amended to substitute the figure 'Rs.25,000/-' by the figure 'Rs.50,000/-' "

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.

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

By Order of the Board

Karachi: 2nd October, 2018

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

# NOTES:

i. The share transfer books of the Company will remain closed from October 17, 2018 to October 23, 2018 (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 16, 2018.

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 2018.

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.

# NOTES:

(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.ghandharanissan.com.pk and send it duly signed along with a copy of CNIC 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(I)(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.

## 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, 2018 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 as the majority of the company 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, 2018 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, 2019 to be passed as an Ordinary Resolution.

The Company would be conducting transactions with associated companies in the normal course of business. The majority of 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, 2019.

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

3) Agenda Item No.5 of the Notice - to consider and approve the renewal of the cash advance facility of PKR 800 million to M/s Ghandhara DF (Pvt.) Limited (GDFPL), a wholly owned subsidiary company:

| S.NO | DESCRIPTION | INFORMATION REQUIRED |
|---|---|---|
| I. | Name of associated company or associated undertaking along with criteria based on which the associated relationship is established. | Ghandhara DF (Pvt.) Limited, a wholly owned subsidiary of Ghandhara Nissan Limited |
| II. | Amount of loans or advances | Advance upto PKR 800 Million |
| III. | Purpose of loan and advances and benefits likely to accrue to the investing company and its members from such loans or advances. | To supplement the working capital requirement of GDFPL.<br><br>The investing company being the holding company of GDFPL, will derive benefit in the form of dividend, which will eventually benefit all stakeholders of GNL. |
| IV. | In case any loan has already been granted to the associated company or associated undertaking, the complete details thereof | No other advance/loan granted to GDFPL except the advance given under the above mentioned facility. |
| V. | Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements | Please refer Annexure 1 |
| VI. | Rate of interest, mark up, profits, fees of commission, etc. to be charged to associated company | The advance will carry markup @6 M KIBOR+1.85% |
| VII. | Source of fund from where loans or advances will be given | The amount will be advanced to GDFPL from GNL's cash reserves. |
| VIII. | Where loans or advances are being granted using borrowed funds:<br><br>a) Justification for granting loan or advance out of borrowed funds<br><br>b) Detail of guarantees/ assets pledged for obtaining such funds, if any<br><br>c) Repayment schedules of borrowing of the investing company | Not applicable |

| S.NO | DESCRIPTION | INFORMATION REQUIRED |
|---|---|---|
| IX. | Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any | Not applicable |
| X. | If the loans or advance carry conversion feature i.e. it is convertible to securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion maybe exercisable | Not applicable |
| XI. | Repayment schedule and terms of loans or advances to be given to the investee company. | The advance will be for a period of three years.<br><br>GDFPL can repay / draw the advance or any part thereof as and when required during the period.<br><br>Markup shall be paid by GDFPL to GNL quarterly in arrears. |
| XII. | Salient feature of all agreement entered or to be entered with its associated company or associated undertaking with regards to proposed investment | a) GNL shall advance to GDFPL any amount as requested by GDFPL to meet its working capital requirement and to satisfy both its obligation and operational expenses; provided that the outstanding principal amount at any point in time shall not exceed PKR 800 million.<br><br>b) GDFPL shall pay the mark-up due to GNL quarterly in arrears. |
| XIII. | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration | GNL, being sponsor of GDFPL, will receive dividend. There is no direct interest of the Directors of GNL in GDFPL, except that they are nominated by GNL. |
| XIV. | Any other important detail necessary for the members to understand the transaction. | None |
| XV. | In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely:<br><br>a) A description of the project and its l history since conceptualization<br>b) Starting date and expected date of completion<br>c) Time by which such project shall become commercially operational<br>d) Expected return on total capital employed in the project<br>e) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts. | Not applicable |

4) Agenda Item No.6 of the Notice – The Board of Directors in their meeting held on 24th February, 2018 proposed to enhance Directors' Meeting Fee from Rs.25,000/- to Rs.50,000/-. The meeting fee was last revised in Annual General Meeting dated 28th October, 2014.

The revised fee will be effective from 23rd October, 2018.

## Annexure 1

## FINANCIAL POSITION – GDFPL
## EXTRACTS FROM AUDITED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 2018

| | |
|---|---|
| Total Assets | Rs.2,271.2 Million |
| Totals Liabilities | Rs 1,734.2 Million |
| Equity | Rs.536.9 Million |
| Revenue | Rs 2,837.2 Million |
| Gross Profit | Rs.345.6 Million |
| Operating Profit | Rs.307.9 Million |
| Net Profit After Tax | Rs.176.3 Million |

4) نوٹس کا ایجنڈا آئٹم نمبر 6 ۔ بورڈ آف ڈائریکٹرز نے اپنے اجلاس مورخہ 24 فروری 2018 میں ڈائریکٹران کے اجلاس میں شرکت کی فیس 25,000 روپے سے بڑھا کر 50,000 روپے کرنے کی تجویز دی ہے۔ آخری مرتبہ اجلاس میں حاضر ہونے کی فیس کو سالانہ اجلاس عام منعقدہ 28 اکتوبر 2014 میں بڑھا گیا تھا۔

تبدیل شدہ فیس 23 اکتوبر 2018 سے نافذ العمل ہوگی۔

گوشوارہ 1

GDFPL ۔ مالیاتی پوزیشن
اَڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سال
30 جون 2018 سے اقتباس

| | |
|---|---|
| کل اثاثے | 2,271.2 ملین روپے |
| کل واجبات | 1,734.2 ملین روپے |
| ایکویٹی | 536.9 ملین روپے |
| ماحاصلات | 2,837.2 ملین روپے |
| خام منافع | 345.6 ملین روپے |
| کاروباری منافع | 307.9 ملین روپے |
| خالص منافع بعد از ٹیکس | 176.3 ملین روپے |

| | | |
|---|---|---|
| XIV | دیگر کوئی اہم تفصیلات جو کہ ممبران کو اس سودے کو سمجھنے کے لئے ضروری ہوں | کوئی نہیں |
| XV | اگر کسی ملحقہ کمپنی یا ملحقہ ادارے کے پروجیکٹ میں سرمایہ کاری کے بعد کاروبار کا آغاز نہ ہوا تو اوپر دی گئی معلومات کے علاوہ مندرجہ ذیل معلومات بھی فراہم کریں:<br>a) پروجیکٹ کی تفصیلات اور اس کی تصوراتی شکل سے اس کی تاریخ<br>b) تاریخ آغاز اور متوقع تاریخ تکمیل<br>c) کب تک پروجیکٹ تجارتی طور پر کاروبار شروع کردے گا<br>d) پروجیکٹ میں لگائے گئے سرمائے پر متوقع شرح منفعت<br>e) پروموٹرز کی جانب سے فراہم کردہ سرمایہ کی نقدی اور غیر نقدی رقومات میں تفریق ۔ | ناقابل اطلاق |

| | | |
|---|---|---|
| IX | ملحقہ کمپنی کا نام یا ملحقہ ادارے کے ساتھ کس طریقہ کار کے تحت الحاقی تعلق قائم ہے | ناقابل اطلاق |
| X | اگر قرض یا ادھار کی شکل تبدیل ہوجائے یعنی یہ تمسکات میں تبدیل ہوجائے تو پھر اس حقیقت کی مکمل تفصیلات بشمول تبدیلی کا فارمولہ، حالات وواقعات جن میں تبدیلی رونما ہوگی اور وقت جس میں تبدیلی متوقع ہے | ناقابل اطلاق |
| XI | قرض دہندہ کمپنی کو دیئے گئے قرضہ کی مدت اور واپسی کا جدول | قرضہ تین سال کی مدت کے لئے ہوگا<br><br>GDFPL قرضہ یا اس کے کسی حصے کو واپس / استعمال کرسکتی ہے جب اور جیسے مدت کے دوران ضرورت پڑی۔<br><br>GDFPL مارک اپ کی ادائیگی GNL کو سہ ماہی بنیاد پر بقایا جات کے ساتھ ادا کرے گی۔ |
| XII | ملحقہ کمپنی یا ملحقہ ادارے کے ساتھ تمام معاہدوں کے نمایاں خدوخال جن کا تعلق مجوزہ سرمایہ کاری سے ہے | a) GDFPL کی درخواست پر GNL قرضہ فراہم کرے گی جس سے GDFPL کے کاروبار کو جاری رکھنے کے لئے درکار سرمایہ کی ضروریات کو پورا کیا جائے گا اور واجب الادا بنیادی رقم کسی بھی وقت 800 ملین روپے سے زیادہ نہیں ہوگی۔<br>b) GDFPL سہ ماہی بنیاد پر بقایا جات پر GNL کو مارک اپ کی ادائیگی کرے گی۔ |
| XIII | ملحقہ کمپنی یا ملحقہ ادارے کے ساتھ زیر غور سودے سے متعلق ڈائریکٹران، بڑے حصص یافتگان اور ان کے رشتہ داروں کا بالواسطہ یا بلاواسطہ کوئی مفاد، اگر کوئی ہو | GDFPL کے سرپرست ہونے کے ناطے GNL کو منافع منقسمہ ملے گا۔ اس کے علاوہ ڈائریکٹران یا GNL کا GNDFPL میں کوئی مفاد نہیں سوائے اس کے کہ انہیں GNL کی طرف سے نامزد کیا گیا ہے۔ |

| نمبر شمار | تفصیلات | درکار معلومات |
|---|---|---|
| I | ملحقہ کمپنی کا نام یا ملحقہ ادارے کے ساتھ کس طریقہ کار کے تحت الحاقی تعلق قائم ہے | گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ جو کہ مکمل طور پر گندھارا نسان لمیٹڈ کی ملکیت میں ایک ذیلی کمپنی ہے |
| II | قرض یا ادھار کی رقم | قرض 800 ملین روپے تک |
| III | قرض یا ادھار کا مقصد اور اس قسم کے قرض یا ادھار سے سرمایہ کار کمپنی یا اس کے ممبران کو پہنچے والے فوائد | GDFPL کو کاروبار کو چلانے کے لئے درکار سرمائے کی ضرورت کو پورا کرنا<br><br>سرمایہ کار کمپنی بطور GDFPL کی بالا دست کمپنی ہونے کے ناطے منافع منقسمہ کی حقدار ہوگی، جس سے آخر کار GNL کے مستفیدان کو فائدہ پہنچے گا۔ |
| IV | اگر پہلے سے کوئی قرضہ ملحقہ کمپنی یا ملحقہ ادارے کو منظور کیا گیا ہو، اس کی تفصیلات | کوئی ادھار / قرضہ GDFPL کو منظور نہیں کیا گیا سوائے مندرجہ بالا سہولت کے |
| V | ملحقہ کمپنی یا ملحقہ ادارے کے حالیہ مالیاتی گوشواروں کی بنیاد پر اس کی مالیاتی پوزیشن، بشمول میزانئے اور منافع و خسارہ کھاتے کے بنیادی اجزاء | برائے مہربانی منسلکہ نمبر 1 کا مطالعہ کریں |
| VI | شرح سود، مارک اپ ، منافع، کمیشن فیس وغیرہ کی مد میں ملحقہ کمپنی سے وصولی | قرضہ پر مارک اپ 6M KIBOR کے ساتھ 1.85 فیصد اضافی |
| VII | فنڈ کے ذرائع جہاں سے قرضہ یا ادھار دیا جائے گا | GDFPL کو قرضہ کی رقم GNL کے کیش کے ذخائر سے فراہم کی جائے گی |
| VIII | جہاں پر ادھار لئے گئے فنڈ سے قرضہ یا ادھار منظور کیا گیا ہو:<br>(a) ادھار لئے گئے فنڈ سے قرض یا ادھار منظور کرنے کا جواز<br>(b) ضمانتیں / اثاثے اس فنڈ کے لئے رہن رکھے گئے ہوں<br>(c) سرمایہ کار کمپنی کے ادھار کی واپسی کا جدول | ناقابل اطلاق |

ملحقہ کمپنیوں (ملحقہ فریقین) کے ساتھ عمومی طریقہ کار کے مطابق کئے گئے سودوں کو بورڈ نے سہ ماہی بنیاد پر آڈٹ کمیٹی کی سفارش پر لسٹڈ کمپنیوں کی شق 15 (ادارتی نظم و ضبط) ریگولیشنز 2017 کے تحت منظور کئے۔

بورڈ کے اجلاس کے دوران اس بات کی نشاندہی کی گئی کہ چونکہ بورڈ کے ممبران کی ایک بڑی تعداد کا مفاد ان کی مشترکہ ڈائریکٹرشپ اور ملحقہ کمپنیوں میں ان کے حصص کی ملکیت کی وجہ سے ان سودوں سے وابستہ ہے، اس لئے ڈائریکٹران کی مطلوبہ تعداد موجود نہیں ہے جو کہ ان سودوں کی منظوری دے اس لئے ان کی منظوری سالانہ اجلاس عام میں حصص یافتگان سے لی جائے۔

مندرجہ بالا کو مد نظر رکھتے ہوئے، مالیاتی سال مختتمہ 30 جون 2018 کے دوران ملحقہ کمپنیوں کے ساتھ کئے گئے سودے جنہیں آڈٹ شدہ مالیاتی گوشواروں کے متعلقہ نوٹس میں ظاہر کیا گیا ہے حصص یافتگان کے روبرو غور اور منظوری / توثیق کے لئے پیش کئے جائیں گے۔

اس قرارداد سے ڈائریکٹران کا مفاد صرف ان کی مشترکہ ڈائریکٹرشپ اور ان کی ملحقہ کمپنیوں میں حصص داری تک محدود ہے۔

2) ایجنڈا آئٹم نمبر 4(b)۔ سال 30 جون 2019 کے دوران ملحقہ کمپنیوں کے ساتھ کئے جانے والے سودوں کی تشکیل کے لئے چیف ایگزیکٹو کو مجاز بنانا جس کے لئے ایک عمومی قرادار منظور کی جائے۔

ملحقہ کمپنیوں کے ساتھ سودے عمومی طریقہ کار کے تحت انجام دیئے جائیں گے۔ بورڈ کے ممبران کی بڑی تعداد کا مفاد ان کی مشترکہ ڈائریکٹرشپ اور ملحقہ کمپنیوں میں حصص داری کی وجہ سے ان سودوں سے وابستہ ہے لہذا ملحقہ کمپنیوں کے ساتھ ان سودوں کی منظوری حصص یافتگان سے لی جائے گی۔

لسٹڈ کمپنیوں (ادارتی نظم و ضبط کے ضابطہ) ریگولیشنز 2017 کی شق 15 کی پاسداری کرتے ہوئے سال 30 جون 2019 کے دوران حصص یافتگان چیف ایگزیکٹو کو ملحقہ کمپنیوں کے ساتھ ہونے والے سودوں کی عمومی طریقہ کار کے مطابق منظوری کے لئے مجاز بناسکتے ہیں۔

اس قرارداد سے ڈائریکٹران کا مفاد صرف ان کی مشترکہ ڈائریکٹرشپ اور ان کی ملحقہ کمپنیوں میں حصص داری تک محدود ہے۔

3) نوٹس کا ایجنڈا آئٹم نمبر 5 ۔ میسرز گندھار ڈی ایف (پرائیویٹ) لمیٹڈ (GDFPL) جو کہ مکمل ملکیت میں ذیلی کمپنی ہے، کو 800 ملین روپے کی نقد قرضہ کی سہولت کی تجدید پر غور اور منظوری

جہاں سے وہ اجلاس میں شرکت نہیں کرسکتے تو پھر اگر میٹنگ میں بذریعہ وڈیو کانفرنس شریک ہونا چاہیں تو اجلاس سے 10 دن قبل مطلع کریں، اس صورت میں کمپنی اس شہر میں وڈیو کانفرنس کی سہولت کا اہتمام کرے گی بشرطیکہ وہ سہولت اس شہر میں دستیاب ہو۔ کمپنی سالانہ اجلاس عام کی تاریخ سے 5 دن قبل وڈیو کانفرنس کے مقام کے ساتھ مکمل ضروری معلومات سے ممبران کو مطلع کرے گی تاکہ وہ اس سہولت سے فائدہ اٹھاسکیں۔

## vii۔ CNIC / SNIC / NTN کی فراہمی

ایس ای سی پی کے جاری کردہ SRO 831(2)/2012 مورخہ 5 جولائی 2012 جسے SRO 19(1)/2014 مورخہ 10 جنوری 2014 کے ساتھ پڑھا جائے گا کے مطابق منافع منقسمہ کے پروانوں پر CNIC/SNIC یا NTN (صرف کارپوریٹ ادارے کی صورت میں) چھپے ہونے چاہئیں، جس کے بغیر منافع منقسمہ کا کوئی پروانہ جاری نہیں کیا جائے گا۔ لہذا تمام انفرادی ممبران جنہوں نے اب تک اپنی درست CNICs / SNICs جمع نہیں کروائی ہیں تو وہ فوری طور پر بلاواسطہ کمپنی کے شیئر رجسٹرار کو بھیج دیں۔ کارپوریٹ ادارے کی صورت میں اپنا NTN فراہم کریں۔ CNIC/SNIC/NTN کے ساتھ اپنا فولیو نمبر بھی بھیجیں۔

## viii۔ مینڈیٹ برائے منافع منقسمہ

کمپنیز ایکٹ 2017 کی شقوں کے مطابق لسٹڈ کمپنی کے لئے لازمی ہے کہ وہ نقد منافع منقسمہ اپنے اہل حصص یافتگان کو بذریعہ برقی طریقہ بلاواسطہ ان کے تفویض کردہ اکاؤنٹ میں منتقل کرے ۔ اپنے بینک اکاؤنٹ میں بلاواسطہ منافع منقسمہ کی وصولی کے لئے حصص یافتگان سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ http://www.ghandharanissan.com.pk پر موجود مینڈیٹ برائے منافع منقسمہ فارم کو بھریں اور طبعی حصص کی ملکیت کی صورت میں باقاعدہ اس پر دستخط کرکے اپنی CNIC کی نقل کے ہمراہ کمپنی کے شیئر رجسٹرار میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک 6، کراچی، پاکستان پر بھیج دیں۔ CDC شیئرز کی صورت میں مینڈیٹ برائے منافع منقسمہ فارم بلاواسطہ حصص یافتگان کے بروکر / شریک CDC/ اکاؤنٹ سروسز کو بھیجے جائیں۔

## ix۔ غیر دعویٰ شدہ منافع منقسمہ

کمپنیز ایکٹ 2017 کی دفعہ 244 کے تحت کسی بھی کمپنی کے جاری کردہ حصص یا منافع منقسمہ کے اعلان کے بعد اس کے واجب ادا ہونے کی تاریخ سے تین سال تک غیر دعویٰ شدہ یا غیر اداشدہ رہا تو کمپنیز ایکٹ 2017 کے طریقہ کار کے مطابق اسے وفاقی حکومت کے پاس جمع کروادیا جائے گا۔ ایکٹ کی دفعہ 244(1)(a) کے تحت کمپنی کے لئے لازمی ہوگا ہے کہ وہ ممبران کو اپنے دعوے دائر کرنے کے لئے 90 دن کا نوٹس دے۔ مزید ایس ای سی پی کی ہدایات نمبر 16 سن 2017 جسے 07 جولائی 2017 کو جاری کیا گیا، کے مطابق تمام لسٹڈ کمپنیاں یہ نوٹس ممبران کو جاری کریں گی اور غیر دعویٰ شدہ حصص یا منافع منقسمہ یا دیگر مصنوعات کا گوشوارہ جو کہ واجب الادا ہونے کی تاریخ سے تین سال سے غیر دعویٰ شدہ یا غیر اداشدہ رہے ہوں اور 30 مئی 2017 سے واجب الادا ہوں، کا گوشوارہ پیش کریں گی۔

## کمپنیز ایکٹ کی دفعہ 134 (3) کے تحت ٹھوس حقائق کا گوشوارہ

نوٹس کے ایجنڈے میں دیئے گئے خصوصی امور کی بابت ٹھوس حقائق سے متعلق بیانات درج ذیل ہیں جن پر ممبران غور کریں گے:

1) نوٹس کا ایجنڈا آئٹم نمبر 4(a)۔ مختتمہ سال 30 جون 2018 کے دوران ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں کے لئے ایک عمومی قرارداد منظور منظور کی جائے۔

تفصیلات ضابطوں کے تحت اپ لوڈ کر دی گئی ہوں، وہ اپنی شناخت کی تصدیق کے لئے اجلاس میں حاضری کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائیں۔

(ii) جو ممبران CDC میں رجسٹر ہیں ان سے گزارش ہے کہ وہ اپنے کوائف، آئی ڈی نمبرز اور CDS کا اکاؤنٹ نمبر اپنے ہمراہ لائیں۔

(iii) کارپوریٹ ادارے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / مختیار نامہ کے ساتھ نامزد فرد کے نمونہ دستخط پیش کئے جائیں گے (اگر پہلے سے فراہم نہ کئے گئے ہوں)۔

## B۔ پراکسی کی تقرری کے لئے

i۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا فرد جن کے حصص گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطوں کے تحت اپ لوڈ کر دی گئی ہیں، وہ اپنے پراکسی فارم مذکورہ بالا مطلوبات کے تحت پیش کریں گے۔

ii۔ پراکسی فارم پر گواہ کا نام پتہ اور CNIC نمبر درج کئے جائیں گے۔

iii۔ انتفاعی مالکان اور پراکسی کے پاسپورٹ یا CNIC کی مصدقہ نقول پراکسی فارم کے ساتھ پیش کی جائیں گی۔

iv۔ پراکسی اپنا اصل CNIC یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کرے گا۔

v۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / مختیار نامہ کے ساتھ نامزد فرد کے نمونہ دستخط پیش کئے جائیں گے (اگر پہلے سے فراہم نہ کئے گئے ہوں)۔

## v۔ آڈٹ شدہ مالیاتی گوشواروں کی بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی یا کسی اور ذریعے سے تقسیم

ایس ای سی پی نے اپنے SRO 470(1)/2016 مورخہ 31 مئی 2016 کے تحت کمپنیز کو سالانہ میزانیہ، منافع و خسارہ کا کھاتہ، آڈیٹرز کی رپورٹ اور ڈائریکٹران کی رپورٹ وغیرہ (سالانہ آڈٹ شدہ مالیاتی گوشوارے) ممبران کو بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی ان کے رجسٹرڈ پتوں پر بھیجنے کی اجازت دی ہے۔ کسی ممبر کو اگر سالانہ رپورٹ 2018 کی چھپی ہوئی نقل درکار ہو تو وہ کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم بھر کے اپنی درخواست بھیج سکتا ہے۔

ممبران کو مطلع کیا جاتا ہے کہ ایس ای سی پی کے SRO 787(1)/2014 مورخہ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کی دفعہ 223(6) کے تحت آڈٹ شدہ مالیاتی گوشواروں اور نوٹس برائے اجلاس عام کو بذریعہ برقی طریقہ کار تقسیم کرنے کی اجازت دی ہے۔

ممبران چاہیں تو انہیں کاغذی نقل بھی درخواست موصول ہونے کے 7 دن کے اندر مفت فراہم کی جائے گی۔

## vi۔ وڈیو کانفرنس کی سہولت

اگر کمپنی کو ایسے ممبران جن کی ملکیت میں مجموعی طور پر 10 فیصد یا اس سے زیادہ حصص ہوں اور وہ ایسے جغرافیائی محل وقوع پر موجود ہوں

"متفقہ قرارداد کہ بورڈ اجلاس کی فیس کو 25,000 روپے سے بڑھا کر 50,000 روپے کیا جاتا ہے جسے بذریعہ چیک یا پے آرڈر ادا کیا جائے گا

مزید متفقہ قرارداد کہ کمپنی کے قواعد و ضوابط کے ضابطہ نمبر 86 میں 25,000 روپے کو 50,000 روپے سے تبدیل کر دیا جائے"

اس سلسلے میں زیر دفعہ 134 (3) کمپنیز ایکٹ 2017 مذکورہ بالا خاص امور سے متعلق ٹھوس حقائق پر مبنی بیان اس نوٹس برائے سالانہ اجلاس کے ساتھ منسلک ہے۔

7۔ صدر مجلس کی اجازت سے دیگر کسی امور کی انجام دہی

بحکم بورڈ

کراچی: 2 اکتوبر 2018

ایم شہریار اسلم
کمپنی سیکریٹری

## گزارشات:

i ۔ کمپنی کی حصص منتقلی کی کتابیں 17 اکتوبر 2018 سے 23 اکتوبر 2018 (دونوں دن شامل ہونگے) تک بند رہیں گی ۔ منتقلی کی درخواستیں کمپنی کے شیئر رجسٹرار میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک 6، کراچی، پاکستان پر کتابیں بند ہونے سے قبل 16 اکتوبر 2018 تک موصول کی جائیں گی۔

ii۔ جو ممبر اجلاس میں حاضر ہونے اور ووٹ دینے کا اہل ہو وہ اپنی طرف سے حاضر ہونے اور ووٹ دینے کے لئے کسی پراکسی کا تقرر کر سکتا ہے۔ پراکسی کی موثر تقرری کے لئے ضروری ہے کہ وہ کمپنی کے اجلاس کے منعقد ہونے سے کم از کم 48 گھنٹے قبل موصول ہوں ۔ ممبران کی سہولت کے لئے ایک پراکسی درخواست فارم سالانہ رپورٹ 2018 کے آخر میں منسلک کیا گیا ہے۔

iii۔ جو ممبر طبعی حصص کے مالک ہوں ان سے درخواست ہے کہ اپنے پتے میں کسی تبدیلی سے ہمارے شیئر رجسٹرار میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک 6، کراچی، پاکستان کو مطلع کریں۔

iv۔ CDC کا کوئی انفرادی انتفاعی مالک اجلاس میں ووٹ دینے کا حقدار ہے لہذا وہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کے ہمراہ تشریف لائیں تاکہ ان کی شناخت ہو سکے اور پراکسی کی صورت میں حصص یافتہ کی CNIC کی مصدقہ نقل پراکسی فارم کے ساتھ منسلک ہونی چاہئے۔ ادارتی ممبران کے نمائندے اس مقصد کے لئے درکار عمومی دستاویزات ساتھ لے کر آئیں۔

