

# DREAM

Learn Succeed



ANNUAL REPORT 2019



**GHANDHARA**  
INDUSTRIES LIMITED



Driving  
Excellence



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# Investing in Progress



## 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 environment for optimum productivity, job satisfaction, career development and well being of Employees.



# Investing in Sustainability



## Company Profile

### Board of Directors

Lt. Gen. (R) Ali Kuli Khan Khattak  
Mr. Ahmad Kuli Khan Khattak  
Mrs. Shahnaz Sajjad Ahmad  
Maj. (R) Muhammad Zia  
Mr. Muhammad Kuli Khan Khattak  
Mr. Shahid Kamal Khan  
Mr. Sohail Hameed Khan

Chairman  
Chief Executive  
Director  
Director  
Director  
Ind. Director  
Ind. Director

### Audit Committee

Mr. Sohail Hameed Khan  
Maj. (R) Muhammad Zia  
Mr. Shahid Kamal Khan  
Mr. Shahnawaz Damji

Chairman  
Member  
Member  
Secretary

### Human Resource & Remuneration Committee

Mr. Shahid Kamal Khan  
Mr. Ahmad Kuli Khan Khattak  
Maj. (R) Muhammad Zia  
Mr. Sohail Hameed Khan  
Mr. Hassan Mahmood

Chairman  
Member  
Member  
Member  
Secretary

### Chief Financial Officer

Mr. Iftikhar Ahmed Khan

### Company Secretary

Mr. Talha Ahmed Zaidi

### Auditors

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

### Legal Advisors

S. Abid Sherazi & Co.  
Ahmed and Qazi  
Hassan & Hassan (Advocates)

### Share Registrar

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

### Bankers

National Bank of Pakistan  
Al-Baraka Bank (Pakistan) Ltd.  
JS Bank Ltd.  
Faysal Bank Ltd.  
The Bank of Punjab  
MCB Islamic  
Bank Alfalah Ltd.  
Meezan Bank Ltd.  
Bank Al Habib Ltd.  
Samba Bank Limited  
Habib Metropolitan Bank Limited  
United Bank Limited

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

Website: [www.gil.com.pk](http://www.gil.com.pk)  
Email: [info@gil.com.pk](mailto:info@gil.com.pk)





## 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 more than 55 years of history in Pakistan, GIL has been one of the top leading automobile companies. Our products range from pickups to heavy duty trucks and buses.

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. GIL & ISUZU are concerned for the environment and their superior engineering capability which 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.

## Our Products



**D-MAX Single Cabin**



**D-MAX Double Cabin**



**NHR Truck**



**NKR Container**



**NPR Prisoner Van**



**FTR (4x2) Prime Mover**



**FTR (4x2) Rigid Truck**



**FVR (4x2) Rigid Truck**



**CYZ 390 Truck**



**FVZ Truck**



**FVZ Prime Mover**



**FTS (4x4) Truck**



**FVZ Dumper**



**CYZ Fuel Bowzer**



**FVR 90**



**FVZ Fuel Bowzer**

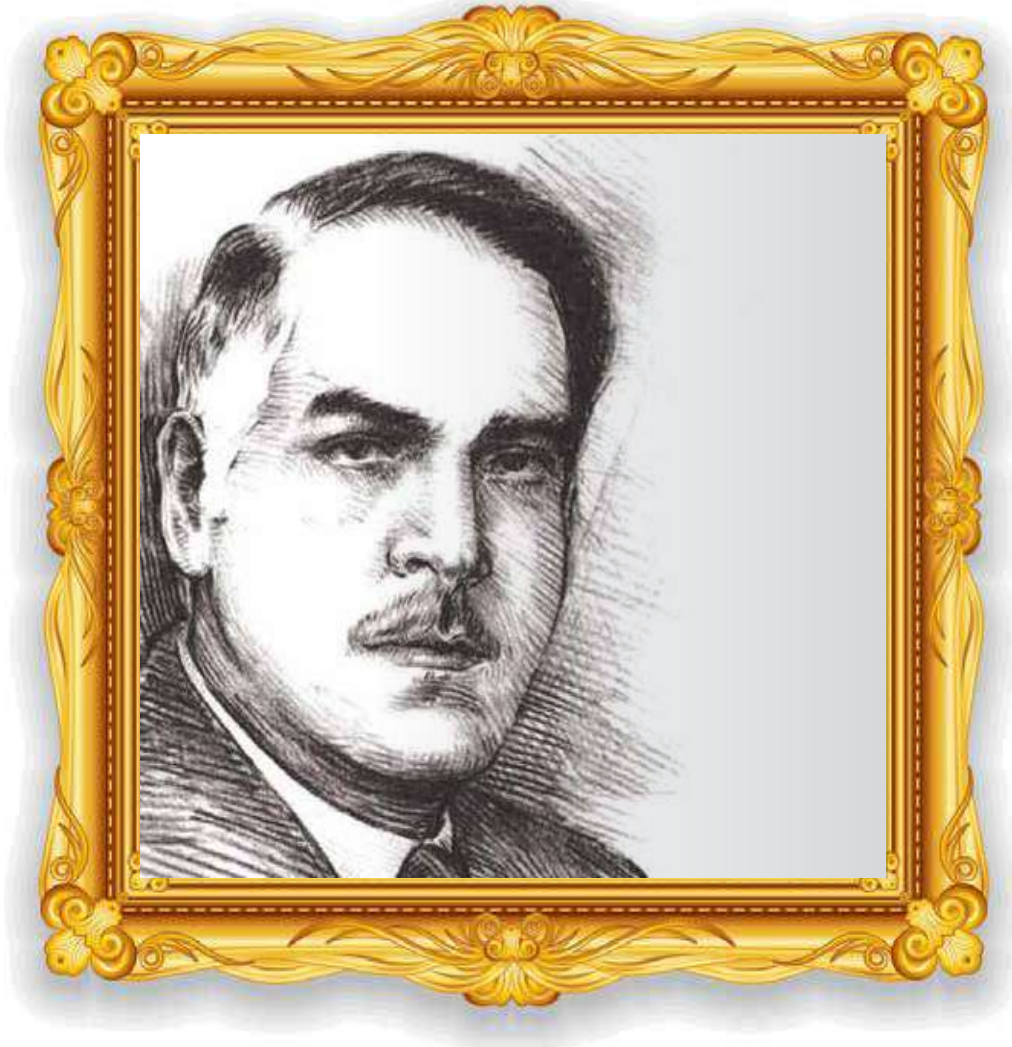


**NPR Bus**



**MT 133/134 Bus**

## Founder Chairman



### LATE GENERAL HABIBULLAH KHAN KHATTAK

Lt. General (R) 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.



**Lt. Gen. (R)**  
**Ali Kuli Khan Khattak**  
Chairman

Mr. Ali Kuli Khan Khattak 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 military family of Pakistan. He retired from the Pakistan Army as its Chief of General Staff in 1998, prior to this, apart from holding various offices, he also directed the Directorate General of Military Intelligence (DGMI). During his career he was awarded “Hilal-e Imtiaz”. After retirement he joined the Family Business which includes, Tyre Manufacturing, Automobiles, Insurance, Cotton Spinning Mills, Woollen Textiles, Finance, Construction and Trading Services Companies.



## Ahmad Kuli Khan Khattak

CEO / Executive Director

Mr. Ahmad Kuli Khan Khattak was educated at Aitchison College Lahore and graduated from the Pakistan Air Force (PAF) Academy Risalpur in 1969. He served PAF for nearly 21 years winning different medals and honors including the coveted, 'Sword of Honour' and Sitara-e-Basalat. 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 as Wing commander and joined the Family Business, 'Bibojee' / General Habibullah's Group of Companies; his appointments in the various companies include:

Chief Executive - Ghandhara Nissan Ltd.  
Chief Executive - Rahman Cotton Mills Ltd.

**He also serves on the following board of directors:**

- Bannu Woolen Mills Ltd.
- Babri Cotton Mills Ltd.
- The General Tyre & Rubber Company of Pakistan Ltd.

He has also served as chairman of All Pakistan Textile Manufacturers Association (APTMA) and Pakistan Automobile Association (PAMA) which are leading associations in Pakistan.

## Director's Profiles



**Mrs. Shahnaz Sajjad Ahmad**  
Non-Executive Director

Mrs. Shahnaz Sajjad Ahmed got Bsc degree from University of Peshawar and joined her father's family Business serving the Bibojee Group Companies since 20 years. She is presently the CEO of Bannu Woollen Mills Limited a bibojee group of Company. Her other directorships and offices include

**Directorships:**

Janana De Malucho Textile Mills Ltd.  
Babri Cotton Mills Ltd.  
Rehman Cotton Mills Limited  
The Universal Insurance Company Ltd.



**Mr. Muhammad Kuli Khan Khattak**  
DCE / Executive Director

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.

## Director's Profiles



**Maj. (R) Muhammad Zia**  
Non-Executive 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.**



**Mr. Shahid Kamal Khan**  
Independent Director

**Air Commodore (R) 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.



## Mr. Sohail Hameed

Independent Director

**Mr. Sohail Hameed is a Fellow Chartered Accountant of Institute of Chartered Accountants of Pakistan Accountant, with diversified experience of over 40 years (26 years in the Middle East) in various industries including oil & gas, technology, automobile, textile, FMCG and construction.**

Held senior positions including Chief Executive, Executive Vice President, with focus on Finance and Business Development in

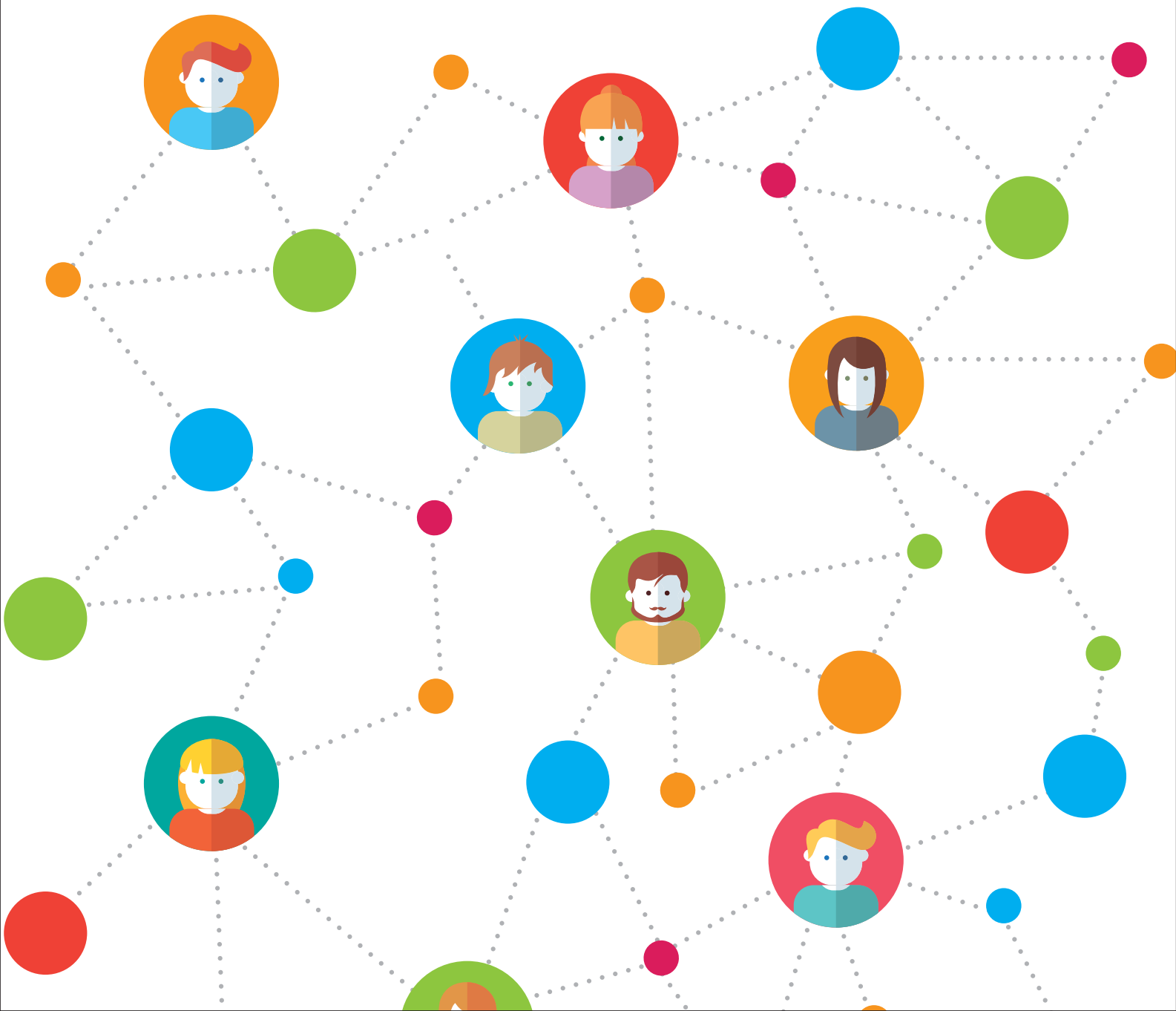
Pakistan and in the Middle East including responsibility for financial, legal and commercial aspects of mega projects in oil & gas (upstream), development of airports, rail (metro and high speed) etc.

