

Trucks for life
ISUZU

Facilitating Future Growth

Annual Report 2016



GHANDHARA
INDUSTRIES LIMITED

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Vision

“To acquire market leadership and contribute to the society by providing high quality and environment friendly ISUZU Vehicles in Pakistan’s Market”.

Mission

To assist the society in the fight against pollution hazards by introducing environment friendly vehicles.

To maximize share of ISUZU in Pakistan.

To be a market & customer oriented organization.

To provide effective and efficient after sales services to the customers.

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

To create conducive operational environments for optimum productivity, job satisfaction, career development and well being of Employees.



Company Information

Legal Advisors

S. Abid Sherazi & Co.
Hassan & Hassan (Advocates)

Bankers

National Bank of Pakistan
Al-Baraka Bank (Pakistan) Ltd.
JS Bank Ltd.
Faysal Bank Ltd.
The Bank of Punjab
MCB Islamic

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.
4th Floor, Karachi Chamber,
Hasrat Mohani Road, Karachi.

Registered Office

F-3, Hub Chawki, S.I.T.E.
Post Box No. 2706, Karachi - 75730

Website: www.gil.com.pk
Email: info@gil.com.pk

Board of Directors

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Lt. Gen. (R) Ali Kuli Khan Khattak	Director
Dr. Parvez Hassan	Director
Maj. (R) Muhammad Zia	Director
Mr. Shahid Kamal Khan	Ind. Director

Audit Committee

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Jamil Ahmed Shah	Member
Maj. (R) Muhammad Zia	Member
Mr. Shahid Kamal Khan	Member
Mr. Shahnawaz Damji	Secretary

Human Resource & Remuneration Committee

Mr. Jamil Ahmed Shah	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Maj. (R) Muhammad Zia	Member
Mr. Muhammad Ali Tahir	Secretary

Chief Financial Officer & Company Secretary

Mr. Iftikhar Ahmed Khan

Auditors

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



Company Review

Ghandhara Industries Limited (GIL), is the exclusive distributor of ISUZU products in Pakistan, and is part of the Bibojee Group of Companies. At GIL, we are very proud of our performance in one of the world's most competitive truck markets in terms of over loading & fuel efficiency using leading edge engineering and manufacturing technologies, GIL has developed a reputation for reliability, conformability and cost efficient trucks.

With 54 years of history in Pakistan, GIL is well known as a supplier of high quality, medium duty, single axle straight trucks which range from 8.5 Tons to 16.8 Tons.

Our ISUZU truck consistently leads the way with superior specification & reliability. Our customers have come to depend upon the outstanding reliability and superb fuel economy of our trucks, which are often required to operate under very demanding conditions. Ghandhara' & ISUZU's are concern for the environment and their superior engineering capability ensures compliance with the most stringent emissions regulations. Together with our dealership network, we are committed to provide the highest level of customer service possible, with a dependable parts supply and service availability.



Founder Chairman >



Late General M. Habibullah Khan Khattak

At the Helm of the Wheel

General M. 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.





Raza Kuli Khan Khattak

Chairman

Raza Kuli Khan Khattak, MA (Oxon) was educated at Aitchison College Lahore and Brasenose College Oxford from where he graduated with honors in 1961. He subsequently joined his father in the Family Business and is presently the Chairman of 'Bibojee' /Gen Habibullah's Group of Companies, his other directorships include:

Ghandhara Nissan Limited
The General Tyre and Rubber Company of Pakistan Ltd.
Ghandhara DF (Pvt.) Ltd.
Babri Cotton Mills Ltd.
Bannu Woolen Mills Ltd.
Jannan De Malucho Textile Mills Ltd.
Universal Insurance Company Ltd.





Ahmad Kuli Khan Khattak

Chief Executive Officer

Mr. Ahmad Kuli Khan Khattak was educated at Aitchison College Lahore and graduated from the Pakistan Air Force (PAF) Academy Risalpur in 1969 winning the coveted, 'Sword of Honour'. After a distinguished career as a Fighter Pilot, (which included a major role in the induction of F-16 Fighter Planes in the PAF) he sought retirement from the PAF in 1987 and joined the Family Business, 'Bibojee' /General Habibullah's Group of Companies; his appointments in the various companies include:

Chief Executive Ghandhara Nissan Ltd.
(www.ghandharanissan.com.pk)

Chief Executive Rahman Cotton Mills Ltd.
(www.rcm.com.pk)

He also serves on the following board of directors:

Gammon Pakistan Ltd.
Bannu Woolen Mills Ltd.
Babri Cotton Mills Ltd.
Janana De Malucho Textile Mills Ltd.

He has also served as chairman of All Pakistan Textile Manufacturers Association (APTMA), which is presently the largest commercial association in Pakistan.





Muhammad Kuli Khan Khattak

Deputy Chief Executive Officer

Mr. Muhammad Kuli Khan Khattak is an automotive management professional with a vast experience and proven management, sales, advertising, marketing and new business development skills. He is Deputy Chief Executive Officer in Ghandhara Industries Limited.

Mr. Khan was educated at Aitchison College Lahore and completed his Bachelors and Masters from Bahria University.

He has also completed a business development course from London School of Economics.

Mr. Muhammad Kuli Khan Khattak is a certified Director from The Institute of Chartered Accountants of Pakistan (ICAP).

He also serves on the following board of directors:

- Universal insurance Company Ltd.
- Gammon Pakistan Ltd.
- The General Tyre & Rubber Company of Pakistan Ltd.

Board of Directors



Lt. Gen. (R) Ali Kuli Khan Khattak
Director

He was educated at Aitchison College Lahore and graduated from the Royal Military Academy Sandhurst in 1964 and holds a Masters Degree from the Quaid-e-Azam University, Islamabad. He belongs to a prominent industrial family of KPK. He retired from the Pakistan Army as its Chief of General Staff in 1998 and then joined the Family Business which includes, Tyre manufacturing, Automobiles, Insurance, Cotton Spinning Mills, Woollen Textiles, Finance, Construction and Trading Services Companies.



Dr. Parvez Hassan
Director

He is a Senior Advocate of the Supreme Court of Pakistan. He has got a doctorate in law from Harvard University and his Masters in law from Yale University. He also served as a President of the Pakistan Environmental Law Association along with a member of the governing body of LUMS and other educational institutions. He has also been awarded with a Global 500 Roll of Honor by the United Nations Environment Program "in recognition of outstanding practical achievements in the protection and improvement of the environment" conferred in Stockholm, Sweden (1991).



Jamil Ahmed Shah
Director

Jamil Ahmed Shah is a law graduate. He served as a Managing Director of Sind Engineering Limited (SEL). He also served as a CEO in Naya Daur Motors and Bela Engineering. At present he is advisor to the Chairman - Bibojee Group of Companies and also serving on the Board of Ghandhara Nissan Limited.



Maj. (R) Muhammad Zia
Director

Mr. Muhammad Zia is retired Major of Pakistan Army. He has a vast experience of Automobile Industry and currently also serving on the Board of Ghandhara Nissan Limited.



Shahid Kamal Khan
Independent Director

Air Commodore (Retd) Shahid Kamal Khan was born in Abbotabad, Pakistan in 1948. He was commissioned as a fighter pilot in the PAF in 1966 and retired after having served for 32 years in various important operational, training and staff assignments. For his meritorious services, Air Cdre. Shahid was awarded both the Tamgha-e-Basalat and the Sitara-e-Basalat by the Government of Pakistan. He is a graduate of the Royal Air Force Academy, Cranwell and has also completed Systems Safety course conducted at the University of Southern California. He is the CEO of EXCLAIM FZC, a UAE based Limited Liability Company (LLC) and MTEC Enterprise, a Pakistan registered proprietorship.



Our Products



FVR (4x2) Prime Mover



FVZ (6x4) Dumper



FVZ (6x4) Prime Mover



FTS 33 (4x4) Rigid Truck



The No.1 Japanese Trucks



FTR (4x2) Prime Mover



NKR Truck



NHR Truck



FVZ (6x4) Rigid Truck



FTR (4x2) Rigid Truck



FVR (4x2) Rigid Truck



N - Series (Small Bus)



MT133 (Large Bus)



Human Resource >

At Ghandhara Industries Limited, we ensure the efficient and effective utilization of our Human Capital as we believe that nothing we do is more important than developing people, investing on enhancement & promotion of their knowledge, skills, experiences, and innovativeness.

GIL embraces the new challenges by managing its Business Changes and flourishing collaborative corporate culture in order to produce and develop the next generation of leaders. The top Management aims to retain High-performing employees by facilitating them with competitive compensation benefits. Continuing the legacy of developing our personnel, GIL invests in numerous training programs that concentrated on management & leadership development, professional skills, technical training, and soft skills were conducted throughout the year, reflecting Company's zeal towards its people.



Occupational Health & Safety

At GIL we believe on the safety and health of our employees and interested parties. Training and awareness sessions were conducted to change the mindset of our valued employees and workers about the hazards of work environment.



Management Team

What we believe

"Coming together is a beginning. Keeping together is progress. Working together is success."



Corporate Social Responsibility

Availability of quality health care facilities has always been dreamy for the needy and poor. In recognition of the auspicious results in the current year, we enhanced our social contribution expenditure beyond the regular policy to share the joy with the under privileged segments of our society by making contribution to “Dar-ul-Sukun”



Road Show

Ghandhara Industries Ltd. had been conducting its Annual Sales Campaign / Road Show 2015 all over Pakistan.

GIL 3S dealerships had participated in this campaign and their profound efforts are appreciated to make this campaign a successful event.

During the campaign promotional activities, media newspaper advertisements, giveaways distribution, clients interaction and product feedback had been conducted. This will help GIL in making customer understand about our products and knowledge about ISUZU models and their efficiency over competitors' products.

The main purpose of the road show was to present and give awareness to potential customers/clients about ISUZU Trucks & Buses and promoting the sales for achieving Fiscal Year 2015-16 sales target.

The Road Show includes a presentable setup with ISUZU models for demonstration at the required spots and good number of potential clients/customers showed interest in ISUZU models.



Dealer's Conference 2016

To celebrate our achievement and setting New Fiscal Year's target, Ghandhara Industries Ltd. conducted an Annual '3S' Dealer's Conference 2016, which was held on Friday, July 22, 2016 at Crowne Plaza, Sheikh Zayed Road Dubai.

GIL '3S' Dealerships, ISUZU Japan & Marubeni Corporation management were invited to attend this conference to review the past year performance, competitor's challenge and devise a sale strategy to accomplish business targets for the fiscal year 2016-17.

Mr. Muhammad Kuli Khan Khattak, Deputy Chief Executive opened the session and in his speech appreciated Dealers and GIL team efforts to increase market share of ISUZU models all over Pakistan and emphasized to work harder in future to make ISUZU one of the best product in Pakistan.

CEOs of Dealers presented their performance and achievement during the fiscal year 2015-16 and their future plan to increase infrastructure development, after sales service and parts facilities.

Awards Ceremony was conducted in the end and ISUZU Federal Motors, Rawalpindi, ISUZU Ravi Motors, Lahore and ISUZU Karachi Motors were awarded with Sales Achievement Award.





Sales:

The Company has achieved highest ever sales during the year, and increase of 77% from last year

Rs. **5.8**
billion

Breakup Value:

Higher Breakup value providing a stronger financial base for companies future growth

Rs.
145.9

10
Rs./share

Proposed Cash Dividend:

The Company has increased dividend more than 100% from last year

PBT:

Volume growth and effective cost management increase profit by more than 2 times

Rs. **1.1**
billion

24%

ROE:

Improved profitability has increased ROE by 15%

EPS:

Improved profitability efforts generate higher EPS for share holders

Rs.
35.01



Notice of Meeting

Notice is hereby given that the 53rd Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held at 03:15 P.M on Monday, October 31, 2016 at F-3, Hub Chauki Road, S.I.T.E., Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the company held on June 8, 2016.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2016., together with Directors' and Auditors' report thereon.
3. To consider and approve the payment of final Cash Dividend. The Board of Directors has recommended payment of final Cash Dividend of Rs.10/- per share (100%) for the year ended June 30, 2016.
4. To appoint Auditors for the financial year ending June 30, 2017 and to fix their remuneration. The retiring Auditors M/s. Shinewing Hameed Chaudhri & Company, Chartered Accountants, being eligible have offered themselves for re-appointment.
5. Any other business with the permission of the Chair.

Special Business

6. "To consider, and if thought fit, pass a Special Resolution to amend the Articles of Association of the Company to set out the members' right to exercise their votes by electronic means.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to do all the acts, deeds and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company including the filing of all requisite documents/statutory forms as may be required to be filed with the commission / Registrar of the Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution."

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

"Resolved that consent & approval of the members is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on June 30, 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

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

8. Alternation in Clause-73 of the Articles of Association of the Company (Qualification of Director) :

The Board of Directors, in their meeting held on October 4, 2016 have given their consent for amending the Clause-73 of Articles of Association of the Company to be in line with Companies Ordinance 1984, the following special resolution to be approved by the shareholders at the Annual General Meeting:

"Resolved that Clause-73 of the Articles of Association of the Company be amended to be read as "A Director should be a member of the Company" and eliminate the qualification share requirement."

A statement of material facts under Section 160(1)(b) of the Companies Ordinance, 1984 covering above mentioned special business is annexed with this notice of the general meeting.

By order of the Board

Karachi
October 10, 2016

Iftikhar Ahmed Khan
Company Secretary



Notes:

- (a) The Share Transfer books of the Company shall remain closed from October 24, 2016 to October 31, 2016 (both days inclusive).
- (b) A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of himself/herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
- (c) CDC shareholders are requested to bring their original Computerized National Identity Cards, Account, Sub Account Number and Participant's Number in the Central Depository System for identification purposes for attending the Meeting. In case of a 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 the Meeting.
- (d) Securities and Exchange Commission of Pakistan (SECP) vide notifications dated August 18, 2011 and July 05, 2012 made it mandatory that dividend warrants should bear CNIC number of the registered members, therefore, members who have not yet submitted photocopy of their valid Computerized National Identity Cards to the Company are requested to send the same at the earliest to enable the Company to comply with relevant laws. Failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.
- (e) As directed by SECP vide Circular No. 18 of 2012 dated August 18, 2012, we have already given opportunity to share holders to authorize the Company to directly credit in his/their bank account with cash dividend, if any, declared by the Company in future. If you still wish that the cash dividend, if declared by the Company be directly credited into your bank account, instead of issuing a dividend warrant, please provide the relevant details.
- (f) Shareholders are informed that Income Tax Ordinance 2001, as amended by Finance Act, 2015, has prescribed 17.5% withholding tax on dividend payment to non-filers while filers of income tax returns will be liable to withholding tax @12.5%. Shareholders are advised to provide their NTN to Share Registrar of the Company for availing the benefit of withholding tax rate applicable to filers. Information in respect of joint shareholding be provided on the format given below to compute withholding tax of each shareholder accordingly:

Name of Principal / Joint Holder	Folio / Prt. ID & Acct No.	Shareholding %	CNIC	Signature
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- (g) Members are requested to immediately notify any change in their mailing address to our Share Registrar's Office – M/s Hameed Majeed Associates (Pvt) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the Notice of the Fifty Third Annual General Meeting of Ghandhara Industries Limited to be held on October 31, 2016 at which certain business are to be transacted. The purpose of this statement is to be set forth the material facts concerning such special business.

Item no. 6 of the Agenda

SECP has issued The Companies (E-Voting) Regulations, 2016 through SRO 43(I)/2016. These regulations provide members with a right to vote at general meetings through electronic means, subject to satisfaction of certain conditions, including the amendment of Articles of Association so as to stipulate that in case of E-Voting both members and non-members can be appointed as proxy. For the purpose of incorporating the facility of E-Voting in the Articles of Association of the company, it is proposed to amend the Articles of Association by adding a new Article 54A as follows:

"The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein."

Item no. 7 of the Agenda

SECP has vide S.R.O 470(I)/2016 dated May 31, 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Item no. 8 of the Agenda

In order to facilitate the representation of Directors, it is proposed to rationalize the requirement of qualification shares of Directors in line with the requirements of Companies Ordinance, 1984.