CDC کے اکاؤنٹ ہولڈرز کو بھی درج ذیل رہنما اصولوں کی پاسداری کرنی ہوگی جن کا تذکرہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں کیا گیا ہے۔

### A۔ اجلاس میں شرکت کے لئے

(i) انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا فرد جن کے حصص گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی

# نوٹس برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ گندھارا نسان لمیٹڈ کے حصص یافتگان کا 36 واں سالانہ اجلاس عام بروز منگل 23 اکتوبر 2018 صبح 9:30 بجے مندرجہ ذیل امور کی انجام دہی کے لئے F-3، حب چوکی، سائٹ، کراچی پر منعقد ہو گا:

## عام امور

1) کمپنی کے اجلاس عام مورخہ 23 اکتوبر 2017 کی کارروائی کی توثیق

2) مختتمہ سال 30 جون 2018 کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹران اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور اور ان کو اختیار کرنا

3) مالیاتی سال 30 جون 2019 کے لئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔ بورڈ آف ڈائریکٹرز نے میسرز شائن ونگ حمید چوہدری اینڈ کو چارٹرڈ اکاؤنٹینٹس کی دوبارہ تقرری کی سفارش کی ہے۔

## خاص امور

4) مندرجہ ذیل عمومی قرارداد کی متفقہ منظوری پر غور

a) "متفقہ قرارداد کہ مختتمہ سال 30 جون 2018 کے دوران عمومی طریقہ کار کے مطابق ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں (جیسا کہ مالیاتی گوشواروں برائے مختتمہ سال 2018 کے نوٹ نمبر 41 میں منکشف کیا گیا ہے) کی توثیق اور منظوری دی جاتی ہے۔"

b) متفقہ قرارداد کہ کمپنی کے چیف ایگزیکٹو آفیسر کو مجاز بنایا جاتا ہے کہ وہ ملحقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق کئے گئے تمام سودوں کو منظور کرے اور اس سلسلے میں چیف ایگزیکٹو کو اختیار دیا جاتا ہے کہ وہ کوئی اور تمام ضروری کارروائی کرے اور کسی اور تمام دستاویزات/اقرارنامے کو تشکیل دے/دستخط کرے جو کہ کمپنی کی طرف سے ضروری ہوں۔

5۔ میسرز گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ (GDFPL) جو کہ مکمل ملکیت میں ذیلی کمپنی ہے، کو 800 ملین پاکستانی روپے کی نقد قرضہ جاتی سہولت کی تجدید اور اس سلسلے میں کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت ایک خصوصی متفقہ قرارداد کی منظوری، تبدیلی کے ساتھ یا تبدیلی کے بغیر، جس کی سفارش کمپنی کے بورڈ آف ڈائریکٹرز نے کی ہے۔

"کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت متفقہ قرارداد کمپنی کے ممبران کی جانب سے منظور کی جاتی ہے کہ میسرز گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ (GDFPL) جو کہ مکمل ملکیت میں ذیلی کمپنی ہے، کو 800 ملین پاکستانی روپے کی نقد قرضہ جاتی سہولت کی مزید تین سال کے لئے تجدید کی جائے تاکہ کاروبار چلانے کے لئے درکار سرمائے کی ضروریات کو پورا کیا جاسکے، جس پر 6 ماہی مارک اپ KIBOR+1.85٪ ہو گا۔

مزید متفقہ قرارداد کہ اس تین سالہ مدت کے دوران بورڈ آف ڈائریکٹرز کو ہر سال مذکورہ سہولت کا جائزہ لینے کا مجاز بنایا جاتا ہے"۔

6۔ کمپنی کے قواعد و ضوابط کے ضابطہ نمبر 86 میں تبدیلی جس سے ڈائریکٹران کے اجلاس میں شرکت کی فیس 25,000 روپے سے بڑھ کر 50,000 روپے ہوجائے گی۔ اس مقصد کے لئے مندرجہ ذیل قرارد کی تجویز دی گئی ہے:

# CHAIRMAN'S REVIEW

I am pleased to present the 36th Annual Report of the Company for the year ended June 30, 2018.

## Economy at a Glance

Pakistan's economy has continued to grow at an encouraging pace with positive macroeconomic factors such as GDP which had rose to record high level during the financial year 2017-18. The continued implementation of CPEC projects, new power generation capacity, sustained recovery of agriculture and strong growth in consumption were instrumental in achieving the recent performance.

## Company's performance

The Company has been providing optimum mobility solutions to its customers by consistently adopting latest technologies and keeping up with emerging trends. Hence, the company has gained trust for reliability, durability and enduring stakeholder value.

Your Company has shown progress in the current year specially keeping into account the discontinuation of UD Trucks. Resultantly, the company has attained an after tax profit of Rs.1,037.5 million (Rs.409.9 million last year), contributed significantly by capital gain realized on disposal of shares of associated company.

As a development during the year, the Company launched JAC X-200 (light commercial vehicle) in the commercial market. This has been a good addition in company's product line and we are expecting good performance in this segment.

## Future Outlook

Keeping in view the encouraging response from the market, we foresee improvements in market share of Dongfeng and JAC Trucks. Further, the newly introduced Renault Trucks is anticipated to add value to the company's revenue stream in the days ahead.

## Acknowledgement

I take this opportunity to thank our valued customers for the trust they continued to place on us, the management team for its sincere efforts, the Board of Directors for their guidance and our principals Nissan Motor Co. (Japan), UD Trucks Corporation (Formerly Nissan Diesel Motor Co. Limited, Japan), Dongfeng Commercial Vehicle Company (China), Dongfeng Automobile Company Limited (China), Anhui Jianghuai Automobile Group Corp., Limited (China) and Renault Trucks S.A.S for their support and cooperation throughout the year.

Karachi
Dated: 19th September, 2018

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

# چیئرمین کا جائزہ

میں کمپنی کی 36 ویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2018 پیش کرتا ہوں۔

## معیشت کا مختصراً جائزہ

پاکستان کی معیشت حوصلہ افزا رفتار سے آگے بڑھ رہی ہے، بڑے اقتصادی عناصر جیسے جی ڈی پی میں مالیاتی سال 18-2017 کے دوران ریکارڈ سطح کا بلند ترین اضافہ ہوا ہے۔ سی پی ای سی پروجیکٹس پر مسلسل عملدرآمد، توانائی پیدا کرنے کی گنجائش میں اضافہ، زراعت کی پائیدار بحالی اور اشیائے صرف میں مستحکم نمو نے حالیہ کارکردگی کے حصول میں کلیدی کردار ادا کیا۔

## کمپنی کی کارکردگی

تسلسل کے ساتھ جدید ٹیکنالوجی سے استفادہ اور نئے ابھرتے ہوئے رجحانات سے مطابقت پیدا کرتے ہوئے کمپنی نے اپنے گاہکوں کو اعلی معیاری مصنوعات فراہم کیں۔ اس طرح دیرپا، پائیدار اور قابل بھروسہ مصنوعات فراہم کرکے کمپنی نے گاہکوں کا اعتماد حاصل کرلیا۔

UD ٹرکس کی پیداوار منقطع ہونے کو مدنظر رکھتے ہوئے دیکھا جائے تو آپ کی کمپنی کی کارکردگی موجودہ سال میں بہتر رہی۔ جس کے نتیجے میں کمپنی کو بعد از ٹیکس منافع 1,037.5 ملین روپے (گزشتہ سال 409.9 ملین روپے) ہوا، اس طرح کمپنی کی جانب سے ملحقہ کمپنی کے حصص کی فروخت سے قابل ذکر سرمایہ جاتی منافع حاصل ہوا۔ سال کے دوران دوسری پیشقدمی یہ ہوئی کہ کمپنی نے JAC X-200 (لائٹ کمرشیل وہیکل) کو کمرشیل مارکیٹ میں متعارف کروایا۔ یہ کمپنی کی مصنوعات میں ایک بہتر اضافہ ہے اور ہمیں اس شعبہ سے اچھی کارکردگی کی توقع ہے۔

## مستقبل کی پیش بینی

مارکیٹ کے حوصلہ افزا ردعمل کو مدنظر رکھتے ہوئے ہمیں دیکھ رہے ہیں کہ ڈونگ فینگ اور JAC کی مانگ میں خاطر خواہ اضافہ متوقع ہے۔ مزید یہ کہ نئے متعارف کردہ رینالٹ ٹرکوں سے آنے والے دنوں میں کمپنی کی آمدن میں اضافہ ہوگا۔

## اعتراف

اس موقع پر میں سال کے دوران اپنے معزز گاہکوں کے مسلسل اعتماد، انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور ہمارے پرنسپلز نسان موٹر کمپنی (جاپان)، یو ڈی ٹرکس کارپوریشن (سابقہ نسان ڈیزل موٹر کمپنی لمیٹڈ جاپان)، ڈونگ فینگ کمرشیل وہیکل کمپنی (چائنہ)، ڈونگفینگ آٹو موبائل کمپنی لمیٹڈ (چائنہ) انہوئی جیانگہوئی آٹوموبائل گروپ کارپوریشن لمیٹڈ (چائنہ) اور رینالٹ ٹرکس S.A.S. کے تعاون اور معاونت پر ان کا مشکور ہوں۔

Raza Quli Khan

رضا قلی خان خٹک

برائے و منجانب بورڈ آف ڈائریکٹرز

کراچی

مورخہ: 19 ستمبر 2018

# Directors' Report

The Directors of your Company are pleased to present their Report together with the Audited Accounts and Auditors' Report thereon for the year ended 30th June 2018.

## Financial Results

The financial results for the year ended 30th June 2018 are summarized below:

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousands) | |
| **Profit before taxation** | **1,252,196** | 740,609 |
| **Taxation** | | |
| Current | **(219,348)** | (316,679) |
| Deferred | **4,673** | (13,970) |
| | **(214,675)** | (330,649) |
| Profit after taxation | **1,037,521** | 409,960 |
| Other comprehensive Income/(Loss) | **(2,982)** | (11,689) |
| Total comprehensive Income | **1,046,437** | 398,271 |
| **Accumulated profit** | | |
| Brought forward | **1,313,543** | 1,111,191 |
| Incremental depreciation | **16,329** | 29,094 |
| Final Dividend | **(225,013)** | (225,013) |
| | **1,104,859** | 915,272 |
| **Accumulated profit** | | |
| Carried forward | **2,151,296** | 1,313,543 |

## Earnings per Share:

The earnings per share for the current year is Rs.23.02/- (last year Rs.9.10/-).

## Developments during the Financial Year

The Company has obtained franchise of JAC (Light Commercial Vehicle). Starting with CBU units, the company also commenced CKD operations during the year.

Moreover, the company has also signed an exclusive distribution agreement with Renault Trucks SAS for the distribution of heavy duty CBU units.

In the passenger car segment, the company has been awarded 'Brownfield Investment Status' by the Ministry of Industries and Production for its Datsun Car Project. To finance the project, the company has issued right shares during the current year.

Considering the growing economy in general and in particular the company's potential projects, we are confident on the future outlook of the company.

## Holding company

Bibojee Services (Pvt.) Limited, incorporated in Pakistan, is the holding company of Ghandhara Nissan Limited with 56.32% 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 one independent Director, one executive and seven non-executive Directors.

## 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. The CEO of the Company and the Head of HR attended the Human Resource and Remuneration Committee meeting held during the year.

## 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 share-holders, 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 2017-18, four BAC meetings were held. Attendance by each member is as follows:

| S.No. | Name of Director | No. of Meetings Attended |
|---|---|---|
| 1. | Mr. Muhammad Zia | 4 |
| 2. | Lt.Gen (Retd.) Ali Kuli Khan Khattak | 3 |
| 3. | Mr. Jamil A. Shah | 3 |
| 4. | Mr. Polad Merwan Polad | 2 |

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

## Meetings of Board of Directors

During the year 2017-18, five meetings of Board of Directors were held. Attendance by each Director is as follows:

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

1 Could not attend on medical grounds

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 2017-18, please refer notes to the Financial Statements.

## External Auditors

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

## Material changes

There have been no material changes since June 30, 2018 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 informations have been reported to PSX on as and when basis.

## Pattern of Shareholding

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

## Related Party Transactions

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

## Communication

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

## Safeguarding of Records

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

## Health, Safety and Environment

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

## Corporate Social Responsibility

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

## Corporate and Financial reporting framework

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

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

| | Value of investment | Year ended |
|---|---|---|
| Provident Fund | Rs. 92.187 million | June 30, 2017 |
| Gratuity Fund | Rs. 69.496 million | June 30, 2017 |

- 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

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

Karachi
Dated: 19th September, 2018

۔ گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد وشمار اس رپورٹ میں شامل کئے گئے ہیں۔
۔ ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی گوشواروں کے متعلقہ نوٹس میں دی گئی ہیں۔
۔ عملہ کے ریٹائرمنٹ فنڈز سے کی گئی سرمایہ کاریوں کی مالیت ان کے متعلقہ آڈٹ شدہ مالیاتی گوشواروں کے مطابق درج ذیل ہیں:

| سرمایہ کاری کی مالیت | سال مختتمہ |
|---|---|
| پروویڈنٹ فنڈ 92.187 ملین روپے | 30 جون 2017 |
| گریچویٹی فنڈ 69.496 ملین روپے | 30 جون 2017 |

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

بورڈ آف ڈائرز کی جنانب سے

احمد قلی خان خٹک
چیف ایگزیکٹو آفسر

سید ہاروں رشید
ڈائریکٹر

کراچی
مورخہ: 19 ستمبر 2018

## حصص داری کی ساخت

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

## ملحقہ پارٹیوں کے سودے

ملحقہ 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 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 کررہے ہیں اور جس جگہ کی برادریوں میں کاروبار کررہے 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 ضابط کی پاسداری کی گئی ہے:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی 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۔
- 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 انھیں حسابات میں نمایاں اور واضح کیا گیا ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذالعمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے کاروبار کے چلنے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔

بورڈ اور اسکی کمیٹوں 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
* آزادنہ بورڈ کا قیام
* بورڈ کی کمیٹیوں کی کارکردگی کی نگرانی اور اس کی اثرپزیری 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 مقداری 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۔

## ڈائریکٹران 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 ڈائریکٹران کو کوئی معاوضہ نہیں دیا جاتا۔ بہترین قابل افراد کے لگاتار ساتھ کے لئے کمپنی کی معاوضہ کی پالیسیاں اور ساخت صنعت میں جاری رجحانات اور بہترین طور طریقوں سے مطابقت رکھتی ہیں۔ 18-2017 میں ڈائریکٹران اور سی ای او کے معاوضہ سے متعلق معلومات کے لئے مالیاتی گوشواروں کے نوٹس کا مطالعہ کریں۔

## بیرونی آڈیٹرز

موجود آڈیٹرز میسرز شین ونگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس اور میسرز جنیدی شعیب اسد چارٹرڈ اکاؤنٹنٹس ریٹائر ہورہے 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 خودمختار 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 2018 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 2017-18 کے دوران BAC کے چار اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

| نمبر شمار | ڈائریکٹر کا نام | حاضر اجلاسوں کی تعداد |
|---|---|---|
| .1 | جناب محمد ضیاء | 4 |
| .2 | لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک | 3 |
| .3 | جناب جمیل اے شاہ | 3 |
| .4 | جناب پولاڈ مروان پولاڈ | 2 |

جو ڈائریکٹران آڈٹ کمیٹی کے اجلاسوں میں حاضر نہ ہوسکے ان کی رخصت منظور کرلی گئی۔

## بورڈ آف ڈائریکٹرز کے اجلاس

سال 2017-18 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

| نمبر شمار | ڈائریکٹر کا نام | حاضر اجلاسوں کی تعداد |
|---|---|---|
| .1 | جناب رضا قلی خان خٹک | 3 |
| .2 | لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک | 5 |
| .3 | جناب احمد قلی خان خٹک | 5 |
| .4 | جناب جمیل اے شاہ | 4 |
| .5 | جناب مشتاق احمد خان FCA * | 0 |
| .6 | سید ہارون رشید | 4 |
| .7 | جناب محمد ضیاء | 5 |
| .8 | جناب محمد سلیم بیگ | 3 |
| .9 | جناب پولاڈ مروان پولاڈ | 5 |

* طبی بنیاد پر اجلاس میں حاضر نہ ہوسکے۔

جو ڈائریکٹران بورڈ کے اجلاسوں میں حاضر نہ ہوسکے ان کی رخصت منظور کرلی گئی۔

## مالیاتی سال کے دوران پیش قدمیاں

کمپنی نے JAC X-200 ماڈل (لائٹ کمرشیل وہیکل) کی فرنچائز حاصل کرلی ہے۔ سال کے دوران CBU یونٹس کی شروعات کے ساتھ کمپنی نے CKD آپریشنز کا بھی آغاز کیا۔

مزید براں کمپنی نے رینالٹ ٹرک SAS کے ساتھ ان کے ہیوی ڈیوٹی CBU یونٹس کی تقسیم کا امتیازی معاہدہ کیا۔

مسافر کاروں کے شعبہ میں وزارت صنعت وپیداوار نے کمپنی کو اس کے ڈاٹسن کار پروجیکٹ پر "براؤن فیلڈ اسٹیٹس" کے ایوارڈ سے نوازا۔ اس پروجیکٹ کی سرمایہ کاری کے لئے کمپنی نے سال کے دوران رائٹ حصص کا اجراء کیا ہے۔

بڑھتی ہوئی معیشت سے عمومی اور کمپنی کے متوقع امکانی پروجیکٹس سے خصوصی طور پر ہم کمپنی کے بہتر مستقبل کے لئے پراعتماد ہیں۔

## بالادست کمپنی

بیوجی سروسز (پرائیویٹ) لمیٹڈ جس کی تشکیل پاکستان میں ہوئی، وہ گندھارا نسان لمیٹڈ کے 56.32 فیصد حصص داری کی وجہ سے ہماری بالادست کمپنی ہے

## چیئرمین کا جائزہ

چیئرمین 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 کمیٹیاں

### دی بورڈ

بورڈ ایک خودمختار ڈائریکٹر، ایک ایگزیکٹو اور سات نان ایگزیکٹو ڈائریکٹران پر مشتمل ہے۔

## 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۔ کمپنی کے CEO اور HR کے سربراہ انسانی وسائل اور معاوضہ کمیٹی کے سال کے دوران ہونے والے اجلاس میں شریک ہوتے ہیں۔

## بورڈ کی آڈٹ کمیٹی (BAC)

بورڈ کی آڈٹ کمیٹی بورڈ کی بحیثیت نگراں 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

## ڈائریکٹران کی رپورٹ

آپ کی کمپنی ڈائریکٹران اپنی رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ برائے مختتمہ سال 30 جون 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

## مالیاتی نتائج

مالیاتی نتائج برائے مختتمہ سال 30 جون 2018 مختصراً درج ذیل ہیں:

| | 2018 | 2017 |
|---|---|---|
| | (روپے ہزاروں میں) | |
| قبل از ٹیکس منافع | 1,252,196 | 740,609 |
| ٹیکسیشن | | |
| موجودہ | (219,348) | (316,679) |
| ملتوی شدہ | 4,673 | (13,970) |
| | (214,675) | (330,649) |
| منافع بعد از ٹیکس | 1,037,521 | 409,960 |
| دیگر جامع آمدن/(خسارہ) | (2,982) | (11,689) |
| کل جامع آمدن | 1,046,437 | 398,271 |
| جمع شدہ منافع (پیچھے سے لایا گیا) | 1,313,543 | 1,111,191 |
| اضافی فرسودگی | 16,329 | 29,094 |
| حتمی منافع منقسمہ | (225,013) | (225,013) |
| | 1,104,859 | 915,272 |
| جمع شدہ منافع (آگے لے جایا گیا) | 2,151,296 | 1,313,543 |

## فی حصص آمدنی

موجودہ سال کی فی حصص آمدنی 23.02 روپے (گزشتہ سال 9.10 روپے) رہی۔

# 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, 2018, 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, 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, 2018 and of the profit 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 Auditor's 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 are the Key Audit Matters:

| S.No. | Key Audit Matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Compliance with Laws and Regulations and changes in 4th Schedule** | |
| | The Companies Act, 2017 (the Act, 2017) promulgated on May 30, 2017. The Act, 2017 revised and replaced the Fourth Schedule of the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the financial statements by elimination of duplicative disclosures with IFRS disclosure requirements and incorporation of significant additional disclosures. These changes are applicable first time to the Company's financial statements for the year ended June 30, 2018. | Our audit procedures in respect of this area included:<br><br>Obtained an understanding of the related provisions and schedules of the Act, 2017 applicable to the Company and prepared document to assess the Company's compliance with the disclosure requirements of the Act, 2017;<br><br>We discussed the applicable changes with the Company's management and those charged with governance as to whether the Company is in compliance with such changes;<br><br>We also maintained a high level of vigilance when carrying out our other audit procedures for indication of non-compliance; and |

Following are the Key Audit Matters:

| S.No. | Key Audit Matters | How the matter was addressed in our audit |
|---|---|---|
| | The changes are considered as a key audit matter in view of the extensive impacts on the financial statements of the Company.<br><br>Refer note 2, 6, 7, 10, 12.2, 15.3, 16.2, 38.2, 45, 47 and 49 for changes in disclosures made through the Act, 2017. | We ensured that the financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the Act, 2017. |
| **2.** | **Disposal of investment in an Associated Company and resulting gain** | |
| | The Company during the year, after approval from its Board of Directors disposed-off 1.1 million shares of Ghandhara Industries Limited - an Associated Company and recorded a gain of Rs.925.5 million. The disposal made for generating cashflows to be used in planned expansion of car plant. We identified this area as key audit matter because the gain on disposal of shares constitutes 88.44% of profit before tax of the Company for the year ended June 30, 2018.<br><br>Refer note 2.1 and 9.1 of the financial statements. | Our audit procedures in respect of this area included:<br><br>Reviewed minutes of meeting of the Board of Directors regarding partial disposal of shares in Associated Company;<br><br>Verified number of shares disposed, share price and other relevant information from underlying supporting documents;<br><br>Performed recalculation for computation of gain on sale of shares; and<br><br>We also considered the adequacy of the disclosures made in the financial statements in relation to the above disposal. |
| **3.** | **Stock-in-trade** | |
| | The Company's stock-in-trade has been increased significantly from Rs.277.69 million at June 30, 2017, to Rs.738.32 million at June 30, 2018. During the current financial year, the management increased the stock levels of the Company due to local assembly of JAC trucks. We identified this area as key audit matter because stock-in-trade constitutes 12.64% of the total assets of the Company as at June 30, 2018.<br><br>Refer note 2.3 and 14 of the financial statements. | Our audit procedures in respect of this area included:<br><br>Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;<br><br>Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;<br><br>Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and<br><br>We also considered the adequacy of the disclosures made in the financial statements. |

## Information Other than the Financial Statements and Auditor's 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 auditor's 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.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 auditor's 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;

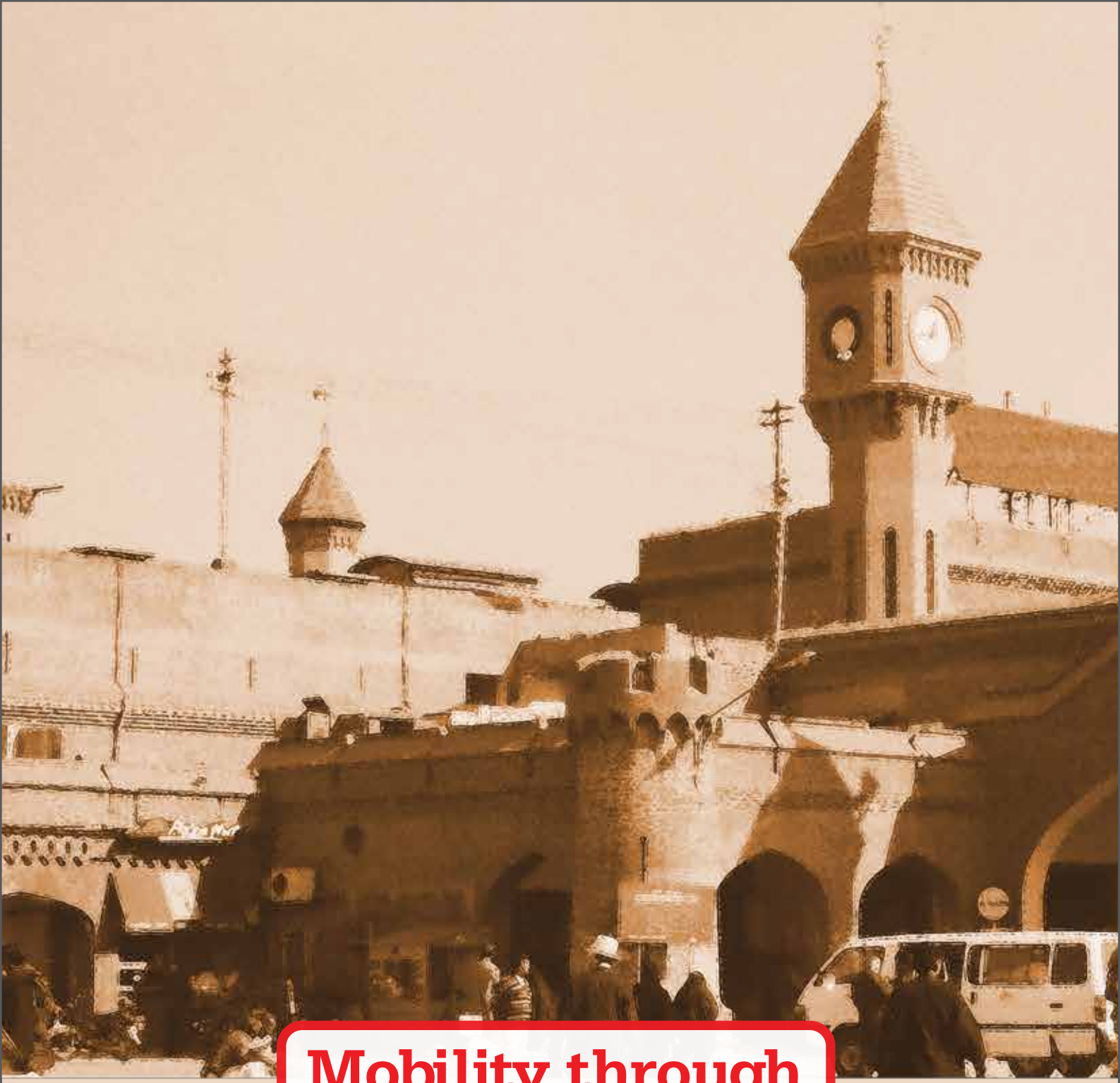
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partners on the audit resulting in this independent auditor's report are Farrukh V. Junaidy from Junaidy Shoaib Asad and Raheel Ahmed from ShineWing Hameed Chaudhri & Co.