Established businesses, set up joint ventures, obtained franchises/representations of leading products of companies listed in the Fortune 500.

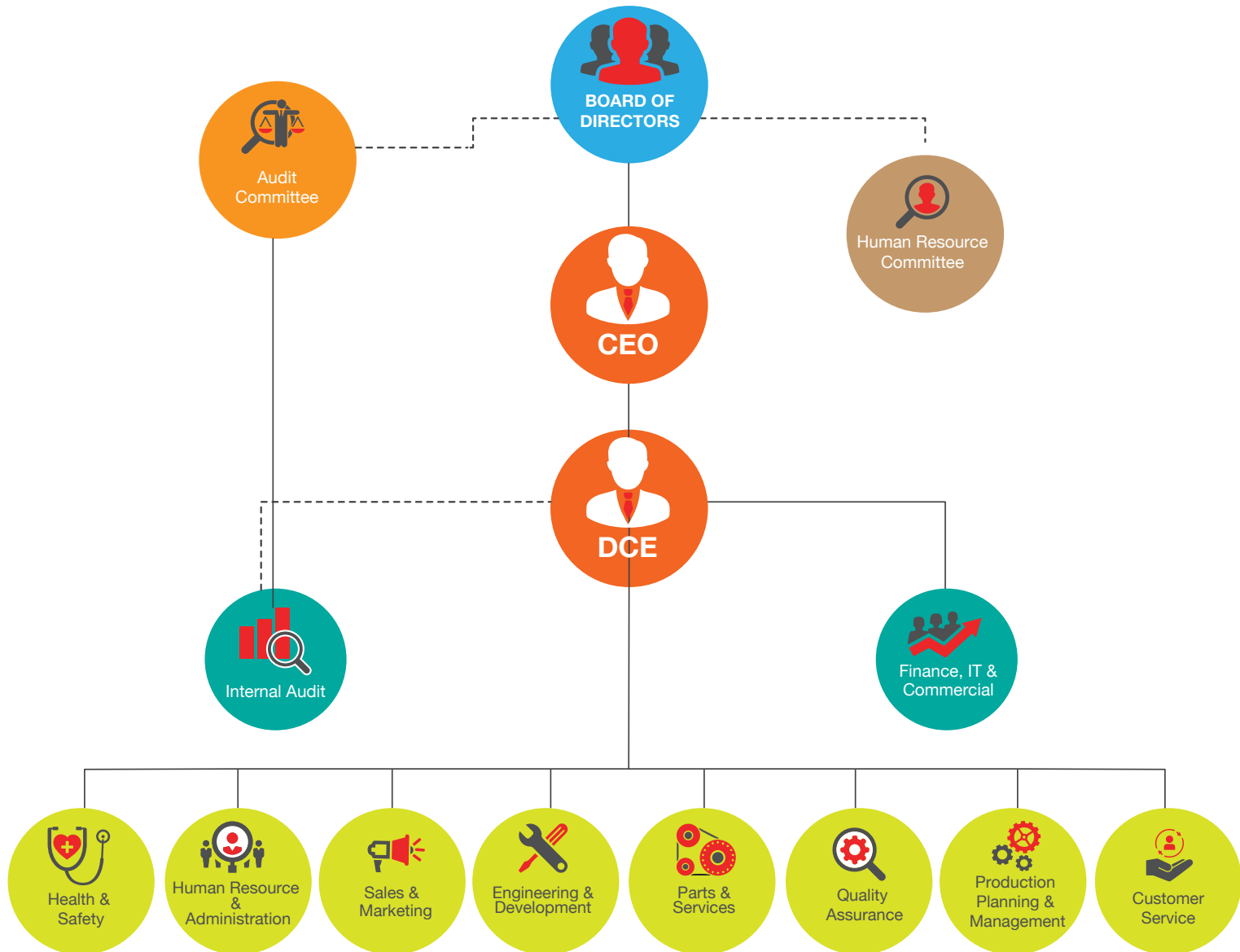
## Human Resource

**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, skill, 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 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 toward its people.



# Organization Structure





## Management Team

**The Management team of Ghandhara believes in synergy of all the resources of the company, including the Human Resources and Invests in them. In the end Management becomes simply steering the resources towards the achievement of Organization's goal.**

GIL's leadership comprises some of the most enterprising leaders of the corporate world in Pakistan. These individuals are responsible for conceptualizing and articulating goals that bring our people together in pursuit of set objectives. They lead the company with a firm commitment to the values and spirit of Ghandhara Group. In our journey to become a profitable, growth-oriented and sustainable company, our management structure has evolved to create a more transparent and accessible organization. Our commitment to highest standards of integrity and transparency has shaped GIL's governance framework and processes, which are aligned to the industry's best practices. Every employee at GIL is a part of the governance system and is required to adhere to clearly laid out policies and procedures.



At GIL, we support our leadership culture through unique systems and policies which ensure open communication, foster an environment of employee and partner privacy, and guarantee the well-being and safety of our employees. Our core values form the basis of everything we do at GIL; from formal decision making to how we conduct our business to spot awards and recognition. At GIL, we never forget what we stand for.

We strongly believe in the dignity and value of our people. We must consistently treat each other with respect and strive to create an organizational environment in which individuals are fairly treated, encouraged and empowered to contribute, grow and develop themselves and help to develop each other. We do not tolerate any form of harassment or discrimination.

Success requires us to continually strive to produce breakthrough ideas that result in improved solutions and services. We encourage challenges to the status quo and seek organizational environments in which ideas are generated, nurtured and developed. Ghandhara Industries Limited appreciates employees for well thought out risks taken in all realms of business, and for the results achieved due to them, acknowledging the fact that not all risks will result in success.

## Revisiting Year 2018 - 2019



### 1 D-Max showcase at Centaurus Mall

Isuzu Federal Motors organized an exciting showcase for the astonishing D-Max at Centaurus Mall Islamabad on 13th & 14th of April.



### 2 Bank Alfalah

Bank-Alfalah Islamic and Ghandhara industries have aligned together for the ISUZU D-MAX. This alliance will boost a healthy competition in the automotive industry and will provide attractive financing opportunities exclusively for D-Max variants

## STANDING TOGETHER WITH **KASHMIR** #KashmirHour



3

### Kashmir Hour

Together in Solidarity!

The entire team of Ghandhara Industries stood outside for half an hour to stand in unity with our Kashmiri brothers and sisters.



## Ghandhara Industries becomes Forbes Asia “Best Under A Billion” Company for the 2<sup>nd</sup> consecutive year

### 4 Forbes:

Ghandhara Industries is honored to be selected as one of Forbes Asia “Best Under A Billion” companies for 2018.

The company qualified for the award from a universe of 24,000 because of the outstanding performance in FY 2017.

CEO, Mr. Ahmed Kuli Khan Khatak, and Deputy Chief Executive, Mr. Muhammad Kuli Khan Khatak, received the award at Forum and Awards Dinner in Tokyo, Japan.



## **ISUZU WORK SHOP NOW OPEN IN KORANGI!**

Plot#2, Survey #335, Surgeon Faiz  
Muhammad Khan Road, Off Brooks  
Chowrangi towards crossing sector  
31A, Korangi Industrial Area Karachi.  
Tel: 0300-0646784 & 0300-0707633

**5**

Service Station: Ghandhara Industries has opened its doors in Korangi Karachi. Our service facility center is now fully operational!

**ISUZU D-MAX**

**BankIslami**

**autofinance**

**DRIVE NOW**

**ISUZU D-Max Display at BankIslami Pakistan Limited**

**Venue:** Parking Space - Executive Tower, Dolmen City

**Date:** Friday, 7<sup>th</sup> Dec, 2018

**Time:** 12:00 PM to 4:00 PM

**GHANDHARA INDUSTRIES LIMITED**

TOLL FREE 0800-11190 | [www.gil.com.pk](http://www.gil.com.pk)

## 6 Bank Islami: Witness the beast, steer the power!

Isuzu D-Max, in collaboration with BankIslami Pakistan Limited, is making its way to the Parking Space of Executive Tower, Dolmen City, Karachi. Here is your chance at the most anticipated test drive!

Book your Isuzu D-Max and avail the remarkable Auto Finance services of 'Islami Auto Finance' from BankIslami.



## 7 Road show Quetta:

GIL conducted road show in Pakistan, this was done to improve the product's brand image and customer confidence on GIL, It's dealerships and products. These activities strengthen the bond between Gil and its customers, end user's and fleet operators.



8

ACCA Approved Employer: Benchmarking the social responsibilities towards the market, We GIL with the platform of ACCA Global Pakistan is underway to cultivate the students as per need of the market by through this initiative it help to create competent workforce for firms.



9

Quetta Motors: A new state of the art 3S dealership of ISUZU was inaugurated in Quetta. GIL aims to provide its customers easy accessibility for purchasing, services and after sales support of its products.

## D-Max Launch Event

In February 2019, GIL Successfully launched its Pick Up variant, D-Max. The event was attended by both local and foreign notable guests. The event was a huge success and welcomed an overwhelming response.



# Health & Safety

**At GIL, our Safety Policy conveys the following simple message:  
"SAFETY WILL ALWAYS TAKE PRECEDENCE OVER PRODUCTION, SALES AND PROFIT"**

**The company continues to comply with all safety, health and environmental laws and regulation and at the same time, we recognize the benefit of appropriate safety and environmental management as one of our highest priorities.**

## Notice of 56th Annual General Meeting

Notice is hereby given that the 56th Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held at 11:45A.M on Friday October 25th, 2019 at F-3, Hub Chauki Road, S.I.T.E., Karachi to transact the following business:

### Ordinary Business:

- 1) To confirm the minutes of the Annual General Meeting of the Company held on October 23rd, 2018.
- 2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2019, together with Directors' and Auditors' report thereon.
- 3) To appoint Auditors for the year ending June 30, 2020 and to fix their remuneration. The retiring auditors, Messers ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, have offered themselves for re-appointment for the year ending June 30, 2020.
- 4) Any other business with the permission of the Chair.

### Special Business:

- 1) To consider and, if deemed appropriate, pass with or without modification through special resolution, to increase Authorized Share Capital from Rs. 500,000,000 divided into 50,000,000 ordinary shares of Rs 10/- each to Rs. 1,000,000,000 divided into 100,000,000 ordinary shares of Rs 10/- each.
- 2) To consider and, if thought fit, to approve and recommend to the members the following Special Resolution, with or without amendments, to alter/amend (a) the Memorandum of Association (the "Memorandum"), and (b) the Articles of Association (the "Articles"), of the Company, in order to bring them in conformity with the provisions of the Companies Act, 2017 (the "Act").
- 3) To consider to pass the following ordinary resolutions:
  - a) "RESOLVED that the transactions carried out in normal course of business with related parties during the year ended June 30, 2019 be and are hereby ratified and approved."
  - b) "RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending June 30, 2020 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

### Alteration/Amendments of the Memorandum

- (1) "Resolved, subject to confirmation of the Securities and Exchange Commission of Pakistan, that:
  - (a) sub-Clause (i) of Clause 3 of the existing Memorandum with additions be adopted as the principal line of business of the Company, to read as follows:

The principal line of business of the Company shall be to carry on the business of manufacturers, assemblers, hirers, repairs, traders, distributors, stores and dealers and importers and exporters of motor-cars, sport utility vehicles (SUVs), pick-ups, motor cycles, motor rickshaws, auto cycles, motors, motor boats, motor launches, motor buses, trucks, motor lorries, motor vans, agricultural machinery/equipment including harvester, thresher, combines, ploughs, tractors, earth moving equipments and other conveyances of all descriptions whether propelled or assisted by means of petrol, spirit, steam, gas, electricity, animal, atomic or other powers and of engines, chassis, bodies, spare parts including industrial batteries, and other things used for, or in connection with the above mentioned things and to purchase, take in exchange, on lease, hire, or otherwise acquire, erect, maintain and adopt in any part of the world, mills, factories, buildings, offices, showrooms, workshops, plants, machinery, accessories and other things necessary or convenient for the purposes of the Company, and to add and maintain, alter and enlarge all or any of the mills, factories, buildings, premises and places of production and manufacture and machinery which are for the time being the property of or in possession of the Company.

- (b) existing sub-Clauses (ii) to (xxxiii) of Clause 3 of the Memorandum in respect of business of the Company be deleted.
- (c) three (3) new sub-Clauses (ii),(iii) and (iv) in Clause 3 of the Memorandum be added, to read as follows:
- (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the Company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.
- (iv) It is hereby undertaken that the Company shall not:
- engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
  - launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
  - engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.
- (d) Clause 5 of the Memorandum be replaced, to read as follows:
- The authorized share capital of the company is Rs. 1,000,000,000 (Rs. One Billion) divided into 100,000,000 (One Hundred million) shares of Rs. 10/- (Rupees ten) each.
- (e) A comparison highlighting the changes proposed in the Memorandum of Association will be available on the company's website, [www.gil.com.pk](http://www.gil.com.pk). The physical copies of the same will also be dispatched along with notice of AGM at members registered addresses. The Revised Memorandum of Association be affirmed as the new Memorandum of Association of the Company."

**Alteration/Amendments of the Articles**

(2) "Further Resolved that:

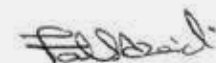
(1) the Articles be replaced with the Revised draft of the Articles of Association as shared along with notice of AGM showing comparison in the old and revised Articles.