Directors' Report

The directors of your company take pleasure in presenting the 53rd annual report & the Company's audited financial statements for the year ended June 30, 2016.

ECONOMY AND MARKET

The fiscal year 2015-16 saw an impressive progress in the business environment for domestic automakers and parts suppliers, resulting from lower interest and inflation rate coupled with better law and order situation.

While an improving economic environment driven by the Government's efforts provided a much needed boost to the entire industry, FY2015-16 was particularly auspicious for your company. The annual demand for ISUZU Trucks and Buses grew 52% to 1,565 units compared to 1,022 units sold last year. The company delivered improved results with an impressive all round performance setting new records on production, sales, earnings and job creation. The stock market reflected confidence in the Company's performance with an all-time high market capitalization. In recognition of these achievements, we enhanced our social contribution expenditure beyond the regular policy to share the joy with the under privileged segments of our society.

FINANCIAL PERFORMANCE

The financial results are summarized below:

	2016	2015
	----- (Rupees' 000) -----	
Profit from operation	1,211,178	494,131
Finance cost	(113,073)	(167,115)
Profit before tax	1,098,105	327,016
Taxation	(352,244)	(103,226)
Profit after tax	745,861	223,790
	----- (Rupees) -----	
Earnings per share	35.01	10.50

It is a privilege to announce that Ghandhara Industries Limited is making history by achieving highest ever profits for two consecutive years Rs. 745.9 million in the year 2015-2016 and Rs. 223 in the year 2014-2015.

OPERATING RESULTS

Sales

In-line with the improved economic activity, your company achieved sales revenue of Rs. 5.825 Billion which is 77% higher than last year of Rs. 3.293 Billion. The surge in sales activity was mainly due to state of the art after sales service, effective promotional tools and customer oriented customized products. A new model of ISUZU Bus also emerged in the market.

Gross profit

The improvement in sales translated in increased gross profits. As a result, gross margin increased from Rs. 689.9 million to Rs. 1,546.6 million, up by 124.2%. Strong contributions came partly from cost management, better sales mix and operational efficiencies. Depreciating Japanese Yen in the first three quarters, reduced steel prices, absorbed overheads due to increased production also played part in the improved Gross Profit of the Company.



Distribution and administrative Expenses

Higher sales commission on increased sales, and inflationary impact increased the distribution and administrative expenses. However due to better planning, expenses showed a downward trajectory as a percentage of sales.

Finance costs

Better negotiation with banks along with favorable monetary policy played major role in reducing the Finance cost. However management was well aware that increased activity will put pressure on finance cost therefore took acute steps to deliver optimum benefit to the company through better financial management.

Dividend

In the light of the financial position of the Company, the Board of Directors has proposed a final cash dividend of Rs. 10 per share for the year ended June 30, 2016 in its meeting held on October 04th, 2016.

This shall be subject to the approval of the shareholders in their meeting scheduled on October 31st, 2016.

Auditor's report to the members

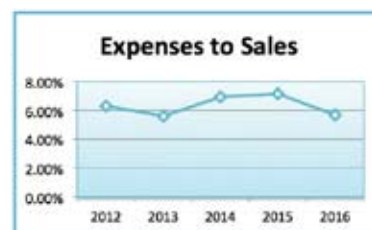
The position in respect of paragraph (e) of the Auditor's report is clarified as under:

In the light of the legal opinion obtained by the management of the company coupled with a constitutional petition sub-judiced before Sindh High Court, the Board is of the view that it is not liable to accrue and pay for Workers Profit Participation Fund as detailed in note # 25.1.(iii) to the financial statements.

Code of Corporate Governance

The Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statement prepared by the management of the Company, present fairly its state of affairs, 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 Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statement.
- The system of 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.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are annexed.
- The value of investments of the Company's gratuity as on June 30, 2016 is Rs. Nil.



Audit Committee

The committee consists of four members including the independent director; all are non-executive directors including the chairman of the committee. The terms of reference of this committee have been determined in accordance with guidelines provided in the listing regulations. The committee held four meetings during the year.

Board Human Resource & Remuneration Committee

The committee consists of three members; majority thereof including the chairman of the committee is non-executive. The terms of reference of this Committee have been determined in accordance with guidelines provided in the listing regulations.

Board meetings

The Board of Directors is comprised of one executive director, five non-executive directors and one independent director.

During the year under review, five Board meetings were held. Attendance at the Board meetings was as below:

Name of Director	No. of Meetings attended			
Mr. Raza Kuli Khan Khattak	✓	✓	✓	✓
Mr. Ahmad Kuli Khan Khattak	✓	✓	✓	✓
Lt. Gen. (R) Ali Kuli Khan Khattak	✓	✓	✓	✓
Dr. Pervez Hassan	X	X	X	X
Mr. Jamil Ahmed Shah	✓	✓	✓	✓
Ch. Sher Muhammad*	✓	✓	✓	NA
Maj (R) Muhammad Zia*	NA	NA	NA	✓

*During the year, Maj (R) Muhammad Zia was appointed as director due to casual vacancy on the sad demise of Ch. Sher Muhammad.

Auditors

Present auditors, Messrs.' Shinewing Hameed Chaudhri & Co, Chartered Accountants, have retired. Being eligible, they have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2017 to the shareholders for approval.

Pattern of shareholding

The pattern of shareholding as on 30th June 2016 & additional information thereabout required under Code of Corporate Governance are annexed.

Subsequent Events

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

Future outlook

The stability in macroeconomic activities has set the basis for stronger and sustainable economic growth. Following the monetary easing, favorable inflation outlook and consistent inflow of remittances, the economy is well positioned to achieve greater competitiveness.

The fast implementation of China Pakistan Economic Corridor (CPEC) projects and further improvement in security situation along with commitment to fiscal consolidation will have a positive spillover effect on domestic industrial growth.

The Company has once again exhibited strong performance and competitiveness. With well-established plans and sufficient future orders, supported by high-performing management, and, the Company is well positioned to grow its share in the Trucks and Buses market. The Company is focused on growth opportunities and is determined to translate it into operating results by adding value to its stakeholders' wealth.



Acknowledgement

The board acknowledges the trust and confidence in the Company and its products by the shareholders, valued suppliers, customers, dealers and bankers and thank them for their co-operation and support. The Board is pleased to record its appreciation for the continued diligence and devotion of the employees. The Board takes the opportunity to thank the Company's principal 'Isuzu Motors Limited' and trading house 'Marubeni Corporation' for their support and assistance.

By order of the Board

Karachi
Dated: October 04, 2016

Ahmad Kuli Khan Khattak
Chief Executive



ڈائریکٹرز کی رپورٹ

30 جون 2016 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ 53 ویں سالانہ رپورٹ پیش کرنے میں آپ کے کمپنی ڈائریکٹرز خوشی محسوس کرتے ہیں۔

معیشت اور مارکیٹ

مالی سال 2015-16 میں مقامی آٹو میکروز اور پروزوں کے سپلائرز کے کاروباری ماحول میں قابل ذکر بہتری دیکھی گئی جس کی وجہ سود اور مہنگائی کی کم شرح اور ساتھ ساتھ امن و امان کی بہتر صورتحال تھی۔

حکومت کی کوششوں سے فراہم کیے جانے والے ضروری اور بہتر معاشی ماحول سے پوری صنعت کو ترقی ملی، خصوصاً مالی سال 2015-16 آپ کی کمپنی کے لیے بہت سازگار ثابت ہوا۔ اسوزو ٹرکوں اور بسوں کی سالانہ مانگ %52 اضافے کے ساتھ 1,565 رہی جبکہ پچھلے سال کمپنی نے 1,022 یونٹس فروخت کیے۔ کمپنی نے بہترین نتائج جس میں پیداوار، فروخت، آمدنی اور روزگار کے مواقع پیدا کرنے میں متاثر کن ہمہ گیر کارکردگی سے نئے ریکارڈ قائم کئے۔ اسٹاک مارکیٹ نے کمپنی کی کارکردگی پر اعتماد ظاہر کیا جس کی وجہ سے مارکیٹ میں کمپنی کے حصص میں اب تک کی سب سے زیادہ سرمایہ کاری ہوئی۔ ان کامیابیوں کا ادراک کرتے ہوئے ہم نے معمول کی پالیسی سے دو قدم آگے بڑھتے ہوئے معاشرتی سرگرمیوں کے اپنے حصے میں اضافہ کیا تاکہ معاشرے کے غریب لوگوں میں خوشیاں بانٹ سکیں۔

معاشی کارکردگی

معاشی نتائج کا خلاصہ درج ذیل ہے:

2015	2016	
		(روپے ہزاروں میں)
494,131	1,211,178	کارکردگی سے منافع
(167,115)	(113,073)	مالی لاگت
327,016	1,098,105	قبل از ٹیکس منافع
(103,226)	(352,244)	ٹیکس
223,790	745,861	بعد از ٹیکس منافع
10.50	35.01	فی شیئر آمدنی



اس موقع پر گندھارا انڈسٹریز لمیٹڈ یہ اعلان کرنے میں فخر محسوس کرتے ہیں کہ مسلسل دو سالوں میں اب تک کاسب سے زیادہ منافع حاصل کر کے تاریخ رقم کی ہے جو سال 2016-15 میں 745.5 ملین روپے اور 2015-14 میں 223.5 ملین روپے تھا۔

کارکردگی کے نتائج سیلز

بہتر معاشی سرگرمی کی وجہ سے آپ کی کمپنی نے فروخت کی آمدنی سے 5.825 ارب روپے حاصل کیے جو پچھلے سال کے 3.293 ارب روپے کے مقابلے میں % 77 زیادہ تھے۔ فروخت کی سرگرمی میں اضافے کی اہم وجہ بعد از فروخت کی بہترین خدمات، مؤثر ترقیاتی انداز اور صارفین کی پسند کی مصنوعات تھی۔ اسوزو بس کا ایک نیا ماڈل بھی مارکیٹ کی زینت بنا۔

مجموعی منافع

فروخت میں بہتری کی وجہ سے مجموعی منافع میں اضافہ ہوا۔ اس کے نتیجے میں مجموعی منافع 689.9 ملین روپے سے بڑھ کر % 124.2 اضافے کے ساتھ 1.546 ارب ہو گیا۔ لاگت کا انتظام، فروخت اور کارکردگی میں بہتری اس کی اہم وجوہات تھیں۔ پہلی تین سہ ماہیوں میں جاپانی ین کی گرتی ہوئی قیمت، اسٹیل کی کم قیمتیں، اضافی پیداوار کی وجہ سے متفرق اخراجات کی بالواسطہ لاگتوں نے بھی کمپنی کے بہتر مجموعی منافع میں اہم کردار ادا کیا۔

تقسیم اور انتظامی اخراجات

اضافی فروخت پر زائد کمیشن اور مہنگائی کے اثر نے تقسیم اور انتظامی اخراجات میں اضافہ کیا۔ البتہ بہتر منصوبہ بندی کی بدولت اخراجات نے فروخت کی شرح کے لحاظ سے کمی واقع ہوئی۔

معاشی لاگتیں

بینکوں کے ساتھ کامیاب مذاکرات کے ساتھ ساتھ موافق مالیاتی پالیسی نے معاشی لاگت کو کم کرنے میں اہم کردار ادا کیا۔ البتہ انتظامیہ اس بات سے باخبر تھی کہ سرگرمی میں اضافے سے معاشی لاگت پر دباؤ بڑھے گا لہذا بہتر معاشی انتظام کی بدولت کمپنی کے لیے بہترین نتائج حاصل کرنے کے لیے ٹھوس اقدامات کیے گئے۔

ڈویڈنڈ

کمپنی کی معاشی حالت کے اعتبار سے 30 جون 2016 کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز نے 4 اکتوبر 2016 کو منعقد ہونے والی میٹنگ میں 10 روپے فی شیئر کے حتمی ڈویڈنڈ کی سفارش کی۔

اس کا دارومدار شیئر ہولڈرز کی 31 اکتوبر کو منعقد ہونے والی میٹنگ میں منظوری سے مشروط ہو گا۔



آڈیٹرز رپورٹ ٹودی ممبرز

آڈیٹرز کے رپورٹ میں پیرا گراف (e) کے لحاظ سے صورتحال مندرجہ ذیل میں واضح کیا گیا ہے:

کمپنی کو حاصل کردہ قانونی رائے بمعہ سندھ ہائی کورٹ کے زیر سماعت آئینی پیشین کے مطابق بورڈ اس بات کا پابند نہیں ہے کہ ورکرز کے منافع کی شرکت داری فنڈ کو بڑھائے اور اس کے لیے ادائیگی کرے جس کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 25.1.(iii) میں درج ہے۔

کوڈ آف کارپوریٹ گورننس

بورڈ یہ بیان کرتے ہوئے خوش محسوس کرتا ہے کہ کمپنی کی انتظامیہ اجتماعی عملداری کے ضابطے کی بہترین تعمیل پر عمل کرتی ہے۔ بورڈ اجتماعی اور مالیاتی رپورٹنگ کے فریم ورک کے حوالے سے اپنی ذمہ داریوں کا مندرجہ ذیل میں اعتراف کرتا ہے کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اس کے معمولات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو شفاف طریقے سے پیش کیا گیا ہے۔
- کمپنی کی جانب سے کھاتے کی موزوں کتابوں کا استعمال کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی پالیسیوں کا مستقل انداز میں نفاذ کیا گیا ہے اور اکاؤنٹنگ کے تخمینوں کا دار و مدار معقول اور محتاط فیصلے پر مبنی ہے۔
- مالیاتی گوشواروں کی تیاری میں جن بین الاقوامی معیار کا اطلاق پاکستان میں رائج ہے، ان کی مالیاتی گوشواروں کی تیاری مناسب انداز میں تعمیل کی گئی ہے۔
- اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی مؤثر ہے۔
- کمپنی کا کاروبار جاری رکھنے کی صلاحیت پر کوئی بڑے شبہات موجود نہیں ہیں۔
- کارپوریٹ گورننس کی بہترین طریقوں میں کسی قسم کا انحراف نہیں ہے جس کی تفصیل لسٹنگ کے قواعد و ضوابط میں ہے۔
- آپرٹنگ اور مالیاتی ڈیٹا کا پچھلے 6 سال کا خلاصہ منسلک کیا گیا ہے۔
- 30 جون 2016 تک کمپنی کی گریجویٹ کی سرمایہ کاریوں کی قیمت "صفر" تھی۔

آڈٹ کمیٹی

کمیٹی میں چار ممبران شامل ہیں جس میں ایک خود مختار ڈائریکٹر بھی ہے، بشمول کمیٹی کی چیئر مین، تمام نان ایکزیکٹیو ڈائریکٹرز ہیں۔ لسٹنگ کے قواعد و ضوابط کی فراہم کردہ رہنمائی کے مطابق اس کمیٹی کے حوالے سے تعریف متعین کر دی گئی ہے۔ کمیٹی سال کے دوران چار میٹنگز منعقد کرتی ہے۔

بورڈ کی ہیومن ریسورس اور معاوضے کی کمیٹی

کمیٹی میں تین ممبران شامل ہیں اس وجہ سے بشمول کمیٹی چیئر مین، اکثریت نان ایکزیکٹیو ہے۔ لسٹنگ کے قواعد و ضوابط کی فراہم کردہ رہنمائی کے مطابق اس کمیٹی کے حوالے کی تعریف متعین کر دی گئی ہے۔



بورڈ کی میٹنگ

بورڈ آف ڈائریکٹرز میں ایک ایکڑیکٹو ڈائریکٹر، پانچ نان ایکڑیکٹو ڈائریکٹرز اور ایک خود مختار ڈائریکٹر شامل ہیں۔

زیر نظر سال کے دوران بورڈ کی چار میٹنگز منعقد کی گئیں جن میں درج ذیل ڈائریکٹرز شریک ہوئے:

ڈائریکٹر کا نام میٹنگز میں شرکت کی تعداد

جناب رضا قلی خان خٹک 4

جناب احمد قلی خان خٹک 4

لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک 4

جناب پرویز حسن 0

جناب جمیل احمد شاہ 4

چوہدری شیر محمد* 3

میجر (ریٹائرڈ) محمد ضیاء* 1

* سال کے دوران میجر (ریٹائرڈ) محمد ضیاء کو چوہدری شیر محمد کی اچانک اور اندوہناک وفات پر ڈائریکٹر متعین کیا گیا۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے اور اہل ہونے کے ناطے انہوں نے خود کو دوبارہ تعیناتی کے لیے پیش کیا۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر 30 جون 2017 کو ختم ہونے والے سال کے لیے ان کو دوبارہ کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کی سفارش شیئر ہولڈرز کی منظوری کے لیے قبول کر لی۔

شیئر ہولڈنگ کا طریقہ

30 جون 2016 کو کمپنی کے شیئر ہولڈنگ کا طریقہ اور اجتماعی عملداری کے ضابطے کے تحت مطلوبہ اضافی معلومات کو سالانہ رپورٹ میں منسلک کیا گیا ہے۔

بعد کے واقعات

30 جون 2016 سے رپورٹ کی تیاری تک کسی قسم کی مادی تبدیلیاں اور کمٹمنٹس نہیں کیے گئے کہ جن سے کمپنی کی اقتصادی حیثیت تبدیل ہو۔



مستقبل پر نظر

میکرو اکنامکس سرگرمیوں میں استحکام نے مضبوط اور پائیدار معاشی نمو کی بنیاد رکھ دی ہے۔ مالیاتی نرمی، موافق افراط زر کی شرح اور ترسیلات کی متواتر وصولیوں کی وجہ سے میعشت مزید مسابقت حاصل کرنے کے قابل ہو چکی ہے۔

پاک چین اقتصادی راہداری کے منصوبوں (CPEC) پر تیزی سے عملدرآمد اور امن و امان کی بہتر صورتحال کے ساتھ ساتھ مالیاتی استحکام کی کوششوں کی بدولت مقامی صنعت کی افزائش پر مثبت اثر پڑے گا۔

کمپنی نے ایک بار پھر مضبوط کارکردگی اور مسابقت دکھائی ہے۔ قائم کردہ بہترین منصوبوں، مستقبل کے وافر آرڈرز کے ساتھ ساتھ بہترین کارکردگی کی حامل انتظامیہ کے عمدہ تعاون سے کمپنی اس قابل ہو چکی ہے کہ مارکیٹ میں ٹرکوں اور بسوں کے حصے میں اضافہ کر سکے گی۔ ترقی کے مواقعوں کی طرف کمپنی توجہ دے رہی ہے اور اپنے اسٹیک ہولڈرز کی دولت میں اضافہ کرتے ہوئے ان مواقعوں کو کارکردگی کے نتائج میں تبدیل کرنے میں پُر عزم ہے۔

توثیقی بیان

بورڈ اس موقع پر شیئر ہولڈرز، قابل قدر سپلائرز، گاہکوں، ڈیلرز اور بینکرز کے تعاون اور مدد کا شکریہ ادا کرتا ہے کہ انہوں نے کمپنی اور اس کی مصنوعات پر اعتماد اور بھروسہ کیا۔ ملازمین کی ہمیشہ سے جانفشانی اور خلوص کا بھی بورڈ شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے پرنسپل اسوزو موٹرز لمیٹڈ اور ٹریڈنگ ہاؤس 'Marubeni Corporation' کے تعاون اور مدد کا بھی شکریہ ادا کرتا ہے۔

بورڈ کے حکم سے

احمد قلی خان خٹک

چیف ایگزیکٹو

کراچی: 4 اکتوبر 2016



Financial Performance

		2016	2015	2014	2013	2012	2011
Financial Performance-Profitability							
Gross profit margin	%	26.55	20.95	12.19	17.23	12.01	10.68
EBITDA margin to sales	%	21.26	15.74	7.82	13.69	7.09	5.81
Pre tax margin	%	18.85	15.74	0.64	6.51	(2.20)	0.48
Net profit margin	%	12.80	6.79	0.92	4.54	(1.58)	0.47
Return on equity-before tax	%	35.33	14.54	0.78	9.18	(2.60)	0.47
Return on equity-after tax	%	23.99	9.95	1.12	6.40	(1.87)	0.47
Operating Performance / Liquidity							
Total assets turnover	Times	1.13	0.98	0.66	0.68	0.56	0.49
Fixed assets turnover	Times	3.00	1.97	1.47	1.65	1.25	1.04
Debtors turnover	Times	38.54	25.00	9.59	13.07	12.69	12.64
Debtors turnover	Days	9.47	15	38	28	29	29
Inventory turnover	Times	5.21	3.95	2.05	2.46	2.43	2.32
Inventory turnover	Days	70.06	92	178	148	150	157
Creditors turnover	Times	25.46	14.11	9.82	15.37	11.44	10.14
Creditors turnover	Days	14.34	26	37	24	32	36
Operating cycle	Days	65.20	106	204	183	168	169
Current ratio		1.62	1.56	1.16	1.12	1.05	1.08
Quick / acid test ratio		0.77	0.95	0.52	0.47	0.54	0.66
Capital Structure Analyses							
Breakup value / share	Rs	145.91	105.59	94.83	93.67	76.78	78.24
Earning per share (pre tax)	Rs	51.54	15.35	0.74	8.60	(2.03)	0.37
Earning per share (after tax)	Rs	35.01	10.50	1.13	6.00	(1.46)	0.36



Summary of Balance Sheet

	2016	2015	2014	2013	2012	2011
Summary of Balance Sheet						
Share capital	213,044	213,044	213,044	213,044	213,044	213,044
Reserves	1,022,517	365,002	133,989	103,933	(27,772)	(2,250)
Shareholder's fund / equity	3,108,553	2,249,388	2,020,212	1,995,571	1,635,720	1,666,804
Deferred liabilities	37,802	30,545	24,866	21,819	14,774	13,715
Property, plant & equipment	1,941,250	1,674,230	1,678,603	1,703,088	1,447,944	1,465,156
Long term assets	15,783	5,831	4,783	7,344	6,186	8,122
Net current assets / Working capital	1,188,072	568,524	261,336	258,384	86,836	135,216
Summary of Profit & Loss						
Net sales	5,825,579	3,293,329	2,466,127	2,812,958	1,968,409	1,631,208
Gross profit	1,546,638	689,924	300,696	484,624	236,420	174,180
Operating profit	1,211,178	494,131	192,864	359,061	113,025	67,048
Profit before tax	1,098,105	327,016	15,812	183,166	(43,263)	7,847
Profit after tax	745,861	223,788	24,068	127,736	(31,085)	7,745
EBITDA	1,238,493	518,222	192,864	385,138	139,469	94,763
Summary of Cash Flows						
Net cash flow from operating activities	588,679	1,002,281	141,723	(401,667)	(582,793)	(110,497)
Net cash flow from investing activities	(73,468)	(12,428)	(2,472)	(11,426)	(9,389)	(12,697)
Net cash flow from financing activities	(58,075)	(9,835)	(10,452)	(8,396)	(6,737)	(17,643)
Changes in cash & cash equivalents	457,136	980,018	128,799	(421,489)	(598,919)	(140,838)
Cash & cash equivalents	391,706	(65,430)	(1,045,448)	(1,174,247)	(752,758)	(153,839)



Horizontal Analysis

Balance Sheet	2016 Rs. in 000'	16 Vs 15 %	2015 Rs. in 000'	15 Vs 14 %	2014 Rs. in 000'	14 Vs 13 %	2013 Rs. in 000'	13 Vs 12 %	2012 Rs. in 000'	12 Vs 11 %	2011 Rs. in 000'	11 Vs 10 %	2010 Rs.	10 Vs 09 %
Assets														
Non-Current Assets														
Property, plant & equipment	1,941,250	15.95	1,674,230	(0.26)	1,678,603	(1.44)	1,703,088	17.62	1,447,944	(1.17)	1,465,156	(0.76)	1,476,350	44.88
Intangible assets	-	(100.00)	45	(87.13)	346	(46.52)	647	(31.85)	949	(24.11)	1,251	183.03	442	100.00
Investment properties	89,145	(0.28)	89,395	(0.28)	89,645	(0.28)	89,895	(0.28)	90,145	(0.28)	90,395	(0.29)	90,654	(0.29)
Long term Investment	1,400	-	1,400	-	1,400	-	1,400	0.04	1,400	(0.04)	1,400	-	1,400	-
Long term loans	2,298	107.20	1,109	74.38	636	(51.49)	1,311	34.84	972	(29.65)	1,382	115.94	640	144.27
Long term deposits	12,085	263.79	3,322	20.93	2,747	(40.71)	4,633	21.47	3,814	(28.57)	5,340	(6.57)	5,715	36.66
Deferred taxation	-	-	-	(100.00)	18,304	-	-	(100.00)	32,049	27,254.06	117	-	-	-
	2,046,178	15.64	1,769,501	(1.24)	1,791,681	(0.52)	1,800,974	14.18	1,577,273	0.78	1,565,041	(0.65)	1,575,201	41.18
Current Assets														
Stores and spare parts	1,980	(1.42)	2,009	8.04	1,859	(18.64)	2,285	33.31	1,714	(60.09)	4,294	(26.87)	5,872	39,046.67
Stock-in-trade	1,623,753	165.05	612,623	(41.98)	1,055,872	(22.12)	1,355,715	45.95	928,892	34.29	691,703	(2.81)	711,728	90.38
Trade debts	259,680	508.82	42,653	(80.68)	220,786	(24.76)	293,428	114.28	136,939	(21.02)	173,375	104.52	84,771	(17.86)
Loans and advances	142,349	(44.28)	255,449	21.91	209,547	(15.22)	247,162	(35.85)	385,279	463.26	68,402	216.29	21,626	36.16
Trade deposits and prepayments	339,626	12.59	301,657	61.23	187,098	26.80	147,548	(11.20)	166,166	(75.30)	672,658	1,283.42	48,623	(22.34)
Other receivables	18,518	13.66	16,292	59.84	10,193	315.36	2,454	96.95	1,246	(88.36)	10,704	277.16	2,838	-
Sales tax refundable/adjustable and taxation - payment less provision	142,380	(32.69)	211,533	0.68	210,107	(14.75)	246,465	19.86	205,626	23.65	166,290	(28.21)	231,649	1.69
Cash and bank balances	585,735	331.61	135,710	292.26	34,597	(14.13)	40,289	(55.83)	91,218	857.84	9,523	(93.64)	149,688	595.90
	3,114,021	97.35	1,577,926	(18.24)	1,930,059	(17.35)	2,335,346	21.82	1,917,080	6.69	1,796,949	42.98	1,256,795	55.60
	5,160,199	54.15	3,347,427	(10.06)	3,721,740	(10.02)	4,136,320	18.37	3,494,353	3.94	3,361,990	18.71	2,831,997	47.24
Equity And Liabilities														
Share Capital And Reserves														
Share capital	213,044	-	213,044	0.00	213,044	-	213,044	-	213,044	-	213,044	-	213,044	-
Unappropriated profit / (accumulated loss)	1,022,517	180.14	365,002	172.41	133,989	28.92	103,933	(474.24)	(27,772)	1,134.07	(2,250)	(85.53)	(15,558)	(87.97)
Surplus on revaluation of fixed assets	1,872,992	12.07	1,671,341	(0.11)	1,673,179.0	(0.32)	1,678,594	15.73	1,450,448	(0.38)	1,456,011	(0.38)	1,461,574	36.19
	3,108,553	38.20	2,249,387	11.34	2,020,212	1.23	1,995,571	22.00	1,635,720	(1.86)	1,666,804	0.47	1,659,060	43.40
Non-Current Liabilities														
Liabilities against assets subject to finance lease	36,000	240.14	10,584	33.32	7,939.00	(47.43)	15,102	10.93	13,614	(31.03)	19,738	(26.23)	26,757	991.23
Deferred liabilities	37,802	23.76	30,545	22.84	24,866.00	13.96	21,819	47.68	14,774	7.72	13,715	10.00	12,468	254.41
Deferred taxation	51,895	9.23	47,509	100.00	-	(100.00)	26,865	100.00	-	-	-	-	16,834	29.48
	125,697	41.81	88,638	170.20	32,805	(48.57)	63,786	124.70	28,388	(15.14)	33,453	(40.33)	56,059	195.50
Current Liabilities														
Trade and other payables	1,697,510	116.67	783,464	42.32	550,511	(33.08)	822,680	(12.83)	943,781	(35.41)	1,461,200	59.66	915,182	130.66
Current maturity of liabilities against assets subject to finance lease	8,597	124.06	3,837	(49.86)	7,652	2.22	7,486	32.04	5,670	(9.78)	6,284	(26.57)	8,558	40.20
Accrued mark up	25,813	23.15	20,961	(31.31)	30,515	(5.41)	32,261	(12.37)	36,817	19.20	30,887	1.44	30,450	77.92
Short term borrowings	194,029	(3.54)	201,140	(81.38)	1,080,045	(11.07)	1,214,536	43.91	843,976	416.63	163,362	0.41	162,688	(50.33)
	1,925,949	90.80	1,009,402	(39.51)	1,668,723	(19.66)	2,076,963	13.48	1,830,244	10.14	1,661,733	48.78	1,116,878	49.41
	5,160,199	54.15	3,347,427	(10.06)	3,721,740	(10.02)	4,136,320	18.37	3,494,353	3.94	3,361,990	18.71	2,831,997	47.24
Profit & Loss														
Net sales	5,825,579	76.89	3,293,329	33.54	2,466,127	(12.33)	2,812,958	42.91	1,968,409	20.67	1,631,208	(21.82)	2,086,520	58.81
Cost of sales	(4,278,941)	64.36	(2,603,405)	20.23	(2,165,431)	(7.00)	(2,328,334)	34.43	(1,731,989)	18.87	(1,457,028)	(18.59)	(1,789,728)	51.09
Gross profit	1,546,638	124.18	689,924	129.44	300,696	(37.95)	484,624	104.98	236,420	35.73	174,180	(41.31)	296,792	129.53
Distribution expenses	(220,946)	33	(166,310)	58	(105,267)	24.55	(84,518)	13.34	(74,570)	31.18	(56,844)	(20.46)	(71,469)	47.07
Administrative expenses	(110,568)	59	(69,707)	5	(66,116)	(9.49)	(73,046)	47.39	(49,559)	(8.59)	(54,214)	30.08	(41,677)	21.73
Other operating expenses	(34,598)	155	(13,546)	320	(3,227)	(77.96)	(14,641)	670.98	(1,899)	40.10	(1,355)	(87.77)	(11,079)	(90.62)
Other operating income	30,652	(43)	53,770	(19)	66,778	43.17	46,642	1,671.44	2,633	(50.14)	5,281	68.17	3,140	(78.60)
Profit / (loss) from operations	1,211,178	145	494,131	156	192,864	(46.29)	359,061	218	113,025	68.57	67,048	(61.84)	175,707	(408.69)
Finance cost	(113,073)	(32)	(167,115)	(6)	(177,052)	0.66	(175,895)	12.55	(156,288)	163.99	(59,201)	2.46	(57,779)	(30.81)
Profit / (loss) before taxation	1,098,105	236	327,016	1,968	15,812	(91.37)	183,166	(523.38)	(43,263)	(651.35)	7,847	(93.35)	117,928	(183.98)
Taxation	(352,244)	241.24	(103,226)	1,150.31	(8,256)	(114.89)	(55,430)	355.15	(12,178)	(12,087.91)	102	(100.58)	(17,635)	499.42
Profit / (loss) after taxation	745,861	233.29	223,790	829.82	24,068	(81.16)	127,736	(510.93)	(31,085)	(501.35)	7,745	(94.29)	135,563	(198.60)