**JUNAIDY SHOAIB ASAD**
**CHARTERED ACCOUNTANTS**
**KARACHI: SEPTEMBER 19, 2018**

**SHINEWING HAMEED CHAUDHRI & CO.**
**CHARTERED ACCOUNTANTS**
**KARACHI: SEPTEMBER 19, 2018**



# Mobility through Advancement and Innovation

Ghandhara Nissan Limited has over the years remained mobile towards progression. We believe, through time we have remained abreast of the changes and tackled them to remain successful through advancement and innovation. Our projection to progress is aimed and goes hand in hand with the progress of this great country.

GHANDHARA
JAC
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# Financial Statements

48. Statement of Financial Position
49. Statement of Profit or Loss Account and other Comprehensive Income
50. Statement of Cash Flows
51. Statement of Changes in Equity
52. Notes to the Financial Statements

# STATEMENT OF FINANCIAL POSITION

**AS AT JUNE 30, 2018**

| | Note | 2018 | Restated 2017 | Restated July 1, 2016 |
|---|---|---|---|---|
| | | ---------- Rupees in '000 ---------- | | |
| **ASSETS** | | | | |
| **Non current assets** | | | | |
| Property, plant and equipment | 7 | 2,133,465 | 1,983,445 | 1,852,218 |
| Intangible assets | 8 | 2,744 | 50 | 66 |
| Long term investments | 9 | 222,906 | 242,630 | 242,630 |
| Long term loans | 10 | 6,972 | 9,546 | 9,438 |
| Long term deposits | 11 | 20,247 | 19,266 | 17,487 |
| Due from Subsidiary Company | 12 | 766,994 | 313,140 | 478,444 |
| | | 3,153,328 | 2,568,077 | 2,600,283 |
| **Current assets** | | | | |
| Stores, spares and loose tools | 13 | 91,767 | 86,474 | 68,048 |
| Stock-in-trade | 14 | 738,323 | 277,690 | 604,689 |
| Trade debts | 15 | 260,537 | 181,088 | 188,332 |
| Loans and advances | 16 | 72,190 | 49,773 | 51,116 |
| Deposits and prepayments | 17 | 11,260 | 16,625 | 18,317 |
| Investment | 18 | 100,928 | - | - |
| Other receivables | 19 | 64,605 | 18,082 | 86,131 |
| Accrued interest / mark-up | 20 | 17,755 | 7,669 | 6,648 |
| Taxation - net | | - | - | 82,118 |
| Bank balances | 21 | 1,314,660 | 514,390 | 375,408 |
| | | 2,672,025 | 1,151,791 | 1,480,807 |
| **Non current asset classified as held for sale** | | - | 137,909 | - |
| **Total assets** | | 5,825,353 | 3,857,777 | 4,081,090 |
| **EQUITY AND LIABILITIES** | | | | |
| **Share capital and reserves** | | | | |
| **Share capital** | 22 | 450,025 | 450,025 | 450,025 |
| Subscription money against right issue | | 1,054,319 | - | - |
| Capital reserve | | | | |
| - share premium | | 40,000 | 40,000 | 40,000 |
| - surplus on revaluation of fixed assets | 23 | 972,241 | 988,570 | 1,017,664 |
| | | 1,012,241 | 1,028,570 | 1,057,664 |
| Revenue reserve - unappropriated profit | | 2,151,296 | 1,313,543 | 1,111,191 |
| **Total equity** | | 4,667,881 | 2,792,138 | 2,618,880 |
| **Liabilities** | | | | |
| **Non current liabilities** | | | | |
| Liabilities against assets subject to finance lease | 24 | 47,439 | 53,699 | 40,177 |
| Long term deposits | 25 | 9,611 | 9,611 | 8,611 |
| Deferred gain on sale and lease back transaction | 26 | - | 6 | 11 |
| Deferred taxation | 27 | 264,738 | 282,527 | 273,566 |
| | | 321,788 | 345,843 | 322,365 |
| **Current liabilities** | | | | |
| Trade and other payables | 28 | 695,581 | 621,077 | 1,121,197 |
| Accrued mark-up on running finance | | 6,736 | 347 | 136 |
| Running finance under mark-up arrangements | 29 | - | - | - |
| Current portion of liabilities against assets subject to finance lease | 24 | 17,721 | 18,474 | 13,659 |
| Taxation - net | | 104,971 | 72,166 | - |
| Unclaimed dividend | | 10,675 | 7,732 | 4,853 |
| | | 835,684 | 719,796 | 1,139,845 |
| **Total liabilities** | | 1,157,472 | 1,065,639 | 1,462,210 |
| **Contingencies and commitments** | 30 | | | |
| **Total equity and liabilities** | | 5,825,353 | 3,857,777 | 4,081,090 |

The annexed notes from 1 to 50 form an integral part of these financial statements.

| Ahmed Kuli Khan Khattak | Syed Haroon Rashid | Muhammad Umair |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# STATEMENT OF PROFIT OR LOSS ACCOUNT & OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED JUNE 30, 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ---- Rupees in '000 ---- | |
| Revenue | 31 | 2,218,734 | 4,858,178 |
| Cost of sales | 32 | (1,785,430) | (3,927,183) |
| **Gross profit** | | 433,304 | 930,995 |
| Distribution cost | 33 | (53,669) | (39,842) |
| Administrative expenses | 34 | (213,207) | (201,836) |
| Other income | 35 | 1,130,227 | 114,320 |
| Other expenses | 36 | (21,677) | (54,889) |
| **Profit from operations** | | 1,274,978 | 748,748 |
| Finance cost | 37 | (22,782) | (8,139) |
| **Profit before taxation** | | 1,252,196 | 740,609 |
| Taxation | 38 | (214,675) | (330,649) |
| **Profit after taxation** | | 1,037,521 | 409,960 |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of staff retirement benefit obligation | | (4,200) | (16,698) |
| Impact of deferred tax | | 1,218 | 5,009 |
| Other comprehensive loss for the year - net of tax | | (2,982) | (11,689) |
| Effect of change in tax rates on balance of revaluation of fixed assets | | 11,898 | - |
| Other comprehensive income / (loss) for the year - net of tax | | 8,916 | (11,689) |
| **Total comprehensive income for the year** | | 1,046,437 | 398,271 |
| | | | Restated |
| | | -------- Rupees -------- | |
| **Earnings per share** - basic and diluted | 39 | 23.02 | 9.10 |

The annexed notes from 1 to 50 form an integral part of these financial statements.

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

**Muhammad Umair**
Chief Financial Officer

# STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2018**

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 1,252,196 | 740,609 |
| **Adjustments for non-cash charges and other items:** | | |
| Depreciation and amortisation | 108,478 | 95,191 |
| Provision for gratuity and compensated absences | 8,120 | 8,654 |
| Interest income | (67,480) | (43,765) |
| Dividend income | (77,493) | (51,662) |
| Loss / (gain) on disposal of property, plant and equipment | 293 | (3,692) |
| Gain on disposal of non current assets for sale | (36,802) | - |
| Gain on disposal of investment in an associated company | (925,506) | - |
| Unrealised gain on investments | (928) | - |
| Amortization of gain on sale and lease back of fixed assets | (6) | (5) |
| Finance cost | 20,361 | 6,216 |
| Exchange loss - net | 1,226 | - |
| **Operating profit before working capital changes** | 282,459 | 751,546 |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (5,293) | (18,426) |
| Stock-in-trade | (460,633) | 326,999 |
| Trade debts | (79,449) | 7,244 |
| Loans and advances | (22,417) | 1,343 |
| Deposit and prepayments | 5,365 | 1,692 |
| Other receivables | (46,523) | 68,049 |
| | (608,950) | 386,901 |
| Increase / (decrease) in trade and other payables | 74,385 | (446,509) |
| **Cash (used in) / generated from operations** | (252,106) | 691,938 |
| Gratuity and compensated absences paid | (13,427) | (78,963) |
| Long term loans - net | 2,574 | (108) |
| Long term deposits - net | - | 1,000 |
| Finance cost paid | (13,972) | (6,005) |
| Taxes paid | (186,543) | (162,395) |
| **Net cash (used in) / generated from operating activities** | (463,474) | 445,467 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Fixed capital expenditure | (246,613) | (334,082) |
| Intangible assets | (2,980) | - |
| Proceeds from disposal of property, plant and equipment | 177,914 | 5,986 |
| Proceeds from disposal of investment in an Associated Company | 945,230 | - |
| Interest income received | 57,394 | 42,744 |
| Due from Subsidiary Company - net | (453,854) | 165,304 |
| Short term investment - net | (100,000) | - |
| Long term deposits - net | (981) | (1,779) |
| Dividend received | 77,493 | 51,662 |
| **Net cash generated from / (used in) investing activities** | 453,603 | (70,165) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Lease finances - net | (22,108) | (14,186) |
| Dividend paid | (222,070) | (222,134) |
| Subscription money against right issue | 1,054,319 | - |
| **Net cash generated from / (used in) financing activities** | 810,141 | (236,320) |
| **Net increase in cash and cash equivalents** | 800,270 | 138,982 |
| Cash and cash equivalents at beginning of the year | 514,390 | 375,408 |
| **Cash and cash equivalents at end of the year** | 1,314,660 | 514,390 |

The annexed notes from 1 to 50 form an integral part of these financial statements.

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

**Muhammad Umair**
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2018

| | Share capital | Subscription money against right issue | Share Premium | Unappropriated profit | Surplus on revaluation of fixed assets | Total |
|---|---|---|---|---|---|---|
| | ---------- Rupees in '000 ---------- | | | | | |
| Balance as at July 1, 2016 - as previously stated | 450,025 | - | 40,000 | 1,111,191 | - | 1,601,216 |
| Effect of restatement - note 6 | - | - | - | - | 1,017,664 | 1,017,664 |
| **Balance as at July 1, 2016** - as restated | 450,025 | - | 40,000 | 1,111,191 | 1,017,664 | 2,618,880 |
| **Transactions with owners, recognised directly in equity** | | | | | | |
| Final dividend for the year ended June 30, 2016 at the rate of Rs.5.00 per share | - | - | - | (225,013) | - | (225,013) |
| **Total comprehensive income for the year ended June 30, 2017** | | | | | | |
| Profit for the year | - | - | - | 409,960 | - | 409,960 |
| Other comprehensive loss | - | - | - | (11,689) | - | (11,689) |
| | - | - | - | 398,271 | - | 398,271 |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | - | - | - | 29,094 | (29,094) | - |
| **Balance as at June 30, 2017** - as restated | **450,025** | **-** | **40,000** | **1,313,543** | **988,570** | **2,792,138** |
| **Transaction with owners, recognised directly in equity** | | | | | | |
| Final dividend for the year ended June 30, 2017 at the rate of Rs.5.00 per share | - | - | - | (225,013) | - | (225,013) |
| **Total comprehensive income for the year ended June 30, 2018** | | | | | | |
| Profit for the year | - | - | - | 1,037,521 | - | 1,037,521 |
| Other comprehensive (loss) / income | - | - | - | (2,982) | 11,898 | 8,916 |
| | - | - | - | 1,034,539 | 11,898 | 1,046,437 |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | - | - | - | 28,227 | (28,227) | - |
| Gross subscription money received | - | 1,068,306 | - | - | - | 1,068,306 |
| Issuance cost | - | (13,987) | - | - | - | (13,987) |
| | - | 1,054,319 | - | - | - | 1,054,319 |
| **Balance as at June 30, 2018** | **450,025** | **1,054,319** | **40,000** | **2,151,296** | **972,241** | **4,667,881** |

The annexed notes from 1 to 50 form an integral part of these financial statements.

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

**Muhammad Umair**
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 2018

### 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 Disposal of 1.1 million shares of an Associated Company

During the year, the Company has disposed-off 1.1 million shares of Ghandhara Industries Limited - an associated company for the purpose of expansion of car plant. Refer note 9.1 for detailed information.

#### 2.2 Subscription money against right issue

During the year, the Board of Directors in their meeting held on April 24, 2018 approved issue of 12,000,000 right shares of Rs.100 each (including premium of Rs.90 per right share) in proportion of 26.67 shares for every 100 shares held as at May 15, 2018. At June 30, 2018, the Company received 1,068.31 million against the above right issue in a seperate bank account maintained with Summit Bank Limited (Refer note 21).

#### 2.3 Introduction of JAC trucks

The Company initially started import and marketing of JAC trucks in CBU condition. It was followed by local assembly of JAC units in CKD condition. The sales from JAC trucks constitute 33.7% of sales. The JAC trucks constitutes 53.40% of stock-in-trade.

#### 2.4 Companies Act, 2017

Due to applicability of the Companies Act, 2017, the amounts reported for equity for the previous years have been restated. Refer note 6 for detailed information.

**2.5** 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.

### 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, 2017:

**(a)** Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

**(b)** Amendment to IAS 12, 'Income taxes' is applicable on annual periods beginning on or after January 1, 2017. The amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax.

**(c)** The Companies Act, 2017, promulgated last year, is applicable on the presentation of the financial statements for the current year. The Companies Act, 2017 has also revised the 4th Schedule to the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of financial statement of the listed companies. These changes are applicable on the financial statements for the year ended June 30, 2018.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 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, 2017 and have not been early adopted by the Company:

**(a)** IFRS 9, 'Financial instruments' is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model currently being used. The standard not likely to have material impact on the Company's financial statements.

**(b)** 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 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. July 1, 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the full impact of this standard on its financial statements.

**(c)** Amendment to IAS 12 'Income taxes' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendment clarifies 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, other comprehensive income or equity. The amendment is not likely to have material impact on the Company's financial statements.

**(d)** Amendments to IAS 23 'Borrowing Costs' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance 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. The amendments are not likely to have material impact on the Company's financial statements.

**(e)** IFRIC 22 'Foreign Currency Transactions and Advance Consideration' is applicable for annual periods beginning on or after January 1, 2018. The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The interpretation is not expected to have a material impact on the Company's financial statements.

**(f)** IFRIC 23 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The interpretation clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS12. 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.

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

## 4. BASIS OF MEASUREMENT

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

**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 5.6)
**(iii)** Provision for staff benefits (note 5.11)
**(iv)** Provision for warranty (note 5.13)
**(v)** Provision for taxation (note 5.15)

## 5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These polices 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 7.1. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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

#### Disposal

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

#### 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 8.

### 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 Investments

### 5.4.1 Investments in Subsidiary and Associated Company

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

### 5.4.2 Held to maturity

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

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

### 5.4.3 Available for sale

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

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

### 5.5 Stores, spares and loose tools

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

### 5.6 Stock-in-trade

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

| 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.

### 5.7 Trade debts and other receivables

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

### 5.8 Loans and receivables

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

### 5.9 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.

### 5.10 Mark-up bearing loans and borrowings

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

### 5.11 Staff benefits

#### 5.11.1 Defined benefit plan

The Company operates funded gratuity scheme which defines the amount of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the scheme. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2018 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.

#### 5.11.2 Defined contribution plan

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

### 5.12 Trade and other payables

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

### 5.13 Warranty obligations

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

### 5.14 Research and development cost

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

### 5.15 Taxation

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

#### Current

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

#### Deferred

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

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.

### 5.16 Financial assets and liabilities

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

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

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

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

### 5.18 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

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

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

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

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

### 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 translation

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

### 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 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.

### 5.24 Dividend and appropriation to reserves

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

## 6. CHANGE IN ACCOUNTING POLICY

During the year, the Company changed its accounting policy for the surplus on revaluation of fixed assets, after enactment of the Companies Act, 2017, which has not carried forward requirement of disclosing the surplus on revaluation of fixed assets as a separate item below equity. Accordingly, in accordance with the requirements of International Accounting Standard - IAS 16, 'Property, plant and equipment', surplus on revaluation of fixed assets would now be presented within equity. The new accounting policy is explained in note 5.1.1.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

The effect of the change is recognition and presentation of Rs.1,017.66 million for surplus on revaluation of fixed assets as a capital reserve i.e. separate component of equity and derecognition of surplus on revaluation of fixed assets of Rs.1,017.66 million, previously presented below equity in the statement of financial position. There is no impact of change in accounting policy on statement of profit or loss and other comprehensive income and statement of cash flows.

| | As at July 1, 2016 | | | As at June 30, 2017 | | |
|---|---|---|---|---|---|---|
| | As previously stated | Effect of restatement | As restated | As previously stated | Effect of restatement | As restated |
| | --------- Rupees in '000 --------- | | | --------- Rupees in '000 --------- | | |
| **Impact on statement of financial position** | | | | | | |
| Surplus on revaluation of fixed assets (below equity) | 1,017,664 | (1,017,664) | - | 988,570 | (988,570) | - |
| Surplus on revaluation of fixed assets (within equity) | - | 1,017,664 | 1,017,664 | - | 988,570 | 988,570 |
| **Impact on statement of changes in equity** | | | | | | |
| Surplus on revaluation of leasehold land | - | 1,017,664 | 1,017,664 | - | 988,570 | 988,570 |

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Operating fixed assets | 7.1 | **1,941,094** | 1,920,332 |
| Capital work-in-progress includes: | | | |
| Building | | **120,703** | 50,637 |
| Plant and machinery | | **55,686** | 5,797 |
| Furniture and fixtures | | **2,587** | - |
| Vehicles | | **9,795** | 6,679 |
| Computers | | **3,600** | - |
| | | **192,371** | 63,113 |
| | | **2,133,465** | 1,983,445 |

## 7.1 Operating fixed assets

| | Freehold land (note 7.2) | Leasehold land (note 7.2) | Building on freehold land | Leasehold improve-ments | Plant and machinery | Assembly jigs | Furniture and fixtures | Vehicles | | Other equipment | Office equipment | Computers | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Owned | Leased | | | | |
| | Rupees in '000 | | | | | | | | | | | | |
| **At July 1, 2016** | | | | | | | | | | | | | |
| Revaluation / cost | 498,938 | 177,724 | 675,883 | - | 624,874 | 46,404 | 3,440 | 68,284 | 65,762 | 9,532 | 6,328 | 12,688 | 2,189,857 |
| Accumulated depreciation | - | (19,785) | (65,898) | - | (123,029) | (43,369) | (2,630) | (45,512) | (18,098) | (8,980) | (5,505) | (10,597) | (343,403) |
| **Net book value** | **498,938** | **157,939** | **609,985** | **-** | **501,845** | **3,035** | **810** | **22,772** | **47,664** | **552** | **823** | **2,091** | **1,846,454** |
| **Year ended June 30, 2017** | | | | | | | | | | | | | |
| Opening net book value | 498,938 | 157,939 | 609,985 | - | 501,845 | 3,035 | 810 | 22,772 | 47,664 | 552 | 823 | 2,091 | 1,846,454 |
| Additions | - | 207,980 | - | - | 39,442 | - | 14,710 | 4,300 | 32,523 | 6,188 | 3,042 | 1,071 | 309,256 |
| Disposals | | | | | | | | | | | | | |
| - cost | - | - | - | - | - | - | - | (9,613) | - | - | - | (56) | (9,669) |
| - accumulated depreciation | - | - | - | - | - | - | - | 7,348 | - | - | - | 27 | 7,375 |
| | - | - | - | - | - | - | - | (2,265) | - | - | - | (29) | (2,294) |
| Assets classified as held for sale | | | | | | | | | | | | | |
| - cost | - | (162,724) | - | - | - | - | - | - | - | - | - | - | (162,724) |
| - accumulated depreciation | - | 24,815 | - | - | - | - | - | - | - | - | - | - | 24,815 |
| | - | (137,909) | - | - | - | - | - | - | - | - | - | - | (137,909) |
| Depreciation charge | - | (17,527) | (30,499) | - | (26,142) | (607) | (204) | (4,922) | (13,610) | (353) | (498) | (813) | (95,175) |
| **Closing net book value** | **498,938** | **210,483** | **579,486** | **-** | **515,145** | **2,428** | **15,316** | **19,885** | **66,577** | **6,387** | **3,367** | **2,320** | **1,920,332** |
| **At June 30, 2017** | | | | | | | | | | | | | |
| Revaluation / cost | 498,938 | 222,980 | 675,883 | - | 664,316 | 46,404 | 18,150 | 62,971 | 98,285 | 15,720 | 9,370 | 13,703 | 2,326,720 |
| Accumulated depreciation | - | (12,497) | (96,397) | - | (149,171) | (43,976) | (2,834) | (43,086) | (31,708) | (9,333) | (6,003) | (11,383) | (406,388) |
| **Net book value** | **498,938** | **210,483** | **579,486** | **-** | **515,145** | **2,428** | **15,316** | **19,885** | **66,577** | **6,387** | **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 | 6,387 | 3,367 | 2,320 | 1,920,332 |
| Additions | - | - | - | 44,751 | 33,740 | 6,341 | 254 | 11,925 | 15,095 | 14,154 | 4,338 | 1,852 | 132,450 |
| Disposals | | | | | | | | | | | | | |
| - cost | - | - | - | - | - | - | - | (6,379) | - | - | - | - | (6,379) |
| - accumulated depreciation | - | - | - | - | - | - | - | 2,883 | - | - | - | - | 2,883 |
| | - | - | - | - | - | - | - | (3,496) | - | - | - | - | (3,496) |
| Transferred from lease to owned assets | | | | | | | | | | | | | |
| - cost | - | - | - | - | - | - | - | 16,840 | (16,840) | - | - | - | - |
| - accumulated depreciation | - | - | - | - | - | - | - | (9,798) | 9,798 | - | - | - | - |
| | - | - | - | - | - | - | - | 7,042 | (7,042) | - | - | - | - |
| Depreciation charge | - | (21,048) | (28,975) | (1,305) | (26,570) | (803) | (1,550) | (4,602) | (15,266) | (4,916) | (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** | **15,625** | **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 | 29,874 | 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) | (14,249) | (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** | **15,625** | **5,510** | **3,210** | **1,941,094** |
| **Depreciation rate** (% per annum) | | 10 | 5 | 5 | 5 | 20 | 10 | 20 | 20 | 33 | 33 | 33 | |

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

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

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

The Company as on June 30, 2014 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Harvester Services (Pvt.) Ltd., (Approved valuers of Pakistan Banks' Association and Leasing Association of Pakistan) I. I. Chundrigar Road, Karachi. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2).

The different levels have been defined in IFRS 13 as follows:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future) (level 3).

The appraisal surplus arisen on latest revaluation exercise aggregating Rs.468.345 million has been incorporated in the books of the Company and at the time of latest revaluation, forced sale value of the freehold lands, building on freehold lands and plant & machinery along with jigs were Rs.374.203 million, Rs.483.892 million and Rs.372.435 million respectively.