(2) the Revised Articles be affirmed as the new Articles of Association of the Company."

To authorize Chief Executive Officer and/ or Company Secretary of the Company to, singly, do all acts, deeds and things, take any and all necessary steps, to fulfill the legal, corporate and procedural formalities and file all necessary documents/ returns as deem necessary in this behalf and the matters ancillary thereto".

Yours faithfully  
By Order of the Board

Karachi  
October 4, 2019



**Talha Ahmed Zaidi**  
Company Secretary

A statement of material facts under section 134(3) of the Companies Act, 2017 pertaining to the Special Business contained in Agenda item 1 to 3 is annexed to this notice of the meeting.

**NOTES:****1. Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed for the period from October 18, 2019 to October 25, 2019 (both days inclusive). Transfers received in order at our Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi at the close of business on October 17, 2019 shall be treated in time for the purpose of Annual General Meeting. No transfer will be accepted for registration during this period.

**2. Participation in General Meeting**

A member of the Company entitled to attend and vote at this meeting, may appoint another person as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. CDC shareholders entitled to attend and vote at the meeting must bring his/her Participant ID and Account/Sub-Account number along with original CNIC or original passport to authenticate his/her identity. In case of corporate entity, resolution of Board of Directors/Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting.

**3. For appointing the proxy**

CDC shareholders shall submit the proxy form as per above requirements together with attested copy of CNIC or Passport of the beneficial owner and proxy. In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be submitted along with the proxy form to the Company.

The proxy form shall be witnessed by two witnesses with their names, addresses, and CNIC numbers. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.

#### 4. Change in Address and CNIC

Members are requested to notify/submit the following Information / documents, in case of book entry securities in CDS to their respective participants and in case of physical shares to the registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:

- Change in their address, if any
- Members, who have not yet submitted attested photocopy of their valid CNIC are requested to submit the same along with folio numbers at earliest, directly to the Company's Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi

#### 5. Request for Video Conferencing Facility

If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least seven (07) days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.

To avail this facility please provide the following information to our Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Ghandhara Industries Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

Signature of member

#### 6. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. Shareholders are requested to fill in "Electronic Credit Mandate Form" as reproduced below and also available on Company's website and send it duly signed along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd (in case of shareholding in Physical Form).

<b>a) Shareholder's Details</b>	
Name of the Shareholder (s)	
Folio # /CDSAccount No.(s)	
CNIC NO. (Copy attached)	
Mobile/Landline no.	
<b>b) Shareholder's Bank Details</b>	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch's name and address	

It is stated that the above mentioned information is correct and in case of any change herein I/we will immediately intimate the Share Registrar accordingly.

**7. Availability of Audited Financial Statement on Company's Website:**

The audited financial statements of the Company for the year ended 30 June 2019 have been made available on the Company's website [www.gil.com.pk](http://www.gil.com.pk), at least 21 days before the date of Annual General Meeting.

**8. Annual Report through CD/DVD**

This is to inform that SECP in accordance with SRO 470(I)/2016 dated 31 May 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Annual General Meeting held on October 31, 2016. Accordingly, Annual Report of the Company for the year ended June 30, 2019 is dispatched to the shareholders through CD. However, if a shareholder requests for a hard copy of Annual Accounts, the same shall be provided free of cost within seven days of receipt of such request.

Further, SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desire to avail this facility. The members who desire to opt to receive aforesaid statements and notice of Annual General Meeting through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: [www.gil.com.pk](http://www.gil.com.pk)

**9. Unclaimed shares and dividends**

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company's website: <http://gil.com.pk/gil/page-Unclaimed-dividend-and-shares> . Any member affected by this notice is advised to write to or call at the office of the Company's share registrar M/s Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi during normal working hours.

**10. E-voting**

Pursuant to the Companies (E-voting) Regulations, 2016, shareholders will be able to exercise their right to vote through e-voting by giving their consent in writing, at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

**11. Deposit of Physical Shares in to CDC Account:**

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

**12. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:**

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

**13. Withholding tax on Dividend**

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payment under the Income Tax Ordinance 2001 have been revised as under:

1	Rate of tax deduction for shareholders appearing in the Active Tax Payers list	15%
2	Rate of tax deduction for shareholders not appearing in the Active Tax Payers list	30%

To enable the company to make tax deduction on the amount of cash dividend @15% instead of 30% all the shareholders whose names are not entered into the active tax-payer list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their cash dividend will be deducted @30% instead of 15%.

As per the clarification issued by FBR, withholding tax will be determined separately on "Filer/Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

Folio/CDS	Folio/CDS	Principal Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The CNIC number/NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

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

The following statement sets out the material facts pertaining to the special Business to be transacted at the Annual General Meeting of the Company to be held at F-3, Hub Chauki Road, SITE, Karachi on October 25th, 2019

**Agenda Item # 1 of the Special Business - Increase in Authorized Capital**

The Company's Authorised capital is being increased from Rs. 500,000,000 (Rupees five hundred million) to Rs. 1,000,000,000 (Rupees one billion). The following resolutions, with or without modifications, be passed as Special Resolution:

**RESOLVED**

- That the increase in authorized share capital is being carried out to cater for the future increase in the paid-up share capital of the Company. Accordingly, the Board of Directors of the Company had recommended to increase the Authorized Share Capital of the Company from Rs. 500,000,000/- (Rupees five hundred million) to Rs. 1,000,000,000 (Rupees one billion) by creation of 50,000,000 ordinary shares of Rs. 10/- each. Such new shares shall rank pari passu with the existing shares.
- That Article 6 of the old Articles of Association be amended to new Article 7 to be read as follows:

The authorized Share Capital of the Company is Rs. 1,000,000,000 (Rupees One Billion) divided into 100,000,000 (Hundred million) Shares of Rs. 10 (Rupees ten only) each.

None of the Directors of the Company have any personal interest in the aforesaid Special Resolution except in their capacity as Shareholders or Directors of the Company.

**Agenda Item # 2 of the Special Business – Amendment of Memorandum and Articles of Association to bring them in conformity to Companies Act, 2017**

An existing company is required to continue with its existing Memorandum and the Object Clause 1 in the Memorandum shall be considered as the principal line of business (Section 27(A)(iii)(a)). The "principal line of business" means "the business in which substantial assets are held or likely to be held or substantial revenue is earned or likely to be earned by a company, whichever is higher" (Section 26(1)(ii)).

Under the Companies Act, 2017 (the "Act"), a company may carry on or undertake any lawful business or activity and do any act or enter into any transaction being incidental and ancillary thereto which is necessary in attaining its business activities, however, the principal line of business of the Company shall be mentioned in the Memorandum of Association of the Company which shall always commensurate with name of the Company. The Company is, therefore, required to alter/amend its Memorandum of Association in compliance with Section 27 of the Act.

In order to bring the Articles of Association in conformity with the provisions of the Act and "Table A" provided in the First Schedule to the Act, the Company is altering/amending its Articles of Association.

For the information of the Shareholders and their convenience, a comparison highlighting the changes proposed in the Memorandum and Articles of Association have been made available on the company's website, <http://gil.com.pk/>. The physical copies of the same will also be dispatched along with notice of AGM at members registered addresses.

Further as per S.R.O. 423(I)/2018, a confirmatory statement by the Board of directors is also reproduced below:

**CONFIRMATORY STATEMENT**

The Board of Directors of Ghandhara Industries Limited (the "Company") confirms that it has amended the Memorandum and Articles of Association of the Company in line with the applicable provisions of law and the regulatory framework. The Board also confirms that the amendments in the Memorandum of Association will not be detrimental to the interest of the Company or its members as a whole.



for and on behalf of Board of Directors

**Agenda Item # 3(a) of the Special Business – Transactions carried out with associated companies during the year ended June 30, 2019 to be passed as an Ordinary Resolution**

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

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

In view of the above, the transactions conducted during the financial year ended June 30, 2019 with associated company as shown in note no. 40 to the Audited Financial Statements for year ended June 30, 2019 are being placed before the shareholders for their consideration and approval/ratification.

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

**Agenda Item No. 3(b) of the Special Business - Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2020 to be passed as an Ordinary Resolution**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2020 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the associated companies.

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

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

مذکورہ بالا کو مدنظر رکھتے ہوئے مالیاتی سال تختیمہ 30 جون 2019 میں ملحقہ کمپنی کے ساتھ سودوں کو جنہیں آڈٹ شدہ مالیاتی گوشواروں برائے تختیمہ سال 30 جون 2019 میں دکھایا گیا ہے، انہیں غور و خوص اور منظوری کے لئے حصص یافتگان کے روبرو پیش کیا جائے گا۔

ڈائریکٹران کی اس قرارداد سے دلچسپی ان کی ملحقہ کمپنیوں میں مشترکہ ڈائریکٹر شپ اور ان کی حصص داری کی حد تک محدود ہے۔

خصوصی امور کا ایجنڈا آئٹم نمبر 3(b) - ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں اور جو سودے سال 30 جون 2020 میں کئے جائیں ان کے لئے چیف ایگزیکٹو کو مجاز بنانے کے لئے ایک عمومی قرارداد منظور کی جائے گی۔

سال 30 جون 2020 میں کمپنی اپنی ملحقہ پارٹیوں کے ساتھ سودے غیر جانبداری سے ”ملحقہ پارٹیوں کے ساتھ سودوں“ کے سلسلے میں منظور شدہ پالیسی کے مطابق عمومی طریقہ کار کے مطابق انجام دے گی۔ ڈائریکٹران کی ایک بڑی تعداد کی دلچسپی ملحقہ کمپنیوں میں ان کی مشترکہ ڈائریکٹر شپ کی وجہ سے وابستہ ہے۔

لڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شق 15 کی ذیلی شقوں کی پاسداری کے لئے حصص یافتگان چیف ایگزیکٹو کو ملحقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق کئے گئے اور سال 30 جون 2020 میں کئے جانے والے سودوں کی منظوری کے لئے مجاز بنائیں گے۔

اس قرارداد سے ڈائریکٹران کی دلچسپی ان کی ملحقہ کمپنیوں میں مشترکہ ڈائریکٹر شپ اور ان کی حصص داری کی حد تک محدود ہے۔

### خصوصی امور کا ایجنڈا آئٹم نمبر 2 - کمپنیز ایکٹ 2017 سے مطابقت کے لئے میمورینڈم اینڈ آرٹیکلز آف ایسوسی ایشن میں ترمیم

ایک موجودہ کمپنی اپنے موجودہ میمورینڈم کے ساتھ کام جاری رکھے گی اور میمورینڈم کے مقاصد کی شق 1 کو ”بنیادی کاروبار“ تصور کیا جائے گا (دفعہ (a)(iii)(A)(27) - ”بنیادی کاروبار“ سے مراد وہ کاروبار ہے جس میں بھاری مقدار میں اثاثے ہوں یا ان کا ہونے کا امکان ہو یا اس سے بھاری مقدار میں آمدن حاصل ہو یا حاصل ہونے کے امکان ہو، جو بھی زیادہ ہو“ (دفعہ (iii)(1)(26))

کمپنیز ایکٹ 2017 (ایکٹ) کے تحت کمپنی کوئی بھی قانونی کاروبار کر سکتی ہے یا ذمہ لے سکتی ہے اور کسی بھی قسم کے افعال یا کسی بھی قسم کا سودا کر سکتی ہے جو کہ کاروباری سرگرمیوں کے حصول کے لئے ضروری اور ناگزیر ہوں، تاہم کمپنی کا بنیادی کاروبار کمپنی کے میمورینڈم آف ایسوسی ایشن میں بیان کیا جائے گا جو کہ ہمیشہ کمپنی کے نام کے موافق ہوگا۔ لہذا کمپنی کے لئے ضروری ہے کہ وہ ایکٹ کی دفعہ 27 کے تحت میمورینڈم آف ایسوسی ایشن میں ترمیم/تبدیلی کرے۔

آرٹیکلز آف ایسوسی ایشن کو ایکٹ کی شقوں اور ایکٹ کے فرسٹ شیڈول میں فراہم کردہ ”ٹبل A“ سے مطابقت کے لئے کمپنی اپنے آرٹیکلز آف ایسوسی ایشن میں ترمیم/تبدیلی کر رہی ہے۔

حصص یافتگان کی معلومات اور ان کی آسانی کے لئے میمورینڈم اینڈ آرٹیکلز آف ایسوسی ایشن میں مجوزہ تبدیلیوں کو اجاگر کرتے ہوئے ان کا موزانہ کمپنی کی ویب سائٹ <http://gil.com.pk/> پر دستیاب کر دیا گیا ہے۔ اس کی طبعی کاغذی نقول AGM کے نوٹس کے ساتھ ممبران کے رجسٹرڈ پتے پر بھیجی جائیں گی۔

مزید S.R.O. 423(I)/2018 کے تحت بورڈ آف ڈائریکٹرز کا ایک مصدقہ بیان درج ذیل میں پیش کیا گیا ہے:

#### مصدقہ بیان

گندھارا انڈسٹریز لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ اس نے کمپنی کا میمورینڈم اینڈ آرٹیکلز آف ایسوسی ایشن میں قوانین میں قواعد و ضوابط کے فریم ورک کے مطابق ترمیم کردی ہے۔ بورڈ نے اس بات کی بھی تصدیق کی ہے کہ میمورینڈم آف ایسوسی ایشن میں تبدیلیاں کمپنی یا مجموعی طور پر اس کے ممبران کے مفاد کے لئے نقصان دہ نہیں ہوگا۔