Vertical Analysis

Balance Sheet	2016		2015		2014		2013		2012		2011		2010	
	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%
Assets														
Non-Current Assets														
Property, plant & equipment	1,941,250	37.62	1,674,230	50.02	1,678,603	45.10	1,703,088	41.17	1,447,944	41.44	1,465,156	43.58	1,476,350	52.13
Intangible assets	-	-	45	0.00	346	0.01	647	0.02	949	0.03	1,251	0.04	442	0.02
Investment properties	89,145	1.73	89,395	2.67	89,645	2.41	89,895	2.17	90,145	2.58	90,395	2.69	90,654	3.20
Long term Investment	1,400	0.03	1,400	0.04	1,400	0.04	1,400	0.03	1,400	0.04	1,400	0.04	1,400	0.05
Long term loans	2,298	0.04	1,109	0.03	636	0.02	1,311	0.03	972	0.03	1,382	0.04	640	0.02
Long term deposits	12,085	0.23	3,322	0.10	2,747	0.07	4,633	0.11	3,814	0.11	5,340	0.16	5,715	0.20
Deferred taxation	-	-	-	-	18,304	0.49	-	-	32,049	0.92	117	0.00	-	-
	2,046,178	40	1,769,501	52.86	1,791,681	48.14	1,800,974	43.54	1,577,273	45.14	1,565,041	46.55	1,575,201	45.08
Current Assets														
Stores and spare parts	1,980	0.04	2,009	0.06	1,859	0.05	2,285	0.06	1,714	0.05	4,294	0.13	5,872	0.21
Stock-in-trade	1,623,753	31.47	612,623	18.30	1,055,872	28.37	1,355,715	32.78	928,892	26.58	691,703	20.57	711,728	25.13
Trade debts	259,680	5.03	42,653	1.27	220,786	5.93	293,428	7.09	136,939	3.92	173,375	5.16	84,771	2.99
Loans and advances	142,349	2.76	255,449	7.63	209,547	5.63	247,162	5.98	385,279	11.03	68,402	2.03	21,626	0.76
Trade deposits and prepayments	339,626	6.58	301,657	9.01	187,098	5.03	147,548	3.57	166,166	4.76	672,658	20.01	48,623	1.72
Other receivables	18,518	0.36	16,292	0.49	10,193	0.27	2,454	0.06	1,246	0.04	10,704	0.32	2,838	0.10
Sales tax refundable/adjustable and taxation - payment less provision	142,380	2.76	211,533	6.32	210,107	5.65	246,465	5.96	205,626	5.88	166,290	4.95	231,649	8.18
Cash and bank balances	585,735	11.35	135,710	4.05	34,597	0.93	40,289	0.97	91,218	2.61	9,523	0.28	149,688	5.29
	3,114,021	60	1,577,926	47.14	1,930,059	51.86	2,335,346	56.46	1,917,080	54.86	1,796,949	53.45	1,256,795	44.38
	5,160,199	100.00	3,347,427	100.00	3,721,740	100.00	4,136,320	100.00	3,494,353	100.00	3,361,990	100.00	2,831,997	100.00
Equity And Liabilities														
Share Capital And Reserves														
Share capital	213,044	4.13	213,044	6.36	213,044	5.72	213,044	5.15	213,044	6.10	213,044	6.34	213,044	7.52
Unappropriated profit / (accumulated loss)	1,022,517	19.82	365,002	10.90	133,989	3.60	103,933	2.51	(27,772)	(0.79)	(2,250)	(0.07)	(15,558)	(0.55)
Surplus on revaluation of fixed assets	1,872,992	36.30	1,671,341	49.93	1,673,179	44.96	1,678,594	40.58	1,450,448	41.51	1,456,011	43.31	1,461,574	51.61
	3,108,553	60	2,249,387	67.20	2,020,212	54.28	1,995,571	48.25	1,635,720	46.81	1,666,804	49.58	1,659,060	58.58
Non-Current Liabilities														
Liabilities against assets subject to finance lease	36,000	0.70	10,584	0.32	7,939	0.21	15,102	0.37	13,614	0.39	19,738	0.59	26,757	0.94
Deferred liabilities	37,802	0.73	30,545	0.91	24,866	0.67	21,819	0.53	14,774	0.42	13,715	0.41	12,468	0.44
Deferred taxation	51,895	1.01	47,509	1.42	-	-	26,865	0.65	-	-	-	-	16,834	0.59
	125,697	2	88,638	2.65	32,805	0.88	63,786	1.54	28,388	0.81	33,453	1.00	56,059	1.98
Current Liabilities														
Trade and other payables	1,697,510	32.90	783,464	23.40	550,511	14.79	822,680	19.89	943,781	27.01	1,461,200	43.46	915,182	32.32
Current maturity of liabilities against assets subject to finance lease	8,597	0.17	3,837	0.11	7,652	0.21	7,486	0.18	5,670	0.16	6,284	0.19	8,558	0.30
Accrued mark up	25,813	0.50	20,961	0.63	30,515	0.82	32,261	0.78	36,817	1.05	30,887	0.92	30,450	1.08
Short term borrowings	194,029	3.76	201,140	6.01	1,080,045	29.02	1,214,536	29.36	843,976	24.15	163,362	4.86	162,688	5.74
	1,925,949	37	1,009,402	30.15	1,668,723	44.84	2,076,963	50.21	1,830,244	52.38	1,661,733	49.43	1,116,878	39.44
	5,160,199	100.00	3,347,427	100.00	3,721,740	100.00	4,136,320	100.00	3,494,353	100.00	3,361,990	100.00	2,831,997	100.00
Profit & Loss														
	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%
Net sales	5,825,579	100.00	3,293,329	100.00	2,466,127	100.00	2,812,958	100.00	1,968,409	100.00	1,631,208	100.00	2,086,520	100.00
Cost of sales	(4,278,941)	(73.45)	2,603,405	79.05	2,165,431	87.81	2,328,334	82.77	1,731,989	87.81	1,457,028	89.32	1,789,728	85.78
Gross profit	1,546,638	27	689,924	20.95	300,696	12.19	484,624	17.23	236,420	12.19	174,180	10.68	296,792	14.22
Distribution expenses	(220,946)	(3.79)	166,310	5.05	105,267	4.27	84,518	3.00	74,570	4.27	56,844	3.48	71,469	3.43
Administrative expenses	(110,568)	(1.90)	69,707	2.12	66,116	2.68	73,046	2.60	49,559	2.68	54,214	3.32	41,677	2.00
Other operating expenses	(34,598)	(0.59)	13,546	0.41	3,227	0.13	14,641	0.52	1,899	0.13	1,355	0.08	11,079	0.53
Other operating income	30,652	0.53	53,770	1.63	66,778	2.71	46,642	1.66	2,633	2.71	5,281	0.32	3,140	0.15
Profit / (loss) from operations	1,211,178	21	494,131	15.00	192,864	7.82	359,061	12.76	113,025	7.82	67,048	4.11	175,707	8.42
Finance cost	(113,073)	(1.94)	167,115	5.07	177,052	7.18	175,895	6.25	156,288	7.18	59,201	3.63	57,779	2.77
Profit / (loss) before taxation	1,098,105	19	327,016	9.93	15,812	0.64	183,166	6.51	(43,263)	0.64	7,847	0.48	117,928	5.65
Taxation	(352,244)	(6.05)	(103,226)	(3.13)	(8,256)	0.33	(55,430)	(1.97)	(12,178)	(0.33)	102	0.01	(17,635)	(0.85)
Profit / (loss) after taxation	745,861	12.80	223,790	6.80	24,068	0.98	127,736	80.81	(31,085)	(1.58)	7,745	0.47	135,564	6.50



Graphical Presentation

The Company's distinguished performance in its operations is attributable to the effective management of controllable factors, measured against key financial indicators. This has resulted in the Company accumulate greater financial strength and continue to grow sustainably over the course of time.

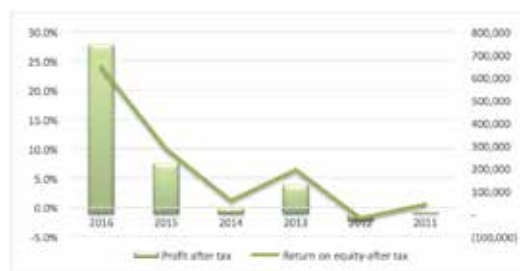
Sales and Gross Profit



The Company remained focused towards delivering upon its objective of sustainable growth through value creation. Accordingly, the momentum of increasing sales continued throughout the year on account of positive market performance. It resulted in achievement of Sales Revenue of Rs. 5.8 billion, a 76% increase from last year. This has been the highest ever sales revenue throughout the history of GIL.

The improvement in sales translated in increase gross profits. Resultantly, gross margin increased from Rs. 689.9 million to Rs. 1,546.6 billion, up by 124.2%. Also, strong contributions came from cost efficiencies, better sales mix and other operational efficiencies.

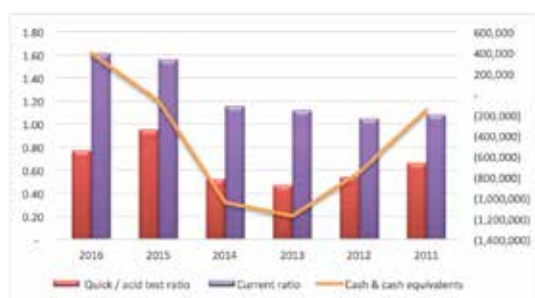
Return on Investments & Profit After Tax



An impressive topline has allowed the Company to outperform its previous best efforts as the Company has achieved a profit after tax of Rs. 745.9 million, an increase of more than double. Also, diligent cost control measures and effective treasury operation led to improved profits.

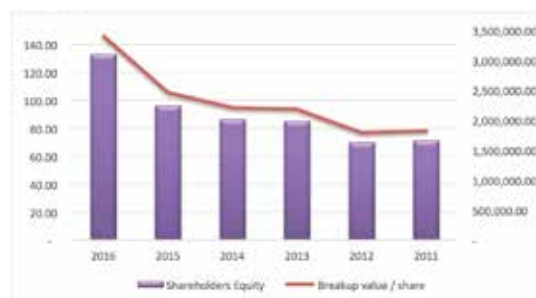
Stronger growth and optimum capital structure has enabled the Company to generate higher returns on assets and equity. For 2015-16, the Return on Equity is recorded at 24%.

Liquidity Ratios



The Company continued to grow stronger in Liquidity with Cash and bank balances standing at an impressive Rs. 481 million. Higher liquidity allows the Company to finance its capital needs and remain stronger in its treasury operations.

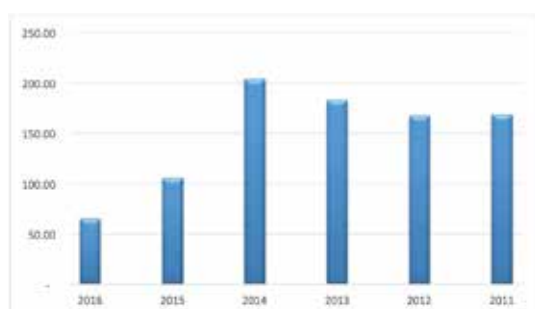
Shareholders Equity



The Company has set the goal of improving financial soundness by consolidating its shareholders' equity. The goal was eclipsed by achieving the record shareholders' equity which stood at Rs. 3.1 billion. The stronger equity would play its positive role in the Company's future course of expansion.

The breakup value per share stood at Rs. 145.9 It provides a strong financial base in supporting the implementation of the Company's growth strategy.

Cash Operating Cycle



To drive strong cash flow generation, Ghandhara Industries Limited is optimizing its balance sheet, specifically by reducing the level of working capital and steady cash flow management. Accordingly, the Company has always sought to efficiently used the various components of working capital cycle. Cash flow operating cycle has followed the same trend of previous years and the Company continue to work on favorable operating cycle. Resultantly, the Company has managed to control the receivables and inventory levels.



Pattern of Shareholding

As at June 30, 2016

Number of Shareholders	Shareholding		Number of Shares Held	Percentage
	From	To		
3,530	1	100	73,163	0.34
731	101	500	214,412	1.01
226	501	1,000	182,614	0.86
253	1,001	5,000	569,649	2.67
43	5,001	10,000	300,182	1.41
12	10,001	15,000	143,143	0.67
10	15,001	20,000	190,015	0.89
9	20,001	25,000	210,009	0.99
2	30,001	35,000	63,924	0.30
2	35,001	40,000	73,000	0.34
2	40,001	45,000	90,000	0.42
2	50,001	55,000	104,866	0.49
1	95,001	100,000	96,500	0.45
1	100,001	105,000	100,700	0.47
1	115,001	120,000	119,800	0.56
1	135,001	140,000	135,577	0.64
2	145,001	150,000	297,400	1.40
1	170,001	175,000	172,700	0.81
1	540,001	545,000	540,800	2.54
1	545,001	550,000	548,000	2.57
1	745,001	750,000	748,100	3.51
1	1,180,001	1,185,000	1,184,148	5.56
1	1,635,001	1,640,000	1,638,926	7.69
1	2,255,001	2,260,000	2,258,242	10.60
1	5,160,001	5,165,000	5,163,397	24.24
1	6,085,001	6,090,000	6,085,155	28.56
<u>4,837</u>			<u>21,304,422</u>	<u>100.00</u>

* Note: There is no shareholding in the slab not mentioned

Shareholder's Category	Number of Shareholder's	Number of Shares Held	Percentage of Holding
Director's, CEO, Their Spouse and Minor Children	7	22,521	0.11
Associated Companies, Undertakings and Related Parties	7	14,815,821	69.54
NIT & ICP	2	139,891	0.66
Banks, NBFCs, DFIs, Takaful and Pension Funds	19	1,668,500	7.83
Investments Companies	2	428	0.00
Insurance Companies	4	549,100	2.58
Joint Stock Companies	7	65,305	0.31
Other Companies, Corporate Bodies, Trust etc	21	195,379	0.92
General Public (Local)	<u>4,768</u>	<u>3,847,477</u>	<u>18.06</u>
	<u>4,837</u>	<u>21,304,422</u>	<u>100.00</u>



Pattern of Shareholding

As at June 30, 2016

Sr.	Categories of Shareholders	Shares Held	Percentage
1	Director's, CEO, Their Spouse and Minor Children		
	Mr. Raza Kuli Khan Khattak (Chairman)	10,000	0.047
	Mr. Ahmad Kuli Khan Khattak (Chief Executive)	12,000	0.056
	Lt. Gen. (Retd.) Ali Kuli Khan Khattak (Director)	9	0.000
	Dr. Parvez Hassan (Director)	4	0.000
	Mr. Jamil Ahmed Shah (Director)	400	0.002
	Mr. Shahid Kamal Khan (Director)	8	0.000
	Mjaor (Retd) Muhammad Zia (Director)	100	0.000
2	Associated Companies, Undertaking and Related Parties		
	Bibojee Services (Pvt) Limited	8,343,397	39.163
	Bibojee Investments (Pvt) Limited	21,408	0.100
	The General Tyre and Rubber Company of Pakistan Limited	100,700	0.473
	Ghandhara Nissan Limited	5,166,168	24.249
	The Universal Insurance Company Limited	1,184,148	5.558
3	NIT & ICP		
	Investment Corporation of Pakistan	4,314	0.020
	CDC- Trustee National Investment (Unit) Trust	135,577	0.636
4	Banks, NBFCs, DFIs, Takaful and Pension Funds	1,668,500	7.832
5	Investments Companies	428	0.002
6	Insurance Companies	549,100	2.577
7	Joint Stock Companies	65,305	0.307
8	Other Companies, Corporate Bodies, Trust etc	195,379	0.917
9	General Public (Local)	3,847,477	18.060
		21,304,422	100.00
10	Shareholders Holding 05.00% Or More		
	Bibojee Services (Pvt) Limited	8,343,397	39.163
	Universal Insurance Co. Limited	1,184,148	5.558
	Ghandhara Nissan Limited	5,166,168	24.249
	Essar Asset Management	1,638,926	7.693
11	Trading In The Shares Of Company During The Year By The Directors Chief Executive Officer, Chief Financial Officer, Company Secretary And Their Spouses And Minor Children.	-	-



Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Mr. Shahid Kamal Khan
Executive Directors	Mr. Ahmad Kuli Khan Khattak
Non-Executive Directors	Mr. Raza Kuli Khan Khattak
	Lt. Gen. (Retd.) Ali Kuli Khan Khattak
	Dr. Parvez Hassan
	Mr. Jamil Ahmed Shah
	Maj. (R) Muhammad Zia

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Ghandhara Industries Limited (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on March 16, 2016 was filled up by the directors within 38 days.
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 the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The company arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. However, out of seven, five directors of the Company have more than 14 years of education and 15 years of experience on the board of directors of listed companies, therefore five directors of the Company are exempt from the training requirement due to their experience as per Regulation No. 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited.