**7.4** 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:

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Freehold land | **61,456** | 61,456 |
| Buildings on freehold land | **147,444** | 109,472 |
| Plant and machinery | **201,777** | 177,736 |
| Assembly Jigs | **7,834** | 2,262 |

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

| Particular of assets | Cost | Accumulated depreciation | Net book value | Sale proceeds | (Loss) / gain | Mode of disposal | Particular of buyers |
|---|---|---|---|---|---|---|---|
| | ---------- Rupees in '000 ---------- | | | | | | |
| **Items having book value exceeding Rs.500,000 each** | | | | | | | |
| **Vehicles** | | | | | | | |
| | 1,791 | 452 | 1,339 | 678 | (661) | Negotiation | Mr. Muhammad Noman, House # 128/9, Sector 5-E, New Karachi. |
| | 1,791 | 452 | 1,339 | 670 | (669) | Negotiation | Mr. Muhammad Arif, House # B-30, Sector C-1, North Karachi. |
| | 698 | 158 | 540 | 655 | 115 | Negotiation | Mrs.Sameera Usman, House # 173-C, Punjab Cooperative Housing Society, Lahore Cantt, Lahore |
| | **4,280** | **1,062** | **3,218** | **2,003** | **(1,215)** | | |
| **Items having book value upto Rs.500,000 each** | 2,099 | 1,821 | 278 | 1,200 | 922 | | |
| **June 30, 2018** | **6,379** | **2,883** | **3,496** | **3,203** | **(293)** | | |
| June 30, 2017 | 9,669 | 7,375 | 2,294 | 5,986 | 3,692 | | |

**7.6 Depreciation charge has been allocated as follows:**

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Cost of goods manufactured | 32.1 | **89,153** | 79,565 |
| Administrative expenses | 34 | **19,039** | 15,610 |
| | | **108,192** | 95,175 |

**7.7** The Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged upto Rs.1,647 million (2017: Rs.1,647 million) with banks for short term finance facilities.

## 8. INTANGIBLE ASSETS

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| These represent computer software licenses. | | | |
| **Cost** | | | |
| At beginning of the year | | **500** | 500 |
| Addition during the year | | **2,980** | - |
| At end of the year | | **3,480** | 500 |
| **Accumulated amortisation** | | | |
| At beginning of the year | | **450** | 434 |
| Add: charge for the year | 34 | **286** | 16 |
| At end of the year | | **736** | 450 |
| **Net book value** | | **2,744** | 50 |
| **Rate of amortisation (% - per annum)** | | **25** | 25 |

## 9. LONG TERM INVESTMENTS

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| **Subsidiary Company** - at cost | | | |
| Ghandhara DF (Private) Limited | | | |
| 14,999,500 (2017: 14,999,500) ordinary shares of Rs.10 each | | 149,995 | 149,995 |
| Equity held: 99.99% (2017: 99.99%) | | | |
| Break-up value per share on the basis of latest financial statements is Rs.35.80 (2017:Rs.24.05) | | | |
| **Associated Company** - at cost | | | |
| Ghandhara Industries Limited | | | |
| 4,066,168 (2017: 5,166,168) ordinary shares of Rs.10 each | 9.1 | 72,911 | 92,635 |
| Equity held: 19.09% (2017: 24.25%) | | | |
| Fair value: Rs.2,873 million (2017: Rs.3,358 million) | | | |
| **Others** - available for sale | | | |
| **Automotive Testing & Training Center (Private) Limited** | | | |
| 187,500 (2017: 187,500) ordinary shares of Rs.10 each - cost | | 1,875 | 1,875 |
| Provision for impairment | | (1,875) | (1,875) |
| | | - | - |
| | | 222,906 | 242,630 |

## 9.1 Movement in investment of Ghandhara Industries Limited

| | --------2018-------- | |
|---|---|---|
| | Number of Shares | Rupees in '000 |
| At beginning of the year | 5,166,168 | 92,635 |
| Disposal during the year | (1,100,000) | (19,724) |
| At end of the year | 4,066,168 | 72,911 |

**9.1.1** The above disposal was made after the requisite approval of Board of Directors on April 9, 2018 and resultantly the Company earned gain of Rs.925.51 million from this transaction (Refer note 36).

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ---- Rupees in '000 ---- | |
| Loans to employees | | | |
| Related parties - Key Management Personnel | 10.1 & 10.2 | 2,730 | 3,417 |
| Other employees | 10.1 | 9,667 | 10,656 |
| | | 12,397 | 14,073 |
| Less: amounts recoverable within one year and grouped under current assets | | | |
| Related parties - Key Management Personnel | | 1,841 | 1,243 |
| Other employees | | 3,584 | 3,284 |
| | 16 | 5,425 | 4,527 |
| | | 6,972 | 9,546 |

**10.1** 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.

**10.2** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2018 from Key Management Personnel aggregated to Rs.3.537 million (2017: Rs.4.136 million).

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

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| Deposits held with / against: | | |
| Central Depository Company of Pakistan Limited | 25 | 25 |
| Lease facilities | 13,893 | 12,912 |
| Utilities | 6,219 | 6,219 |
| Others | 110 | 110 |
| | 20,247 | 19,266 |

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

**12.1** The Company has an aggregate cash limit of Rs.800 million 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+3.00% and is receivable on quarterly basis.

**12.2** The maximum aggregate amount of loan at the end of any month during the year was Rs.798.086 million (2017: Rs.521.944 million).

## 13. STORES, SPARES AND LOOSE TOOLS

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| Stores | 90,752 | 86,288 |
| Spares and loose tools | 1,015 | 186 |
| | 91,767 | 86,474 |

## 14. STOCK-IN-TRADE

| | | |
|---|---|---|
| **Raw materials** | | |
| In hand | 234,123 | 21,404 |
| less: provision for obsolete / slow moving stock | (15,000) | (15,000) |
| | 219,123 | 6,404 |
| In transit | 33,509 | - |
| | 252,632 | 6,404 |
| **Finished goods** | | |
| **In hand** | | |
| CBU - trucks and cars | 163,130 | 94,897 |
| CKD - trucks | 118,444 | 75,862 |
| Spare parts | 6,295 | 41,471 |
| **Held with third parties** | | |
| CBU - trucks | 6,743 | 771 |
| CKD - trucks | 83,940 | - |
| **In transit** | | |
| CBU - trucks | 107,139 | 58,285 |
| | 485,691 | 271,286 |
| | 738,323 | 277,690 |

**14.1** The present and future stock-in-trade, trade debts and receivables aggregating Rs.3,100.34 million (2017: Rs.3,114.7 million) are under pledge / joint hypothecation charge with banks against short term finances and running finances (Refer note 29).

**15. TRADE DEBTS** - Unsecured
Considered goods

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | --- Rupees in '000 --- | |
| Vehicles and assembly charges | 15.1 | 251,692 | 178,726 |
| Spare parts | | 8,845 | 2,362 |
| | | 260,537 | 181,088 |

**15.1 Trade debts include the following amounts due from related parties:**

| | 2018 | 2017 |
|---|---|---|
| Ghandhara DF (Private) Limited | 18,201 | 16,632 |
| Ghandhara Industries Limited | 90,798 | 28,578 |
| | 108,999 | 45,210 |

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

| | 2018 | 2017 |
|---|---|---|
| | --- Rupees in '000 --- | |
| Up to 3 months | 108,999 | 45,210 |

**15.3** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.193.454 million (2017: Rs.150.697 million).

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | --- Rupees in '000 --- | |
| Current portion of long term loans | 10 | 5,425 | 4,527 |
| Loans to: | | | |
| Related party- Key Management Personnel | 16.1 & 16.2 | - | 466 |
| Other employees | 16.1 | 147 | 441 |
| | | 147 | 907 |
| Advances to / against: | | | |
| Related party- Key Management Personnel | | 148 | 34 |
| Other employees | | 4,771 | 2,655 |
| Suppliers, contractors and others | 16.3 | 61,498 | 41,487 |
| | | 66,417 | 44,176 |
| Letters of credit | | 201 | 163 |
| | | 72,190 | 49,773 |

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

**16.2** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2018 from Key Management Personnel aggregated to Rs.0.400 million (2017: Rs.0.800 million).

**16.3** Includes Rs.0.266 million (2017: Rs.0.221 million) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

## 17. DEPOSITS AND PREPAYMENTS

| | 2018 | 2017 |
|---|---|---|
| | --- Rupees in '000 --- | |
| Deposits - considered good and interest free | 3,082 | 4,241 |
| Prepaid | | |
| - rent [Bibojee Services (Private) Limited - the Holding Company] | 590 | 708 |
| - others | 3,306 | 5,733 |
| | 3,896 | 6,441 |
| Current account balances with statutory authorities | 4,282 | 5,943 |
| | 11,260 | 16,625 |

## 18. INVESTMENTS - at fair value through profit or loss

As at June 30, 2018, the Company has 11,645,239.4261 (2017: Nil) units of BMA Chundrigar Road Savings Fund having market value of Rs.100.928 million.

## 19. OTHER RECEIVABLES

Considered good and interest free

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | --- Rupees in '000 --- | |
| Due from Subsidiary Company | 19.1 | 1,760 | 864 |
| Sales tax refundable / adjustable | | 53,411 | - |
| Bank guarantee margin | | 21 | 7,574 |
| Letters of credit margin | | - | 4,429 |
| Security deposits and earnest money - interest free | | 8,656 | 4,693 |
| Others | | 757 | 522 |
| | | 64,605 | 18,082 |

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

## 20. ACCRUED INTEREST / MARK-UP

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | --- Rupees in '000 --- | |
| Interest / mark-up accrued on: | | | |
| - long term advance to Subsidiary Company | | 17,735 | 7,528 |
| - term deposits receipts | | 20 | 141 |
| | | 17,755 | 7,669 |

## 21. BANK BALANCES

| | | | |
|---|---|---|---|
| Cash at banks on: | | | |
| - current accounts | | 204,750 | 202,785 |
| - deposit accounts | 21.1 | 10,517 | 10,517 |
| - term deposits receipts | 21.2 | 34,999 | 305,000 |
| - right subscription account | | 1,068,306 | - |
| | | 1,318,572 | 518,302 |
| Provision for doubtful bank balance | 21.3 | (3,912) | (3,912) |
| | | 1,314,660 | 514,390 |

**21.1** These, during the year, carry mark-up upto 5.50% (2017: 5.50%) per annum.

**21.2** Term deposit receipts (TDRs) have maturity days ranging from seven to thirty days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 5.0% to 6.2% (2017: 5.50% to 6.00%) per annum.

**21.3** This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42.586 million deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Company considers that it has discharged its obligation against the said letters of credit.

## 22. SHARE CAPITAL

| | 2018 | 2017 |
|---|---|---|
| | --- Rupees in '000 --- | |
| **22.1 Authorized capital** | | |
| 80,000,000 (2017: 80,000,000) ordinary shares of Rs.10 each | 800,000 | 800,000 |

**22.2 Issued, subscribed and paid-up capital**

| 2018 | 2017 | | 2018 | 2017 |
|---|---|---|---|---|
| -- No. of shares -- | | | -- Rupees in '000 -- | |
| 14,800,000 | 14,800,000 | Ordinary shares of Rs.10 each fully paid in cash | 148,000 | 148,000 |
| 200,000 | 200,000 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | 2,000 | 2,000 |
| 30,002,500 | 30,002,500 | Ordinary shares of Rs.10 each issued for acquisition | 300,025 | 300,025 |
| 45,002,500 | 45,002,500 | | 450,025 | 450,025 |

**22.3** At June 30, 2018, Bibojee Services (Private) Limited (the Holding Company) held 25,343,817 (June 30, 2017: 28,046,417) ordinary shares of the Company.

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

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Balance at beginning of the year | 1,226,546 | 1,268,109 |
| Transferred to unappropriated profit on account of incremental depreciation for the year | (39,478) | (41,563) |
| | 1,187,068 | 1,226,546 |
| Less: related deferred tax of: | | |
| - opening balance | 237,976 | 250,445 |
| - incremental depreciation for the year | (11,251) | (12,469) |
| - effect of change in tax rate | (11,898) | - |
| - closing balance | 214,827 | 237,976 |
| Balance at end of the year | 972,241 | 988,570 |

## 24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

| | | |
|---|---|---|
| Balance at beginning of the year | 72,173 | 53,836 |
| Assets acquired during the year | 14,486 | 33,502 |
| Repaid / adjusted during the year | (21,499) | (15,165) |
| | 65,160 | 72,173 |
| Current portion grouped under current liabilities | (17,721) | (18,474) |
| Balance at end of the year | 47,439 | 53,699 |

**24.1** 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% (2017: 7.93% 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 | 2018 | Upto one year | From one to five years | 2017 |
|---|---|---|---|---|---|---|
| | ---------- Rupees in '000 ---------- | | | | | |
| Minimum lease payments | **21,464** | **50,940** | **72,404** | 22,929 | 58,827 | 81,756 |
| Finance cost allocated to future periods | **(3,743)** | **(3,501)** | **(7,244)** | (4,455) | (5,128) | (9,583) |
| Present value of minimum lease payments | **17,721** | **47,439** | **65,160** | 18,474 | 53,699 | 72,173 |

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Dealers' deposit | 25.1 | **8,000** | 8,000 |
| Vendors | | **111** | 111 |
| Others | | **1,500** | 1,500 |
| | | **9,611** | 9,611 |

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

**26. DEFERRED GAIN ON SALE AND LEASE BACK TRANSACTION**

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

**27. DEFERRED TAXATION** - Net

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| The liability for deferred taxation comprises of temporary differences relating to: | | |
| - accelerated tax depreciation allowance | **58,466** | 54,993 |
| - surplus on revaluation of fixed assets | **214,827** | 237,976 |
| - lease finances | **201** | 325 |
| - provision for gratuity | **(2,355)** | (4,028) |
| - provision for warranty claims | **(1,011)** | (1,065) |
| - provision for obsolete / slow moving stock | **(4,275)** | (4,500) |
| - provision for bank balances | **(1,115)** | (1,174) |
| | **264,738** | 282,527 |

## 28. TRADE AND OTHER PAYABLES

| | | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Trade creditors | | **124,175** | 83,664 |
| Bills payable | | **145,310** | 58,077 |
| Accrued liabilities | 28.1 | **81,443** | 183,654 |
| Refundable - CKD / CBU business | | **1,403** | 1,403 |
| Customers' credit balances | 28.2 | **231,276** | 71,075 |
| Commission | | **28,975** | 14,505 |
| Unclaimed gratuity | | **231** | 231 |
| Dealers' advances against vehicles - interest free | | **4,000** | 23,400 |
| Payable to Waqf-e-Kuli Khan | | **9,885** | 9,885 |
| Payable to UD Truck Corporations, Japan | | **8,429** | 7,203 |
| Payable to gratuity fund | 28.3 | **12,320** | 13,427 |
| Withholding tax | | **867** | 750 |
| Sales tax payable - net | | **-** | 22,281 |
| Workers' profit participation fund | 28.4 | **15,502** | 4,775 |
| Workers' welfare fund | | **4,656** | 15,114 |
| Retention money | | **103** | 718 |
| Advance against immoveable property | | **-** | 88,238 |
| Warranty claims | | **3,549** | 3,550 |
| Others | 28.5 | **23,457** | 19,127 |
| | | **695,581** | 621,077 |

**28.1** Includes Rs.17.206 million (2017: Rs.20.878 million) which pertains to a key management person.

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

### 28.3 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, 2018 was carried out using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

### 28.3.1 Statement of financial position reconciliation

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Present value of defined benefit obligation | **124,341** | 106,433 |
| Fair value of plan assets | **(113,665)** | (97,745) |
| Benefits payable | **1,644** | 4,739 |
| Net liability at end of the year | **12,320** | 13,427 |

### 28.3.2 Net liability recognised

| | | |
|---|---|---|
| Net liability at beginning of the year | **13,427** | 67,038 |
| Charge to profit or loss | **8,120** | 8,654 |
| Contributions made by the Holding Company | **(13,427)** | (78,963) |
| Re-measurement recognised in other comprehensive income | **4,200** | 16,698 |
| | **12,320** | 13,427 |

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

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Balance at beginning of the year | 106,433 | 95,390 |
| Current service cost | 7,982 | 6,646 |
| Interest expense | 9,709 | 6,964 |
| Benefits paid | (1,984) | (7,981) |
| Benefits due but not paid | (954) | (3,091) |
| Re-measurement | 3,155 | 8,505 |
| Balance at end of the year | 124,341 | 106,433 |

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

| | | |
|---|---|---|
| Balance at beginning of the year | 97,745 | 30,000 |
| Contribution received during the year | 13,427 | 78,963 |
| Interest income | 9,571 | 4,956 |
| Benefits paid | (6,033) | (7,981) |
| Re-measurement | (1,045) | (8,193) |
| | 113,665 | 97,745 |

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

| | | |
|---|---|---|
| Current service cost | 7,982 | 6,646 |
| Net interest expense | 138 | 2,008 |
| | 8,120 | 8,654 |

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

| | | |
|---|---|---|
| Financial assumptions | 102 | 179 |
| Experience adjustments | 3,053 | 8,326 |
| Loss on remeasurement of plan assets | 1,045 | 8,193 |
| | 4,200 | 16,698 |

### 28.3.7 Plan assets comprise of

| | | |
|---|---|---|
| Fixed income instruments | 53,652 | 30,153 |
| Mutual fund securities | 55,990 | 33,643 |
| Cash at bank | 4,023 | 33,949 |
| | 113,665 | 97,745 |

### 28.3.8 Significant actuarial assumptions and sensitivity

| | | |
|---|---|---|
| | --- % per annum --- | |
| Discount rate | 9.25 | 7.75 |
| Expected rate of return on plan assets | 9.25 | 7.75 |
| Expected rate of increase in future salaries | 10.00 | 9.25 |
| 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 assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | 112,891 | 136,545 |
| Increase in future salaries | 1.00% | 136,566 | 112,672 |

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.

**28.3.9** Based on actuary's advice, the expected charge to profit or loss for the year ending June 30, 2019 amounts to Rs.10.102 million.

**28.3.10** The weighted average duration of the scheme is 10 years.

**28.3.11 Historical information**

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| | Rupees in '000 | | | | |
| Present value of defined benefit obligation | 124,341 | 106,433 | 95,390 | 80,791 | 70,356 |
| Experience adjustment | 4,200 | 16,698 | 3,297 | 2,061 | 3,636 |

**28.3.12 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 | | | | |
| **At June 30, 2018** | 15,493 | 4,445 | 20,426 | 1,456,211 | 1,496,575 |

**28.4 Workers' profit participation fund**

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | Rupees in '000 | |
| Balance at beginning of the year | | 4,775 | 44,711 |
| Allocation for the year | 36 | 15,502 | 39,775 |
| Interest on funds utilised in the Company's business | 37 | 495 | 168 |
| | | 20,772 | 84,654 |
| Payment made during the year | | (5,270) | (79,879) |
| Balance at end of the year | | 15,502 | 4,775 |

**28.5** Includes deposits and instalments under the Company's staff vehicle policy aggregating Rs.11.143 million (2017: Rs.9.664 million).

**29.** Running finance and short term facilities available from commercial banks under mark-up arrangements aggregate to Rs.1,075 million (2017: Rs.625 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 7.16% to 8.01% (2017: 7.54% to 7.65%) per annum. The arrangements are expiring on January 31, 2019.

**29.1** The facilities for opening letters of credit as at June 30, 2018 aggregate to Rs.3,925 million (2017: Rs.3,525 million) of which the amount remained unutilised at the year-end was Rs.3,640 million (2017: Rs.3,490 million). Further, the Company also has Finance against Import Merchandise facilities aggregating Rs.2,475 million (2017: Rs.2,525 million) as main limits and sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.400 million (2017: Rs.310 million) as sub limits of these letters of credit facilities. These facilities are secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.

**29.2** Facilities aggregated Rs.2,275 million (2017: Rs.2,125 million) out of the above mentioned facilities are also available to the Subsidiary Company.

## 30. CONTINGENCIES AND COMMITMENTS

**30.1** 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.

**30.2** Commitment in respect of irrevocable letters of credit as at June 30, 2018 aggregate to Rs.140.251 million (2017: Rs.34.800 million).

**30.3** Guarantees aggregating Rs.5.601 million (2017: Rs.15.787 million) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.538.749 million (2017: Rs.259.443 million) to the commercial banks against letters of credit facilities utilised by the Subsidiary Company.

## 31. REVENUE - Net

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| **Manufacturing activity** | | | |
| Local sales | | 1,288,668 | 5,338,836 |
| Less: | | | |
| - sales tax | | 187,243 | 775,728 |
| - commission | | 16,320 | 70,200 |
| | | 203,563 | 845,928 |
| | | 1,085,105 | 4,492,908 |
| **Trading activity** | | | |
| Local sales | | 1,352,367 | 427,631 |
| Export sales | | - | 1,483 |
| | | 1,352,367 | 429,114 |
| Less: | | | |
| - sales tax | | 197,453 | 62,394 |
| - discount and commission | | 21,285 | 1,450 |
| | | 218,738 | 63,844 |
| | | 1,133,629 | 365,270 |
| | | 2,218,734 | 4,858,178 |

## 32. COST OF SALES

| | | | |
|---|---|---|---|
| Finished goods at beginning of the year | | 213,001 | 113,586 |
| Cost of goods manufactured | 32.1 | 904,072 | 3,626,931 |
| Purchases - trading goods | | 1,046,909 | 399,667 |
| | | 1,950,981 | 4,026,598 |
| Finished goods at end of the year | | (378,552) | (213,001) |
| | | 1,785,430 | 3,927,183 |

## 32.1 Cost of goods manufactured

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Raw materials and parts consumed | 32.2 | **363,364** | 3,025,136 |
| Fabrication of contract vehicles | | **-** | 1,200 |
| Stores and spares consumed | | **41,821** | 81,677 |
| Salaries, wages and benefits | 32.3 | **265,562** | 270,836 |
| Transportation | | **16,109** | 13,665 |
| Repair and maintenance | | **46,409** | 56,493 |
| Depreciation | 7.6 | **89,153** | 79,565 |
| Material handling | | **301** | 6,476 |
| Insurance | | **2,176** | 3,537 |
| Communication | | **1,863** | 641 |
| Rent, rates and taxes | | **6,648** | 7,088 |
| Travelling and entertainment | | **2,877** | 1,527 |
| Power generation costs | | **53,638** | 56,131 |
| Printing, stationery and office supplies | | **2,227** | 2,028 |
| Royalty expense | | **580** | 12,738 |
| Plant security | | **9,520** | 6,079 |
| Other manufacturing expenses | | **1,824** | 2,114 |
| | | **904,072** | 3,626,931 |

## 32.2 Raw materials and parts consumed

| | | | |
|---|---|---|---|
| Stocks at beginning of the year | | **6,404** | 331,421 |
| Purchases | | **576,083** | 2,700,119 |
| | | **582,487** | 3,031,540 |
| Stocks at end of the year | 14 | **(219,123)** | (6,404) |
| | | **363,364** | 3,025,136 |

**32.3** Salaries, wages and benefits include Rs.3.914 million (2017: Rs.4.139 million) and Rs.3.723 million (2017: Rs.3.525 million) in respect of staff retirement gratuity and staff provident fund respectively.

## 33. DISTRIBUTION COST

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Salaries and benefits | 33.1 | **35,309** | 25,272 |
| Utilities | | **154** | 306 |
| Rent | | **3,000** | 7,500 |
| Insurance | | **24** | 39 |
| Repair and maintenance | | **27** | 11 |
| Travelling and entertainment | | **6,996** | 3,964 |
| Telephone and postage | | **103** | 119 |
| Vehicle running | | **118** | 203 |
| Printing, stationery and office supplies | | **267** | 38 |
| Security | | **663** | 893 |
| Warranty services | | **331** | 395 |
| Godown and forwarding | | **522** | 370 |
| Sales promotion expenses | | **4,523** | 347 |
| Others | | **1,632** | 385 |
| | | **53,669** | 39,842 |

**33.1** Salaries and benefits include Rs.0.987 million (2017: Rs.1.087 million) and Rs.1.188 million (2017: Rs.1.079 million) in respect of staff retirement gratuity and staff provident fund respectively.

## 34. ADMINISTRATIVE EXPENSES

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Salaries and benefits | 34.1 | **127,285** | 123,066 |
| Utilities | | **1,865** | 2,884 |
| Rent, rates and taxes | | **8,437** | 10,792 |
| Directors' fee | | **1,275** | 1,200 |
| Insurance | | **3,124** | 2,944 |
| Repairs and maintenance | | **1,600** | 7,776 |
| Depreciation and amortisation | 7.6 & 8 | **19,325** | 15,626 |
| Auditors' remuneration | 34.2 | **1,000** | 1,000 |
| Advertising | | **1,768** | 2,917 |
| Travelling and conveyance | | **8,300** | 8,155 |
| Legal and professional charges | | **12,595** | 3,952 |
| Vehicle running | | **2,162** | 2,488 |
| Telephone and postage | | **4,551** | 3,843 |
| Printing and stationery | | **5,253** | 4,805 |
| Subscription | | **3,262** | 1,991 |
| Security expenses | | **8,383** | 5,119 |
| Donation | | **-** | 400 |
| Others | | **3,022** | 2,878 |
| | | **213,207** | 201,836 |

**34.1** Salaries and benefits include Rs.3.219 million (2017: Rs.3.428 million) and Rs.3.339 million (2017: Rs.2.767 million) in respect of staff retirement gratuity and staff provident fund respectively.