برائے و مخائب بورڈ آف ڈائریکٹرز

خصوصی امور کا ایجنڈا آئٹم نمبر 3(a) - سال ختمہ 30 جون 2019 کے دوران ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں کی منظوری کے لئے درج ذیل عمومی قرارداد منظور کی جائے گی۔

لٹیکمپنیز کارپوریٹ گورننس ریگولیشنز 2017 کی شق 15 کے تحت ملحقہ کمپنیوں (ملحقہ پارٹیوں) کے ساتھ عمومی کاروباری طریقہ کار کے مطابق کئے گئے سودے آڈٹ کمیٹی کی سفارش پر بورڈ نے سہ ماہی بنیادوں پر منظور کئے جانے والے تھے۔

تاہم بورڈ کے اجلاس کے دوران ڈائریکٹران کی طرف سے اس بات کی نشاندہی کی گئی کہ کمپنی کے ڈائریکٹران کی ایک بڑی تعداد کا مفاد ان کی مشترکہ ڈائریکٹر شپ اور ملحقہ کمپنیوں میں حصص داری کی وجہ سے ان سودوں سے وابستہ ہے، ڈائریکٹران کی مطلوبہ تعداد نہ ہونے کی وجہ سے ان سودوں کی منظوری سالانہ اجلاس عام میں حصص یافتگان سے لی جائے گی۔

اگر کسی حصص داری متعین نہ ہوئی تو پھر ہر کھاتے دار کا برابر حصہ تصور کیا جائے گا اور اسی کے حساب سے کٹوتی کی جائے گی۔ لہذا تمام حصص یافتگان جن کی مشترکہ حصص داری ہے ان کے لئے ضروری ہے کہ وہ بنیادی حصص یافتہ اور مشترکہ حصص یافتہ کی حصص داری کے تناسب سے رجسٹرار اور شیئر ٹرانسفر ایجنٹ کو تحریری طور پر درج ذیل طریقہ کار کے مطابق مطلع کر دیں:

بنیادی حصص یافتہ		مشترکہ حصص یافتہ		فولیو/ CDS	فولیو/ CDS
نام اور CNIC نمبر	حصص داری کا تناسب (حصص کی تعداد)	نام اور CNIC نمبر	حصص داری کا تناسب (حصص کی تعداد)		

CNIC نمبر/ NTN کی تفصیلات اب لازمی ہیں اور فیڈرل بورڈ آف ریونیو کی وقتاً فوقتاً جاری کردہ فعال ٹیکس دہندگان کی فہرست میں حصص یافتہ کی حیثیت جاننے کے لئے ضروری ہیں۔

کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت بیانیہ 25 اکتوبر 2019 کو F-3 حب چوکی، سائٹ کراچی پر ہونے والے سالانہ اجلاس عام میں انجام دیئے جانے والے خصوصی امور سے متعلق ٹھوس حقائق پر مشتمل بیانیہ درج ذیل ہے:

#### خصوصی امور کا ایجنڈا آئٹم نمبر 1 - مجاز سرمائے میں اضافہ

کمپنی کا مجاز سرمایہ 500,000,000 (پچاس کروڑ) روپے سے بڑھا کر 1,000,000,000 (ایک ارب روپے) کیا جا رہا ہے۔ مندرجہ ذیل قرارداد ترمیم کے ساتھ یا ترمیم کے بغیر بطور خصوصی قرارداد منظور کی جائے گی:

#### منتفقہ طور پر منظور کیا جاتا ہے:

☆ مجاز حصصی سرمایہ میں اضافہ کیا جا رہا ہے جس سے مستقبل میں کمپنی کا ادا شدہ سرمایہ بڑھ جائے گا۔ لہذا بورڈ آف ڈائریکٹرز نے کمپنی کے مجاز حصصی سرمایہ -/500,000,000 (پچاس کروڑ) روپے میں مزید -/500,000,000 (پچاس کروڑ) روپے کا اضافہ کر کے اسے 1,000,000,000 (ایک ارب روپے) کرنے کی سفارش کی ہے جس کی فی حصص مالیت -/10 روپے ہوگی۔ نئے حصص کی مالیت موجودہ حصص کی مالیت کے مساوی ہوگی۔

☆ پرانے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 6 میں ترمیم کر کے اسے نیا آرٹیکل 7 کر دیا گیا ہے جو کہ اس طرح پڑھا جائے گا:

”کمپنی کا مجاز سرمایہ 1,000,000,000 (ایک ارب روپے) ہے جو کہ -/10 روپے کے حساب سے 100,000,000 (دس کروڑ) عمومی حصص پر مشتمل ہے۔

کمپنی کے کسی بھی ڈائریکٹر کا مذکورہ بالا قرارداد سے کوئی ذاتی مفاد وابستہ نہیں ہے سوائے اس کے کہ وہ کمپنی کے حصص یافتگان یا ڈائریکٹر ان ہیں۔

### 9- غیر دعویٰ شدہ حصص اور منافع منقسمہ

کمپنیز ایکٹ 2017 کی دفعہ 244 کے تحت کمپنی کے کوئی بھی جاری کردہ حصص یا اعلان کردہ منافع منقسمہ جو کہ اپنے تاریخ و جواب سے تین سال تک واجب الادا رہا ہو وہ کمپنیز ایکٹ 2017 میں صراحت کردہ طریقہ کار کے مطابق وفاقی حکومت کے پاس جمع کروادیا جائے گا۔ حصص یافتگان کو مطلع کیا جاتا ہے کہ تمام غیر دعویٰ شدہ منافع منقسمہ کی فہرست کمپنی کی ویب سائٹ <http://gil.com.pk/gil/page-Unclaimed-dividend-and-shares> پر ڈال دی گئی ہے۔ متاثرہ ممبر کو نوٹس ہذا کے ذریعے مشورہ دیا جاتا ہے کہ کمپنی کے شیئر رجسٹرار میسرز حمید حمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 4th فلور، کراچی چیمبرز، حسرت موہانی روڈ، کراچی کو تحریری درخواست بھیجیں یا عمومی دفتری اوقات میں کال کریں۔

### 10- ای-ووٹنگ

کمپنیز (ای-ووٹنگ) ریگولیشنز 2016 کے تحت حصص یافتگان تحریری رضامندی بھیج کر اپنی حق رائے دہی کا استعمال بذریعہ ای-ووٹنگ کر سکتے ہیں جو کہ کمپنی کے اجلاس کی تاریخ سے دس دن قبل موصول ہونی چاہئے تاکہ وہ بحیثیت پراکسی ایگزیکوشن آفیسر کو ثالث مقرر کر سکے۔

### 11- طبعی حصص کی CDC کاؤنٹ میں منتقلی

کمپنیز ایکٹ 2017 کی دفعہ 72 کے تحت ہر موجودہ لسٹڈ کمپنی کے لئے ضروری ہے کہ کمیشن کے بتائے گئے طریقہ کار اور اس کی بتائی گئی تاریخ سے طبعی حصص کو بک انٹری کی شکل میں لائے جس کی مدت اس ایکٹ کے نفاذ یعنی آغاز 30 مئی 2017 سے چار سال سے زیادہ نہ ہوگی۔

حصص یافتگان جن کے پاس طبعی حصص داری ہے ان کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنا CDC ذیلی اکاؤنٹ کسی بھی بروکر کے ساتھ یا بلا واسطہ CDC کے انویسٹر اکاؤنٹ میں کھولالیں تاکہ ان کے حصص طبعی کے بجائے تحریری شکل میں آجائیں جس سے ان کو کئی معاملات میں آسانی ہوگی جس میں حصص کی محفوظ تحویل اور جس وقت چاہیں فروخت کرنے کی سہولت دستیاب ہوگی کیونکہ پاکستان اسٹاک ایکسچینج کے موجودہ ضابطوں کے تحت طبعی حصص کی خرید و فروخت کی اجازت نہیں ہے۔

### 12- انکم ٹیکس / زکوٰۃ کی کٹوتی سے استثناء

وہ ممبران جو کہ انکم ٹیکس کٹوتی سے استثناء چاہتے ہیں یا کم نرخ پر کٹوتی کے اہل ہیں ان سے درخواست ہے کہ اپنا درست ٹیکس استثنائی سرٹیفکیٹ یا ضروری دستاویزی ثبوت ہو تو فراہم کر دیں۔ وہ ممبران جو کہ زکوٰۃ کی کٹوتی سے استثناء چاہتے ہوں ان سے بھی درخواست ہے کہ اپنا درخواست زکوٰۃ کی عدم کٹوتی کا حلف نامہ پیش کریں۔

13- فنانس ایکٹ 2019 کی شقوں کے مطابق انکم ٹیکس آرڈیننس 2001 کے تحت منافع منقسمہ پراکسم ٹیکس کٹوتی کے نرخ یکم جولائی 2019 سے درج ذیل ہو گئے ہیں:

1-	ان حصص یافتگان کے لئے ٹیکس کی کٹوتی کا نرخ جن کے نام فعال ٹیکس دہندگان کی فہرست میں موجود ہیں	15 فیصد
2-	ان حصص یافتگان کے لئے ٹیکس کی کٹوتی کا نرخ جن کے نام فعال ٹیکس دہندگان کی فہرست میں موجود نہیں ہیں	30 فیصد

جو حصص یافتگان کمپنی کے منافع منقسمہ سے 30 فیصد کٹوتی کے بجائے 15 فیصد کی کٹوتی کے خواہشمند ہیں اس حقیقت کے باوجود کہ وہ فائلر ہیں لیکن ان کے نام FBR کی ویب سائٹ پر موجود فعال ٹیکس دہندگان (ATL) کی فہرست میں موجود نہیں ہیں، ان کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام ATL میں موجود ہوں، بصورت دیگر نقد منافع منقسمہ پر سے 15 فیصد کے بجائے 30 فیصد کٹوتی کی جائے گی۔

FBR کی جاری کردہ وضاحت کے مطابق بنیادی حصص یافتہ کے ساتھ ساتھ مشترکہ حصص یافتگان کی حصص داری کے تناسب سے وہ ہولڈنگ ٹیکس کے لئے ”فائلر/نان فائلر“ کا علیحدہ علیحدہ تعین کیا جائے گا۔

## 6- نقد منافع منقسمہ کی برقی طریقے سے ادائیگی (لازمی ضرورت)

کمپنیز ایکٹ 2017 کی دفعہ 242 اوکینیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز 2017 کی شقوں کے تحت لسٹڈ کمپنی کے لئے لازمی ہے کہ وہ منافع منقسمہ اپنے حصص یافتہ کو بذریعہ برقی طریقہ کار کے مطابق بلا واسطہ ان کے صراحت شدہ اکاؤنٹ میں بھیجے۔ حصص یافتگان سے درخواست ہے کہ نیچے دیئے گئے ”الیکٹرونک کریڈٹ مینڈیٹ فارم“ کو بھریں جو کہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے اور برائے مہربانی باضابطہ اس پر دستخط کر کے اپنی درست NTN/ CNIC کے ساتھ اپنے متعلقہ CDC شریک کار/ CDC انویسٹر اکاؤنٹ سروسز (اگر حصص داری بک انٹری کی شکل میں ہے) کو بھیج دیں یا طبعی حصص کی صورت میں کمپنی کے سینئر رجسٹرار جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیج دیں۔

(a) حصص یافتہ کی تفصیلات	
حصص یافتہ (حصص یافتگان) کا نام	
فولیو نمبر/ CDS اکاؤنٹ نمبر (نمبرز)	
CNIC نمبر (نقل منسلک ہے)	
موبائل/ لینڈ لائن نمبر	
(b) حصص یافتگان کے بینک کی تفصیلات	
بینک اکاؤنٹ کا نمٹل	
انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)	
بینک کا نام	
برانچ کا نام اور پتہ	

مذکورہ بالا معلومات درست ہیں اور اگر ان میں کوئی تبدیلی ہوئی تو میں/ ہم فوری طور پر سینئر رجسٹرار کو مطلع کروں گا/ کریں گے۔

## 7- کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کی ویب سائٹ پر دستیابی

کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتم مدت 30 جون 2019 کو کمپنی کی ویب سائٹ [www.gil.com.pk](http://www.gil.com.pk) پر سالانہ اجلاس عام سے کم از کم 21 دن قبل دستیاب کر دیا گیا ہے۔

## 8- سالانہ رپورٹ بذریعہ CD/DVD

مطلع کیا جاتا ہے کہ SECP کے SRO 470(I)/2016 مورخہ 31 مئی 2016 کے تحت SECP نے کمپنیوں کو سالانہ مالیاتی گوشوارے اپنے ممبران کو کاغذی نقول کی ترسیل کے بجائے ان کے رجسٹرڈ پتے پر بذریعہ CD/DVD/USB بھیجنے کی اجازت دے دی ہے جو کہ حصص یافتگان کی منظوری کے تابع تھی، کمپنی نے اس کی منظوری حصص یافتگان سے گزشتہ سالانہ اجلاس عام مورخہ 31 اکتوبر 2016 میں لے لی تھی۔ لہذا کمپنی کی سالانہ رپورٹ برائے مختتم سال 30 جون 2019 حصص یافتگان کو بذریعہ CD بھیجی گئی ہے۔ تاہم اگر کوئی ممبر سالانہ مالیاتی گوشواروں کی کاغذی طباعت شدہ کے حصول کے لئے درخواست کرتا ہے تو پھر اس کی درخواست کے ساتھ دن کے اندر اسے بالکل مفت فراہم کر دی جائے گی۔