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

For and on behalf of the Board

Karachi
October 04, 2016

Ahmad Kuli Khan Khattak
Chief Executive



Review Report to the members of statement of Compliance with the best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Ghandhara Industries Limited (the Company) for the year ended June 30, 2016 to comply with the Code contained in Regulation No.5.19 of the Pakistan Stock Exchange Limited.

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

As a part of our audit of 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 Code 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance 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 any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Karachi

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS



Auditors' Report to the Members

We have audited the annexed balance sheet of Ghandhara Industries Limited as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its cash flows and changes in equity for the year then ended;
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and
- (e) without qualifying our opinion, we draw attention to notes 25.1(iii) to the financial statements. The Company had written back in the financial statements for the year ended June 30, 2007 provision for workers' profit participation fund (WPPF) amounting Rs.7,722 thousand for the year ended June 30, 2006 based on a legal opinion and in a view of petition pending adjudication in the Sindh High Court on this matter. Further, during preceding year, based on another legal opinion, the Company had also written back outstanding balance of Rs.33,102 thousand which related to the provisions of WPPF and accrued interest thereon for eight financial years from June 30, 2007 to June 30, 2014. Provision for current year and preceding year amounting Rs.56,026 thousand and Rs.15,031 thousand respectively has also not been incorporated based on that legal opinion.

Upon the final outcome of pending adjudication, if it is established that the provisions of the Company's Profit (Workers' Participation) Act, 1968 are applicable to the Company, provisions aggregating Rs.111,881 thousand including any penalties may become payable.

Karachi
Engagement Partner: Muhammad Ali

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS



Balance Sheet

As at June 30, 2016

	Note	2016	2015
		----- (Rupees' 000) -----	
ASSETS			
Non current assets			
Property, plant and equipment	5	1,941,250	1,674,230
Intangible assets	6	-	45
Investment property	7	89,145	89,395
Long term investment	8	1,400	1,400
Long term loans	9	2,298	1,109
Long term deposits	10	12,085	3,322
		<u>2,046,178</u>	<u>1,769,501</u>
Current assets			
Stores		1,980	2,009
Stock-in-trade	11	1,623,753	612,623
Trade debts	12	259,680	42,653
Loans and advances	13	142,349	255,449
Trade deposits and prepayments	14	339,626	301,657
Other receivables	15	18,518	16,292
Sales tax refundable / adjustable		30,484	3,211
Taxation - payments less provision		111,896	208,322
Cash and bank balances	16	585,735	135,710
		<u>3,114,021</u>	<u>1,577,926</u>
Total assets		<u>5,160,199</u>	<u>3,347,427</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	213,044	213,044
Unappropriated profit		1,022,517	365,002
		<u>1,235,561</u>	<u>578,046</u>
Surplus on revaluation of fixed assets	18	1,872,992	1,671,341
Non current liabilities			
Liabilities against assets subject to finance lease	19	35,999	10,584
Deferred liabilities	20	37,802	30,545
Deferred taxation	21	51,895	47,509
		<u>125,696</u>	<u>88,638</u>
Current liabilities			
Trade and other payables	22	1,697,510	783,464
Accrued mark-up / interest	23	25,813	20,961
Short term borrowings	24	194,029	201,140
Current maturity of liabilities against assets subject to finance lease	19	8,598	3,837
		<u>1,925,950</u>	<u>1,009,402</u>
Total liabilities		<u>2,051,646</u>	<u>1,098,040</u>
Contingencies and commitments	25		
Total equity and liabilities		<u>5,160,199</u>	<u>3,347,427</u>

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


Ahmad Kuli Khan Khattak
Chief Executive


Jamil Ahmed Shah
Director


Profit and Loss Account

For the year ended June 30, 2016

	Note	2016 ----- (Rupees' 000) -----	2015 ----- (Rupees' 000) -----
Sales	26	5,825,579	3,293,329
Cost of sales	27	(4,278,941)	(2,603,405)
Gross profit		1,546,638	689,924
Distribution cost	28	(220,946)	(166,310)
Administrative expenses	29	(110,568)	(69,707)
Other expenses	30	(34,598)	(13,546)
Other income	31	30,652	53,770
Profit from operations		1,211,178	494,131
Finance cost	32	(113,073)	(167,115)
Profit before taxation		1,098,105	327,016
Taxation	33	(352,244)	(103,226)
Profit after taxation		745,861	223,790
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(521)	(474)
Impact of deferred tax		167	156
Other comprehensive loss for the year - net of tax		(354)	(318)
Total comprehensive income for the year		745,507	223,472
		----- (Rupees) -----	----- (Rupees) -----
Basic and diluted earnings per share	34	35.01	10.50

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


Ahmad Kuli Khan Khattak
Chief Executive


Jamil Ahmed Shah
Director


Cash Flow Statement

For the year ended June 30, 2016

	Note	2016 ----- (Rupees' 000) -----	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	968,419	1,286,239
Gratuity paid		(3,973)	(3,961)
Finance cost paid		(105,881)	(174,792)
Income tax paid		(259,934)	(104,157)
Long term loans - net		(1,189)	(473)
Long term deposits - net		(8,763)	(575)
Net cash generated from operating activities		588,679	1,002,281
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(74,480)	(16,098)
Sale proceeds from disposal of operating fixed assets		42	3,000
Interest received		970	670
Net cash used in investing activities		(73,468)	(12,428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease - net		27,836	(9,835)
Dividend paid		(85,911)	-
Net cash used in financing activities		(58,075)	(9,835)
Net increase in cash and cash equivalents		457,136	980,018
Cash and cash equivalents at beginning of the year		(65,430)	(1,045,448)
Cash and cash equivalents at end of the year	36	391,706	(65,430)

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


Ahmad Kuli Khan Khattak
Chief Executive


Jamil Ahmed Shah
Director


Statement of Changes in Equity

For the year ended June 30, 2016

	Share capital	Unappropriated profit	Total
	(Rupees' 000)		
Balance as at July 1, 2014	213,044	133,989	347,033
Total comprehensive income for the year ended June 30, 2015			
Profit for the year	-	223,790	223,790
Other comprehensive loss	-	(318)	(318)
	-	223,472	223,472
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,541	7,541
Balance as at June 30, 2015	213,044	365,002	578,046
Transaction with owners, recognised directly in equity			
Final dividend for the year ended June 30, 2015 at the rate of Rs.4.50 per share	-	(95,870)	(95,870)
Total comprehensive income for the year ended June 30, 2016			
Profit for the year	-	745,861	745,861
Other comprehensive loss	-	(354)	(354)
	-	745,507	745,507
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,878	7,878
Balance as at June 30, 2016	213,044	1,022,517	1,235,561

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


Ahmad Kuli Khan Khattak
Chief Executive


Jamil Ahmed Shah
Director


Notes To The Financial Statements

For the year ended June 30, 2016

1. CORPORATE INFORMATION

Ghandhara Industries Limited (the Company) was incorporated on February 23, 1963. The Company's shares are quoted on Pakistan Stock Exchange Limited. The principal activity is the assembly, progressive manufacturing and sale of Isuzu trucks and buses. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

2.2 Functional and presentation currency

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

2.3 New and amended standards and interpretations

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2015:

'IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

The other new standards, amendments to approved accounting standards that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Company:

- (a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements
- (b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only



need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

- (c) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016. The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.
- (d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.
- (e) Amendment to IAS 12, 'Income taxes' is applicable on annual periods beginning on or after January 1, 2017. The amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.

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

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and staff retirement benefit which has been recognised at present value as determined by the Actuary.
- 3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are 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 judgement was exercised in application of accounting policies are as follows:

- (i) Estimate of residual values and useful lives of depreciable and intangible assets (note 4.1 and 4.2)
- (ii) Provision for taxation (note 4.9)
- (iii) Provision for staff retirement benefit - gratuity (note 4.11)
- (iv) Provisions (note 4.18)

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Leasehold land is stated at revalued amount and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss (if any). Other classes of operating fixed assets are stated at cost less accumulated depreciation and impairment loss (if any). Capital work-in-progress is stated at cost less



impairment loss (if any). All expenditure connected to the 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.

Plant and machinery were revalued in 1995 by independent valuers and showed at revalued amount. The Company subsequently adopted cost model for plant and machinery and revalued amounts were treated as deemed costs. The surplus on revaluation of these assets, however, was recognised in accordance with section 235 of the Companies Ordinance, 1984.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenances are charged to the profit and loss account as and when incurred.

Depreciation on all operating fixed assets is charged using the straight line method in accordance with the rates specified in note 5.1 to these financial statements and after taking into account residual values. The depreciation method, residual values and useful lives of items of property, plant and equipment 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.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposals depreciation is charged upto the month of deletion.

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

Any surplus arising on revaluation of operating fixed assets is credited to the surplus on revaluation account. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of operating fixed assets (net of deferred taxation) is transferred directly to reserves.

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

4.2 Intangible assets - computer software

Computer software licenses acquired by the Company are stated at cost less accumulated amortization. Cost represents the cost incurred to acquire the software licenses and bringing them to use. The cost of computer software is amortized over the estimated useful life i.e. 5 years using straight-line method.

Costs associated with maintaining computer software are charged to profit and loss account as and when incurred.

4.3 Investments

4.3.1 Investment property

Property held for capital appreciation and rental yield, which is not in use of the Company is classified as investment property. Investment property comprise of leasehold land and buildings.

Investment property are carried at cost or valuation (i.e. deemed cost) less accumulated amortization / depreciation and impairment, if any.

Investment property were revalued in 1996 by independent valuers and showed at revalued amounts. The Company subsequently adopted cost model for investments property and the revalued amounts were treated as



deemed costs. The surplus on revaluation of these assets, however was recognised in accordance with section 235 of the Companies Ordinance, 1984.

Leasehold land and buildings are amortized / depreciated on straight line method at the rates stated in note 7.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and repairs are capitalised.

4.3.2 Long term investment

Investment in Subsidiary Company is carried at cost less impairment, if any.

4.4 Long term deposits

These are stated at cost which represents the fair value of the consideration given.

4.5 Stores

These are valued at cost determined on a first-in-first-out basis. Items in transit are stated at invoice value plus other charges thereon accumulated upto the reporting date.

Provision for obsolete and slow moving stores is determined based on management's estimate regarding their future usability.

4.6 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value except for goods in transit which are stated at invoice values plus other charges thereon accumulated upto the reporting date. Cost in relation to raw materials, components and trading stock (except for parts and accessories included in trading stock which are valued on average basis) is arrived at principally on first in first out basis. Cost of work in process and finished stocks including components include direct wages and applicable manufacturing overheads.

Net realizable value represents the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.7 Trade debts and other receivables

Trade and other debts are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and short term borrowings under mark-up arrangements.

4.9 Taxation

Current

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which this deductible temporary differences, unused tax losses and tax credits can be utilised.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

4.10 Finance lease / Assets subject to finance lease

Leases that transfer substantially all the risk and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance cost.

4.11 Staff retirement benefit - defined benefit plan

The Company operates an unfunded gratuity scheme. The scheme defines the amounts of benefits that an employee will receive on or after retirement subject to a 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.

The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. 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, 2016 on the basis of the projected unit credit method by an independent Actuary.

The amounts arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

4.12 Trade and other payables

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

4.13 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, and represents amount receivable for goods supplied, returns and sales tax. Revenue from sales of goods are recognised when goods are invoiced and delivered to customers.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

4.14 Borrowings and their cost

Borrowings are recorded at the proceeds received. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.15 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. Exchange gains and losses are taken to profit and loss account.



4.16 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of the 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 measurement methods adopted are disclosed in individual policy statement associated with each item.

4.17 Off-setting of financial assets and liabilities

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

4.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.19 Dividend and appropriation to reserves

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

4.20 Impairment loss

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

4.21 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 after taxation attributable to ordinary shareholders of the Company by weighted average numbers of ordinary shares outstanding during the year.

4.22 Segment reporting

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

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Capital work-in-progress

Note	2016	2015
	----- (Rupees' 000) -----	
5.1	1,937,957	1,674,230
5.6	3,293	-
	<u>1,941,250</u>	<u>1,674,230</u>



5.1 Operating fixed assets

	OWNED										LEASED				Total
	Leasehold land	Buildings on leasehold land	Plant and machinery	Permanent tools	Furniture and fixture	Motor vehicles	Trucks / lift trucks	Office machines & equipment	Computers	Jigs and special tools	Cars	Trucks	Lifters	Plant and machinery	
(Rupees' 000)															
At July 1, 2014															
Revaluation / cost	1,419,750	230,319	56,552	5,312	5,495	44,625	3,122	14,688	8,414	39,026	20,461	6,000	13,000	1,905	1,868,669
Accumulated depreciation	-	11,380	49,366	4,190	2,347	39,289	3,122	10,622	4,899	39,026	9,133	5,500	12,317	573	191,764
Net book value	1,419,750	218,939	7,186	1,122	3,148	5,336	-	4,066	3,515	-	11,328	500	683	1,332	1,676,905
Year ended June 30, 2015															
Opening net book value	1,419,750	218,939	7,186	1,122	3,148	5,336	-	4,066	3,515	-	11,328	500	683	1,332	1,676,905
Additions	-	-	11,982	135	141	637	2,100	582	521	-	6,788	-	-	-	22,886
Disposals															
- cost	-	-	-	-	-	6,944	-	-	-	-	-	-	-	-	6,944
- accumulated depreciation	-	-	-	-	-	(4,923)	-	-	-	-	-	-	-	-	(4,923)
	-	-	-	-	-	2,021	-	-	-	-	-	-	-	-	2,021
Transfer from leased to owned															
- cost	-	-	-	-	-	3,141	19,000	-	-	-	(3,141)	(6,000)	(13,000)	-	-
- accumulated depreciation	-	-	-	-	-	(2,859)	(19,000)	-	-	-	2,859	6,000	13,000	-	-
	-	-	-	-	-	282	-	-	-	-	(282)	-	-	-	-
Depreciation charge	-	11,516	1,444	289	290	2,227	245	1,270	1,118	-	3,767	500	683	191	23,540
Closing net book value	1,419,750	207,423	17,724	968	2,999	2,007	1,855	3,378	2,918	-	14,067	-	-	1,141	1,674,230
At June 30, 2015															
Revaluation / cost	1,419,750	230,319	68,534	5,447	5,636	41,459	24,222	15,270	8,935	39,026	24,108	-	-	1,905	1,884,611
Accumulated depreciation	-	22,896	50,810	4,479	2,637	39,452	22,367	11,892	6,017	39,026	10,041	-	-	764	210,381
Net book value	1,419,750	207,423	17,724	968	2,999	2,007	1,855	3,378	2,918	-	14,067	-	-	1,141	1,674,230
Year ended June 30, 2016															
Opening net book value	1,419,750	207,423	17,724	968	2,999	2,007	1,855	3,378	2,918	-	14,067	-	-	1,141	1,674,230
Additions	-	-	30,756	-	524	34,534	3,150	1,256	967	-	33,500	-	-	-	104,687
Revaluation adjustments															
- revaluation	189,300	-	-	-	-	-	-	-	-	-	-	-	-	-	189,300
- accumulated depreciation	-	28,898	-	-	-	-	-	-	-	-	-	-	-	-	28,898
	189,300	28,898	-	-	-	-	-	-	-	-	-	-	-	-	218,198
Disposals															
- cost	-	-	-	-	-	33,402	-	-	-	-	-	-	-	-	33,402
- accumulated depreciation	-	-	-	-	-	(1,708)	-	-	-	-	-	-	-	-	(1,708)
	-	-	-	-	-	31,694	-	-	-	-	-	-	-	-	31,694
Transfer from leased to owned															
- cost	-	-	1,905	-	-	5,268	-	-	-	-	(5,268)	-	-	(1,905)	-
- accumulated depreciation	-	-	(811)	-	-	(4,345)	-	-	-	-	4,345	-	-	811	-
	-	-	1,094	-	-	923	-	-	-	-	(923)	-	-	(1,094)	-
Depreciation charge	-	11,516	3,224	301	305	3,664	665	1,122	1,163	-	5,457	-	-	47	27,464
Closing net book value	1,609,050	224,805	46,350	667	3,218	2,106	4,340	3,512	2,722	-	41,187	-	-	-	1,937,957
At June 30, 2016															
Revaluation / cost	1,609,050	230,319	101,195	5,447	6,160	47,859	27,372	16,526	9,902	39,026	52,340	-	-	-	2,145,196
Accumulated depreciation	-	5,514	54,845	4,780	2,942	45,753	23,032	13,014	7,180	39,026	11,153	-	-	-	207,239
Net book value	1,609,050	224,805	46,350	667	3,218	2,106	4,340	3,512	2,722	-	41,187	-	-	-	1,937,957
Annual rates of depreciation	-	5%	10%	12.50%	6.25%	20%	20%	12.50%	20%	33%	20%	20%	20%	10%	



	Note	2016	2015
		(Rupees' 000)	(Rupees' 000)
5.2 Depreciation charge has been allocated as follows:			
Cost of goods manufactured	27.1	14,462	14,717
Distribution cost	28	3,570	5,230
Administrative expenses	29	9,432	3,593
		<u>27,464</u>	<u>23,540</u>

5.3 Leasehold land and buildings on leasehold land of the Company had previously been revalued in June 2010 and June 2013. Those revaluation exercises resulted in net surplus of Rs.437,276 thousand and Rs.259,447 thousand respectively. Leasehold land and buildings on leasehold land of the Company were again revalued in June 2016 by Sadruddin Associates (Private) Limited (Approved valuers of Pakistan Banks' Association) on the basis of present market value and depreciated market value (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 and are mentioned in note 40.4.