### 34.2 Auditors' remuneration

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ---- Rupees in '000 ---- | |
| Audit fee | | | |
| ShineWing Hameed Chaudhri & Co. | | **500** | 500 |
| Junaidy, Shoaib, Asad | | **500** | 500 |
| | | **1,000** | 1,000 |

## 35. OTHER INCOME

| | | | |
|---|---|---|---|
| **Income from financial assets** | | | |
| Interest / mark-up earned on: | | | |
| - deposit accounts | 35.1 | **530** | 1,855 |
| - term deposit receipts | 35.1 | **15,858** | 7,388 |
| - long term advance to Subsidiary Company | 35.2 | **51,092** | 34,522 |
| Gain from sale of investment | 9.1 | **925,506** | - |
| Unrealised gain on investment | | **928** | - |
| Dividend income - Ghandhara Industries Limited (an Associated Company) | | **77,493** | 51,662 |
| | | **1,071,407** | 95,427 |
| **Income from non-financial assets** | | | |
| Scrap sales - net of sales tax | | **4,582** | 5,296 |
| Gain on disposal of operating fixed assets | | **-** | 3,692 |
| 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** | 5 |
| Commission income | | **16,688** | 9,155 |
| Exchange gain | | **-** | 344 |
| Others | | **742** | 401 |
| | | **58,820** | 18,893 |
| | | **1,130,227** | 114,320 |

**35.1** Interest at the rates ranged from 4.16% to 6.20% (2017: 4.10% to 6.00%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.

**35.2** Interest at the rates ranged from 9.16% to 9.15% (2017: 9.06% to 9.15%) per annum has been earned during the year on long term advance to Subsidiary Company.

## 36. OTHER EXPENSES

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | --- Rupees in '000 --- | |
| Workers' profit participation fund | 28.4 | 15,502 | 39,775 |
| Workers' welfare fund | | 4,656 | 15,114 |
| Exchange loss - net | | 1,226 | - |
| Loss on disposal of operating fixed assets | 7.5 | 293 | - |
| | | 21,677 | 54,889 |

## 37. FINANCE COST

| | | | |
|---|---|---|---|
| Mark-up on running finances | | 15,066 | 1,124 |
| Lease finance charges | | 4,800 | 4,924 |
| Interest on workers' profit participation fund | 28.4 | 495 | 168 |
| Bank and other charges | | 2,421 | 1,923 |
| | | 22,782 | 8,139 |

## 38. TAXATION

| | | |
|---|---|---|
| Current | | |
| - for the year | 208,784 | 227,260 |
| - prior year | 10,564 | 89,419 |
| | 219,348 | 316,679 |
| Deferred | | |
| - origination and reversal of temporary differences | (2,378) | 13,454 |
| - impact of change in tax rate | (2,295) | 516 |
| | (4,673) | 13,970 |
| | 214,675 | 330,649 |

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

| | | |
|---|---|---|
| Net profit before taxation | 1,252,196 | 740,609 |
| Tax at the applicable income tax rate of 30% (2017: 31%) | 375,659 | 229,589 |
| Tax effect of expenses, which are not deductible for tax purposes and are taken to profit or loss | 131,731 | 34,692 |
| Tax effect of expenses, which are deductible for tax purposes but are not taken to profit or loss | (31,177) | (42,861) |
| 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) | (3,944) |
| Tax effect of income subject to final tax regime | (13,145) | (11,645) |
| Adjustments for current tax of prior years | 10,564 | 89,419 |
| Super tax | 38,417 | 21,429 |
| Deferred taxation | (4,673) | 13,970 |
| | 214,675 | 330,649 |

**38.2** The provision for current year tax represent tax on taxable income at the rate of 30%. It also include provision for super tax at 3% as required under section 4B of the Income Tax Ordinance, 2001. The management considers the tax provision made in the financial statements sufficient. A comparison of last three years of income tax provisions with tax assessed is presented below:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| | --------- Rupees in '000 --------- | | |
| Income tax provision for the year - accounts | 227,260 | 279,989 | 141,103 |
| Income tax as per tax assessment | 215,027 | 260,138 | 132,830 |
| Excess | 12,233 | 19,851 | 8,273 |

**38.3** Excess is mainly due to super tax provision recorded in respective years which have not become due as the Company has filed petition in the High Court of Sindh against levy of super tax.

## 39. EARNINGS PER SHARE

### 39.1 Basic earnings per share

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Net profit for the year | 1,037,521 | 409,960 |
| | | Restated |
| | -- Number of shares -- | |
| Weighted average ordinary shares in issue | 45,066,973 | 45,066,973 |
| | | Restated |
| | -------- Rupees -------- | |
| Earnings per share - basic and diluted | 23.02 | 9.10 |

### 39.2 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.

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

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Chief Executive | Directors | Executives | Chief Executive | Director | Executives |
| | ---------- Rupees in '000 ---------- | | | | | |
| Managerial remuneration | 15,780 | - | 37,899 | 15,780 | 2,525 | 35,077 |
| Bonus | - | - | 9,944 | 2,550 | 615 | 4,654 |
| Contribution to provident fund | 850 | - | 1,958 | 850 | 103 | 1,521 |
| Gratuity | 850 | - | 1,584 | 850 | 103 | 1,266 |
| Utilities | 1,020 | - | 3,527 | 1,020 | - | 1,417 |
| Passage / privilege leave | - | - | 1,382 | - | 182 | 1,021 |
| | 18,500 | - | 56,294 | 21,050 | 3,528 | 44,956 |
| Number of persons | 1 | - | 12 | 1 | 1 | 12 |

**40.1** 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.

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

**40.3** Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.1.275 million (2017: Rs.1.200 million).

## 41. 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 | 2018 | 2017 |
|---|---|---|---|
| | | --- Rupees in '000 --- | |
| **(i) Holding Company** | | | |
| Bibojee Services (Private) Limited - **56.32%** shares held in the Company | Corporate office rent | **6,000** | 8,850 |
| | Dividend | **140,232** | 140,232 |
| | Subscription money against right issue | **675,797** | - |
| **(ii) Subsidiary Company** | | | |
| Ghandhara DF (Private) Limited **99.99%** shares held by the Company | Contract assembly charges | **133,614** | 40,652 |
| | Purchase of parts | **302** | 2,384 |
| | Sale of parts | **52,456** | 3,714 |
| | Long term advances made - net | **453,854** | - |
| | Repayment against long term advances - net | **-** | 165,304 |
| | Interest income | **51,092** | 34,522 |
| | Guarantee commission | **6,631** | 3,957 |
| | Reimbursement of expenses | **-** | 246 |
| **(iii) Associated Companies** | | | |
| Ghandhara Industries Limited **19.09%** shares held by the Company **(41.1)** | Contract assembly charges | **764,724** | 444,998 |
| | Fabrication of vehicles | **-** | 676 |
| | Reimbursement of expenses | **6,481** | 27,480 |
| | Purchase of parts and tyres | **3,079** | 17 |
| | Sale of vehicles | **-** | 1,050 |
| | Sale of parts | **6** | 12 |
| | Head office rent | **2,640** | 2,138 |
| | Dividend income | **77,493** | 51,662 |
| The General Tyre and Rubber Company of Pakistan Limited **(41.1)** | Purchase of tyres, tubes and flaps | **92** | 44,115 |
| Gammon Pakistan Limited **(41.1)** | Regional office rent | **3,000** | 3,000 |
| Janana De Malucho Textile Mills Limited **(41.1)** | Reimbursement of expenses | **1,639** | 1,276 |
| **(iv) Others** | | | |
| Staff provident fund | Contribution made | **8,251** | 7,371 |
| Staff gratuity fund | Contribution made | **13,427** | 78,963 |
| Key management personnel | Remuneration and other short term benefits | **79,811** | 67,567 |
| | Subscription money against right issue | **5,288** | - |
| | Sale of fleet vehicles | **-** | 4,533 |

**41.1** Associated company by virtue of common directorship.

## 42. PLANT CAPACITY

Against the production capacity of 4,800 (2017: 4,800) trucks and buses on single shift basis, the Company produced 4,884 (2017: 4,923) trucks and buses of JAC, DongFeng and Isuzu. The Company has also processed 4,754 (2017: 4,616) truck cabs through paint shop.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Company has not assembled any vehicle and the plant was idle during the year ended June 30, 2018 and June 30, 2017.

## 43. FINANCIAL RISK MANAGEMENT

### 43.1 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- market risk (including foreign exchange risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and overview of Company's risk management frame work. The board is also responsible for developing and monitoring the Company's risk management policies.

### (a) Credit risk

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

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

The maximum exposure to credit risk as at June 30, 2018 along with comparative is tabulated below:

| | 2018 | 2017 |
|---|---|---|
| | --- Rupees in '000 --- | |
| Long term loans | 6,972 | 9,546 |
| Long term deposits | 6,354 | 6,354 |
| Due from Subsidiary Company | 766,994 | 313,140 |
| Trade debts | 260,537 | 181,088 |
| Loans and advances | 5,572 | 5,434 |
| Deposits and prepayments | 3,082 | 4,241 |
| Other receivables | 11,194 | 18,082 |
| Accrued interest / mark-up | 17,755 | 7,669 |
| Bank balances | 1,314,660 | 514,390 |
| | 2,393,120 | 1,059,944 |

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

| | 2018 | 2017 |
|---|---|---|
| | --- Rupees in '000 --- | |
| The ageing of trade debts at the reporting date is as follows: | | |
| Up to 3 months | 215,301 | 119,611 |
| 3 to 6 months | 28,117 | 4,627 |
| more than 6 months | 17,119 | 56,850 |
| | 260,537 | 181,088 |

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

## (b) Liquidity risk

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

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

| | Carrying amount | Less than 1 year | Between 1 to 5 years | 5 years and above |
|---|---|---|---|---|
| | ---------- Rupees in '000 ---------- | | | |
| **June 30, 2018** | | | | |
| **Liabilities against assets 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** | **-** | **-** |
| | **535,462** | **478,412** | **47,439** | **9,611** |

| | Carrying amount | Less than 1 year | Between 1 to 5 years | 5 years and above |
|---|---|---|---|---|
| June 30, 2017 | ---------- Rupees in '000 ---------- | | | |
| Liabilities against assets subject to finance lease | 72,173 | 18,474 | 53,699 | - |
| Long term deposits | 9,611 | - | - | 9,611 |
| Trade and other payables | 537,095 | 537,095 | - | - |
| Accrued mark-up | 347 | 347 | - | - |
| Unclaimed dividend | 7,732 | 7,732 | - | - |
| | 626,958 | 563,648 | 53,699 | 9,611 |

## (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 |
|---|---|---|---|---|
| **June 30, 2018** | ---------- in '000 ---------- | | | |
| Trade and other payables | **145,310** | **264** | **801** | **564** |

| | Rupees | RMB |
|---|---|---|
| June 30, 2017 | --------- in '000 --------- | |
| Trade and other payables | 58,077 | 3,692 |

The following significant exchange rates have been applied:

| | Reporting date rate | |
|---|---|---|
| | **2018** | 2017 |
| RMB to Rupee | **18.76** | 15.73 |
| U.S. Dollar to Rupee | **121.60** | 105.00 |
| Euro to Rupee | **141.57** | 120.14 |

**Sensitivity analysis**

At June 30, 2018, 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.

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| **Effect on profit for the year** | | |
| RMB to Rupee | 529 | 2,904 |
| U.S. Dollar to Rupee | 4,870 | - |
| Euro to Rupee | 1,869 | - |
| | 7,268 | 2,904 |

**Interest rate risk**

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

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

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| **Fixed rate instruments** - financial assets | | |
| Bank balances | 45,516 | 315,517 |
| **Variable rate instruments** | | |
| **Financial assets** | | |
| Due from Subsidiary Company | 766,994 | 313,140 |
| **Financial liabilities** | | |
| Liabilities against assets subject to finance lease | 65,160 | 72,173 |

**Sensitivity analysis**

At June 30, 2018, 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.7.018 million (2017: Rs.2.409 million) lower / higher mainly as a result of net higher / (lower) interest income.

**Price risk**

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.. At June 30, 2018 / 2017 the Company, except short term investment having value Rs.100.928 million (2017: Rs. Nil) did not have any other financial instruments dependent on market prices.

**43.2 Fair value of financial assets and liabilities**

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

**44. 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.

## 45. NUMBER OF EMPLOYEES

| | Factory | | Other | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Number of employees as at June 30, | | | | |
| - Permanent | **157** | 142 | **112** | 119 |
| - Contractual | **592** | 447 | **45** | 44 |
| Average number of employees during the year | | | | |
| - Permanent | **140** | 145 | **116** | 113 |
| - Contractual | **521** | 437 | **43** | 41 |

## 46. PROVIDENT FUND RELATED DISCLOSURES

**46.1** The following information is based on un-audited financial statements of the Company's Fund for the year ended June 30, 2018:

| | **2018** | 2017 |
|---|---|---|
| | **---- Rupees in '000 ----** | |
| Size of the Fund - total assets | **115,421** | 92,148 |
| Cost of investments made | **95,846** | 75,388 |
| Percentage of investments made | **83.04%** | 75.67% |
| Fair value of investments | **127,982** | 113,973 |

**46.2 Break-up of the investments is as follows:**

| | **2018** | 2017 | **2018** | 2017 |
|---|---|---|---|---|
| | **----- Percentage -----** | | **--- Rupees in '000 ---** | |
| Bank deposits | **6.13** | 4.20 | **7,074** | 3,867 |
| Government securities | **50.16** | 45.25 | **57,900** | 41,700 |
| Mutual funds | **9.08** | 8.58 | **10,485** | 9,900 |
| National Investment Trust - units | **12.96** | 15.48 | **14,961** | 14,262 |
| Others | **4.70** | 6.14 | **5,426** | 5,659 |

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

## 47. SHAHRIAH SCREENING DISCLOSURE

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Convent -ional | Shariah Compliant | Convent -ional | Shariah Compliant |
| | Rupees in 000 | | | |
| Bank balances | 1,309,988 | 8,584 | 517,578 | 724 |
| Accrued mark-up | 17,755 | - | 7,669 | - |
| Accrued mark-up on running finance | 3,810 | 2,926 | 347 | - |
| Revenue | - | 2,218,734 | - | 4,858,178 |
| Other income | | | | |
| a) Profit on saving accounts and term deposit receipts | 64,965 | 2,515 | 43,765 | - |
| b) Gain from sale of investment | - | 925,506 | - | - |
| c) Unrealised gain on investment | 928 | - | - | - |
| d) Dividend income | - | 77,493 | - | 51,662 |
| e) Others including exchange gain on actual currency | - | 58,820 | - | 18,893 |
| Mark-up / interest expense | 12,022 | 8,339 | 3,243 | 2,973 |

## 48. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of the Company in their meeting held on September 19, 2018 have proposed final cash dividend of Rs. Nil (2017: Rs.5.00) per share, amounting to Rs. Nil (2017: Rs.225.013 million), for the year ended June 30, 2018.

## 49. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification have been made:

| Reclassified from component | Reclassified to component | June 30, 2017 Rupees in '000 |
|---|---|---|
| Trade and other payable | Unclaimed dividend (Disclosed on the face of consolidated statement of financial position) | 7,732 |

## 50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 19, 2018 by the Board of Directors of the Company.

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

**Muhammad Umair**
Chief Financial Officer

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

Name of the Company: Ghandhara Nissan Limited
Year Ended: June 30, 2018

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

1. The total number of directors are 9 as per the following
   a. Male: 09
   b. Female: Nil

2. The composition of Board is as follows:
   a. Independent Director: 01
   b. Other Non-executive Directors: 07
   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:

| | | Category | | |
|---|---|---|---|---|
| Sr. No. | Name of Directors | Independent (1) | Non-Executive (7) | Executive (1) |
| 1. | Mr. Polad Merwan Polad | ✓ | | |
| 2. | Mr. Ahmed Kuli Khan Khattak | | | ✓ |
| 3. | Mr. Raza Kuli Khan Khattak | | ✓ | |
| 4. | Lt. Gen. (Retd.) Ali Kuli Khan Khattak | | ✓ | |
| 5. | Mr. Jamil A. Shah | | ✓ | |
| 6. | Mr. Mushtaq Ahmed Khan (FCA) | | ✓ | |
| 7. | Mr. M. Saleem Baig | | ✓ | |
| 8. | Syed Haroon Rashid | | ✓ | |
| 9. | Mr. Muhammad Zia | | ✓ | |

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 has arranged a presentation for the directors in order to appraise them with the significant changes introduced through the Listed Companies (Code of Corporate Governance) Regulations, 2017. This also covered changes introduced through Companies Act, 2017 with regards to powers of Board of Directors and disclosure requirements in financial statements. The incoming directors are also provided with appropriate briefing and orientation material to enable them firsthand knowledge on the working of the company. Out of the nine, two Directors have already obtained Directors' Training certification, three Directors are exempted from requirement by virtue of their experience as prescribed by the SECP, two Directors have to apply for relaxation/ exemption and remaining two Directors will undertake the Directors' Training Program within the stipulated time.

10. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

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. Jamil A. Shah - Member
- Mr. Muhammad Zia - Member

b) Human Resource and Remuneration Committee:

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

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

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

Karachi
Dated: 19th September, 2018

# Independent Auditor's 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, 2018, 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, 2018.

**JUNAIDY SHOAIB ASAD**
**CHARTERED ACCOUNTANTS**
**KARACHI: SEPTEMBER 19, 2018**

**SHINEWING HAMEED CHAUDHRI & CO.**
**CHARTERED ACCOUNTANTS**
**KARACHI: SEPTEMBER 19, 2018**

# Key Operating and Financial Data

(Rs. in '000')

| Particulars | Jun-18 | Jun-17 | Jun-16 | Jun-15 | Jun-14 | Jun-13 (Restated) |
|---|---|---|---|---|---|---|
| Sales | 2,218,734 | 4,858,178 | 5,005,148 | 5,445,392 | 2,619,910 | 1,852,238 |
| Gross profit / (Loss) | 433,304 | 930,995 | 1,092,201 | 1,131,014 | 471,089 | 225,800 |
| Profit/(Loss) before tax | 1,252,196 | 740,609 | 832,511 | 787,277 | 269,695 | 17,693 |
| Profit/(Loss) after tax | 1,037,521 | 409,960 | 546,263 | 508,867 | 173,930 | 10,234 |
| Share Capital | 450,025 | 450,025 | 450,025 | 450,025 | 450,025 | 450,025 |
| Shareholders equity without revaluation surplus | 3,695,640 | 1,803,568 | 1,601,216 | 1,274,111 | 824,400 | 632,844 |
| Shareholders equity with revaluation surplus | 4,667,881 | 2,792,138 | 2,618,880 | 2,322,406 | 1,878,588 | 1,346,133 |
| Fixed Assets | 2,133,465 | 1,983,445 | 1,852,218 | 1,749,285 | 1,764,038 | 1,326,266 |
| Total Assets | 5,825,353 | 3,857,777 | 4,081,090 | 3,571,264 | 3,434,954 | 2,217,550 |
| Unit Produced and Supplied (Contract Assembly) | 4,525 | 4,197 | 2,106 | 1,527 | 1,628 | 1,568 |
| Units Produced | 359 | 720 | 804 | 852 | 384 | 214 |
| Units Sold (CBU) | 526 | 69 | 69 | 87 | 52 | 9 |
| Units Sold (CKD) | 177 | 702 | 807 | 856 | 380 | 226 |
| Interim Dividend - Cash | - | - | 10% | - | - | - |
| Dividend - Cash | - | 50% | 50% | 45% | 20% | - |
| **Ratios** | | | | | | |
| Profitability | | | | | | |
| Gross profit margin | 19.5% | 19.2% | 21.8% | 20.8% | 18.0% | 12.2% |
| Profit/(Loss) before tax | 56.4% | 15.2% | 16.6% | 14.5% | 10.3% | 1.0% |
| Profit/(Loss) after tax | 46.7% | 8.4% | 10.9% | 9.3% | 6.6% | 0.6% |
| **Return to shareholders:** | | | | | | |
| Return/(Loss) on Equity without surplus(BT) | 33.9% | 41.0% | 52.0% | 61.8% | 32.7% | 2.8% |
| Return/(Loss) on Equity without surplus (AT) | 28.1% | 22.7% | 34.1% | 39.9% | 21.1% | 1.6% |
| Earning/(Loss) per share (BT) - Rs. | 27.79 | 16.45 | 18.50 | 17.49 | 5.99 | 0.39 |
| Earning/(Loss) per share (AT) - Rs. | 23.02 | 9.10 | 12.14 | 11.31 | 3.86 | 0.23 |
| **Basic Earning Per Share** | 23.02 | 9.10 | 12.14 | 11.31 | 3.86 | 0.23 |
| **Activity:** | | | | | | |
| Sales to total assets - Times | 0.38 | 1.26 | 1.23 | 1.52 | 0.76 | 0.84 |
| Sales to fixed assets -Times | 1.04 | 2.45 | 2.70 | 3.11 | 1.49 | 1.40 |
| **Liquidity:** | | | | | | |
| Current ratio -Times | 3.20 | 1.60 | 1.30 | 1.97 | 1.18 | 1.02 |
| Break-up value per share- Rs. | 103.72 | 62.04 | 58.19 | 51.61 | 41.74 | 29.91 |

# Pattern of Shareholding

**As at 30th June 2018**

| No. of Shareholders | Having Shares | | Shares Held | Percentage |
|---|---|---|---|---|
| | From | To | | |
| 1,187 | 1 | 100 | 72,241 | 0.1605 |
| 1,934 | 101 | 500 | 725,015 | 1.6111 |
| 767 | 501 | 1,000 | 652,243 | 1.4493 |
| 869 | 1,001 | 5,000 | 2,084,300 | 4.6315 |
| 149 | 5,001 | 10,000 | 1,126,292 | 2.5027 |
| 44 | 10,001 | 15,000 | 547,738 | 1.2171 |
| 26 | 15,001 | 20,000 | 473,472 | 1.0521 |
| 11 | 20,001 | 25,000 | 244,248 | 0.5427 |
| 15 | 25,001 | 30,000 | 418,877 | 0.9308 |
| 2 | 30,001 | 35,000 | 66,500 | 0.1478 |
| 2 | 35,001 | 40,000 | 79,000 | 0.1755 |
| 3 | 40,001 | 45,000 | 129,800 | 0.2884 |
| 4 | 45,001 | 50,000 | 200,000 | 0.4444 |
| 3 | 50,001 | 55,000 | 158,000 | 0.3511 |
| 3 | 55,001 | 60,000 | 174,284 | 0.3873 |
| 5 | 60,001 | 65,000 | 308,924 | 0.6865 |
| 3 | 65,001 | 70,000 | 205,900 | 0.4575 |
| 2 | 70,001 | 75,000 | 150,000 | 0.3333 |
| 1 | 75,001 | 80,000 | 80,000 | 0.1778 |
| 3 | 85,001 | 90,000 | 265,900 | 0.5909 |
| 1 | 90,001 | 95,000 | 95,000 | 0.2111 |
| 2 | 95,001 | 100,000 | 197,400 | 0.4386 |
| 2 | 100,001 | 105,000 | 206,835 | 0.4596 |
| 1 | 110,001 | 115,000 | 110,100 | 0.2447 |
| 1 | 125,001 | 130,000 | 130,000 | 0.2889 |
| 1 | 145,001 | 150,000 | 149,500 | 0.3322 |
| 1 | 205,001 | 210,000 | 208,500 | 0.4633 |
| 1 | 210,001 | 215,000 | 214,200 | 0.4760 |
| 1 | 230,001 | 235,000 | 235,000 | 0.5222 |
| 1 | 245,001 | 250,000 | 245,813 | 0.5462 |
| 2 | 250,001 | 255,000 | 506,200 | 1.1248 |
| 1 | 300,001 | 305,000 | 304,600 | 0.6769 |
| 1 | 580,001 | 585,000 | 580,100 | 1.2890 |
| 1 | 1,205,001 | 1,210,000 | 1,205,211 | 2.6781 |
| 1 | 1,375,001 | 1,380,000 | 1,377,100 | 3.0601 |
| 1 | 2,190,001 | 2,195,000 | 2,190,700 | 4.8680 |
| 1 | 3,645,001 | 3,650,000 | 3,647,090 | 8.1042 |
| 1 | 5,115,001 | 5,120,000 | 5,119,820 | 11.3767 |
| 1 | 20,115,001 | 20,120,000 | 20,116,597 | 44.7011 |
| **5,055** | | | **45,002,500** | **100.0000** |

# Categories of Shareholders

## As at 30th June 2018

| No. | Categories of Shareholders | Number of Shares held | Category wise No. of Folios/CDC A/Cs | Category wise shares held | % |
|---|---|---|---|---|---|
| 1 | **Director, CEO, their Spouses and minor children** | | 19 | 198,345 | 0.4407 |
| | Mr. Raza Kuli Khan Khattak | 62,569 | | | |
| | Lt. Gen. (Retd.) Ali Kuli Khan Khattak | 60,070 | | | |
| | Mr. Ahmed Kuli Khan Khattak | 69,565 | | | |
| | Mr. Mushstaq Ahmed Khan | 3,805 | | | |
| | Mr. Jamil Ahmed Shah | 1,312 | | | |
| | Mr. Muhammad Zia | 512 | | | |
| | Mr. Muhammad Saleem Baig | 500 | | | |
| | Mr. Polad Merwan Polad | 12 | | | |
| 2 | **Associate Companies** | | 5 | 28,990,907 | 64.4207 |
| | Bibojee Services (Pvt) Ltd. | 25,343,817 | | | |
| | UD Truck Corporation Japan | 3,647,090 | | | |
| | (Formerly Nissan Diesel Motor Co. Ltd. Japan) | | | | |
| 3 | **NIT & ICP** | | 2 | 1,210,961 | 2.6909 |
| | CDC - Trustee National Investment (unit) Trust | 1,205,211 | | | |
| | Investment Corporation of Pakistan | 5,750 | | | |
| 4 | **Banks, DFI & NBFI** | | 6 | 1,231,310 | 2.7361 |
| | Meezan Bank Limited | 255,000 | | | |
| | National Bank of Pakistan | 1,510 | | | |
| | MCB Bank Limited – Treasury | 580,100 | | | |
| | Pak Brunei Investment Company Limited | 87,100 | | | |
| | MCB Islamic Bank Limited | 304,600 | | | |
| | Pak-Qatar Investment (Pvt.) Limited | 3,000 | | | |
| 5 | **Insurance Companies** | | 7 | 2,264,118 | 5.0311 |
| | Gulf Insurance Company Limited | 17,800 | | | |
| | Premier Insurance Limited | 3,900 | | | |
| | EFU Life Assurance Limited | 2,190,700 | | | |
| | Excel Insurance Co. Ltd. | 15,000 | | | |
| | Dawood Family Takaful Limited | 14,000 | | | |
| | Takaful Pakistan Limited | 6,000 | | | |
| | Askari General Insurance Company Limited | 16,718 | | | |
| 6 | **Modarabas & Mutual Funds** | | 17 | 402,000 | 0.8933 |
| | FIRST UDL MODARABA | 100 | | | |
| | FIRST ALNOOR MODARABA | 2,600 | | | |
| | CDC - TRUSTEE AL MEEZAN MUTUAL FUND | 235,000 | | | |
| | BMA CAPITAL MANAGEMENT LTD. - MUTUAL FUND | 4,000 | | | |
| | JS GLOBAL CAPITAL LIMITED - MUTUAL FUND | 10,600 | | | |
| | STANDARD CAPITAL SECURITIES (PVT) LIMITED - MUTUAL FUND | 16,000 | | | |
| | ARIF HABIB LIMITED - MUTUAL FUND | 3,000 | | | |
| | BIPL SECURITIES LIMITED - MUTUAL FUND | 10,400 | | | |
| | AXIS GLOBAL LIMITED - MUTUAL FUND | 9,900 | | | |
| | HORIZON SECURITIES LIMITED - MUTUAL FUND | 2,000 | | | |
| | BACKERS & PARTNERS (PRIVATE) LIMITED - MUTUAL FUND | 5,100 | | | |
| | MRA SECURITIES LIMITED - MUTUAL FUND | 68,900 | | | |
| | BAWA SECURITIES (PVT) LTD. - MUTUAL FUND | 12,100 | | | |
| | SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED - MUTUAL FUND | 2,500 | | | |
| | MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES(P)LTD - MUTUAL FUND | 9,600 | | | |
| | ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED - MUTUAL FUND | 4,700 | | | |
| | TIME SECURITIES (PVT.) LIMITED - MUTUAL FUND | 5,500 | | | |
| **7** | **General Public (Local)** | | **4,646** | **8,694,926** | **19.3210** |
| **8** | **General Public (Foreign)** | | **274** | **385,010** | **0.8555** |
| **9** | **Foreign Companies** | | **2** | **101,000** | **0.2244** |
| **10** | **Others** | | **77** | **1,523,923** | **3.3863** |
| | | | **5,055** | **45,002,500** | **100.0000** |

| **Shareholders holding 10% or more Voting interest in the Company** | **Share held** | **Percentage** |
|---|---|---|
| Bibojee Services (Pvt) Limited | 25,343,817 | 56.32 |

# Directors' Report on Consolidated Financial Statements

The directors are pleased to present their report together with consolidated financial statements of Ghandhara Nissan Limited (GNL) and its subsidiary Ghandhara DF (Pvt.) Limited for the year ended 30th June 2018.