مزید برآں، SECP نے اپنے نوٹیفیکیشن نمبر SRO. 787(1)/2014 مورخہ 08 ستمبر 2014 میں کمپنیوں کو سالانہ مالیاتی گوشواروں کے ساتھ سالانہ اجلاس عام کا نوٹس بذریعہ ڈاک ترسیل کے بجائے بذریعہ ای میل بھیجنے کی اجازت دی ہے، لہذا جو ممبران مذکورہ بالا گوشوارے اور سالانہ اجلاس عام کا نوٹس بذریعہ ای میل وصول کرنا چاہیں تو ان سے گزارش ہے کہ وہ کمپنی کی ویب سائٹ [www.gil.com.pk](http://www.gil.com.pk) پر موجود معیاری درخواست فارم پر اپنی تحریری درخواست بھیج دیں۔

کمپنی ایکٹ 2017 کی دفعہ (3) 134 کے تحت اجلاس کے نوٹس کے ایجنڈا نمبر 1 تا 3 پر موجود خصوصی امور سے متعلق ٹھوس حقائق پر بیانیہ اجلاس کے نوٹس میں شامل کیا گیا ہے۔

## گزارشات

### 1- حصص منتقلی کی کتابوں کی بندش

کمپنی کی حصص منتقلی کی کتابیں 18 اکتوبر 2019 تا 25 اکتوبر 2019 (بشمول دونوں دن) بند رہیں گی۔ شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو کتابیں بند ہونے سے قبل 17 اکتوبر 2019 تک موصول ہونے والی منتقلیوں کو سالانہ اجلاس عام کے مقاصد کے لئے بروقت تصور کیا جائے گا۔ اس مدت کے دوران کوئی بھی منتقلی قبول نہیں کی جائے گی۔

### 2- اجلاس عام میں شرکت

وہ ممبر جو کہ اجلاس میں شرکت کرنے اور ووٹ دینے کا حق رکھتا ہو وہ اپنی طرف سے اپنی جگہ پر شرکت کرنے اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا ہے۔ پراکسیوں کے موثر ہونے کے لئے ضروری ہے کہ وہ کمپنی کے رجسٹرڈ آفس میں اجلاس سے کم از کم 48 گھنٹے قبل لازمی موصول ہو جائیں۔

CDC کے حصص یافتگان جو کہ اجلاس میں شرکت کرنے اور ووٹ دینے کا حق رکھتے ہو وہ اپنے ہمراہ شریک کاری کی آئی ڈی اور کھاتہ/ذیلی کھاتہ نمبر بمع اصل CNIC یا اصل پاسپورٹ اپنی شناخت کے لئے لے کر آئے گا۔ کارپوریٹ اینٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کا کی قرارداد اختیار نامہ بمع نامزد فرد کے دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے۔

### 3- پراکسی کی تقرری کے لئے

CDC حصص یافتگان مندرجہ بالا ضروریات کے مطابق پراکسی فارم کے ساتھ مالک انتفاعی اور پراکسی کی پاسپورٹ یا CNIC کی مصدقہ نقل پیش کریں گے۔ کارپوریٹ اینٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اختیار نامہ بمع نامزد فرد کے نمونہ دستخط پراکسی فارم کے ساتھ کمپنی کو فراہم کئے جائیں گے۔

پراکسی فارم پر دو گواہان کے دستخط ہونگے جن کے نام، پتے اور CNIC پراکسی فارم پر درج ہونگے۔ پراکسی اجلاس میں حاضر ہوتے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے گا۔

### 4- پتے میں تبدیلی اور CNIC

وہ ممبران جن کے حصص CDS کی بک انٹری شکل میں ہیں ان سے گزارش ہے کہ وہ مندرجہ معلومات/دستاویزات اپنے متعلقہ شریک کار کو پیش/مطلع کر دیں اور جن حصص یافتگان کے طبعی حصص کمپنی کے رجسٹرار کے پاس ہیں ان سے درخواست ہے کہ وہ اپنے فوئیو نمبر اور نام کمپنی کے مذکورہ بالا پتے پر بھیج دیں اگر پہلے بھیجے/مطلع نہ کئے ہوں۔

☆ پتے میں تبدیلی (اگر کوئی ہوئی ہو)

☆ وہ ممبران جنہوں نے اپنی درست CNIC کی نقول ابھی تک فراہم نہیں کی ہیں ان سے گزارش ہے کہ برائے مہربانی فوئیو نمبر کے ساتھ بلا واسطہ کمپنی کے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی جیمیز، حسرت موہانی روڈ، کراچی کو بھیج دیں۔

### 5- وڈیو کانفرنس کی سہولت

اگر کمپنی کو ایسے ممبران سے رضامندی موصول ہو جن کی کم از کم 10 فیصد حصص داری ہے اور وہ کسی دوسرے شہر میں رہائش پذیر ہوں اور وڈیولنک کے ذریعے اجلاس میں شرکت کرنا چاہتے ہوں تو وہ اجلاس سے 07 دن قبل مطلع کر دیں تو اس صورت میں کمپنی ان کے شہر میں وڈیولنک کی سہولت فراہم کرے گی بشرطیکہ یہ سہولت وہاں دستیاب ہو۔

اس سہولت سے استفادہ کے لئے درج ذیل معلومات ہمارے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیج دیں۔

”میں/ہم..... برائے..... گندھارا انڈسٹریز کے رجسٹرڈ فوئیو نمبر..... کے تحت ممبر ہوں/ہیں.....

عمومی حصص رکھتا ہوں/رکھتے ہیں، وڈیولنک کی سہولت سے..... میں استفادہ کرنا چاہتا ہوں/چاہتے ہیں۔

ممبر کے دستخط.....

- (b) کمپنی کے کاروبار سے متعلق میمورینڈم کی موجودہ شق III کی ذیلی شقوں (2) تا (33) کو ختم کیا جائے گا۔
- (c) میمورینڈم کی شق III کی ذیلی شق (3) میں مزید ذیلی شقوں (ii)، (iii) اور (iv) کا اضافہ ہوگا جنہیں درج ذیل پڑھا جائے گا:
- (ii) سوائے ذیلی شق (iii) میں بیان کئے گئے کاروبار کے، کمپنی تمام قانونی کاروباری میں مصروف عمل ہو سکتی ہے اور اس سلسلے میں ضروری اور ناگزیر اقدامات اور کارروائی کرنے کی مجاز ہوگی۔

(iii) تاہم جو بھی چیزیں شق کی ذیلی شقوں میں موجود ہیں ان کے متعلق کمپنی بالواسطہ یا بلاواسطہ کسی بینکنگ کمپنی، نان بینکنگ فنانس کمپنی (میوچل فنڈ، لیزنگ، انویسٹمنٹ کمپنی، انویسٹمنٹ ایڈوائزر، رئیل اسٹیٹ انویسٹمنٹ ٹرسٹ مینجمنٹ کمپنی، ہاؤسنگ فنانس کمپنی، ویئر کیپٹل کمپنی، ڈسکاؤنٹنگ سروسز، مائیکروفنانس یا مائیکرو کریڈٹ برنس)، انشورنس برنس، مضاربہ مینجمنٹ کمپنی، اسٹاک بروکرینج برنس، فاریکس، رئیل اسٹیٹ برنس، ایجنسی کے انتظام، سکیورٹی گارڈ کی خدمات فراہم کرنے کا کاروبار یا دیگر کسی کاروبار یا ایسے کاروبار جس کی کسی بھی قانون کے تحت ممانعت ہے یا جس کی صراحت کمیشن نے کی ہے، میں ملوث تصور نہیں ہوگی۔

- (iv) کمپنی اس بات کا اقرار کرتی ہے کہ وہ
- ☆ کسی بھی ایسے کاروبار میں مصروف نہیں ہوگی جن کا تذکرہ مذکورہ بالا ذیلی شق (iii) میں کیا گیا ہے نہ ہی ایسے کاروبار میں جو غیر قانونی ہو
- ☆ کسی بھی قسم کی کثیرالسطح مارکیٹنگ (MLM)، پانزائد اور پونزی اسکیموں کو متعارف نہیں کروائے گی اور دیگر متعلقہ سرگرمیوں/کاروباری سرگرمیوں یا لائٹری کے کاروبار میں ملوث نہیں ہوگی
- ☆ کسی بھی قابل جائز کاروبار میں اس وقت تک ملوث نہیں ہوگی جب تک کہ مجاز ادارے سے رضامندی یا لائسنس، اجازت نامہ، منظوری حاصل نہ کر لے جو کہ نافذ قانون کے مطابق ضروری ہوں۔

- (d) میمورینڈم کی شق 5 کو تبدیل کر کے اس کی جگہ پر درج ذیل پڑھا جائے گا:
- کمپنی کا مجاز حصصی سرمایہ 1,000,000,000 روپے (ایک ارب روپے) ہے جو کہ -/10 روپے کے حساب سے 100,000,000 (دس کروڑ) حصص پر مشتمل ہوگا۔
- (e) میمورینڈم آف ایسوسی ایشن میں تبدیلیوں کا موازنہ کمپنی کی ویب سائٹ [www.gil.com.pk](http://www.gil.com.pk) پر موجود ہوگا۔ اس کی کاغذی طباعت شدہ نقول AGM کے نوٹس کے ساتھ ممبران کے رجسٹرڈ پتے پر بھی بھیجی جائیں گی۔ ترمیم شدہ میمورینڈم آف ایسوسی ایشن کی کمپنی کے نئے میمورینڈم آف ایسوسی ایشن کی حیثیت سے توثیق کی جاتی ہے۔“

### آریٹیکلز میں تبدیلی/ترمیم

- (2) مزید متفقہ طور پر منظور کیا جاتا ہے کہ
- (1) آریٹیکلز آف ایسوسی ایشن کے ترمیم شدہ مسودے کو موجودہ آریٹیکلز کی جگہ پر اختیار کیا جائے جس کے تحت پرانے اور ترمیم شدہ آریٹیکلز کا موازنہ AGM کے نوٹس کے ساتھ بھیجا گیا ہے۔
- (2) ترمیم شدہ آریٹیکلز کو کمپنی کے نئے آریٹیکلز آف ایسوسی ایشن کے طور پر اختیار کیا جائے۔“

کمپنی کے چیف ایگزیکٹو/یا کمپنی سیکریٹری کو تمام افعال اور کام انجام دینے، کوئی ایک اور تمام اقدامات کرنے، قانونی، ادارتی اور ضابطہ کی ضروریات کو پورا کرنے اور تمام ضروری دستاویزات/ریٹرن جو وہ ضروری سمجھتے ہوں داخل کرنے اور اس سلسلے میں ناگزیر معاملات انجام دینے کے لئے مجاز بنایا جاتا ہے۔“

آپ کا مخلص

حسب الحکم بورڈ



طلحہ احمد زیدی

کمپنی سیکریٹری

کراچی

04 اکتوبر 2019

## گندھارا انڈسٹریز لمیٹڈ اطلاع برائے سالانہ اجلاس عام

نوٹس ہذا کے ذریعے مطلع کیا جاتا ہے کہ گندھارا انڈسٹریز لمیٹڈ کے حصص یافتگان کا چھپنواں سالانہ اجلاس عام بروز جمعہ 25 اکتوبر 2019 کو دوپہر 11:45 بجے F-3، حب چوکی روڈ، سائٹ، کراچی پر مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا:

### عمومی امور

- (1) سالانہ اجلاس عام منعقدہ 23 اکتوبر 2018 کی کارروائی کی توثیق
- (2) کمپنی کے سالانہ مالیاتی گوشوارے برائے تختہ مدت 30 جون 2019، بمع ڈائریکٹرز اور آڈیٹرز رپورٹ کی وصولی، غور اور منظوری
- (3) سال 30 جون 2020 کے لئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین - سبکدوش ہونے والے آڈیٹرز میسرز شائن ونگ جمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اہلیت کے باعث سال 30 جون 2020 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔
- (4) صدر مجلس کی اجازت سے دیگر کسی امور کی انجام دہی

### خصوصی امور

- (1) مجاز حصصی سرمایہ 500,000,000 روپے جو کہ 10/- روپے کے حساب سے 50,000,000 عمومی حصص پر مشتمل ہے کو 10/- روپے کے حساب سے 100,000,000 عمومی حصص پر مشتمل 1,000,000,000 روپے کرنے کے لئے ایک خصوصی قرارداد پر غور اس میں کسی تبدیلی یا تبدیلی کے بغیر منظوری۔
- (2) کمپنیز ایکٹ 2017 (ایکٹ) کی شقوں سے مطابقت کے لئے کمپنی کے (a) میمورنڈم آف ایسوسی ایشن (میمورنڈم) اور (b) آرٹیکلز آف ایسوسی ایشن (آرٹیکلز) میں ترامیم/تبدیلی کے لئے مندرجہ ذیل خصوصی قرارداد پر غور اور اگر درست سمجھا گیا تو اس میں ترامیم کے ساتھ یا ترامیم کے بغیر منظوری
- (3) مندرجہ ذیل عمومی قراردادوں کی منظوری پر غور:
  - (a) ”متفقہ طور پر سال کے دوران ملحقہ پارٹیوں کے ساتھ عمومی طریقہ کار کے مطابق کئے گئے سودوں کی توثیق کی جاتی ہے اور منظوری دی جاتی ہیں“
  - (b) ”متفقہ طور پر کمپنی کے چیف ایگزیکٹو کو مجاز بنایا جاتا ہے کہ وہ ملحقہ پارٹیوں/ملحقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق کئے گئے سودوں اور جو سودے اگلے سال 30 جون 2020 تک کئے جائیں گے انہیں منظور کرے اور اس سلسلے میں چیف ایگزیکٹو کو مجاز بنایا جاتا ہے کہ وہ کمپنی کی جانب سے درکار کسی ایک اور تمام ضروری کارروائیوں اور کسی ایک اور تمام ایسی دستاویزات/اقرارناموں پر دستخط کرے/تفصیل دے۔“