The latest revaluation exercise resulted in a net surplus of Rs.218,198 thousand. Out of the revaluation surplus resulting from all the revaluations carried-out to date, an amount of Rs.1,829,501 thousand (2015: Rs.1,622,462 thousand) remains un-depreciated as at June 30, 2016.

5.4 Had the operating fixed assets been recognised under the cost model, the carrying amount of building on lease hold land would have been Rs.4,450 thousand (2015: Rs.4,710 thousand).

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers:
(Rupees' 000)							
Motor Vehicles							
Infinity V8	33,360	1,668	31,692	33,500	1,808	Lease back	M/s First Habib Modaraba, HBZ Plaza, I.I. Chundrigar Road, Karachi.
Motorcycle	42	40	2	42	40	Company policy	Mr. Ghulam Nabi - Employee
June 30, 2016	33,402	1,708	31,694	33,542	1,848		
June 30, 2015	6,944	4,923	2,021	3,000	979		

5.6 Capital work in progress

Advances made for:

- Permanent tools
- Vehicles
- Computer software

2016	2015
(Rupees' 000)	(Rupees' 000)
316	-
1,892	-
1,085	-
<u>3,293</u>	<u>-</u>



	Note	2016	2015
		----- (Rupees' 000) -----	
6. INTANGIBLE ASSETS			
These represent computer software licenses.			
Cost			
At June 30,		1,508	1,508
Accumulated amortization			
At beginning of the year	6.1	1,463	1,162
Add: charge for the year		45	301
At end of the year		1,508	1,463
Net book value		-	45
Annual rate of amortization		20%	20%

6.1 Amortization charge has been allocated as follows:

Cost of goods manufactured	27.1	45	211
Administrative expenses	29	-	90
		45	301

7. INVESTMENT PROPERTIES

	Leasehold land	Buildings on leasehold land	Total
	----- (Rupees' 000) -----		
At July 1, 2014			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	(7,773)	(390)	(8,163)
Net book value	89,619	26	89,645
Year ended June 30, 2015			
Opening net book value	89,619	26	89,645
Amortization / depreciation charge	(243)	(7)	(250)
Closing net book value	89,376	19	89,395
At June 30, 2015			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	(8,016)	(397)	(8,413)
Net book value	89,376	19	89,395
Year ended June 30, 2016			
Opening net book value	89,376	19	89,395
Amortization / depreciation charge	(243)	(7)	(250)
Closing net book value	89,133	12	89,145
At June 30, 2016			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	(8,259)	(404)	(8,663)
Net book value	89,133	12	89,145
Amortization / depreciation rate - per annum	0.25%	2.5%	

7.1 Amortization / depreciation charge for the year has been grouped under administrative expenses (note 29).

7.2 In the opinion of the directors, the market value of investment property at the reporting date has not changed materially from last year.



8. LONG TERM INVESTMENT - at cost

Subsidiary Company - Unquoted
Marghzar Industries (Private) Limited
140,000 (2015: 140,000) fully paid
ordinary shares of Rs.10 each.
Equity held: 70% (2015: 70%)

2016	2015
----- (Rupees' 000) -----	
1,400	1,400

The Company has been granted an exemption under section 237(8) of the Companies Ordinance, 1984; hence provisions of sub-section 1 to 7 of section 237 of the Companies Ordinance, 1984 does not apply for the financial year ended June 30, 2016 in relation to its Subsidiary Company.

However, the annual audited financial statements of Marghzar Industries (Private) Limited are available for inspection at Registered Office of the Company and are also available to the members on request without any cost.

9. LONG TERM LOANS - Secured, considered good

Loans due from:
- executives
- other employees

Note	2016	2015
	----- (Rupees' 000) -----	
9.1 & 9.2	2,238	1,813
9.1	1,847	1,629
	4,085	3,442
	812	1,552
	975	781
13	(1,787)	(2,333)
	2,298	1,109

Less: amounts recoverable within one year and
grouped under current assets
- executives
- other employees

9.1 Interest free loans have been provided to employees under their terms of employment. These are repayable in monthly instalments over a period of one to five years. These are secured against their respective vested retirement benefit.

9.2 Reconciliation of carrying amounts of loans to executives:

Balance at beginning of the year
Add: disbursement

2016	2015
----- (Rupees' 000) -----	
1,813	2,590
2,280	428
4,093	3,018
(1,855)	(1,205)
2,238	1,813

Less: recovered during the year
Balance at end of the year

9.3 Maximum aggregate amount of loans due from executives at the end of any month during the year was Rs.3,352 thousand (2015: Rs.2,590 thousand).



10. LONG TERM DEPOSITS - Considered good

Deposit held with / for:

- Leasing companies
- Utilities
- Others

2016	2015
----- (Rupees' 000) -----	
10,256	1,694
816	808
1,013	820
<u>12,085</u>	<u>3,322</u>

11. STOCK-IN-TRADE

Raw materials and components

- In hand
- In transit

Work-in-process

Finished goods including components

Trading stocks

776,557	297,923
348,753	65,911
<u>1,125,310</u>	<u>363,834</u>
27,440	33,875
393,420	154,649
77,583	60,265
<u>1,623,753</u>	<u>612,623</u>

- 11.1** Stock-in-trade includes stock of Rs.1,017,545 thousand (2015: Rs.363,049 thousand) held with third parties out of which stock of Rs.841,123 thousand (2015: Rs.333,931 thousand) is held with Ghandhara Nissan Limited (an Associated Company) for further processing into parts and trucks to be supplied to the Company.

12. TRADE DEBTS - Unsecured, considered good

Government and semi-government agencies

Others

Note	2016	2015
----- (Rupees' 000) -----		
	213,651	36,417
12.1	46,029	6,236
	<u>259,680</u>	<u>42,653</u>

- 12.1** Includes amount Rs.31 thousand (2015: Rs.300 thousand) due from Ghandhara DF (Private) Limited (an Associated Company).

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

Upto 30 days
31 - 180 days
Over 180 days

Associated Company		Others	
2016	2015	2016	2015
----- (Rupees' 000) -----			
31	300	205,033	21,086
-	-	38,237	10,191
-	-	16,379	11,076
<u>31</u>	<u>300</u>	<u>259,649</u>	<u>42,353</u>



	Note	2016	2015
		(Rupees' 000)	(Rupees' 000)
13. LOANS AND ADVANCES - Unsecured			
Considered good			
Current portion of long term loans to employees	9	1,787	2,333
Letters of credit		2,190	2,334
Advances due from:			
- executives	13.1	418	2,529
- others employees	13.1	295	55
- suppliers and contractors		137,659	248,198
		138,372	250,782
Considered doubtful			
Advance to suppliers		4,150	1,175
Less: provision for doubtful advances		(4,150)	(1,175)
		-	-
		142,349	255,449

13.1 These advances are given to employees to meet business expenses and are settled when expenses are incurred.

	2016	2015
	(Rupees' 000)	(Rupees' 000)
14. TRADE DEPOSITS AND PREPAYMENTS		
Tender deposits	104,081	43,534
Deposits held with leasing companies	-	717
Margins against bank guarantees	177,980	176,666
Less: provision for doubtful margin deposit	(330)	(330)
	177,650	176,336
Margin against letters of credit	50,722	77,635
Prepayments	7,173	3,435
	339,626	301,657

15. OTHER RECEIVABLES - Unsecured

This amount is receivable from Isuzu Motors Limited, Japan (a related party) on account of commission / sales incentive.

	Note	2016	2015
		(Rupees' 000)	(Rupees' 000)
16. CASH AND BANK BALANCES			
Cash in hand		985	564
Cash with banks on:			
- current accounts		174,075	83,590
- saving accounts	16.1	29,935	53,751
- term deposit receipt	16.2	382,928	-
- foreign currency accounts	16.3	45	38
		586,983	137,379
Less: provision for a doubtful bank account	16.4	(2,233)	(2,233)
		585,735	135,710



- 16.1** Saving accounts carry mark-up ranging from 2.7% to 3.5% (2015: 3% to 6.5%) per annum.
- 16.2** Term deposit receipt (TDR) have maturity of 4 days from date of acquisition. The TDR carries mark-up at the rate of 5.48% per annum.
- 16.3** Foreign currency accounts include Japanese Yen (JPY) 31,559 equivalent to Rs.26 thousand and US Dollars 126 equivalent to Rs.12 thousand (2015: JPY 31,559 equivalent to Rs.26 thousand and US Dollars 126 equivalent to Rs.12 thousand).
- 16.4** This represents provision made against balances held with Indus Bank Limited under liquidation.

17. SHARE CAPITAL

17.1 Authorized capital

50,000,000 (2015: 50,000,000) ordinary shares of Rs.10 each

2016	2015
----- (Rupees' 000) -----	

<u>500,000</u>	<u>500,000</u>
----------------	----------------

17.2 Issued, subscribed and paid-up capital

2016	2015
----- No. of shares -----	

17,650,862	17,650,862	Ordinary shares of Rs.10 each fully paid in cash	176,509	176,509
358,206	358,206	Ordinary shares of Rs.10 each issued for consideration other than cash	3,582	3,582
3,295,354	3,295,354	Ordinary shares of Rs.10 each issued as fully paid bonus shares	32,953	32,953
<u>21,304,422</u>	<u>21,304,422</u>		<u>213,044</u>	<u>213,044</u>

- 17.3** At June 30, 2016 and June 30, 2015 Bibojee Services (Private) Limited, the ultimate Holding Company, held 8,343,397 (2015: 8,343,397) ordinary shares of Rs.10 each.

2016	2015
----- No. of shares -----	

17.4 Ordinary shares held by related parties other than the ultimate Holding Company as at June 30,

Ghandhara Nissan Limited
Universal Insurance Company Limited
The General Tyre and Rubber Company of Pakistan Limited
Bibojee Investments (Private) Limited

5,166,168	5,166,168
1,184,148	1,184,148
100,700	100,700
21,408	21,408
<u>6,472,424</u>	<u>6,472,424</u>



	Note	2016	2015
		(Rupees' 000)	
18. SURPLUS ON REVALUATION OF FIXED ASSETS			
Balance at the beginning of the year		1,728,371	1,739,626
Add: surplus arisen on revaluation carried-out during the year	5.3	218,198	-
Less: transferred to unappropriated profit on account of incremental depreciation for the year		(11,255)	(11,255)
		1,935,314	1,728,371
Less: related deferred tax of:			
- opening balance		57,030	66,447
- revaluation exercise for the year		8,669	-
- incremental depreciation for the year		(3,377)	(3,714)
- effect of change in tax rate		-	(5,703)
- closing balance		(62,322)	(57,030)
Balance at end of the year		1,872,992	1,671,341

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2016			2015		
	Minimum lease payments	Finance cost allocated to future period	Present value of minimum lease payments	Minimum lease payments	Finance cost allocated to future period	Present value of minimum lease payments
	(Rupees' 000)					
Not later than one year	11,764	3,166	8,598	5,629	1,792	3,837
Later than one year but not later than five years	40,397	4,398	35,999	12,893	2,309	10,584
Total minimum lease payments	52,161	7,564	44,597	18,522	4,101	14,421

- 19.1** The Company has acquired motor vehicles under finance lease arrangements from leasing companies and a modaraba. The arrangements are secured by title of leased assets in the name of the lessor. Rentals are payable in monthly instalments. Repair and insurance cost are borne by the Company. The rates of financial charges applied, during the year, ranged from 11.02% to 17.00% (2015: 10.97% to 17.35%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the Company against security deposits paid.



	Note	2016	2015
		(Rupees' 000)	
20. DEFERRED LIABILITIES			
Gain on sale and lease back of fixed assets	20.1	1,633	-
Staff retirement benefit - gratuity	20.2	36,169	30,545
		<u>37,802</u>	<u>30,545</u>

20.1 Gain on sale and lease back of fixed assets

Balance at beginning of the year	-	41
Add: vehicle sale and lease back during the year	1,808	-
Less: amortization for the year	175	41
Balance at end of the year	<u>1,633</u>	<u>-</u>

The Company entered into sale and leaseback transaction during the year which resulted in finance leases. The excess of sale proceeds over the net book value of motor vehicle under sale and leaseback arrangement has been recognised as deferred income and amortized over the period of the lease term.