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

The consolidated financial statements show turnover of Rs.4,896.6 million (last year Rs.6,568.8 million), gross profit of Rs. 778.8 million (last year Rs.1,212.3 million) and profit after tax of Rs. 1,348.3 million (last year Rs.719.2 million).

Dongfeng business has seen commendable growth during the year due to consistency in performance and offering value-for-money to the esteemed customers.

Going forward, the brand is expecting accelerating demand from Oil Sector due to fleet replacement as a result of OGRA requirements and infrastructural projects in pipeline. Taking this into consideration, we have been introducing new variants to comply with the upcoming market requirements.

Considering the growing business of Dongfeng trucks, together with the impact of recently introduced JAC and Renault Trucks, we are confident to offer added value to our stakeholders.

For and on behalf of the Board of Directors

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

Karachi
Dated: 19th September, 2018

# مجموعی مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ

گندھارا نسان لمیٹڈ (GNL) اور اس کی ذیلی کمپنی گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی گوشواروں برائے محتتمہ سال 30 جون 2018 پیش کرتے ہوئے ڈائریکٹران اظہار مسرت کرتے ہیں۔

کمپنی نے اپنے مالیاتی گوشواروں کے ساتھ مجموعی مالیاتی گوشوارے منسلک کردیئے ہیں جو کہ عالمی معیاری رپورٹنگ کے معیار نمبر 10 کے مطابق منسلک کرنا ضروری ہیں

منسلک کردیئے ہیں جو کہ عالمی معیاری رپورٹنگ کے معیار نمبر 10 کے مطابق منسلک کرنا ضروری ہیں

مجموعی مالیاتی گوشوارے میں فروخت 4,896.6 ملین روپے (گزشتہ سال 6,568.8 ملین روپے)، خام منافع 778.8 ملین روپے (گزشتہ سال 1.212.3 ملین روپے) اور منافع بعد از ٹیکس 1,348.3 ملین روپے (گزشتہ سال 719.2 ملین روپے) رہا۔

کارکردگی میں تسلسل اور معزز گاہکوں کی رقم کے عوض انہیں بہترین مصنوعات کی فراہمی کی وجہ سے سال کے دوران ڈونگ فینگ کی کاروباری سرگرمی قابل تعریف رہی۔

مزید برآں تیل ترسیل کی مارکیٹ میں اوگرا کی مطلوبات کے مطابق بیڑے میں نئی گاڑیوں کی شمولیت اور زیر تکمیل بنیادی ڈھانچے کے نئے پروجیکٹس کی وجہ سے ہمارے برانڈ کی طلب تیزی سے بڑھتی جارہی ہے۔ اس بات کو مد نظر رکھتے ہوئے ہم نئی اقسام کی گاڑیاں متعارف کرارہے ہیں۔

ڈونگ فینگ ٹرکس کے بڑھتے ہوئے کاروبار اور حال ہی میں متعارف کئے گئے JAC اور رینالٹ ٹرکس کے اثرات کے پیش نظر ہمیں قوی امید ہے کہ ہم تمام مستفیدان کو بہترین منفعت فراہم کرنے میں کامیاب ہوجائیں گے۔

برائے و منجانب بورڈ آف ڈائریکٹرز

احمد قلی خان خٹک
چیف ایگزیکٹو آفسر

سید ہارون رشید
ڈائریکٹر

کراچی
مورخہ: 19 ستمبر 2018

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHANDARA 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, 2018, and the consolidated statement of profit or loss and other 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, 2018, 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 Auditor's 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 Matters

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 are the Key Audit Matters:

| S.No. | Key Audit Matters | How the matter was addressed in our audit |
|---|---|---|
| **1.** | **Compliance with Laws and Regulations and changes in 4th Schedule** | |
| | The Companies Act, 2017 (the Act, 2017) promulgated on May 30, 2017. The Act, 2017 revised and replaced the Fourth Schedule of the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the consolidated financial statements by elimination of duplicative disclosures with IFRS disclosure requirements and incorporation of significant additional disclosures. These changes are applicable first time to the Group's consolidated financial statements for the year ended June 30, 2018.<br><br>The changes are considered as a key audit matter in view of the extensive impacts on the consolidated financial statements of the Group.<br><br>Refer note 2, 6, 7, 10, 14.2, 15.2, 36.2, 44, 46 and 48 of the consolidated financial statements for changes in disclosures made through the Act, 2017. | Our audit procedures in respect of this area included:<br>Obtained an understanding of the related provisions and schedules of the Act, 2017 applicable to the Group and prepared document to assess the Group's compliance with the disclosure requirements of the Act, 2017;<br>We discussed the applicable changes with the Group's management and those charged with governance as to whether the Group is in compliance with such changes;<br>We also maintained a high level of vigilance when carrying out our other audit procedures for indication of non-compliance; and<br>We ensured that the consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the Act, 2017. |

Following are the Key Audit Matters:

| S.No. | Key Audit Matters | How the matter was addressed in our audit |
|---|---|---|
| **2.** | **Disposal of investment in an Associated Company and resulting gain** | |
| | The Holding Company during the year, after approval from its Board of Directors disposed-off 1.1 million shares of Ghandhara Industries Limited - an Associated Company and recorded a gain of Rs.790.62 million. The disposal made for generating cashflows to be used in planned expansion of car plant. We identified this area as key audit matter because the gain on disposal of shares constitutes 48.46% of profit before tax of the Group for the year ended June 30, 2018.<br><br>Refer note 2.1 and 9.1.1 of the consolidated financial statements. | Our audit procedures in respect of this area included:<br>Reviewed minutes of meeting of the Board of Directors regarding partial disposal of shares in Associated Company;<br>Verified number of shares disposed, share price and other relevant information from underlying supporting documents;<br>Performed recalculation for computation of gain on sale of shares; and<br>We also considered the adequacy of the disclosures made in the consolidated financial statements in relation to the disposal of shares. |
| **3.** | **Stock-in-trade** | |
| | The Group's stock-in-trade has been increased significantly from Rs.699.54 million at June 30, 2017, to Rs.1,767.58 million at June 30, 2018. During the current financial year, the management increased the stock levels of the Group due to local assembly of JAC trucks and increased business activity of DongFeng. We identified this area as key audit matter because stock-in-trade increased by 152.68% as at June 30, 2018.<br><br>Refer note 2.3 and 13 of the consolidated financial statements. | Our audit procedures in respect of this area included:<br>Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;<br>Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;<br>Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and<br>We also considered the adequacy of the disclosures made in the consolidated financial statements. |

## Information Other than the Consolidated Financial Statements and Auditor's Report

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 auditor's report thereon.

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

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

## Responsibilities of Management and Board of Directors for the 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 are responsible for overseeing the Group's financial reporting process.

## Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 partners on the audit resulting in this independent auditor's report are Farrukh V. Junaidy from Junaidy Shoaib Asad and Raheel Ahmed from ShineWing Hameed Chaudhri & Co.

**JUNAIDY SHOAIB ASAD**
**CHARTERED ACCOUNTANTS**
**KARACHI: SEPTEMBER 19, 2018**

**SHINEWING HAMEED CHAUDHRI & CO.**
**CHARTERED ACCOUNTANTS**
**KARACHI: SEPTEMBER 19, 2018**

# Consolidated Financial Statements


100. Consolidated Statement of Financial Position
101. Consolidated Statement of Profit or Loss Account and other Comprehensive Income
102. Consolidated Statement of Cash Flows
103. Consolidated Statement of Changes in Equity
104. Notes to the Consolidated Financial Statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT JUNE 30, 2018**

| | Note | 2018 | Restated 2017 | Restated July 1, 2016 |
|---|---|---|---|---|
| **ASSETS** | | ---------- Rupees in '000 ---------- | | |
| **Non current assets** | | | | |
| Property, plant and equipment | 7 | **2,140,333** | 1,992,030 | 1,862,949 |
| Intangible assets | 8 | **2,900** | 258 | 344 |
| Long term investments | 9 | **886,352** | 857,012 | 647,079 |
| Long term loans | 10 | **6,972** | 9,546 | 9,438 |
| Long term deposits | 11 | **20,735** | 19,266 | 17,487 |
| | | **3,057,292** | 2,878,112 | 2,537,297 |
| **Current assets** | | | | |
| Stores, spares and loose tools | 12 | **91,767** | 86,474 | 68,048 |
| Stock-in-trade | 13 | **1,767,583** | 699,540 | 1,249,977 |
| Trade debts | 14 | **1,201,044** | 516,167 | 448,895 |
| Loans and advances | 15 | **76,224** | 51,235 | 51,993 |
| Deposits and prepayments | 16 | **18,931** | 31,372 | 23,333 |
| Investment | 17 | **100,928** | - | - |
| Other receivables | 18 | **146,617** | 89,761 | 158,323 |
| Taxation - net | | **66,965** | - | 132,113 |
| Cash and bank balances | 19 | **1,323,012** | 573,693 | 394,789 |
| | | **4,793,071** | 2,048,242 | 2,527,471 |
| **Non current asset classified as held for sale** | | **-** | 137,909 | - |
| **Total assets** | | **7,850,363** | 5,064,263 | 5,064,768 |
| **EQUITY AND LIABILITIES** | | | | |
| **Share capital and reserves** | | | | |
| **Share capital** | 20 | **450,025** | 450,025 | 450,025 |
| Subscription money against right issue | | **1,054,319** | - | - |
| Capital reserve | | | | |
| - share premium | | **40,000** | 40,000 | 40,000 |
| - surplus on revaluation of fixed assets | 21 | **1,286,608** | 1,389,904 | 1,370,097 |
| - Items directly credited to equity by an Associate | | **70,235** | 68,426 | 66,516 |
| | | **1,396,843** | 1,498,330 | 1,476,613 |
| Revenue reserve - unappropriated profit | | **2,966,287** | 1,818,045 | 1,306,554 |
| Equity attributable to shareholders of the Holding Company | | **5,867,474** | 3,766,400 | 3,233,192 |
| Non-controlling interest | | **44** | 26 | 11 |
| **Total equity** | | **5,867,518** | 3,766,426 | 3,233,203 |
| **Liabilities** | | | | |
| **Non current liabilities** | | | | |
| Liabilities against assets subject to finance lease | 22 | **65,828** | 92,194 | 40,177 |
| Long term deposits | 23 | **9,611** | 9,611 | 8,611 |
| Deferred gain on sale and lease back transaction | 24 | **-** | 6 | 11 |
| Deferred taxation | 25 | **265,416** | 282,843 | 274,145 |
| | | **340,855** | 384,654 | 322,944 |
| **Current liabilities** | | | | |
| Trade and other payables | 26 | **1,429,111** | 862,747 | 1,489,973 |
| Accrued mark-up on running finance | | **9,528** | 347 | 136 |
| Running finance under mark-up arrangements | 27 | **153,661** | - | - |
| Current portion of liabilities against assets subject to finance lease | 22 | **39,015** | 38,313 | 13,659 |
| Taxation - net | | **-** | 4,044 | - |
| Unclaimed dividend | | **10,675** | 7,732 | 4,853 |
| | | **1,641,990** | 913,183 | 1,508,621 |
| **Total liabilities** | | **1,982,845** | 1,297,837 | 1,831,565 |
| **Contingencies and commitments** | 28 | | | |
| **Total equity and liabilities** | | **7,850,363** | 5,064,263 | 5,064,768 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

| **Ahmed Kuli Khan Khattak** | **Syed Haroon Rashid** | **Muhammad Umair** |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

**FOR THE YEAR ENDED JUNE 30, 2018**

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ---- Rupees in '000 ---- | |
| Revenue | 29 | 4,896,644 | 6,568,846 |
| Cost of sales | 30 | (4,117,779) | (5,356,508) |
| **Gross profit** | | 778,865 | 1,212,338 |
| Distribution cost | 31 | (66,768) | (54,473) |
| Administrative expenses | 32 | (237,699) | (214,224) |
| Other income | 33 | 861,628 | 26,567 |
| Other expenses | 34 | (20,451) | (54,889) |
| **Profit from operations** | | 1,315,575 | 915,319 |
| Finance cost | 35 | (31,152) | (9,620) |
| | | 1,284,423 | 905,699 |
| Share of profit of an Associate | | 346,934 | 210,870 |
| **Profit before taxation** | | 1,631,357 | 1,116,569 |
| Taxation | 36 | (283,001) | (397,369) |
| **Profit after taxation** | | 1,348,356 | 719,200 |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of staff retirement benefit obligation | | (4,200) | (16,698) |
| Impact of deferred tax | | 1,218 | 5,009 |
| Share of other comprehensive loss of an Associate | | (328) | (86) |
| Effect of change in tax rates on balance of revaluation of fixed assets | | 11,898 | - |
| Other comprehensive income / (loss) for the year - net of tax | | 8,588 | (11,775) |
| **Total comprehensive income for the year** | | 1,356,944 | 707,425 |
| **Attributable to:** | | | |
| - Shareholders of the Holding Company | | 1,356,926 | 707,410 |
| - Non-controlling interest | | 18 | 15 |
| | | 1,356,944 | 707,425 |
| | | | Restated |
| | | ---- Rupees ---- | |
| **Earnings per share** - basic and diluted | 37 | 29.92 | 15.96 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

**Muhammad Umair**
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2018**

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 1,631,357 | 1,116,569 |
| **Adjustments for non-cash charges and other items:** | | |
| Depreciation and amortisation | 110,247 | 97,407 |
| Provision for gratuity and compensated absences | 8,120 | 8,654 |
| Interest income | (16,389) | (9,278) |
| Loss / (gain) on disposal of property, plant and equipment | 293 | (3,692) |
| Gain on disposal of non current assets for sale | (36,802) | - |
| Gain on disposal of investment in an Associated Company | (790,615) | - |
| Unrealised gain on investments | (928) | - |
| Share of profit of an Associate | (346,934) | (210,870) |
| Amortization of gain on sale and lease back of fixed assets | (6) | (5) |
| Finance cost | 31,152 | 6,952 |
| Exchange gain - net | (76) | - |
| **Operating profit before working capital changes** | 589,419 | 1,005,737 |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (5,293) | (18,426) |
| Stock-in-trade | (1,068,043) | 550,437 |
| Trade debts | (684,877) | (67,272) |
| Loans and advances | (24,989) | 758 |
| Deposit and prepayments | 12,441 | (8,039) |
| Other receivables | (56,856) | 128,162 |
| | (1,827,617) | 585,620 |
| Increase / (decrease) in trade and other payables | 567,547 | (573,615) |
| **Cash (used in) / generated from operations** | (670,651) | 1,017,742 |
| Gratuity and compensated absences paid | (13,427) | (78,963) |
| Long term loans - net | 2,574 | (108) |
| Long term deposits - net | - | 1,000 |
| Finance cost paid | (21,971) | (6,741) |
| Taxes paid | (358,321) | (247,505) |
| **Net cash (used in) / generated from operating activities** | (1,061,796) | 685,425 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Fixed capital expenditure | (246,613) | (334,082) |
| Intangible assets | (2,980) | - |
| Proceeds from disposal of property, plant and equipment | 177,914 | 5,986 |
| Proceeds from disposal of investment in an Associated Company | 945,230 | - |
| Interest income received | 16,389 | 9,475 |
| Short term investment | (100,000) | - |
| Long term deposits - net | (1,469) | (1,779) |
| Dividend received | 77,493 | 51,662 |
| **Net cash generated from / (used in) investing activities** | 865,964 | (268,738) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Lease finances - net | (40,759) | (15,649) |
| Running finance under mark-up arrangements | 153,661 | - |
| Dividend paid | (222,070) | (222,134) |
| Subscription money against right issue | 1,054,319 | - |
| **Net cash generated from / (used in) financing activities** | 945,151 | (237,783) |
| **Net increase in cash and cash equivalents** | 749,319 | 178,904 |
| Cash and cash equivalents at beginning of the year | 573,693 | 394,789 |
| **Cash and cash equivalents at end of the year** | 1,323,012 | 573,693 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

| Ahmed Kuli Khan Khattak | Syed Haroon Rashid | Muhammad Umair |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2018

| | Share capital | Subscription money against right issue | Share premi -um | Items directly credited to equity by an Associate | Unappro- priated profit | Surplus on revaluation of fixed assets | Total | Non - controlling interest |
|---|---|---|---|---|---|---|---|---|
| | Rupees in '000 | | | | | | | |
| Balance as at July 1, 2016 - as previously stated | 450,025 | - | 40,000 | 66,516 | 1,306,554 | - | 1,863,095 | 11 |
| Effect of restatement - note 6 | - | - | - | - | - | 1,370,097 | 1,370,097 | - |
| **Balance as at July 1, 2016** - as restated | 450,025 | - | 40,000 | 66,516 | 1,306,554 | 1,370,097 | 3,233,192 | 11 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| Final dividend for the year ended June 30, 2016 at the rate of Rs.5.00 per share | - | - | - | - | (225,013) | - | (225,013) | - |
| **Total comprehensive income for the year ended June 30, 2017** | | | | | | | | |
| Profit for the year | - | - | - | - | 719,185 | - | 719,185 | 15 |
| Other comprehensive loss | - | - | - | - | (11,775) | - | (11,775) | - |
| | - | - | - | - | 707,410 | - | 707,410 | 15 |
| Share of surplus arise due to revaluation of an Associated Company | - | - | - | - | - | 50,811 | 50,811 | - |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | - | - | - | - | 29,094 | (29,094) | - | - |
| Effect of item directly credited in equity by an Associated Company | - | - | - | 1,910 | - | (1,910) | - | - |
| **Balance as at June 30, 2017** - as restated | **450,025** | **-** | **40,000** | **68,426** | **1,818,045** | **1,389,904** | **3,766,400** | **26** |
| **Transaction with owners, recognised directly in equity** | | | | | | | | |
| Final dividend for the year ended June 30, 2017 at the rate of Rs.5.00 per share | - | - | - | - | (225,013) | - | (225,013) | - |
| **Total comprehensive income for the year ended June 30, 2018** | | | | | | | | |
| Profit for the year | - | - | - | - | 1,348,338 | - | 1,348,338 | 18 |
| Other comprehensive (loss) / income | - | - | - | - | (3,310) | 11,898 | 8,588 | - |
| | - | - | - | - | 1,345,028 | 11,898 | 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 Associated Company | - | - | - | 1,809 | - | (1,809) | - | - |
| Gross subscription money received | - | 1,068,306 | - | - | - | - | 1,068,306 | - |
| Issuance cost | - | (13,987) | - | - | - | - | (13,987) | - |
| | - | 1,054,319 | - | - | - | - | 1,054,319 | - |
| **Balance as at June 30, 2018** | **450,025** | **1,054,319** | **40,000** | **70,235** | **2,966,287** | **1,286,608** | **5,867,474** | **44** |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

**Muhammad Umair**
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 2018

### 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 Disposal of 1.1 million shares of an Associated Company

During the year, the Holding Company has disposed-off 1.1 million shares of Ghandhara Industries Limited - an associated company for the purpose of expansion of car plant. Refer note 9.1.1 for detailed information.

### 2.2 Subscription money against right issue

During the year, the Board of Directors in their meeting held on April 24, 2018 approved issue of 12,000,000 right shares of Rs.100 each (including premium of Rs.90 per right share) in proportion of 26.67 shares for every 100 shares held as at May 15, 2018. At June 30, 2018, the Holding Company received 1,068.31 million against the above right issue in a separate bank account maintained with Summit Bank Limited (Refer note 19).

### 2.3 Introduction of JAC trucks

The Group initially started import and marketing of JAC trucks in CBU condition. It was followed by local assembly of JAC units in CKD condition. The sales from JAC trucks constitute 15.39% of sales. The JAC trucks constitutes 22.30% of stock-in-trade.

### 2.4 Companies Act, 2017

Due to applicability of the Companies Act, 2017, the amounts reported for equity for the previous years have been restated. Refer note 6 for detailed information.

**2.5** For details on performance review of the Group, 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.

### 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, 2018 and June 30, 2017.

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

- it has power to direct the relevant activities of the subsidiary;

- is exposed to variable returns from the subsidiary; and

- decision making power allows the Group to affects its variable returns from the subsidiary.

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

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

### 3.3 Transactions and non-controlling interests

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

### 3.4 Functional and presentation currency

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

### 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, 2017:

**(a)** Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

**(b)** Amendment to IAS 12, 'Income taxes' is applicable on annual periods beginning on or after January 1, 2017. The amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax.

**(c)** The Companies Act, 2017, promulgated last year, is applicable on the presentation of the financial statements for the current year. The Companies Act, 2017 has also revised the 4th Schedule to the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of financial statement of the listed companies. These changes are applicable on the financial statements for the year ended June 30, 2018.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 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, 2017 and have not been early adopted by the Group:

**(a)** IFRS 9, 'Financial instruments' is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model currently being used. The standard not likely to have material impact on the Group's financial statements.

**(b)** 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 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. July 1, 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Group has yet to assess the full impact of this standard on its financial statements.

**(c)** Amendment to IAS 12 'Income taxes' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendment clarifies 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, other comprehensive income or equity. The amendment is not likely to have material impact on the Company's financial statements.

**(d)** Amendments to IAS 23 'Borrowing Costs' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance 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. The amendments are not likely to have material impact on the Group's financial statements.

**(e)** IFRIC 22 'Foreign Currency Transactions and Advance Consideration' is applicable for annual periods beginning on or after January 1, 2018. The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The interpretation is not expected to have a material impact on the Company's financial statements.

**(f)** IFRIC 23 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The interpretation clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS12. 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.

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 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 5.6)
**(iii)** Provision for staff benefits (note 5.11)
**(iv)** Provision for warranty (note 5.13)
**(v)** Provision for taxation (note 5.15)

## 5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These polices 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 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 7.1. 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.