### میمورنڈم میں ترامیم/تبدیلیاں

- (1) ”سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے مشروط متفقہ طور پر منظور کیا جاتا ہے:
- (a) میمورنڈم کی شق III کی ذیلی شق (i) میں کمپنی کے مندرجہ ذیل بنیادی کاروبار کو اختیار کیا جائے جو کہ اضافوں کے بعد درج ذیل ہو جائے گا:
  - (i) کمپنی کے بنیادی کاروبار میں موٹر کاروں، اسپورٹس گاڑیوں (SUVs)، پک اپس، موٹر سائیکلز، موٹر رکشا، آٹو سائیکلز، موٹر، موٹر بوٹ، موٹر لائچ، موٹر بسوں، ٹرکوں، موٹر لاریوں، موٹر وین، زرعی مشینیں/آلات بشمول ہارویسٹر، تھریشر، کمبائنر، پلفس، ٹریکٹرز، ارتھ مووگ، ایکوپمنٹ اور ہر قسم کے دیگر ترسیلی ذرائع چاہیں وہ دھکے سے چلتے ہو یا پائپروں، اسپرٹ، بھاپ، گیس، بجلی، حیاتیاتی، ایٹمی یا دیگر توانائی سے چلتے ہوں اور ان کے انجن، چیسز، باڈیوں، فاضل پروں بشمول صنعتی بیٹریوں اور دیگر اجزاء جو کہ مندرجہ بالا اشیاء میں استعمال ہوتی ہیں اور کی تیاری اسمبلی، مرمت، خرید و فروخت، اسٹور اور ڈیلرز اور برآمد کنندگان اور درآمد کنندگان، مذکورہ چیزوں کے لئے دنیا کے کسی بھی حصے میں ملز، فیکٹریوں، بلڈنگ، دفاتر، شورومز، ورکشاپس، پلانٹس، مشینیں، لوازمات اور دیگر ضروری اشیاء یا جو کمپنی کے مقاصد میں آسانی کے لئے ہوں ان کی خریداری، مبادلہ، لیز، کرائے پر لینا، یا دیگر طریقے سے حاصل کرنا اور اس کے علاوہ کسی ایک یا تمام ملوں، فیکٹریوں، بلڈنگز، دفاتر اور پیداواری اور تیاری کی جگہوں اور مشینیں میں اضافہ، دیکھ بھال مرمت، تبدیلی اور توسیع جو کہ اس وقت کمپنی کی جائیداد ہوں یا کمپنی کی ملکیت میں ہوں۔

## Chairman's Review

### Dear Shareholders

I welcome you to this 56th Annual General Meeting of your Company for the year ended June 30, 2019. Since the very beginning Ghandhara Industries Limited has always strived to uphold its vision and mission statement by devising policies and following such practices beneficial for the shareholders and economy as a whole. These practices, coupled with the support of all shareholders and customers, have allowed us to become the most respected brand and achieve sustained levels of market share in the truck segment of Pakistan. This year overall truck and bus market depleted by 33% mainly due to adverse foreign exchange parities and slow movement in CPEC project.

### Company's Performance

The Company sold 3,018 units of trucks and buses and 391 units of newly launched pick-up truck D-MAX as compared to 4,000 units of truck and buses last year. Overall market conditions remained competitive and full of economic challenges, despite that your company with customer confidence and support have sustained its market share. The Company will continue to provide same quality services and state-of-the-art product to all its valuable customers for the years to come.

### Future Outlook

Despite unusual variations in economic scenario of the country, the Company is aware of growing market needs and is continuously adapting to the shift in the overall market conditions.

### Acknowledgement

On behalf of the Board of Directors, I would like to express my gratitude all the employees and the shareholders for their continued trust and confidence in the Company. The Board and I would also like to express thanks to Isuzu Motors Limited, Isuzu Motors Company (Thailand) Limited and Isuzu Motors International Operations (Thailand) Company Limited, Marubeni Corporation, Dealers, Customers and Vendors for their co-operation and the trust shown in our products. I would also like to record our gratitude to our bankers for their contribution and understanding shown to us and we look forward to mutual beneficial business relationships.



**Lt. Gen (R) Ali Kuli Khan Khattak**  
Chairman

## چیرمین کا جائزہ

معزز حصص یافتگان!

میں آپ کو کمپنی کے چھپنویں سالانہ برائے سال مختتمہ 30 جون 2019 میں اجلاس میں خوش آمدید کہتا ہوں۔

اپنے آغاز سے ہی گندھارا انڈسٹریز لمیٹڈ نے ہمیشہ اپنے نصب العین اور مقاصد کے مطابق اپنی پالیسیاں تشکیل دی ہیں اور ایسی طور طریقے اپنائے ہیں جو کہ حصص یافتگان اور مجموعی طور پر معیشت کے لئے فائدہ مند ہوں۔ ان طور طریقوں کے ساتھ تمام حصص یافتگان اور صارفین کے تعاون سے ہم ایک انتہائی قابل قدر برانڈ بن گئے اور پاکستان کے ٹرک کے شعبے میں پائیدار سطح کارکیٹ شیئر حاصل کر لیا۔

سال کی ٹرک اور بس کی مجموعی مارکیٹ میں 33 فیصد کمی ہوئی جس کی بنیادی وجہ زرمبادلہ کی ناموافق مساوات اور CPEC کے پروجیکٹس کی سست رفتاری تھی۔

کمپنی کی کارکردگی

کمپنی نے سال کے دوران ٹرک اور بس کے 3018 یونٹس اور نئے متعارف کردہ پک اپ ٹرک D-MAX کے 391 یونٹس فروخت کئے جبکہ گزشتہ سال ٹرک اور بس کے 4000 یونٹس فروخت کئے تھے۔ مارکیٹ کی مجموعی صورتحال مسابقت پذیر اور معاشی چیلنجز کا شکار رہی، تاہم اس کے باوجود صارفین کے اعتماد اور تعاون کی وجہ سے اس نے مارکیٹ میں اپنے حصہ کو برقرار رکھا۔

مستقبل کی پیش بینی

ملک کے معاشی منظر نامہ میں غیر معمولی تبدیلیوں کے باوجود کمپنی مارکیٹ کی بڑھتی ہوئی ضروریات سے آگاہ ہے اور تسلسل کے ساتھ مارکیٹ کی مجموعی صورتحال کے مطابق اپنے آپ کو ڈھال رہی ہے۔

اعتراف

ڈائریکٹران کی جانب سے میں تمام ملازمین اور حصص یافتگان کے کمپنی پر مسلسل اعتماد اور بھروسے پر اپنی ستائش کا اظہار کرتا ہوں۔ بورڈ اور میں اسوز و موٹرز لمیٹڈ، اسوز و موٹرز کمپنی (تھائی لینڈ) لمیٹڈ اور اسوز و موٹرز انٹرنیشنل آپریشنز (تھائی لینڈ) کمپنی لمیٹڈ، ماروبینی کارپوریشن، ڈیلرز، کسٹمرز اور وینڈرز کے تعاون اور ہماری مصنوعات پر ان کے اعتماد پر ان کے مشکور ہیں۔ ہمارے بینکاروں کی معاونت اور سمجھ بوجھ پر ان کے لئے ستائش ریکارڈ پر لانا چاہتا ہوں اور امید کرتا ہوں کہ باہمی مفاد کے کاروباری تعلقات مستقبل میں بھی برقرار رہیں گے۔

*Air Khali Khan*

لیفٹنٹ جنرل (ریٹائرڈ) علی قلی خان خٹک

چیرمین

## Directors' Report to Shareholders

The directors of your company take pleasure in presenting the 56th annual report & the Company's audited financial statements for the year ended June 30, 2019.

### ECONOMY AND MARKET

For healthy and sustainable economic growth, macroeconomic stability is a key pre-requisite. During Fiscal year 2019 Pakistan's GDP growth stood at 3.3% as against expected 6.2% which was mainly due to economic challenges being faced by the new government. Pakistan's rupee on the other hand has depreciated around 31% against USD during FY 2019 resulting in an increase in the debt servicing cost as well as inflationary pressure making it necessary for think tank to devise policies which are favorable in improving country's balance of payment position.

Inflation also rose considerably to 7.3 percent in FY19 due to higher government borrowing from State Bank of Pakistan (SBP), lagged impact of exchange rate depreciations, hike in domestic fuel prices, and rising food prices. The Monetary policy committee further expects inflation to average 11 – 12 percent in FY20.

Keeping in view above factors, SBP rose policy rate to 12.25% in May 2019 followed by further rise of 100bps in July 2019.

Moving to the automobile industry highlights, the truck and bus industry as a whole posted a downward trajectory by 33% which stood at 6,763 units in FY 2019 as compared to 10,093 units sold during last year. This has been mainly due to adverse foreign exchange parities along with slow pace of China-Pakistan Economic Corridor (CPEC) and halt on government spending in this financial year. Despite the comparative decrease by 25% in units sold, your company outperformed and sustained its market leadership in truck segment with the market share of 45% in truck and bus category.

Keeping the long-term success and growth in mind, the company have diversified in the pick-up truck segment launched this financial year in the month of February 2019. The Launch of "D-Max" received a favorable response that met the customers' expectations. The vehicle have been designed to meet customers' needs and aspiration for mobility while setting benchmark in technology and style.

### Principal Activities of the Company

Ghandhara Industries Limited (the Company) is incorporated in Pakistan as a Public Limited Company and is listed on the Pakistan Stock Exchange (PSX). The Company's principal activity is the assembly, progressive manufacture and marketing of ISUZU buses, trucks and pick-up trucks.

### Principal Risks and Uncertainties

The Company's key risks include risks pertaining to market competition, exchange rate, interest rates, currency depreciation and overall economic conditions which may have an impact on financial position of the Company.

### FINANCIAL PERFORMANCE

The financial results are summarized below:

	2019	2018
	Rupees' 000	
Profit from operation	889,989	2,186,464
Finance cost	(751,019)	(222,394)
Profit before tax	138,970	1,964,070
Taxation	(79,022)	(601,650)
Profit after tax	59,948	1,362,420

### Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 1.41 (2018: Rs. 31.98(Re-stated)).

The Company's profits for year stood at Rs. 59.9 million in current year, as compared to Rs 1.36 Billion in the year 2017-2018. The major impact in decreasing profit is due to currency devaluation, increase in steel prices and significant hike in finance cost on account of rising interest rates and company's borrowing.

### OPERATING RESULTS

#### Sales

As highlighted above due to stringent market conditions and decreasing trend in overall truck and bus market, the company's sales revenue also decreased to Rs. 13.9 Billion as compared to Rs. 16.7 Billion last year. However, your company have increased its market share in this segment to 45% as compared to 40% in last year. The Company is confident that due to its state of the art after sales service, customer oriented customized and reliable products along with introduction of pick-up truck D-Max, it will further strengthen customers' confidence which would ultimately help company to boost its sales.