20.2 Staff retirement benefit - gratuity

The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

	2016	2015
	(Rupees' 000)	
20.2.1 Movement in the account of liability		
Liability at beginning of the year	30,545	24,825
Charge for the year	9,076	9,207
Re-measurement recognised in other comprehensive income	521	474
Payments during the year	<u>(3,973)</u>	<u>(3,961)</u>
Liability at end of the year	<u>36,169</u>	<u>30,545</u>

20.2.2 Movement in the present value of defined benefit obligation

Balance at beginning of the year	30,545	24,825
Current service cost	6,506	6,180
Interest cost	2,570	3,027
Re-measurement	521	474
Benefits paid	<u>(3,973)</u>	<u>(3,961)</u>
Balance at end of the year	<u>36,169</u>	<u>30,545</u>

20.2.3 Expense recognised in profit and loss account

Current service cost	6,506	6,180
Interest cost	<u>2,570</u>	<u>3,027</u>
	<u>9,076</u>	<u>9,207</u>

20.2.4 Re-measurement recognised in other comprehensive income

Experience adjustments	<u>521</u>	<u>474</u>
------------------------	------------	------------



20.2.5 Actuarial assumptions used

Discount rate
Expected rate of increase in future salaries
Mortality rates (for death in service)

2016	2015
----- % per annum -----	
9.00	9.00
8.00	8.00
SLIC	SLIC
2001-2005	2001-2005

20.2.6 Sensitivity analysis for actuarial assumptions

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

	Impact on define benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees' 000) -----	
Discount rate	1.00%	32,542	40,473
Increase in future salaries	1.00%	40,473	32,480

The 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 project unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

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

20.2.7 Based on actuary's advice, the expected charge for the year ending June 30, 2017 amounts to Rs.10,343 thousand.

20.2.8 The weighted average duration of the scheme is 11 years.

20.2.9 Historical information

	2016	2015	2014	2013	2012
	----- (Rupees' 000) -----				
Present value of defined benefit obligation	36,169	30,545	24,825	21,677	14,597
Experience adjustment	521	474	2,149	2,349	486

20.2.10 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' 000) -----				
At June 30, 2016	1,344	1,588	3,762	157,754	164,448



	Note	2016	2015
		----- (Rupees' 000) -----	
21. DEFERRED TAXATION - Net			
This is composed of following:			
- accelerated tax depreciation allowance		5,885	833
- surplus on revaluation of fixed assets		62,322	57,030
- liabilities against assets subject to finance lease		(1,023)	236
- gain on sale and lease back of fixed assets		(498)	-
- provision for gratuity		(11,032)	(9,469)
- provision for doubtful balances		(2,014)	(1,121)
- others		(1,745)	-
		<u>51,895</u>	<u>47,509</u>
22. TRADE AND OTHER PAYABLES			
Creditors		231,214	141,607
Accrued liabilities		100,973	20,974
Advances from customers	22.1	1,243,691	546,782
Advance against sale of investment in immovable property		5,000	5,000
Payable to trustees' provident fund		178	178
Royalty payable - related party		9,333	4,394
Retention money		20	20
Unclaimed dividends		16,872	6,913
Withholding tax		8,235	6,460
Due to related parties	22.2	47,600	40,531
Due to the Subsidiary Company		2,402	2,321
Worker welfare fund	22.3	29,407	6,997
Others		2,585	1,287
		<u>1,697,510</u>	<u>783,464</u>
22.1 These represent advances from customers against sale of trucks and carry no mark-up.			
	Note	2016	2015
		----- (Rupees' 000) -----	
22.2 Due to related parties			
Ghandhara Nissan Limited		39,952	34,713
Rahman Cotton Mills Limited		1,800	-
Waqf-e-Kuli Khan		5,818	5,818
Hassan & Hassan Advocates		30	-
		<u>47,600</u>	<u>40,531</u>
22.3 Workers' Welfare Fund			
Balance at beginning of the year		6,997	323
Add: charge for the year	30	22,410	6,674
Balance at end of the year		<u>29,407</u>	<u>6,997</u>
23. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- short term borrowings - secured		21,299	16,447
- long term loans - unsecured		4,514	4,514
		<u>25,813</u>	<u>20,961</u>



	Note	2016	2015
		----- (Rupees' 000) -----	
24. SHORT TERM BORROWINGS - Secured			
Finance against imported merchandise	24.1	61,629	34,169
Istisna	24.2	132,400	34,800
Murabaha	24.2	-	132,171
		<u>194,029</u>	<u>201,140</u>

24.1 The Company has arranged facilities aggregating Rs.2,698 million (2015: Rs.1,150 million) for opening of letters of credit from banks. These facilities are secured against cash margin and consignment of import documents in bank's favor. Finance against import merchandise (FIM) / import murabaha aggregating Rs.2,333 million (2015: Rs.850 million) are also available as sub-limit of abovementioned facilities. FIM is secured against pledge of goods. Mark-up on FIM is payable on quarterly basis at rate ranging from 3 months KIBOR plus 1.5% per annum to 3 months KIBOR plus 2.0% (2015: at the rate of 3 months KIBOR plus 2% per annum). Profit on import Murabaha is payable on 150 days basis at the rate of matching KIBOR plus 1.95% per annum. These facilities are maturing on various dates latest by March 31, 2017.

24.2 The Istisna facility of Rs 248 million (2015: Rs.498 million) with a tenor of 365 days and murabaha facility of Rs.248 million (2015: Rs.250 million) are available from a Bank. Profit on both facilities ranges from KIBOR (matching) plus 1.95% (2015: at the rates ranged from matching KIBOR plus 3.25% to 3.50%) and is payable along with the repayment of principal. The istisna and import murabaha facilities aggregating Rs.748 million are secured against first pari passu hypothecation charge on current assets of Rs 1,000 million and personal guarantees of directors. The facilities shall be available till December 31, 2016.

24.3 The Company has foreign / inland bills discounting facility of Rs.150 million (2015: Rs.150 million). The facility is secured against lien over accepted bills under LCs. The facility has a maximum tenor of 180 days on roll over basis. The facility has one year validity on roll over basis and is due for renewal on November 30, 2016.

24.4 The Company has facility for short-term running finance amounting Rs.270 million (2015: Rs.170 million) from a bank. Mark-up is based on 3 months KIBOR plus 1.5% per annum (2015: 3 months KIBOR plus 2% per annum) payable on quarterly basis. The facility is primarily secured against first pari passu charge by way of hypothecation over stocks and book debts aggregating Rs.360 million (2015: Rs.227 million). This facility is collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2015: Rs.189 million). The facility has one year validity on roll over basis and is due for renewal on November 30, 2016.

24.5 The facility for bank guarantees of Rs.1,370 million including sublimit of Rs. 270 million (2015: Rs.900 million) is also available from a bank. This facility is secured against cash margin and equitable mortgage over immovable assets of the Company to an extent of Rs.1,100 million. The facility has one year validity on roll over basis and is due for renewal on November 30, 2016. Further, a one-off LG facility of Rs.1,300 million is also available.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

- (i) Suit against the Company by the supplier for the recovery of Rs.25,867 thousand as compensation for breach of agreement. The suit is being defended by the Company on a number of legal grounds. The suit is at present in evidence stage and the Company has plausible defence.
- (ii) Various demands have been raised by the Central Excise and Sales Tax Departments aggregating Rs.4,896 thousand. The Company filed Sales Tax Reference in High Court of Sindh against the order of Customs, Excise and Sales Tax Appellate Tribunal (the Tribunal). The Sales Tax Reference had been decided vide order dated January 21, 2009 wherein the High Court of Sindh has set aside the order of the Tribunal and remanded back the case to the Tribunal to pass order in accordance with law. The Tribunal through order dated October 9, 2015, disposed off the matter by remanding the case to Assessing officer. No provision has been made in these financial statements as the management believes that it will have a favourable decision.



- (iii) The Company had obtained legal advice in connection with the establishment of Worker's Participation Fund (the Fund) under the Companies Profits (Workers' Participation) Act, 1968 (the Act). The legal advisor is of the view that since, during the year ended June 30, 2006, the Company did not employ any person who falls under the definition of worker as defined in the Act of 1968, it was not legally or factually possible to constitute the Fund as required by section 3 of the Act. As a consequence, the Company was not required to make contributions to the Fund established pursuant to Workers' Welfare Fund Ordinance 1971. The Company based on legal advice had written back in the financial statements for the year ended June 30, 2007 the contribution of Rs.7,722 thousand of worker's participation fund provided during the year June 30, 2006.

The Company, during the financial year ended June 30, 2015, had obtained another legal opinion in connection with the establishment of the Fund under the Act and its intension to disburse workers' profit participation fund amount amongst the workers employed by an independent contractor. The opinion states that in the absence of essential entity i.e. workmen category employed by the Company neither the Fund can be established & constituted nor the Company is liable to pay 5% amount to a non-existent Fund. Consequently, the Act becomes unenforceable and ineffective.

Regarding the query of depositing the entire 5% profit amount with the Government treasury - Workers Welfare Fund (WWF) established under section 3 of the Workers Welfare Fund Ordinance, 1971; legal opinion states that deposit of the amount in the WWF arises only after the units have been so allocated. Consequently, the Company is neither liable to appropriate 5% profit amount in the balance sheet nor liable to pay the said amount to non-existent Fund / or in vacuum. Further during the current year, the Company have obtained a clarification from above legal advisor regarding the applicability of The Sindh Companies Profits (Workers' Participation) Act, 2015. The legal advisor is of the opinion that since definition of worker and other substantial provisions are same as these are in the Act of 1968, therefore, above opinion shall also be applicable for The Sindh Companies Profits (Workers' Participation) Act, 2015. The Company, during the financial year June 30, 2015, based on this legal advice had written back outstanding balance of workers' profit participation fund aggregating Rs.33,102 thousand which related to eight financial years from June 30, 2007 to June 30, 2014.

Provision for current year and preceding year charge amounting Rs.56,026 thousand and Rs.15,031 thousand respectively has also not been made on the basis of this legal advice.

Furthermore, the question whether a company to which the Act of 1968 and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the fund under the act and thereafter transfer the same to the fund established under the Workers' Welfare Fund Ordinance, 1971 is sub-judice before Sindh High Court as the Supreme Court of Pakistan accepted the petition of another company and remanded the case to the Sindh High Court for fresh decision. The matter is pending adjudication before the Sindh High Court.

If it is established that the above provisions of the Act are applicable to the Company, provisions in respect of eleven financial years from June 30, 2006 to June 30, 2016 aggregating Rs.111,881 thousand including any penalties may become payable.

25.2 Commitments

	2016	2015
	----- (Rupees' 000) -----	
Bank guarantees	1,884,801	1,144,655
Letters of credit	1,351,207	809,877



	Note	2016	2015
		----- (Rupees' 000) -----	
26. SALES - Net			
Manufactured goods			
Gross sales			
- local		6,554,905	3,782,659
- export		11,277	2,385
		6,566,182	3,785,044
Less: sales tax		(950,753)	(549,617)
		5,615,429	3,235,427
Trading goods			
Gross sales - local		250,101	68,903
Less: sales tax		(39,951)	(11,001)
		210,150	57,902
		5,825,579	3,293,329
27. COST OF SALES			
Manufactured goods			
Stocks at beginning of year		154,649	293,621
Cost of goods manufactured	27.1	4,409,145	2,417,733
		4,563,794	2,711,354
Stocks at end of year		(393,420)	(154,649)
		4,170,374	2,556,705
Trading goods			
Stocks at beginning of year		60,265	74,702
Purchases		125,885	32,263
		186,150	106,965
Stocks at end of year		(77,583)	(60,265)
		108,567	46,700
		4,278,941	2,603,405
27.1 Cost of goods manufactured			
Raw materials and components consumed	27.2	4,014,109	2,184,646
Stores consumed		11,153	5,531
Salaries, wages and other benefits	27.3	140,233	82,824
Fuel and power		15,863	14,655
Rent, rates and taxes		871	388
Insurance		3,429	3,694
Research and development		1,819	477
Repair and maintenance		28,258	3,173
Travelling and entertainment		4,736	4,197
Vehicle running and maintenance		792	844
Printing, stationery and office supplies		452	354
Communication		167	140
Royalty expense		14,061	8,306
Outside assembly charges		148,960	75,400
Depreciation	5.2	14,462	14,717
Amortization of intangible assets	6.1	45	211
Freight and handling		3,229	3,844
Other expenses		71	80
		4,402,710	2,403,481
Work-in-process adjustment		6,435	14,252
		4,409,145	2,417,733



	2016	2015
	----- (Rupees' 000) -----	
27.2 Raw materials and components consumed		
Stocks at beginning of year	363,834	639,422
Add : purchases including duties, taxes and other charges	4,775,585	1,909,058
	5,139,419	2,548,480
Stocks at end of year	(1,125,310)	(363,834)
	<u>4,014,109</u>	<u>2,184,646</u>

27.3 Salaries, wages and other benefits include Rs.3,594 thousand (2015: Rs.3,290 thousand) in respect of staff retirement benefit - gratuity.

	Note	2016	2015
		----- (Rupees' 000) -----	
28. DISTRIBUTION COST			
Salaries and benefits	28.1	59,799	41,079
Commission		101,987	62,111
Rent, rates and taxes		3,515	2,953
Insurance		4,057	1,670
Repair and maintenance		90	854
Utilities		280	198
Travelling and entertainment		8,864	7,193
Vehicle running and maintenance		1,231	1,208
Printing, stationery and office supplies		2,010	2,029
Communication		966	873
After sale services		4,380	6,060
Advertisement		2,875	3,720
Legal and professional charges		238	683
Late delivery charges		3,985	18,253
Depreciation	5.2	3,570	5,230
Freight forwarding and handling		21,555	10,559
Other expenses		1,544	1,637
		<u>220,946</u>	<u>166,310</u>

28.1 Salaries and benefits include Rs.2,629 thousand (2015: Rs.2,932 thousand) in respect of staff retirement benefit - gratuity.

	Note	2016	2015
		----- (Rupees' 000) -----	
29. ADMINISTRATIVE EXPENSES			
Salaries and benefits	29.1	44,440	34,207
Staff training and ancillary cost		927	656
Rent, rates and taxes		3,666	2,808
Insurance		2,108	1,843
Repair and maintenance		19,452	942
Utilities		5,332	438
Travelling and entertainment		12,807	11,549
Vehicle running and maintenance		1,799	1,136
Printing, stationery and office supplies		2,483	1,767
Communication		1,118	770
Legal and professional charges		1,689	4,040
Fee and subscriptions		1,126	978
Depreciation	5.2	9,432	3,593
Amortization of intangible assets	6.1	-	90
Amortization / depreciation of investment property	7.1	250	250
Security expenses		3,889	4,264
Other expenses		50	376
		<u>110,568</u>	<u>69,707</u>



29.1 Salaries and benefits include Rs.2,583 thousand (2015: Rs.2,985 thousand) in respect of staff retirement benefit - gratuity.

	Note	2016	2015
		----- (Rupees' 000) -----	
30. OTHER EXPENSES			
Auditors' remuneration			
- audit fee		1,000	600
- certification charges		45	-
- out of pocket expenses		25	25
		1,070	625
Workers' welfare fund	22.3	22,410	6,674
Donation and charities	30.1	3,175	2,919
Provision for doubtful advances		2,975	-
Exchange loss - net		-	1,630
Advance for computer software written-off		-	1,698
Special excise duty written-off		4,150	-
Balances written-off		818	-
		<u>34,598</u>	<u>13,546</u>

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

	Note	2016	2015
		----- (Rupees' 000) -----	
31. OTHER INCOME			
Income from financial assets			
Profit on saving accounts		970	670
Exchange gain - net		1,518	-
Income from other than financial assets			
Gain on sale of operating fixed assets	5.5	40	979
Commission		25,437	16,878
Amortization of gain on sale and lease back of fixed assets	20.1	175	41
Workers' profit participation fund written back		-	33,102
Rental income		730	2,100
Balances written back		1,782	-
		<u>30,652</u>	<u>53,770</u>

32. FINANCE COST

Mark-up / interest on:			
- lease finances		2,340	1,877
- finance against imported merchandise		47,019	33,920
- istisna / running finances / murabaha		49,980	118,337
- loan from Subsidiary Company		350	342
Bank charges and others		13,384	12,639
		<u>113,073</u>	<u>167,115</u>



	Note	2016 ----- (Rupees' 000) -----	2015 ----- (Rupees' 000) -----
33. TAXATION			
Current			
- for the year	33.1	361,121	89,052
- for prior year		(4,761)	(14,768)
- adjustment of recoupable minimum tax		-	(42,730)
		356,360	31,554
Deferred			
- origination and reversal of temporary differences		(4,269)	72,106
- impact of change in tax rate		153	(434)
		(4,116)	71,672
		<u>352,244</u>	<u>103,226</u>

33.1 Relationship between tax expense and accounting profit for the current financial year is as follows:

	2016 ----- (Rupees' 000) -----	2015 ----- (Rupees' 000) -----
Profit before taxation	<u>1,098,105</u>	<u>327,016</u>
Tax at the applicable rate of 32% (2015: 33%)	351,394	107,915
Tax effect of items, which are not deductible for tax purposes and are taken to profit and loss account	20,665	13,814
Tax effect of items, which are deductible for tax purposes but are not taken to profit and loss account	(9,218)	(28,348)
Effect of tax credits	(3,076)	(42,730)
Tax effect of income subject of final tax regime	(30,297)	(4,329)
Super tax	31,653	-
Charge of prior years' tax provision	(4,761)	(14,768)
Deferred taxation	(4,116)	71,672
	<u>352,244</u>	<u>103,226</u>

33.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for a tax year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its issued, subscribed and paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on October 4, 2016 has distributed sufficient cash dividend for the year ended June 30, 2016 (refer note 44) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended June 30, 2016.