**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 8.

### 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 Investments

#### 5.4.1 Investments in an Associated Company

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

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

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

#### 5.4.2 Held to maturity

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

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

#### 5.4.3 Available for sale

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

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

### 5.5 Stores, spares and loose tools

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

### 5.6 Stock-in-trade

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

| 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.

### 5.7 Trade debts and other receivables

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

### 5.8 Loans and receivables

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

### 5.9 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.

### 5.10 Mark-up bearing loans and borrowings

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

### 5.11 Staff benefits - The Holding Company

#### 5.11.1 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, 2018 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.

### 5.11.2 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.

### 5.12 Trade and other payables

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

### 5.13 Warranty obligations

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

### 5.14 Research and development cost

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

### 5.15 Taxation

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

#### Current

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

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the 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.

### 5.16 Financial assets and liabilities

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

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

### 5.17 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 counter party.

### 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.

### 5.19 Revenue recognition

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

**Trading**

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

**Manufacturing**

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

**Other**

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

### 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 translation

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

### 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 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.

### 5.24 Segment reporting

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

### 5.25 Dividend and appropriation to reserves

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

## 6. CHANGE IN ACCOUNTING POLICY

During the year, the Group changed its accounting policy for the surplus on revaluation of fixed assets, after enactment of the Companies Act, 2017, which has not carried forward requirement of disclosing the surplus on revaluation of fixed assets as a separate item below equity. Accordingly, in accordance with the requirements of International Accounting Standard - IAS 16, 'Property, plant and equipment', surplus on revaluation of fixed assets would now be presented within equity. The new accounting policy is explained in note 5.1.1.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

The effect of the change is recognition and presentation of Rs.1,370 million for surplus on revaluation of fixed assets as a capital reserve i.e. separate component of equity and derecognition of surplus on revaluation of fixed assets of Rs.1,370 million, previously presented below equity in the statement of financial position. There is no impact of change in accounting policy on consolidated statement of profit or loss and other comprehensive income and statement of cash flows.

| | As at July 1, 2016 | | | As at June 30, 2017 | | |
|---|---|---|---|---|---|---|
| | As previously stated | Effect of restatement | As restated | As previously stated | Effect of restatement | As restated |
| | --------- Rupees in '000 --------- | | | --------- Rupees in '000 --------- | | |
| **Impact on statement of financial position** | | | | | | |
| Surplus on revaluation of fixed assets (below equity) | 1,370,097 | (1,370,097) | - | 1,389,904 | (1,389,904) | - |
| Surplus on revaluation of fixed assets (within equity) | - | 1,370,097 | 1,370,097 | - | 1,389,904 | 1,389,904 |
| **Impact on statement of changes in equity** | | | | | | |
| Surplus on revaluation of leasehold land | - | 1,370,097 | 1,370,097 | - | 1,389,904 | 1,389,904 |

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Operating fixed assets | 7.1 | 1,947,962 | 1,928,917 |
| Capital work-in-progress includes: | | | |
| Building | | 120,703 | 50,637 |
| Plant and machinery | | 55,686 | 5,797 |
| Furniture and fixtures | | 2,587 | - |
| Vehicles | | 9,795 | 6,679 |
| Computers | | 3,600 | - |
| | | 192,371 | 63,113 |
| | | 2,140,333 | 1,992,030 |

## 7.1 Operating fixed assets

| | Freehold land (note 7.2) | Leasehold land (note 7.2) | Building on freehold land | Leasehold improve-ments | Plant and machinery | Assembly jigs | Furniture and fixtures | Vehicles | | Other equipment | Office equipment | Computers | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Owned | Leased | | | | |
| | Rupees in '000 | | | | | | | | | | | | |
| **At July 1, 2016** | | | | | | | | | | | | | |
| Revaluation / cost | 498,938 | 177,724 | 675,883 | - | 624,874 | 60,317 | 3,440 | 70,304 | 65,762 | 9,532 | 6,328 | 12,688 | 2,205,790 |
| Accumulated depreciation | - | (19,785) | (65,898) | - | (123,029) | (48,007) | (2,630) | (46,076) | (18,098) | (8,980) | (5,505) | (10,597) | (348,605) |
| **Net book value** | **498,938** | **157,939** | **609,985** | **-** | **501,845** | **12,310** | **810** | **24,228** | **47,664** | **552** | **823** | **2,091** | **1,857,185** |
| **Year ended June 30, 2017** | | | | | | | | | | | | | |
| Opening net book value | 498,938 | 157,939 | 609,985 | - | 501,845 | 12,310 | 810 | 24,228 | 47,664 | 552 | 823 | 2,091 | 1,857,185 |
| Additions | - | 207,980 | - | - | 39,442 | - | 14,710 | 4,300 | 32,523 | 6,188 | 3,042 | 1,071 | 309,256 |
| Disposals | | | | | | | | | | | | | |
| - cost | - | - | - | - | - | - | - | (9,613) | - | - | - | (56) | (9,669) |
| - accumulated depreciation | - | - | - | - | - | - | - | 7,348 | - | - | - | 27 | 7,375 |
| | - | - | - | - | - | - | - | (2,265) | - | - | - | (29) | (2,294) |
| Assets classified as held for sale | | | | | | | | | | | | | |
| - cost | - | (162,724) | - | - | - | - | - | - | - | - | - | - | (162,724) |
| - accumulated depreciation | - | 24,815 | - | - | - | - | - | - | - | - | - | - | 24,815 |
| | - | (137,909) | - | - | - | - | - | - | - | - | - | - | (137,909) |
| Depreciation charge | - | (17,527) | (30,499) | - | (26,142) | (2,462) | (204) | (5,213) | (13,610) | (353) | (498) | (813) | (97,321) |
| **Closing 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** |
| **At June 30, 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** | **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** |
| **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 | | | | | | | | | | | | | |
| - cost | - | - | - | - | - | - | - | (6,379) | - | - | - | - | (6,379) |
| - accumulated depreciation | - | - | - | - | - | - | - | 2,883 | - | - | - | - | 2,883 |
| | - | - | - | - | - | - | - | (3,496) | - | - | - | - | (3,496) |
| Transferred from lease to owned assets | | | | | | | | | | | | | |
| - cost | - | - | - | - | - | - | - | 16,840 | (16,840) | - | - | - | - |
| - accumulated depreciation | - | - | - | - | - | - | - | (9,798) | 9,798 | - | - | - | - |
| | - | - | - | - | - | - | - | 7,042 | (7,042) | - | - | - | - |
| 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** | **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** |
| **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** | **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** |
| **Depreciation rate** (% per annum) | | **10** | **5** | **5** | **5** | **20** | **10** | **20** | **20** | **33** | **33** | **33** | |

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

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

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

The Holding Company as on June 30, 2014 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Harvester Services (Pvt.) Ltd., (Approved valuers of Pakistan Banks' Association and Leasing Association of Pakistan) I. I. Chundrigar Road, Karachi. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value (level 2).

The different levels have been defined in IFRS 13 as follows:

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

The appraisal surplus arisen on latest revaluation exercise aggregating Rs.468.345 million has been incorporated in the books of the Holding Company and at the time of latest revaluation, forced sale value of the freehold lands, building on freehold lands and plant & machinery along with jigs were Rs.374.203 million, Rs.483.892 million and Rs.372.435 million respectively.

**7.4** 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:

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Freehold land | **61,456** | 61,456 |
| Buildings on freehold land | **147,444** | 109,472 |
| Plant and machinery | **201,777** | 177,736 |
| Assembly Jigs | **7,834** | 2,262 |

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

| Particular of assets | Cost | Accumulated depreciation | Net book value | Sale proceeds | (Loss) / gain | Mode of disposal | Particular of buyers |
|---|---|---|---|---|---|---|---|
| | ---------- Rupees in '000 ---------- | | | | | | |
| **Items having book value exceeding Rs.500,000 each** | | | | | | | |
| **Vehicles** | | | | | | | |
| | 1,791 | 452 | 1,339 | 678 | (661) | Negotiation | Mr. Muhammad Noman, House # 128/9, Sector 5-E, New Karachi. |
| | 1,791 | 452 | 1,339 | 670 | (669) | Negotiation | Mr. Muhammad Arif, House # B-30, Sector C-1, North Karachi. |
| | 698 | 158 | 540 | 655 | 115 | Negotiation | Mrs.Sameera Usman, House # 173-C, Punjab Cooperative Housing Society, Lahore Cantt, Lahore |
| | **4,280** | **1,062** | **3,218** | **2,003** | **(1,215)** | | |
| **Items having book value upto Rs.500,000 each** | 2,099 | 1,821 | 278 | 1,200 | 922 | | |
| **June 30, 2018** | **6,379** | **2,883** | **3,496** | **3,203** | **(293)** | | |
| June 30, 2017 | 9,669 | 7,375 | 2,294 | 5,986 | 3,692 | | |

**7.6 Depreciation charge has been allocated as follows:**

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Cost of goods manufactured | 30.1 | **90,870** | 81,711 |
| Administrative expenses | 32 | **19,039** | 15,610 |
| | | **109,909** | 97,321 |

**7.7** The Holding Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged upto Rs.1,647 million (2017: Rs.1,647 million) with banks for short term finance facilities.

## 8. INTANGIBLE ASSETS

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| These represent computer software licenses. | | | |
| **Cost** | | | |
| At beginning of the year | | **842** | 842 |
| Addition during the year | | **2,980** | - |
| At end of the year | | **3,822** | 842 |
| **Accumulated amortisation** | | | |
| At beginning of the year | | **584** | 498 |
| Add: charge for the year | 32 | **338** | 86 |
| At end of the year | | **922** | 584 |
| **Net book value** | | **2,900** | 258 |
| **Rate of amortisation** (% - per annum) | | **25** | 25 |

## 9. LONG TERM INVESTMENTS

| | | | |
|---|---|---|---|
| Associate - equity accounted investment | 9.1 | **886,352** | 857,012 |
| Others - available for sale | 9.2 | **-** | - |
| | | **886,352** | 857,012 |

## 9.1 Ghandhara Industries Limited

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Balance at beginning of the year | 857,012 | 647,079 |
| Share of profit / OCI for the year | 346,606 | 210,784 |
| Disposal of investment | (239,773) | - |
| Share of revaluation during the year | - | 50,811 |
| Dividend received | (77,493) | (51,662) |
| Balance at end of the year | 886,352 | 857,012 |

Investment in Ghandhara Industries Limited (GIL) represents 4,066,168 (June 30, 2017: 5,166,168) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2017: 24.25%) of its issued, subscribed and paid-up capital as at June 30, 2018. 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.

The summary of financial statements / reconciliation of GIL as of March 31, 2018 is as follows:

| Summarised Statement of Financial Position | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| | --- Rupees in '000 --- | |
| Non current assets | 2,442,009 | 2,054,638 |
| Current assets | 8,251,850 | 6,224,700 |
| | 10,693,859 | 8,279,338 |
| Non current liabilities | 90,875 | 128,875 |
| Current liabilities | 5,969,984 | 4,627,242 |
| | 6,060,859 | 4,756,117 |
| **Net asset** | 4,633,000 | 3,523,221 |
| **Reconciliation to carrying amount** | | |
| Opening net assets | 3,523,221 | 2,657,524 |
| Revaluation during the year - net | - | 209,529 |
| Profit for the year | 1,430,699 | 869,566 |
| Other comprehensive loss | (1,354) | (354) |
| Dividend paid | (319,566) | (213,044) |
| Closing net assets | 4,633,000 | 3,523,221 |
| Holding Company's share (Percentage) | 19.086% | 24.25% |
| Holding Company's share | 884,254 | 854,381 |
| Goodwill and other adjustment | 2,098 | 2,631 |
| Carrying amount of investment | 886,352 | 857,012 |

| Summarised Profit or Loss Account | Nine months period ended March 31, 2018 | March 31, 2017 |
|---|---|---|
| Revenue | 11,565,648 | 6,235,963 |
| Profit before tax | 1,750,083 | 902,247 |
| Profit after tax | 1,262,398 | 627,713 |

The above figures are based on unaudited condensed interim financial information of GIL as at March 31, 2018. The latest financial statements of GIL as at June 30, 2018 are not presently available. Accordingly, results of operations of first three quarters of financial year 2018 and last quarter of financial year 2017 have been considered.

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

The market value of investment as at June 30, 2018 was Rs.2,873.520 million (June 30, 2017: Rs.3,356.577 million).

**9.1.1** The disposal was made after the requisite approval of Board of Directors' on April 9, 2018 and resultantly the Group earned gain of Rs.790.615 million from this transaction (Refer note 33).

**9.2** **Others** - available for sale

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ---- Rupees in '000 ---- | |
| **Automotive Testing & Training Centre (Private) Limited** | | | |
| 187,500 (2017: 187,500) ordinary shares of Rs.10 each - **cost** | | 1,875 | 1,875 |
| Provision for impairment | | (1,875) | (1,875) |
| | | - | - |

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| Loans to employees | | | |
| Related parties - Key Management Personnel | 10.1 & 10.2 | 2,730 | 3,417 |
| Other employees | 10.1 | 9,667 | 10,656 |
| | | 12,397 | 14,073 |
| Less: amounts recoverable within one year and grouped under current assets | | | |
| Related parties - Key Management Personnel | | 1,841 | 1,243 |
| Other employees | | 3,584 | 3,284 |
| | 15 | 5,425 | 4,527 |
| | | 6,972 | 9,546 |

**10.1** 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.

**10.2** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2018 from Key Management Personnel aggregated to Rs.3.537 million (2017: Rs.4.136 million).

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

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| Deposits held with / against: | | |
| Central Depository Company of Pakistan Limited | 25 | 25 |
| Lease facilities | 14,156 | 12,912 |
| Utilities | 6,444 | 6,219 |
| Others | 110 | 110 |
| | 20,735 | 19,266 |

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

| | | |
|---|---|---|
| Stores | 90,752 | 86,288 |
| Spares and loose tools | 1,015 | 186 |
| | 91,767 | 86,474 |

## 13. STOCK-IN-TRADE

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000---- | |
| **Raw materials** | | |
| In hand | 592,076 | 213,793 |
| less: provision for obsolete / slow moving stock | (15,000) | (15,000) |
| | 577,076 | 198,793 |
| In transit | 467,452 | 123,934 |
| | 1,044,528 | 322,727 |
| **Finished goods** | | |
| **In hand** | | |
| CBU - trucks and cars | 163,130 | 94,897 |
| CKD - trucks | 265,144 | 165,658 |
| Spare parts | 48,660 | 57,202 |
| **Held with third parties** | | |
| CBU - trucks | 6,743 | 771 |
| CKD - trucks | 132,239 | - |
| **In transit** | | |
| CBU - trucks | 107,139 | 58,285 |
| | 723,055 | 376,813 |
| | 1,767,583 | 699,540 |

13.1 The present and future stock-in-trade, trade debts and receivables aggregating Rs.3,100.34 million (2017: Rs.3,114.7 million) of the Holding Company are under pledge / joint hypothecation charge with banks against short term finances and running finances (Refer note 27).

## 14. TRADE DEBTS - Unsecured considered good

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Vehicles and assembly charges | | | |
| - due from Ghandhara Industries Limited an Associated Company | 14.1 | 90,798 | 28,578 |
| - others | | 1,097,317 | 485,227 |
| | | 1,188,115 | 513,805 |
| Spare parts | | 12,929 | 2,362 |
| | | 1,201,044 | 516,167 |

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

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Up to 3 months | 90,798 | 28,578 |

14.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.133.824 million (2017: Rs.122.050 million).

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Current portion of long term loans | 10 | 5,425 | 4,527 |
| Loans to: | | | |
| Related party- Key Management Personnel | 15.1 & 15.2 | - | 466 |
| Other employees | 15.1 | 147 | 441 |
| | | 147 | 907 |
| Advances to: | | | |
| Related party- Key Management Personnel | | 148 | 34 |
| Other employees | | 6,460 | 3,231 |
| Suppliers, contractors and others | 15.3 | 63,843 | 41,703 |
| | | 70,451 | 44,968 |
| Letters of credit | | 201 | 833 |
| | | 76,224 | 51,235 |

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

**15.2** The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2018 from Key Management Personnel aggregated to Rs.0.400 million (2017: Rs.0.800 million).

**15.3** Includes Rs.0.266 million (2017: Rs.0.221 million) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

## 16. DEPOSITS AND PREPAYMENTS

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Deposits - considered good and interest free | 3,082 | 4,241 |
| Prepaid | | |
| - rent [Bibojee Services (Private) Limited - the Holding Company] | 6,355 | 708 |
| - others | 3,307 | 5,733 |
| | 9,662 | 6,441 |
| Current account balances with statutory authorities | 6,187 | 20,690 |
| | 18,931 | 31,372 |

## 17. INVESTMENTS - at fair value through profit or loss

As at June 30, 2018, the Group has 11,645,239.4261 (2017: Nil) units of BMA Chundrigar Road Savings Fund having market value of Rs.100.928 million.

## 18. OTHER RECEIVABLES

| Considered good and interest free | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Sales tax refundable / adjustable | 94,919 | - |
| Bank guarantee margin | 21 | 7,574 |
| Letters of credit margin | - | 19,002 |
| Security deposits and earnest money - interest free | 10,021 | 5,857 |
| Accrued interest | 20 | 141 |
| Receivable against sub lease | 36,598 | 56,665 |
| Others | 5,038 | 522 |
| | 146,617 | 89,761 |

## 19. CASH AND BANK BALANCES

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Cash in hand | | 1 | 1 |
| Cash at banks on: | | | |
| - current accounts | | 213,102 | 262,087 |
| - deposit accounts | 19.1 | 10,517 | 10,517 |
| - term deposits receipts | 19.2 | 34,999 | 305,000 |
| - right subscription account | | 1,068,306 | - |
| | | 1,326,924 | 577,604 |
| Provision for doubtful bank balance | 19.3 | (3,912) | (3,912) |
| | | 1,323,012 | 573,692 |
| | | 1,323,013 | 573,693 |

**19.1** These, during the year, carry mark-up upto 5.50% (2017: 5.50%) per annum.

**19.2** Term deposit receipts (TDRs) have maturity days ranging from seven to thirty days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 5.0% to 6.2% (2017: 5.50% to 6.00%) per annum.

**19.3** This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. The above balance is net of Rs.42.586 million deposited in the deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Group considers that it has discharged its obligation against the said letters of credit.

## 20. SHARE CAPITAL

| | | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| **20.1** | **Authorized capital** | | |
| | 80,000,000 (2017: 80,000,000) ordinary shares of Rs.10 each | 800,000 | 800,000 |

**20.2 Issued, subscribed and paid-up capital**

| 2018 | 2017 | | 2018 | 2017 |
|---|---|---|---|---|
| -- No. of shares -- | | | | |
| 14,800,000 | 14,800,000 | Ordinary shares of Rs.10 each fully paid in cash | 148,000 | 148,000 |
| 200,000 | 200,000 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | 2,000 | 2,000 |
| 30,002,500 | 30,002,500 | Ordinary shares of Rs.10 each issued for acquisition | 300,025 | 300,025 |
| 45,002,500 | 45,002,500 | | 450,025 | 450,025 |

**20.3** At June 30, 2018, Bibojee Services (Private) Limited (the Ultimate Holding Company) held 25,343,817 (June 30, 2017: 28,046,417) ordinary shares of the Holding Company.

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Surplus on revaluation of the Holding Company's fixed assets | 21.1 | 972,241 | 988,570 |
| Share of surplus on revaluation of fixed assets of an Associated Company | | 314,367 | 401,334 |
| | | 1,286,608 | 1,389,904 |

## 21.1 Surplus on revaluation of the Holding Company's fixed assets

| | 2018 | 2017 |
|---|---|---|
| Balance at beginning of the year | 1,226,546 | 1,268,109 |
| Transferred to unappropriated profit on account of incremental depreciation for the year | (39,478) | (41,563) |
| | 1,187,068 | 1,226,546 |
| Less: related deferred tax of: | | |
| - opening balance | 237,976 | 250,445 |
| - incremental depreciation for the year | (11,251) | (12,469) |
| - effect of change in tax rate | (11,898) | - |
| - closing balance | 214,827 | 237,976 |
| Balance at end of the year | 972,241 | 988,570 |

## 22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

| | 2018 | 2017 |
|---|---|---|
| Balance at beginning of the year | 130,507 | 53,836 |
| Assets acquired during the year | 14,486 | 93,299 |
| Repaid / adjusted during the year | (40,150) | (16,628) |
| | 104,843 | 130,507 |
| Current portion grouped under current liabilities | (39,015) | (38,313) |
| Balance at end of the year | 65,828 | 92,194 |

**22.1** These represent vehicles acquired under finance lease / diminishing musharakah arrangements from various financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 7.47% to 17.50% (2017: 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 | 2018 | Upto one year | From one to five years | 2017 |
|---|---|---|---|---|---|---|
| | ---------- Rupees in '000 ---------- | | | | | |
| Minimum lease payments | 43,315 | 70,588 | 113,903 | 47,720 | 96,927 | 144,647 |
| Finance cost allocated to future periods | (4,300) | (4,760) | (9,060) | (9,407) | (4,733) | (14,140) |
| Present value of minimum lease payments | 39,015 | 65,828 | 104,843 | 38,313 | 92,194 | 130,507 |

## 23. LONG TERM DEPOSITS - Interest free

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Dealers' deposit | 23.1 | 8,000 | 8,000 |
| Vendors | | 111 | 111 |
| Others | | 1,500 | 1,500 |
| | | 9,611 | 9,611 |

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

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

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

## 25. DEFERRED TAXATION - Net

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| The liability for deferred taxation comprises of temporary differences relating to: | | | |
| - accelerated tax depreciation allowance | | 59,144 | 55,309 |
| - surplus on revaluation of fixed assets | | 214,827 | 237,976 |
| - lease finances | | 201 | 325 |
| - provision for gratuity | | (2,355) | (4,028) |
| - provision for warranty claims | | (1,011) | (1,065) |
| - provision for obsolete / slow moving stock | | (4,275) | (4,500) |
| - provision for bank balances | | (1,115) | (1,174) |
| | | 265,416 | 282,843 |

## 26. TRADE AND OTHER PAYABLES

| | | | |
|---|---|---|---|
| Trade creditors | | 145,064 | 106,560 |
| Bills payable | | 684,059 | 220,742 |
| Accrued liabilities | 26.1 | 98,631 | 198,751 |
| Refundable - CKD / CBU business | | 1,403 | 1,403 |
| Customers' credit balances | 26.2 | 354,112 | 90,145 |
| Commission | | 34,226 | 22,826 |
| Unclaimed gratuity | | 231 | 231 |
| Dealers' deposits against vehicles - interest free | | 7,000 | 26,900 |
| Due to related parties | | 9,885 | 11,225 |
| Payable to UD Truck Corporations, Japan | | 8,429 | 7,203 |
| Payable to gratuity fund | 26.3 | 12,320 | 13,427 |
| Withholding tax | | 8,377 | 2,694 |
| Sales tax payable - net | | - | 10,493 |
| Workers' profit participation fund | 26.4 | 15,502 | 4,775 |
| Workers' welfare fund | | 4,656 | 15,114 |
| Retention money | | 103 | 718 |
| Advance against immoveable property | | - | 88,238 |
| Warranty claims | | 3,549 | 3,550 |
| Others | 26.5 | 41,564 | 37,752 |
| | | 1,429,111 | 862,747 |

**26.1** Includes Rs.17.206 million (2017: Rs.20.878 million) which pertains to a key management person.

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

**26.3 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, 2018 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**

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Present value of defined benefit obligation | **124,341** | 106,433 |
| Fair value of plan assets | **(113,665)** | (97,745) |
| Benefits payable | **1,644** | 4,739 |
| Net liability at end of the year | **12,320** | 13,427 |

**26.3.2 Net liability recognised**

| | | |
|---|---|---|
| Net liability at beginning of the year | **13,427** | 67,038 |
| Charge to profit or loss | **8,120** | 8,654 |
| Contributions made by the Holding Company | **(13,427)** | (78,963) |
| Re-measurement recognised in other comprehensive income | **4,200** | 16,698 |
| | **12,320** | 13,427 |

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

| | | |
|---|---|---|
| Balance at beginning of the year | **106,433** | 95,390 |
| Current service cost | **7,982** | 6,646 |
| Interest expense | **9,709** | 6,964 |
| Benefits paid | **(1,984)** | (7,981) |
| Benefits due but not paid | **(954)** | (3,091) |
| Re-measurement | **3,155** | 8,505 |
| Balance at end of the year | **124,341** | 106,433 |

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

| | | |
|---|---|---|
| Balance at beginning of the year | **97,745** | 30,000 |
| Contribution received during the year | **13,427** | 78,963 |
| Interest income | **9,571** | 4,956 |
| Benefits paid | **(6,033)** | (7,981) |
| Re-measurement | **(1,045)** | (8,193) |
| | **113,665** | 97,745 |

**26.3.5 Expense recognised in consolidated statement of profit or loss**

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Current service cost | 7,982 | 6,646 |
| Net interest expense | 138 | 2,008 |
| | 8,120 | 8,654 |

**26.3.6 Re-measurement recognised in consolidated other comprehensive income**

| | | |
|---|---|---|
| Financial assumptions | 102 | 179 |
| Experience adjustments | 3,053 | 8,326 |
| Loss on remeasurement of plan assets | 1,045 | 8,193 |
| | 4,200 | 16,698 |

**26.3.7 Plan assets comprise of**

| | | |
|---|---|---|
| Fixed income instruments | 53,652 | 30,153 |
| Mutual fund securities | 55,990 | 33,643 |
| Cash at bank | 4,023 | 33,949 |
| | 113,665 | 97,745 |

**26.3.8 Significant actuarial assumptions and sensitivity**

| | | |
|---|---|---|
| | --- % per annum --- | |
| Discount rate | 9.25 | 7.75 |
| Expected rate of return on plan assets | 9.25 | 7.75 |
| Expected rate of increase in future salaries | 10.00 | 9.25 |
| Mortality rates (for death in service) | SLIC | SLIC |
| | 2001-2005 | 2001-2005 |

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

| | Impact on define benefit obligation | | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | 112,891 | 136,545 |
| Increase in future salaries | 1.00% | 136,566 | 112,672 |

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 consolidated profit or loss for the year ending June 30, 2019 amounts to Rs.10.102 million.