#### Gross profit

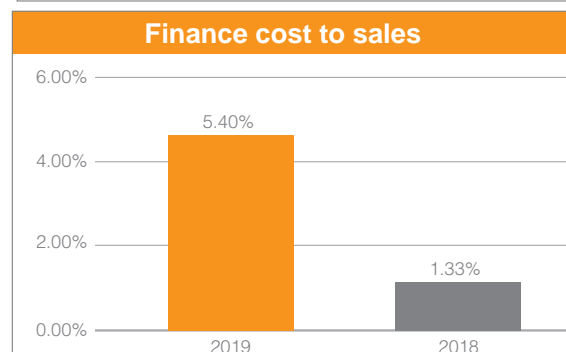
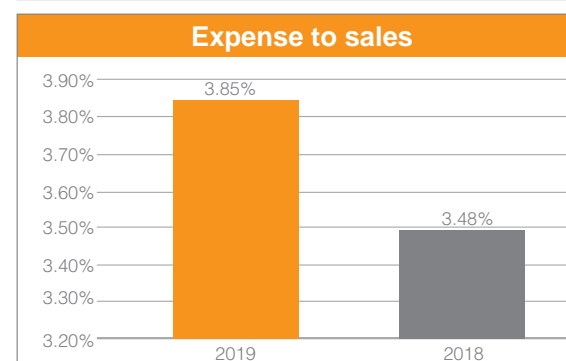
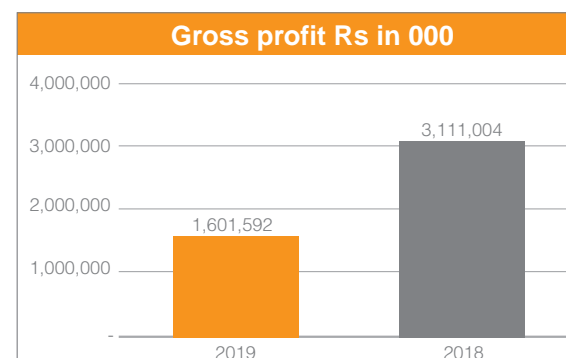
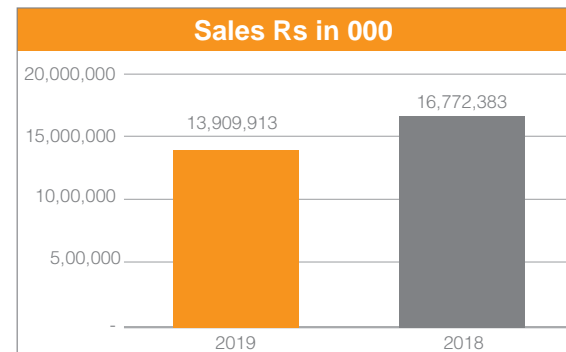
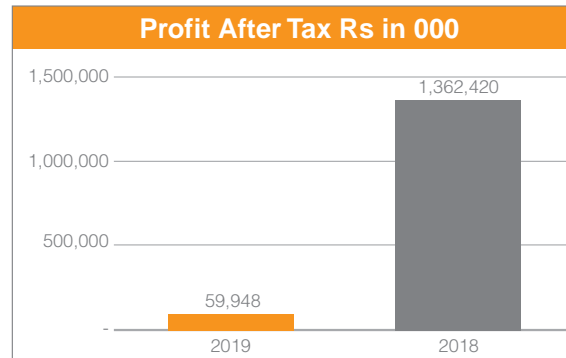
The Company showed a decrease in gross profits by 48.5% mainly due to sharp increase in material prices along with currency depreciation.

#### Distribution and administrative Expenses

Expenses to sales stood at 3.85% of sales as compared with 3.48% last year, slight increase observed due to inflationary pressure, however the Company is aware of the challenges being faced and is ready to combat by better planning and negotiations.

#### Finance costs

Company witnessed a significant surge in finance cost mainly due to increase in borrowings coupled with hike in State Bank's base rate. The management understands that the increased activity have posted a pressure on finance cost over which management is confident that it will be reduced in future periods of FY 2020 keeping in view a positive outlook on economic factors vis-à-vis the interest rates.



### Holding Company

Bibojee services (Pvt.) Limited, incorporated in Pakistan, is our holding company by way of direct ownership of 39.16% shares and certain other indirect shareholding.

### Dividend

Considering the financial position of the Company, the directors of the Company have decided not to pay any dividend, cash or otherwise.

Board of Directors and its Committees

### The Board of Directors of the Company as at June 30, 2019 consists of:

Total Number of Directors:	
Male	06
Female	01

Composition	
Independent Directors	02
Non-Executive Directors	03
Executive Directors	02

The names of the directors as at June 30, 2019 are as follows

- Lt. Gen. (R) Ali Kuli Khan Khattak
- Mr. Ahmad Kuli Khan Khattak
- Mrs. Shahnaz Sajjad Ahmad
- Maj. (R) Muhammad Zia
- Mr. Muhammad Kuli Khan Khattak
- Mr. Shahid Kamal Khan
- Mr. Sohail Hameed Khan

During the year, one casual vacancy occurred on the Board due to death of Mr. Jamil Ahmed Shah January 10, 2019. To fill in the vacancy Mr. Muhammad Kuli Khan Khattak was appointed as director with effect from February 21, 2019.

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

The committee consists of four members; Consisting of non-executive directors including an independent director. The terms of reference of this Committee have been determined in accordance with guidelines provided in the listing regulations. The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The committee held two meetings during 2018-2019.

### Audit Committee

The committee consists of three members including non-executive directors and head of internal audit as secretary to the committee, chairman of the committee is an independent director. The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The terms of reference of this committee have been determined in accordance with guidelines provided in the listing regulations.

### Board and its Committees' meetings

During the year under review four meetings of Board of Directors (BoD), Four meetings of Board Audit Committee (BAC) and two meetings of the Human Resource and Remuneration (HR&R) Committee were held. All the meetings were held in Pakistan. Attendance at the Board meetings was as below:

Name of Director	Status	Attendance		
		BOD	BAC	HR&R
Lt. Gen. (R) Ali Kuli Khan Khattak	Re-Elected on April 10, 2018	3/4	-	-
Mr. Ahmad Kuli Khan Khattak	Re-Elected on April 10, 2018	4/4	-	2/2
Mr. Muhammad Kuli Khan Khattak	Appointed on February 21, 2019 to fill in casual vacancy	1/1	-	-
Maj. (R) Muhammad Zia	Re-Elected on April 10, 2018	3/4	4/4	2/2
Mr. Jamil Ahmed Shah	Died on January 10, 2019	1/2	-	-
Mr. Shahid Kamal Khan	Re-Elected on April 10, 2018	1/4	1/4	1/2
Mrs. Shahnaz Sajjad Ahmad	Elected on April 10, 2018	3/4	-	-
Mr. Sohail Hameed Khan	Elected on April 10, 2018	4/4	4/4	2/2

The leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

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

The evaluation of Board's role of oversight and its effectiveness is appraised by the Board itself. The main areas of focus are:

- Achieving corporate goals and objectives as defined in the Company's vision and mission statements.
- Strategy formulation and dissemination of directions to the management for sustainable planning and operation; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities as per defined terms of reference.

### Remuneration of Directors

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. For information on remuneration of Directors and CEO in FY 2018-19, please refer note 39 to the Financial Statements.

### Internal Audit Function

Ghandhara Industries Limited has an independent Internal Audit function who has suitably designed internal controls to safeguard financial and operational reporting of the Company. The Board Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit plan, based on an annual and quarterly assessment of the operating areas.

The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports its findings functionally to the Board Audit Committee and administratively to the Chief Executive.

The Board understands its responsibility towards smooth functioning of internal financial controls and continuously strives to achieve the best practices through its regular governance.

### Auditors

Present auditors, Messrs.'ShineWing Hameed Chaudhri & Co, Chartered Accountants have retired. Being eligible, Messrs. ShineWing Hammed Chaurdhri 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, 2020 to the shareholders for approval.

### Pattern of shareholding

The pattern of shareholding as on 30th June 2019 & additional information thereabout required under Code of Corporate Governance are annexed.

### Communication with Stakeholders

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

### Related Party Transactions

The Company in the normal course of business carries out transactions with related 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 disclosed in note 40 to the Financial Statements.

### Responsibility towards environment and society

Ghandhara Industries Limited is well aware of its responsibility towards the environment and the society and makes its utmost possible efforts towards the betterment of the society generally and its employees specifically. Various seminars were undertaken during the year for health and safety education of its employees to develop a mindset for safe work and less hazardous environment. Further, donation was made to Indus Hospital as mentioned in note 32.1 to the financial statements also contribution was made towards promotion of sports.

### 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.

### 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. A statement of compliance is annexed on pages 69 and 70. 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 Financial and Reporting 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.
- Statement of pattern of Shareholding has been included as a part of this Annual Report.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations (Rule book of Pakistan Stock Exchange).
- The highlights of operating and financial data for the last six years are annexed.
- Information about taxes and levies is given in notes to the accounts.
- During the year, incoming director purchased seven shares to qualify as member before holding directorship, other than that no trading in shares of the Company was carried out by other Directors, CFO, Company Secretary, their spouses and minor children.
- The Company operates a contributory provident fund for all employees and Defined benefit gratuity fund scheme for its employees.

The value of investments based as at June 30, 2019 are as follows:

- Provident Fund – Rs. 30,174,245
- Gratuity Fund – Rs. 79,705,111

### Future outlook

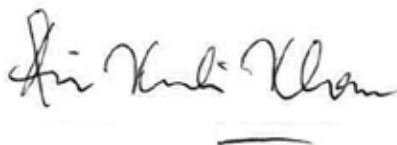
The overall economic indicators of Pakistan show a challenging outlook, increasing interest rates and significant devaluation of the rupee have adversely affected the company's and overall industry's progress. In order to revamp sustained growth and boost customer confidence government need to introduce policies that will restore market confidence and accelerate economic activities across the board.

However, keeping in view the economic trends, the Company is making all necessary efforts to improve its position on the back of enhanced product line and improved competitiveness which will create sufficient potential demand in local market which will ultimately benefit the stakeholders of the Company and Economy as a whole.

### Acknowledgement

The board acknowledges the trust and confidence on 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 principals Isuzu Motors Limited, Isuzu Motors Company (Thailand) Limited and Isuzu Motors International Operations (Thailand) Company Limited and the trading house Marubeni Corporation for their continued support and assistance.

On behalf of the Board of Directors



**Lt. Gen. (R) Ali Kuli Khan Khattak**  
Chairman

On behalf of the Board of Directors



**Ahmad Kuli Khan Khattak**  
Chief Executive

Karachi

Dated: September 28, 2019

- ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔
- کمپنی کے پاس تمام ملازمین کے لئے معاوضتی پروویڈنٹ فنڈ ہے اور ملازمین کے لئے صراحت شدہ گریجویٹ فنڈ ہے۔
- 30 جون 2019 ان فنڈز سے کی گئی سرمایہ کاریوں کی مالیت درج ذیل ہے:
- |   |                              |
|---|------------------------------|
| ☆ | پروویڈنٹ فنڈ 30,174,245 روپے |
| ☆ | گریجویٹ فنڈ 79,705,111 روپے  |

### مستقبل کی پیش بینی

پاکستان کے مجموعی معاشی اشاریے ایک دشوار گزار منظر پیش کر رہے ہیں جن میں بڑھتی ہوئی شرح سود اور روپے کی قدر میں زکری کی نے کمپنی اور صنعت کی نمو پر ناموافق اثرات مرتب کئے۔

پائیدار نمو کے حصول اور صارفین کے اعتماد کو بہتر بنانے کے لئے حکومت کو ایسی پالیسیاں متعارف کروانی چاہئے جن سے مارکیٹ کا اعتماد بحال ہو اور ملک بھر میں معاشی سرگرمیوں میں تیزی آئے۔

تاہم معاشی رجحانات کو مد نظر رکھتے ہوئے کمپنی اپنی پوزیشن کو بہتر بنانے کے لئے تمام ضروری اقدامات کر رہی ہے جس میں مصنوعات میں بہتری اور بہتر مسابقت کاری شامل ہے جس کی وجہ سے مقامی مارکیٹ کی طلب میں کافی اضافہ ہوگا جس کے نتیجے میں کمپنی کے تمام مستفیدان اور مجموعی معیشت کو فائدہ ہوگا۔

### اعتراف

حصص یافتگان، قابل قدر سپلائرز، صارفین، ڈیلروں اور بینکاروں کا کمپنی اور اس کی مصنوعات پر اعتماد اور بھروسہ کا بورڈ اعتراف کرتا ہے اور ان کے تعاون اور مدد پر ان کا مشکور ہے۔ ملازمین کے مسلسل خلوص اور انتھک محنت پر بورڈ بخوشی اپنی ستائش ریکارڈ پر لا رہا ہے۔ بورڈ اس موقع پر کمپنی کے پرنسپلز اسوز و موٹرز کمپنی (تھائی لینڈ) لمیٹڈ اور اسوز و موٹرز انٹرنیشنل آپریشنز (تھائی لینڈ کمپنی) لمیٹڈ اور ٹریڈنگ ہاؤس ماروینی کارپوریشن کے تعاون اور مدد پر ان کا شکریہ ادا کرتا ہے۔

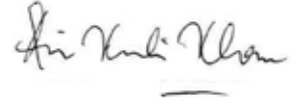
برائے و مخائب

برائے و مخائب



احمد قاسم خان خانک

چیف ایگزیکٹو



لیفٹیننٹ جنرل (ریٹائرڈ) علی قاسم خان خانک

چیئر مین

کراچی

مورخہ: 28 ستمبر 2019

## آڈیٹرز

موجودہ شریک آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹینٹس نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے مالیاتی سال 30 جون 2020 کے لئے ان کی کمپنی کے آڈیٹرز کی حیثیت سے دوبارہ تقرری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

## حصص داری کی ساخت

30 جون 2019 کو حصص داری کی ساخت اور دیگر متعلقہ معلومات جو کہ ادارتی نظم و ضبط کے ضابطے کے تحت ضروری ہیں وہ منسلک ہیں۔

## مستفیدان کے ساتھ رابطے

کمپنی کی توجہ اپنے حصص یافتگان سے رابطے پر مرکوز ہے کیونکہ ایکٹ 2017 میں بتائے گئے مقررہ وقت پر سالانہ، ششماہی اور سہ ماہی رپورٹ تفصیل کی جاتی ہیں۔ کمپنی کی سرگرمیوں کو اس کی ویب سائٹ <http://gil.com.pk/> پر بروقت اپ ڈیٹ کیا جاتا ہے۔