	2016 ----- (Rupees' 000) -----	2015 ----- (Rupees' 000) -----
34. BASIC AND DILUTED EARNINGS PER SHARE		
Net profit for the year	<u>745,861</u>	<u>223,790</u>
	----- Number of shares -----	
Weighted average ordinary shares outstanding during the year	<u>21,304,422</u>	<u>21,304,422</u>
	----- (Rupees' 000) -----	
Earnings per share	<u>35.01</u>	<u>10.50</u>



34.1 A diluted earnings per share has not been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	2016	2015
		----- (Rupees' 000) -----	
35. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,098,105	327,016
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- property, plant and equipment		27,464	23,540
- intangible assets		45	301
- investment property		250	250
Gain on sale of operating fixed assets		(40)	(979)
Amortization of gain on sale and lease back of fixed asset		(175)	(41)
Exchange (gain) / loss - net		(1,518)	1,630
Finance cost		113,073	167,115
Profit on saving account		(970)	(670)
Advance against computer software written-off		-	1,698
Worker's profit participation fund written back		-	(33,102)
Provision for doubtful advances		2,975	-
Special excise duty written-off		4,150	-
Balances written-off		818	-
Provision for gratuity		9,076	9,207
		<u>1,253,253</u>	<u>495,965</u>
Working capital changes - net	35.1	<u>(284,834)</u>	<u>790,274</u>
		<u>968,419</u>	<u>1,286,239</u>

35.1 Working capital changes

Decrease / (increase) in current assets:			
Stores		29	(150)
Stock-in-trade		(1,011,130)	443,249
Trade debts		(217,027)	178,133
Loans and advances		109,307	(45,902)
Trade deposits and prepayments		(38,059)	(114,559)
Other receivables		(708)	(7,729)
Sales tax refundable / adjustable		(31,333)	71,177
		<u>(1,188,921)</u>	<u>524,219</u>
Increase in trade and other payables		<u>904,087</u>	<u>266,055</u>
		<u>(284,834)</u>	<u>790,274</u>

36. CASH AND CASH EQUIVALENTS

Cash and bank balances	16	585,735	135,710
Short term borrowings	24	(194,029)	(201,140)
		<u>391,706</u>	<u>(65,430)</u>



37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	(Rupees' 000)					
Managerial remuneration, bonus and allowances	-	-	-	-	83,807	68,881
Retirement benefit	-	-	-	-	5,184	4,582
Others	-	-	-	-	2,471	2,989
	-	-	-	-	91,462	76,452
Number of persons	-	-	-	-	60	60

37.1 Some executives are provided with free use of car maintained by the Company in accordance with their term of employment.

37.2 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.745 thousand (2015: Rs.420 thousand).

38. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of the Ultimate Holding Company, the Subsidiary Company, Associated Companies / undertaking, technological suppliers, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are as follows:



Name of related party and nature of relationship		Nature of transactions	2016 ----- (Rupees' 000) -----	2015 -----
(i)	Ultimate Holding Company			
	Bibojee Services (Private) Limited	Dividend paid	37,545	-
(ii)	Subsidiary Company			
	Marghzar Industries (Private) Limited	Financial charges	350	342
		Reimbursement of expenses	270	330
(iii)	Associated Companies / Undertaking			
	The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	184,649	109,421
		Rental income	900	2,100
		Sale of fixed assets	-	2,438
		Sale services rendered	47	38
		Sale of truck	-	1,975
		Dividend paid	453	-
	Ghandhara Nissan Limited (Common Directorship)	Assembly charges	174,283	88,218
		Sales - fabrication	676	6,700
		Sales of parts	5	-
		Purchase of fixed assets	34,410	-
		Sale of truck	-	2,250
		Re-imbursement of expenses	-	180
		Dividend paid	23,248	-
	Universal Insurance Company Limited (Common Directorship)	Dividend paid	5,329	-
	Rahman Cotton Mills Limited (Common Directorship)	Rent paid	1,800	1,800
		Purchase of fixed assets	-	9,000
	Gammon Pakistan Limited (Common Directorship)	Rent paid	2,424	1,500
	Ghandhara DF (Private) Limited (Common Directorship)	Sales - fabrication	30	300
		Sales of parts	1	-
	Hassan & Hassan Advocates (Common Directorship)	Retainership fee	120	120
		Legal and professional fee	-	1,010
(iv)	Technology suppliers			
	Isuzu Motors Limited - Japan	Commission income	25,437	16,878
		Royalty accrued	14,061	8,306
		Re-imbursement of expenses	2,587	-
		Warranty claims received	699	270
(v)	Key management personnel			
		Remuneration, bonus and other benefits	26,312	21,771
		Retirement benefit paid	-	552



39. PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends upon the mix of various product assembly of trucks, buses and fabrication of commercial bodies.

The Company has outsourced the assembly of trucks and buses to Ghandhara Nissan Limited (an Associated Company) therefore figures for the actual production for the current year has not been given.

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial assets and liabilities by category and their respective maturities

	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub- total	Maturity up to one year	Maturity after one year	Sub- total	Total
----- (Rupees' 000) -----							
Financial assets as per balance sheet							
Investments - at cost							
Long term investment	-	-	-	-	1,400	1,400	1,400
Loans and receivables							
Loans and advances	-	-	-	1,787	2,298	4,085	4,085
Deposits	-	-	-	332,453	12,085	344,538	344,538
Trade debts	-	-	-	259,680	-	259,680	259,680
Other receivables	-	-	-	18,518	-	18,518	18,518
Cash and bank balances	412,863	-	412,863	172,872	-	172,872	585,735
June 30, 2016	<u>412,863</u>	<u>-</u>	<u>412,863</u>	<u>785,310</u>	<u>15,783</u>	<u>801,093</u>	<u>1,213,956</u>
June 30, 2015	<u>53,751</u>	<u>-</u>	<u>53,751</u>	<u>441,459</u>	<u>5,831</u>	<u>447,290</u>	<u>501,041</u>
Financial liabilities as per balance sheet							
At amortised cost							
Trade and other payables	-	-	-	411,177	-	411,177	411,177
Accrued mark-up / interest	-	-	-	25,813	-	25,813	25,813
Short term borrowings	194,029	-	194,029	-	-	-	194,029
Liabilities against assets subject to finance lease	8,598	35,999	44,597	-	-	-	44,597
June 30, 2016	<u>202,627</u>	<u>35,999</u>	<u>238,626</u>	<u>436,990</u>	<u>-</u>	<u>436,990</u>	<u>675,616</u>
June 30, 2015	<u>204,977</u>	<u>10,584</u>	<u>215,561</u>	<u>239,186</u>	<u>-</u>	<u>239,186</u>	<u>454,747</u>
On Balance Sheet Gap							
June 30, 2016	<u>210,236</u>	<u>(35,999)</u>	<u>174,237</u>	<u>348,320</u>	<u>15,783</u>	<u>364,103</u>	<u>538,340</u>
June 30, 2015	<u>(151,226)</u>	<u>(10,584)</u>	<u>(161,810)</u>	<u>202,273</u>	<u>5,831</u>	<u>208,104</u>	<u>46,294</u>
Off Balance Sheet							
Letters of credit							1,351,207
Letters of guarantee							1,884,801
						June 30, 2016	<u>3,236,008</u>
						June 30, 2015	1,954,532

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.



40.2 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk and interest / mark-up rate risk). The Company's overall risk management program focuses on having cost effective funding as well as manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(a) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparts failed to perform as contracted. Credit risk mainly arises from loans & advances, deposits, trade debts, other receivables and bank balances. The financial assets exposed to credit risk aggregate to Rs.1,212,571 thousand (2015: Rs.499,077 thousand).

The Company believe that it is not materially exposed to credit risk as; (i) trade debts mainly represent receivables from government and semi-government agencies, (ii) deposits mainly include margin against letters of credit and bank guarantees held with banks having good credit ratings and (iii) balances placed with banks having good credit ratings assigned by credit rating agencies.

The Company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Company's liabilities based on maturities is disclosed in note 40.1 of these financial statements.

(c) Market risk

Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. At June 30, 2016, receivables and payables exposed to foreign exchange risk are Rs.18,551 thousand (2015: Rs.16,330 thousand) and Rs.9,333 thousand (2015: Rs.4,394 thousand) respectively. The liability and receivable are denominated in Japanese Yen.

At June 30, 2016 if Pak Rupee had weakened / strengthened by 2% against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.196 thousand (2015: Rs.294 thousand), mainly as a result of foreign exchange loss / gain on translation of Japanese Yen denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company as at the reporting date. The volatility percentage for movement in foreign exchange rates has been used due to the fact that historically (5 years) rate has moved on average basis by the mentioned percentage per annum.

Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. At June 30, 2016, the Company's interest bearing financial liabilities of Rs.238,626 thousand (2015: Rs.215,561 thousand) represent the short term borrowings at floating rate to manage the working capital requirements of the Company and obligation under assets subject to finance lease. These liabilities are re-priced at a maximum period of six months. The effective mark-up rates for financial assets and liabilities are mentioned in respective notes to the financial statements.

Had the interest rates varied by 100 basis points with all the other variables held constant, profit before tax for



the year would have been approximately higher / lower by Rs.2,386 thousand (2015: Rs.2,156 thousand).

The sensitivity of 100 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 basis per annum.

40.3 Price risk

The Company is not exposed to any price risk as it does not hold any investments exposed to price risk.

40.4 Fair values of financial assets and liabilities

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

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically repriced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

Currently there are no financial assets or financial liabilities which are measured at their fair value in the balance sheet.

41. CAPITAL RISK MANAGEMENT

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

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

42. OPERATING SEGMENTS

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

- (a) All non-current assets of the Company at June 30, 2016 are located in Pakistan.
- (b) 99.81% (2015: 99.93%) of the Company's sales relate to customers in Pakistan.
- (c) Sales to one party amounting Rs.758,922 thousand account for 13.03% of net sales.



43. NUMBER OF EMPLOYEES

Number of employees at June 30,

- Permanent

- Contractual

Average number of employees during the year

- Permanent

- Contractual

	2016	2015
	----- (Rupees' 000) -----	
	140	116
	304	334
	132	118
	386	222

44. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on October 4, 2016 have proposed final cash dividend of Rs. 10 (2015: Rs.4.5) per share, amounting to Rs. 213,044 thousand (2015: Rs.95,870 thousand) for the year ended June 30, 2016. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 31, 2016.

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

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 4, 2016 by the Board of Directors of the Company.



Ahmad Kuli Khan Khattak
Chief Executive



Jamil Ahmed Shah
Director



















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DIVIDEND MANDATE FORM

To:

Name of Member : _____

Folio # : _____

Address: _____

Dear Shareholder(s)

Subject: **DIVIDEND MANDATE FORM**

It is to inform you that Under Section 250 of the Companies Ordinance, 1984 a shareholder may, direct the Company to pay dividend through his/her/its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan Vide Circular # 18 of 2012 dated June 05, 2012 an opportunity hereby is given to authorize the Company to directly credit shareholders bank account with cash dividend, if any, declared by the Company in future.

(Please note that this Dividend Mandate is Optional and not Compulsory, in case you do not wish your dividend to be directly credit into your bank account then the same shall be paid to you through the dividend warrants.)

Do you wish the cash dividend declared by the Company, if any, is directly credit in your bank account, instead of issue of dividend warrant. Please tick "✓" any of the following boxes:

Yes

No

If yes then please provide the following information.

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above-mentioned information is correct that I will intimate the change in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

In case of shareholders having CDC investors/Sub-Accounts, the duly filled Forms should be submitted to CDC Customers service or the respective Participants.

Signature of the member /shareholder

Date : _____

PROXY FORM

I/We _____ of
being a Shareholder of Ghandhara Industries Limited and holding _____ Ordinary Shares as per
Register Folio No _____ or CDC Participant's I.D. No. _____ A/c No. _____ hereby appoint
Mr / Mrs _____ of _____ or failing him/her
Mr / Mrs _____ of _____ as my/our Proxy in
my/our absence to attend and vote for me/us and on my/our behalf at the 53rd Annual General Meeting of the
Company to be held on Monday, 31st October, 2016 at 03:15 P.M and any adjournment thereof.

Affix Revenue Stamp(s) of Rupees five
Executant's Signature on Revenue Stamp(s)
(Signature should agree with the Specimen Signature registered with the Company).

Executant's Computerized National identity Card Number (CNIC or Passport Number)

<p>_____ First Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ Computerized National Identity Card Number or Passport Number of Witness</p>	<p>_____ Second Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ Computerized National Identity Card Number or Passport Number of Witness</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Proxy's Signature

Proxy's Signature

Proxy's CNIC Number or Passport Number

Proxy's CNIC Number or Passport Number

NOTES:

1. A shareholder entitled to attend and vote at the Annual General Meeting of the Company may appoint any person as his/her proxy to attend and vote instead of him/her. The proxy shall have the right to attend, speak and vote in place of the shareholder appointing him/her at the meeting.
2. The instrument appointing a proxy should be signed by the Shareholder or by his/her Attorney, duly authorized in writing and person appointed proxy. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.
3. The Proxy Form duly completed, must be deposited at the Company's Registered Office at F-3, Hub Chauki Road S.I.T.E, Karachi not less than 48 hours before the time of holding the meeting.
4. Shareholders whose holdings are in the Central Depository System (CDS) and their proxies both, should attach with this form, attested copies of their Computerized National Identity Card or (attested copies of first four pages of their passport). To facilitate identification at the AGM, the proxy should bring his/her original Computerized National Identity Card or passport. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

پراکسی فارم

میں / ہم _____ ساکن _____

بحیثیت ممبر (ز) گندھارا انڈسٹریز لمیٹڈ اور حق ملکیت رکھتے ہوئے _____

عمومی شیئرز جس کا اندراج رجسٹر فوئیو نمبر _____ اور سینٹرل ڈپازٹری کمپنی _____ اکاؤنٹ نمبر _____ کو اپنی جانب سے

نامزد کرتا ہوں _____ ساکن _____

اور ان کے ناجائز پر مسمیٰ / مسماۃ _____

ساکن _____ بطور پراکسی مقرر کرنا / کرتے ہیں تاکہ وہ میری / ہماری طرف سے کمپنی کے 53 ویں سالانہ عام اجلاس، مقام رجسٹرڈ آفس بتاریخ 31 اکتوبر 2016ء وقت دن 03:15 بجے منعقد ہو رہا ہے، اس میں یا اس کے کسی ملتی شددہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

5 روپے کے ریونیو ٹکٹ لگائیں
ریونیو ٹکٹ پر تکمیل کنندہ کے دستخط
(یہ دستخط کمپنی میں رجسٹر شدہ دستخط جیسے ہونے چاہئیں)

تکمیل کنندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

پہلے گواہ کے دستخط	دوسرے گواہ کے دستخط
نام اور پتہ	نام اور پتہ
گواہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر	گواہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نمائندہ کے دستخط

نمائندہ کے دستخط

نمائندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نمائندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نوٹس:

- کمپنی کی سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا اہل کسی بھی فرد کو اپنا نائب نامزد کر سکتا ہے تاکہ وہ اس کی غیر موجودگی میں شرکت کرے اور ووٹ ڈالے۔ نائب کو اختیار حاصل ہے کہ وہ شیئرز ہولڈر کے بدلے میٹنگ میں شرکت کرے، بولے اور ووٹ دے۔
- نائب کی نامزدگی کی درخواست پر شیئرز ہولڈر یا اس مرد / عورت کے انارنی کے دستخط ہونے چاہئیں جس پر اس فرد نمائندہ نامزد کرنے والے کا کھابوا اجازت نامہ ہو۔ کسی اجتماعی ادارے کی صورت میں کمپنی کو بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف انارنی بمعہ دستخط نمائندگی کے فارم کے ساتھ جمع کروائے جائیں گے۔
- 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 چوک روڈ، سائٹ میں جمع کیا جانا چاہیے۔
- ایسے شیئرز ہولڈرز جن کی ہولڈنگز سینٹرل ڈپازٹری سسٹم میں ہو اور ان کے دونوں نمائندگان اس فارم کے ساتھ تصدیق شدہ کمپیوٹر انڈز قومی شناختی کارڈ (پاسپورٹ کے پہلے چار صفحات کی تصدیق شدہ نقول) منسلک ہونی چاہئیں۔ سالانہ جنرل میٹنگ میں ان کی شناخت کے لیے نمائندہ فرد کو اپنے ساتھ اصل کمپیوٹر انڈز قومی شناختی کارڈ یا پاسپورٹ لانا ضروری ہے۔ کسی اجتماعی ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف انارنی بمعہ دستخط نمائندہ پیش کی جانی چاہیے۔



Ghandhara Industries Limited

F-3, Hub Chauki Road, S.I.T.E., Post Box No. 2706, Karachi - 75730