**26.3.10** The weighted average duration of the scheme is 10 years.

**26.3.11 Historical information**

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| | ---------- Rupees in '000 ---------- | | | | |
| Present value of defined benefit obligation | 124,341 | 106,433 | 95,390 | 80,791 | 70,356 |
| Experience adjustment | 4,200 | 16,698 | 3,297 | 2,061 | 3,636 |

**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 ---------- | | | | |
| **At June 30, 2018** | 15,493 | 4,445 | 20,426 | 1,456,211 | 1,496,575 |

**26.4 Workers' profit participation fund**

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Balance at beginning of the year | | 4,775 | 44,711 |
| Allocation for the year | 34 | 15,502 | 39,775 |
| Interest on funds utilised in the Holding Company's business | 35 | 495 | 168 |
| | | 20,772 | 84,654 |
| Payment made during the year | | (5,270) | (79,879) |
| Balance at end of the year | | 15,502 | 4,775 |

**26.5** Includes deposits and instalments under the Holding Company's staff vehicle policy aggregating Rs.11.143 million (2017: Rs.9.664 million).

**27.** Running finance and short term facilities available from commercial banks under mark-up arrangements aggregate to Rs.1,075 million (2017: Rs.625 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Holding Company. These, during the current financial year, carry mark-up at the rates ranging from 7.16% to 8.01% (2017: 7.54% to 7.65%) per annum. The arrangements are expiring on January 31, 2019.

**27.1** The facilities for opening letters of credit as at June 30, 2018 aggregate to Rs.3,925 million (2017: Rs.3,525 million) of which the amount remained unutilised at the year-end was Rs.3,101 million (2017: Rs.3,010 million). Further, the Holding Company also has Finance against Import Merchandise facilities aggregating Rs.2,475 million (2017: Rs.2,525 million) as main limits and sub limits of these letters of credit facilities and letters of guarantee facilities aggregating Rs.400 million (2017: Rs.310 million) as sub limits of these letters of credit facilities. These facilities are secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery and hypothecation charge over present and future stocks & books debts.

**27.2** Facilities aggregated Rs.2,275 million (2017: Rs.2,125 million) out of the above mentioned facilities are also available to the Group level.

**28. CONTINGENCIES AND COMMITMENTS**

**28.1** 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.

**28.2** Commitment in respect of irrevocable letters of credit as at June 30, 2018 aggregate to Rs.140.251 million (2017: Rs.294.243 million).

**28.3** Guarantees aggregating Rs.5.601 million (2017: Rs.15.787 million) are issued by banks of the Holding Company to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.538.749 million (2017: Rs.259.443 million) to the commercial banks against letters of credit facilities utilised by the Subsidiary Company.

## 29. REVENUE - Net

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| **Manufacturing activity** | | | |
| Local sales | | 4,469,661 | 7,359,864 |
| Less: | | | |
| - sales tax | | 649,651 | 1,081,300 |
| - commission | | 22,935 | 85,223 |
| | | 672,586 | 1,166,523 |
| | | 3,797,075 | 6,193,341 |
| **Trading activity** | | | |
| Local sales | | 1,312,695 | 440,694 |
| Export sales | | - | 1,483 |
| | | 1,312,695 | 442,177 |
| Less: | | | |
| - sales tax | | 191,841 | 65,222 |
| - discount and commission | | 21,285 | 1,450 |
| | | 213,126 | 66,672 |
| | | 1,099,569 | 375,505 |
| | | 4,896,644 | 6,568,846 |

## 30. COST OF SALES

| | | | |
|---|---|---|---|
| Finished goods at beginning of the year | | 318,528 | 165,813 |
| Cost of goods manufactured | 30.1 | 3,357,414 | 5,108,503 |
| Purchases - trading goods | | 1,057,753 | 400,720 |
| | | 4,415,167 | 5,509,223 |
| Finished goods at end of the year | | (615,916) | (318,528) |
| | | 4,117,779 | 5,356,508 |

## 30.1 Cost of goods manufactured

| | | | |
|---|---|---|---|
| Raw materials and parts consumed | 30.2 | 2,790,184 | 4,472,159 |
| Fabrication of contract vehicles | | - | 11,164 |
| Stores and spares consumed | | 63,260 | 100,108 |
| Salaries, wages and benefits | 30.3 | 266,980 | 271,258 |
| Transportation | | 16,109 | 13,665 |
| Repair and maintenance | | 46,423 | 56,493 |
| Depreciation | 7.6 | 90,870 | 81,711 |
| Material handling | | 301 | 6,476 |
| Insurance | | 2,928 | 7,123 |
| Communication | | 1,863 | 641 |
| Rent, rates and taxes | | 7,682 | 7,088 |
| Travelling and entertainment | | 2,930 | 1,527 |
| Power generation costs | | 53,638 | 56,131 |
| Printing, stationery and office supplies | | 2,227 | 2,028 |
| Royalty expense | | 580 | 12,738 |
| Plant security | | 9,520 | 6,079 |
| Other manufacturing expenses | | 1,919 | 2,114 |
| | | 3,357,414 | 5,108,503 |

## 30.2 Raw materials and parts consumed

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Stocks at beginning of the year | | 198,793 | 809,944 |
| Purchases | | 3,168,467 | 3,861,008 |
| | | 3,367,260 | 4,670,952 |
| Stocks at end of the year | 13 | (577,076) | (198,793) |
| | | 2,790,184 | 4,472,159 |

**30.3** Salaries, wages and benefits include Rs.3.914 million (2017: Rs.4.139 million) and Rs.3.723 million (2017: Rs.3.525 million) in respect of staff retirement gratuity and staff provident fund respectively.

## 31. DISTRIBUTION COST

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Salaries and benefits | 31.1 | 39,342 | 26,640 |
| Utilities | | 154 | 306 |
| Rent | | 3,000 | 7,500 |
| Insurance | | 77 | 204 |
| Repair and maintenance | | 27 | 11 |
| Travelling and entertainment | | 8,230 | 6,887 |
| Telephone and postage | | 754 | 163 |
| Vehicle running | | 128 | 236 |
| Printing, stationery and office supplies | | 667 | 435 |
| Security | | 1,048 | 893 |
| Warranty services | | 1,231 | 3,105 |
| Godown and forwarding | | 2,489 | 2,454 |
| Sales promotion expenses | | 7,853 | 5,217 |
| Others | | 1,768 | 422 |
| | | 66,768 | 54,473 |

**31.1** Salaries and benefits include Rs.0.987 million (2017: Rs.1.087 million) and Rs.1.188 million (2017: Rs.1.079 million) in respect of staff retirement gratuity and staff provident fund respectively.

## 32. ADMINISTRATIVE EXPENSES

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Salaries and benefits | 32.1 | 136,642 | 127,675 |
| Utilities | | 2,443 | 2,884 |
| Rent, rates and taxes | | 14,642 | 16,463 |
| Directors' fee | | 1,335 | 1,257 |
| Insurance | | 3,129 | 3,036 |
| Repairs and maintenance | | 2,564 | 7,776 |
| Depreciation and amortisation | 7.6 & 8 | 19,377 | 15,696 |
| Auditors' remuneration | 32.2 | 1,500 | 1,500 |
| Advertising | | 1,768 | 2,917 |
| Travelling and conveyance | | 11,653 | 8,599 |
| Legal and professional charges | | 13,767 | 4,013 |
| Vehicle running | | 2,162 | 2,488 |
| Telephone and postage | | 4,551 | 3,843 |
| Printing and stationery | | 5,869 | 5,166 |
| Subscription | | 3,262 | 1,991 |
| Security expenses | | 8,769 | 5,119 |
| Donation | | 1,000 | 725 |
| Others | | 3,266 | 3,076 |
| | | 237,699 | 214,224 |

**32.1** Salaries and benefits include Rs.3.219 million (2017: Rs.3.428 million) and Rs.3.339 million (2017: Rs.2.767 million) in respect of staff retirement gratuity and staff provident fund respectively.

**32.2 Auditors' remuneration**

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ---- Rupees in '000 ---- | |
| Audit fee | | | |
| ShineWing Hameed Chaudhri & Co. | | 500 | 500 |
| Junaidy, Shoaib, Asad | | 1,000 | 1,000 |
| | | 1,500 | 1,500 |

## 33. OTHER INCOME

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Income from financial assets** | | | |
| Interest / mark-up earned on: | | | |
| - deposit accounts | 33.1 | 531 | 1,890 |
| - term deposit receipts | 33.1 | 15,858 | 7,388 |
| Gain from sale of investment | 9.1 | 790,615 | - |
| Unrealised gain on investment | | 928 | - |
| | | 807,932 | 9,278 |
| **Income from non-financial assets** | | | |
| Scrap sales - net of sales tax | | 4,582 | 5,296 |
| Gain on disposal of operating fixed assets | | - | 3,692 |
| 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 | 5 |
| Commission income | | 10,820 | 5,198 |
| Exchange gain | | 76 | 1,015 |
| Others | | 1,410 | 2,083 |
| | | 53,696 | 17,289 |
| | | 861,628 | 26,567 |

**33.1** Interest at the rates ranged from 4.16% to 6.20% (2017: 4.10% to 6.00%) per annum has been earned during the year on term deposit receipts and deposit accounts placed under conventional banking system.

## 34. OTHER EXPENSES

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | ----- Rupees in '000 ----- | |
| Workers' profit participation fund | 26.4 | 15,502 | 39,775 |
| Workers' welfare fund | | 4,656 | 15,114 |
| Loss on disposal of operating fixed assets | 7.5 | 293 | - |
| | | 20,451 | 54,889 |

## 35. FINANCE COST

| | Note | 2018 | 2017 |
|---|---|---|---|
| Mark-up on running finances | | 19,354 | 1,124 |
| Lease finance charges | | 7,846 | 5,660 |
| Interest on workers' profit participation fund | 26.4 | 495 | 168 |
| Bank and other charges | | 3,457 | 2,668 |
| | | 31,152 | 9,620 |

## 36. TAXATION

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| Current | | |
| - for the year | 276,748 | 294,243 |
| - prior year | 10,564 | 89,419 |
| | 287,312 | 383,662 |
| Deferred | | |
| - origination and reversal of temporary differences | (2,016) | 13,191 |
| - impact of change in tax rate | (2,295) | 516 |
| | (4,311) | 13,707 |
| | 283,001 | 397,369 |

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

| | | |
|---|---|---|
| Net profit before taxation | 1,631,357 | 1,116,569 |
| Tax at the applicable income tax rate of 30% (2017: 31%) | 489,407 | 346,136 |
| Tax effect of expenses, which are not deductible for tax purposes and are taken to profit or loss | 131,731 | 50,471 |
| Tax effect of expenses, which are deductible for tax purposes but are not taken to profit or loss | (24,389) | (42,834) |
| 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) | (65,370) |
| Tax effect of tax credits | (4,008) | (3,944) |
| Tax effect of income subject to final tax regime | (13,145) | (11,645) |
| Adjustments for current tax of prior years | 10,564 | 89,419 |
| Super tax | 38,417 | 21,429 |
| Deferred taxation | (4,311) | 13,707 |
| | 283,001 | 397,369 |

**36.2** The provision for current year tax of Group represent tax on taxable income at the rate of 30%. It also include provision for super tax at 3% as required under section 4B of the Income Tax Ordinance, 2001 for Holding Company. The management considers the tax provision made in the financial statements sufficient. A comparison of last three years of income tax provisions with tax assessed is presented below:

| The Holding Company | 2017 | 2016 | 2015 |
|---|---|---|---|
| | --------- Rupees in '000 --------- | | |
| Income tax provision for the year - accounts | 294,243 | 279,989 | 141,103 |
| Income tax as per tax assessment | 215,027 | 260,138 | 132,830 |
| Excess | 79,216 | 19,851 | 8,273 |

**36.2.1** Excess is mainly due to super tax provision recorded in respective years which have not become due as the Holding Company has filed petition in the High Court of Sindh against levy of super tax.

| The Subsidiary Company | 2017 | 2016 | 2015 |
|---|---|---|---|
| | --------- Rupees in '000 --------- | | |
| Income tax provision for the year - accounts | 66,983 | 23,914 | 3,845 |
| Income tax as per tax assessment | 66,129 | 23,955 | 2,544 |
| Excess / (short) | 854 | (41) | 1,301 |

## 37. EARNINGS PER SHARE

### 37.1 Basic earnings per share

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Net profit for the year | 1,348,338 | 719,185 |
| | -- Number of shares -- | |
| | | Restated |
| Weighted average ordinary shares in issue | 45,066,973 | 45,066,973 |
| | -------- Rupees -------- | |
| | | Restated |
| Earnings per share - basic and diluted | 29.92 | 15.96 |

### 37.2 Diluted earnings per share

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

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

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Chief Executive | Directors | Executives | Chief Executive | Director | Executives |
| | ---------- Rupees in '000 ---------- | | | | | |
| Managerial remuneration | 15,780 | 3,600 | 40,590 | 15,780 | 2,525 | 35,077 |
| Bonus | - | - | 9,944 | 2,550 | 615 | 4,654 |
| Contribution to provident fund | 850 | - | 1,958 | 850 | 103 | 1,521 |
| Gratuity | 850 | - | 1,584 | 850 | 103 | 1,266 |
| Utilities | 1,020 | - | 3,527 | 1,020 | - | 1,417 |
| Passage / privilege leave | - | - | 1,382 | - | 182 | 1,021 |
| | 18,500 | 3,600 | 58,985 | 21,050 | 3,528 | 44,956 |
| Number of persons | 1 | 1 | 13 | 1 | 1 | 12 |

38.1 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.

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

38.3 Aggregate amount charged in the Consolidated financial statements for meeting fee to Directors of Holding Company and Subsidiary Company was Rs.1.335 million (2017: Rs.1.257 million).

## 39. 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 | 2018 | 2017 |
|---|---|---|---|
| | | --- Rupees in '000 --- | |
| **(i) Ultimate Holding Company** | | | |
| Bibojee Services (Private) Limited - **56.32**% shares held in the Holding Company | Corporate office rent | **12,000** | 13,470 |
| | Dividend | **140,232** | 140,232 |
| | Subscription money against right issue | **675,797** | - |
| **(ii) Associated Companies** | | | |
| Ghandhara Industries Limited **19.09**% shares held by the Holding Company **(39.1)** | Contract assembly charges | **764,724** | 444,998 |
| | Fabrication of vehicles | **-** | 676 |
| | Reimbursement of expenses | **6,481** | 27,480 |
| | Purchase of parts and tyres | **3,084** | 17 |
| | Sale of vehicles | **-** | 1,050 |
| | Sale of parts | **6** | 12 |
| | Head office rent | **2,640** | 2,138 |
| | Dividend income | **77,493** | 51,662 |
| The General Tyre and Rubber Company of Pakistan Limited **(39.1)** | Purchase of tyres, tubes and flaps | **32,526** | 57,835 |
| Gammon Pakistan Limited **(39.1)** | Regional office rent | **3,000** | 3,000 |
| Janana De Malucho Textile Mills Limited **(39.1)** | Reimbursement of expenses | **1,639** | 1,276 |
| **(iii) Others** | | | |
| Staff provident fund | Contribution made | **8,251** | 7,371 |
| Staff gratuity fund | Contribution made | **13,427** | 78,963 |
| Key management personnel | Remuneration and other short term benefits | **83,411** | 71,167 |
| | Subscription money against right issue | **5,288** | - |
| | Sale of fleet vehicles | **-** | 4,533 |

**39.1** Associated company by virtue of common directorship.

## 40. PLANT CAPACITY

### The Holding Company

Against the production capacity of 4,800 (2017: 4,800) trucks and buses on single shift basis, the Holding Company produced 4,884 (2017: 4,923) trucks and buses of JAC, DongFeng and Isuzu. The Holding Company has also processed 4,754 (2017: 4,616) 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, 2018 and June 30, 2017.

## 41. FINANCIAL RISK MANAGEMENT

### 41.1 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, 2018 along with comparative is tabulated below:

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| Long term loans | 6,972 | 9,546 |
| Long term deposits | 6,579 | 6,354 |
| Trade debts | 1,201,044 | 516,167 |
| Loans and advances | 5,572 | 5,434 |
| Deposits and prepayments | 3,082 | 4,241 |
| Other receivables | 51,698 | 89,761 |
| Bank balances | 1,323,011 | 573,692 |
| | 2,597,958 | 1,205,195 |

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

| | 2018 | 2017 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| The ageing of trade debts at the reporting date is as follows: | | |
| Up to 3 months | 1,066,646 | 428,958 |
| 3 to 6 months | 99,223 | 23,933 |
| more than 6 months | 35,175 | 63,276 |
| | 1,201,044 | 516,167 |

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

## (b) Liquidity risk

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

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

| | Carrying amount | Less than 1 year | Between 1 to 5 years | 5 years and above |
|---|---|---|---|---|
| **June 30, 2018** | ---------- Rupees in '000 ---------- | | | |
| **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** | **-** | **-** |
| **Unclaimed dividend** | **10,675** | **10,675** | **-** | **-** |
| | **1,181,121** | **1,105,682** | **65,828** | **9,611** |

| | Carrying amount | Less than 1 year | Between 1 to 5 years | 5 years and above |
|---|---|---|---|---|
| June 30, 2017 | ---------- Rupees in '000 ---------- | | | |
| Liabilities against assets | | | | |
| subject to finance lease | 130,507 | 38,313 | 92,194 | - |
| Long term deposits | 9,611 | - | - | 9,611 |
| Trade and other payables | 750,019 | 750,019 | - | - |
| Accrued mark-up | 347 | 347 | - | - |
| Unclaimed dividend | 7,732 | 7,732 | - | - |
| | 898,216 | 796,411 | 92,194 | 9,611 |

## (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:

| June 30, 2018 | Rupees | Euro | U.S. Dollar | RMB |
|---|---|---|---|---|
| | ---------- in '000 ---------- | | | |
| Trade and other payables | 684,059 | 264 | 3,026 | 14,859 |

| June 30, 2017 | Rupees | RMB |
|---|---|---|
| | ----- in '000 ----- | |
| Trade and other payables | 220,742 | 14,033 |

The following significant exchange rates have been applied:

| | Reporting date rate | |
|---|---|---|
| | 2018 | 2017 |
| RMB to Rupee | 18.76 | 15.73 |
| U.S. Dollar to Rupee | 121.60 | 105.00 |
| Euro to Rupee | 141.57 | 120.14 |

**Sensitivity analysis**

At June 30, 2018, 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.

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| **Effect on profit for the year** | | |
| RMB to Rupee | 13,938 | 11,037 |
| U.S. Dollar to Rupee | 18,398 | - |
| Euro to Rupee | 1,869 | - |
| | 34,205 | 11,037 |

**Interest rate risk**

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

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

| | 2018 | 2017 |
|---|---|---|
| | ---- Rupees in '000 ---- | |
| **Fixed rate instruments** - financial assets | | |
| Bank balances | 45,516 | 315,517 |
| **Variable rate instruments** - financial liabilities | | |
| Liabilities against assets subject to finance lease | 104,843 | 130,507 |

**Sensitivity analysis**

At June 30, 2018, if the interest rates on the Group's variable rate instruments had been 1% higher / (lower) with all other variables held constant, profit before tax for the year would have been Rs.1.048 million (2017: Rs.1.305 million) 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. At June 30, 2018 / 2017 the Group, except short term investment having value Rs.100.928 million (2017: Rs. Nil) did not have any other financial instruments dependent on market prices.

### 41.2 Fair value of financial assets and liabilities

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

### 42. 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.

### 43. 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, 2018 and 2017 are located in Pakistan.

**(b)** 100% (2017: 99.96%) 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.

### 44. NUMBER OF EMPLOYEES

| | Factory | | Other | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Number of employees as at June 30, | | | | |
| - Permanent | **157** | 142 | **134** | 137 |
| - Contractual | **592** | 447 | **45** | 44 |
| Average number of employees during the year | | | | |
| - Permanent | **140** | 145 | **135** | 130 |
| - Contractual | **521** | 437 | **43** | 41 |

### 45. PROVIDENT FUND RELATED DISCLOSURES

**45.1** The following information is based on un-audited financial statements of the Holding Company's Fund for the year ended June 30, 2018:

| | **2018** | 2017 |
|---|---|---|
| | **---- Rupees in '000 ----** | |
| Size of the Fund - total assets | **115,421** | 92,148 |
| Cost of investments made | **95,846** | 75,388 |
| Percentage of investments made | **83.04%** | 75.67% |
| Fair value of investments | **127,982** | 113,973 |

**45.2 Break-up of the investments is as follows:**

| | 2018 | 2017 | 2018 | 2017 |
|---|---|---|---|---|
| | ----- Percentage ----- | | --- Rupees in '000 --- | |
| Bank deposits | 6.13 | 4.20 | 7,074 | 3,867 |
| Government securities | 50.16 | 45.25 | 57,900 | 41,700 |
| Mutual funds | 9.08 | 8.58 | 10,485 | 9,900 |
| National Investment Trust - units | 12.96 | 15.48 | 14,961 | 14,262 |
| Others | 4.70 | 6.14 | 5,426 | 5,659 |

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

**46. SHAHRIAH SCREENING DISCLOSURE**

| | ------- 2018 ------- | | ------- 2017 ------- | |
|---|---|---|---|---|
| | Convent -ional | Shariah Compliant | Convent -ional | Shariah Compliant |
| | ---------- Rupees in 000 ---------- | | | |
| Bank balances | 1,316,215 | 10,709 | 576,794 | 810 |
| Accrued mark-up | 20 | - | 141 | - |
| Accrued mark-up on running finance | 6,902 | 2,626 | 347 | - |
| Revenue | - | 4,896,644 | - | 6,568,846 |
| Other income | | | | |
| a) Profit on saving accounts and term deposit receipts | 13,874 | 2,515 | 9,278 | - |
| b) Gain from sale of investment | - | 790,615 | - | - |
| c) Unrealised gain on investment | 928 | - | - | - |
| d) Dividend income | - | 77,493 | - | 51,662 |
| e) Others including exchange gain on actual currency | - | 53,696 | - | 17,289 |
| Mark-up / interest expense | 19,356 | 8,339 | 3,979 | 2,973 |

## 47. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of the Holding Company in their meeting held on September 19, 2018 have proposed final cash dividend of Rs. Nil (2017: Rs.5.00) per share, amounting to Rs. Nil (2017: Rs.225.013 million), for the year ended June 30, 2018.

## 48. CORRESPONDING FIGURES

The corresponding figures have been rearranged and/or reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification have been made:

| Reclassified from component | Reclassified to component | June 30, 2017<br>Rupees in '000 |
|---|---|---|
| Trade and other payable | Unclaimed dividend (Disclosed on the face of consolidated statement of financial position) | 7,732 |

## 49. DATE OF AUTHORISATION FOR ISSUE

These Consolidated financial statements were authorised for issue on September 19, 2018 by the Board of Directors of the Holding Company.

**Ahmed Kuli Khan Khattak**
Chief Executive Officer

**Syed Haroon Rashid**
Director

**Muhammad Umair**
Chief Financial Officer

# 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 36th Annual General Meeting of the Company to be held on Tuesday, 23rd October 2018 at 09:30 A.M. and any adjournment thereof.

Signed this _____ day of _____ 2018.

Signature _____

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

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 نسان لمیٹڈ کے ممبر ہونے کے ناطے

شیئر رجسٹر فولیو کے مطابق عام شیئر کے اہل ہیں / CDC کے شراکت کار کا شناختی نمبر _____

_____ کا تقرر کرتے ہیں

جو _____ کے یا ان کی ناکامی کی صورت میں _____ کے

میرے / ہمارے نمائندہ کے طور پر کمپنی کی 36واں سالانہ جنرل میٹنگ میں میری / ہماری طرف سے میرے / ہمارے لیے میرے / ہمارے نائب کے طور پر ووٹ دے سکتے ہیں جو بروز منگل، 23 اکتوبر 2018 کو صبح 09:30 بجے، منعقد ہونے والی ہے۔

دستخط _____ دن _____ 2018 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 شیئر ہولڈرز اور ان کے نمائندے اس نمائندگی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ تصدیق شدہ کاپی ضرور منسلک کریں۔

# Dividend Mandate Form

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

Date: ___/ ___/ ___/

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

SHAREHOLDER'S INFORMATION & BANK DETAILS

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

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

Signature of Member: _____

Name: _____
(PLEASE WRITE NAME IN BLOCK LETTERS)

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