## ملحقہ پارٹیوں کے سودے

کمپنی میں مختلف ملحقہ پارٹیوں کے ساتھ سودے عمومی کاروباری طریقے سے انجام پاتے ہیں۔ ملحقہ پارٹیوں سے لین دین، اعلیٰ انتظامی عہدیداران کی طرف واجب الادا قومات اور ڈائریکٹران اور اعلیٰ انتظامی عہدیداران کے معاوضے کو متعلقہ نوٹس میں منکشف کی گیا ہے۔ ملحقہ پارٹیوں کے دیگر بڑے سودوں کو مالیاتی گوشواروں کے نوٹ نمبر 40 میں منکشف کیا گیا ہے۔

## مالیاتی اور معاشرتی ذمہ داری

گندھارا انڈسٹریز لمیٹڈ مالکیت اور معاشرے سے متعلق اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔ معاشرے کے لئے عمومی طور پر اور اپنے ملازمین کی فلاح و بہبود کے لئے خصوصی طور پر اپنی بہترین کمنہ کو پیش کرتی ہے۔ اپنے ملازمین کے صحت و تحفظ سے متعلق آگاہی کے لئے مختلف سیمینارز منعقد کئے گئے تاکہ ملازمین کے مابین کام کے دوران باحفاظت اور کم خطرے والے ماحول سے متعلق ذہنی طور پر آگاہ کیا جاسکے۔ ہماری CSR کے تحت کچھ معاونت تعلیم، کھیلوں کو پروان چڑھانے اور معاشرے کے پسماندہ شہریوں کی صحت سے متعلق فراہم کی گئی ہے۔ مزید برآں جیسا کہ مالیاتی گوشواروں کے نوٹ نمبر 32.1 میں بتایا گیا ہے کہ انڈس ہسپتال کو عطیہ دیا گیا اور کھیلوں کی ترقی کے لئے معاونت بھی فراہم کی گئی۔

## بعد از اس واقعات

کوئی بڑی تبدیلیاں یا وعدے جو کہ کمپنی کی مالیاتی پوزیشن کو متاثر کرتے ہوں مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے دوران رونما نہیں ہوئے۔

## ادارتی نظم و ضبط کا ضابطہ

بورڈ بخوشی اس بات کا اقرار کرتا ہے کہ کمپنی کی انتظامیہ ادارتی نظم و ضبط کے بہترین طور طریقوں پر عمل پیرا ہے۔ پاسداری سے متعلق بیان صفحہ نمبر 69 تا 70 منسلک ہے۔ بورڈ ادارتی اور مالیاتی رپورٹنگ فریم ورک سے متعلق اپنی ذمہ داری کو تسلیم کرتا ہے اور اقرار کرتا ہے کہ:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- حصص داری کی ساخت سالانہ رپورٹ میں شامل کی گئی ہے۔
- لسٹنگ ریگولیشنز (پاکستان اسٹاک ایکسچینج کی رول بک) میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی بڑا انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سالوں کی مالیاتی اور کاروباری اعداد و شمار کی بھلیکلیاں منسلک کی گئی ہیں۔
- ٹیکسوں اور ڈیوٹیوں سے متعلق معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- سال کے دوران آنے والے ڈائریکٹرز نے ڈائریکٹر شپ پر فائز ہونے سے قبل نئے ممبر کی حیثیت سے 7 حصص خریدے، اس کے علاوہ کسی بھی ڈائریکٹر، ایف او، کمپنی بیکریٹری

### بورڈ اور اس کی کمیٹیوں کے اجلاس

جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس، بورڈ کی آڈٹ کمیٹی (BAC) کے چار اجلاس اور انسانی سائل اور معاوضہ کمیٹی (HR&R) کے دو اجلاس ہوئے۔ تمام اجلاس پاکستان میں منعقد ہوئے۔ بورڈ کے اجلاسوں کی حاضری کی تفصیل درج ذیل ہے:

حاضری			حیثیت	ڈائریکٹر کا نام
HR&R	BAC	BOD		
-	-	3/4	10 اپریل 2018 کو دوبارہ منتخب ہوئے	لینڈمنٹ جنرل (ریٹائرڈ) علی قلی خان خٹک
2/2	-	4/4	10 اپریل 2018 کو دوبارہ منتخب ہوئے	جناب احمد قلی خان خٹک
-	-	1/1	مدت مکمل ہونے کے بعد ریٹائر ہو گئے	ڈاکٹر پرویز حسن
2/2	4/4	3/4	10 اپریل 2018 کو دوبارہ منتخب ہوئے	میجر (ریٹائرڈ) ضیاء
-	-	1/2	10 جنوری 2019 کو انتقال کر گئے	جناب جمیل احمد شاہ
1/2	1/4	1/4	10 اپریل 2018 کو دوبارہ منتخب ہوئے	جناب شاہد کمال خان
-	-	3/4	10 اپریل 2018 کو دوبارہ منتخب ہوئے	محترمہ شہناز سجاد احمد
2/2	4/4	4/4	10 اپریل 2018 کو دوبارہ منتخب ہوئے	جناب سہیل حمید خان

جوڈائریکٹران اپنی کسی مصروفیت کی بناء پر اجلاس میں حاضر نہ ہو سکے ان کی غیر حاضری کی رخصت منظور کر لی گئی۔

### بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کی تشخیص

بورڈ کے بطور نگران اس کے کردار اور اس کی موثریت کی تشخیص بورڈ خود کرتا ہے۔ جن بنیادی چیزوں پر توجہ مرکوز جاتی ہے وہ درج ذیل ہیں:

- ☆ ادارتی اہداف اور مقاصد کا حصول جن کی وضاحت کمپنی کے مقاصد اور نصب العین کے بیانات میں دی گئی ہے
- ☆ حکمت عملی وضع کرنا اور پائیدار منصوبہ بندی اور کاروباری افعال کے لئے انتظامیہ کی سمت بندی کرنا
- ☆ بورڈ کی کمیٹیوں کی اپنی ذمہ داریوں سے عہدہ برآں ہونے سے متعلق کارکردگی کی تشخیص

### ڈائریکٹران کا معاوضہ

بورڈ کے ممبران کا معاوضہ بورڈ خود طے کرتا ہے۔ تاہم ادارتی نظم و ضبط کے ضابطے کے تحت کوئی بھی ڈائریکٹر اپنا معاوضہ طے کرنے کے فیصلے میں شریک نہیں ہوتا۔ اجلاس میں حاضر ہونے کی فیس کے علاوہ کمپنی کے نان ایگزیکٹو ڈائریکٹران کو کوئی معاوضہ ادا نہیں کیا جاتا۔ 2018-2019 کے دوران ڈائریکٹران اور سی ای او کے معاوضے سے متعلق معلومات کے لئے مالیاتی گوشواروں کے نوٹ نمبر 40 کا مطالعہ کریں۔

### اندرونی آڈٹ کا نظام

گندھارا انڈسٹریز میں خود مختار اندرونی آڈٹ کا نظام موجود ہے جو کہ اندرونی گرفت سے مطابقت رکھتے ہوئے کمپنی کی کاروباری اور مالیاتی رپورٹنگ کا تحفظ کرتا ہے۔ بورڈ کی آڈٹ کمیٹی ہر سہ ماہی میں اس کے وسائل کی موزونیت اور اس نظام کے اختیارات کا جائزہ لیتا ہے۔ بورڈ کی آڈٹ کمیٹی آڈٹ کا منصوبہ منظور کرتا ہے جس کی بنیاد سالانہ اور سہ ماہی بنیاد پر کاروباری علاقوں پر ہوتی ہے۔

اندرونی آڈٹ کا نظام مالیاتی، کاروباری اور تعمیلی گرفت کا جائزہ لیتا ہے اور اپنے نتائج افعالی طور پر بورڈ کی آڈٹ کمیٹی کو اور انتظامی طور پر چیف ایگزیکٹو کو پیش کرتا ہے۔ بورڈ اندرونی مالیاتی گرفت کے افعال کی بلار کا وٹ انجام دینی سے متعلق اپنی ذمہ داریوں کو سمجھتا ہے اور تسلسل کے ساتھ اپنے باضابطہ نظم و ضبط کے ذریعے بہترین طور طریقوں کو رائج کرنے کے لئے پرعزم ہے۔

### بالادست کمیٹی

پیپو جی سروسز (پرائیویٹ) لمیٹڈ، جس کی تشکیل پاکستان میں ہوئی، ہماری بالادست کمیٹی ہے جس کی ملکیت میں بلا واسطہ 39.16 فیصد حصص ہیں اور کچھ دیگر بلا واسطہ حصص داری ہے۔

### منافع منقسمہ اور بونس شیئرز

کمیٹی کی مالیاتی پوزیشن کو مد نظر رکھتے ہوئے کمیٹی کے ڈائریکٹران نے نقد یا دیگر کسی منافع منقسمہ کو نہ دینے کا فیصلہ کیا ہے۔

### بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

30 جون 2019 کو کمیٹی کا بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل تھا:

ڈائریکٹران کی کل تعداد	
06	مرد
01	خواتین
تشکیل بندی	
02	خود مختار ڈائریکٹر
03	نان ایگزیکٹو ڈائریکٹر
02	ایگزیکٹو ڈائریکٹر

30 جون 2019 کو ڈائریکٹران کے نام درج ذیل ہیں:

- لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک
- جناب احمد قلی خان خٹک
- محترمہ شہناز سجاد احمد
- میجر (ریٹائرڈ) محمد ضیاء
- جناب محمد قلی خان خٹک
- جناب شاہد کمال خان
- جناب سہیل حمید خان

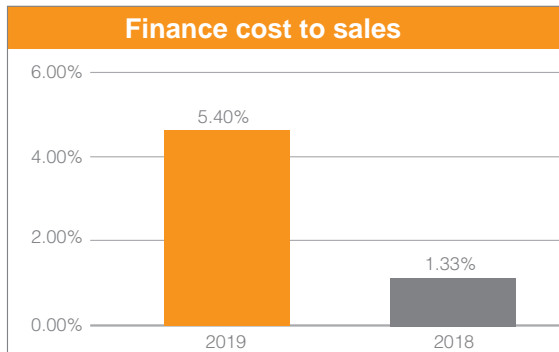
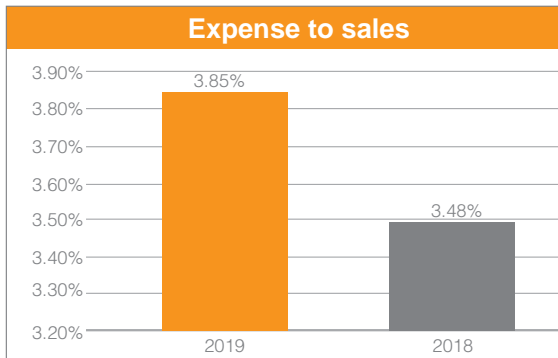
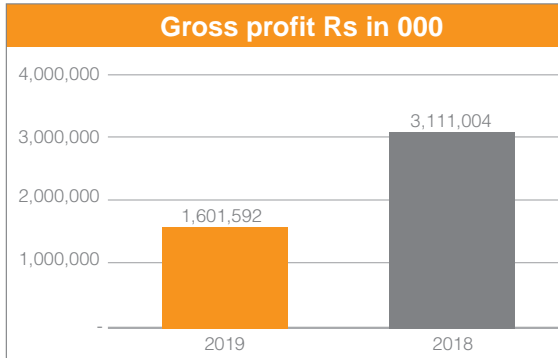
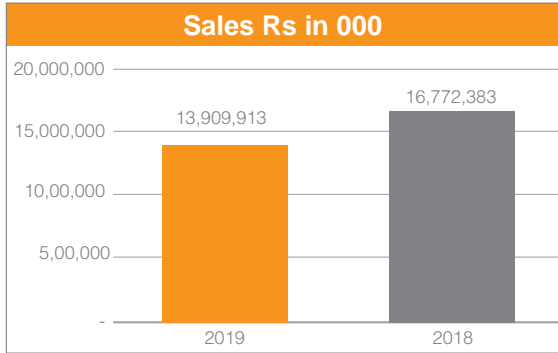
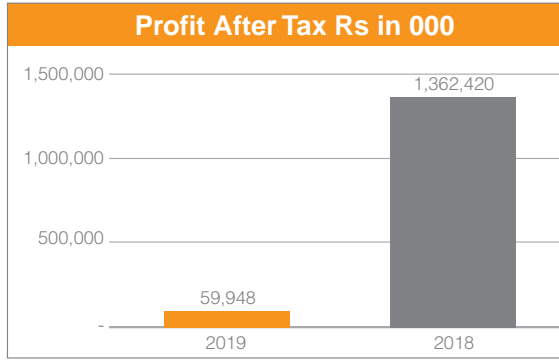
سال کے دوران ایک اتفاقی آسامی 10 جنوری 2019 کو جناب جمیل احمد شاہ کے انتقال کی وجہ سے خالی ہو گئی۔ اس آسامی کو پُر کرنے کے لئے 21 فروری 2019 سے جناب محمد قلی خان خٹک کی کو ڈائریکٹر کے عہدے پر تقرری کی گئی ہے۔

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

یہ کمیٹی چار ممبران پر مشتمل ہے جس میں نان ایگزیکٹو ڈائریکٹران کے علاوہ ایک آزاد ڈائریکٹر شامل ہے۔ کمیٹی کی ذمہ داریوں کا تعین اسٹنگ ریگولیشنز کے رہنما اصولوں کے مطابق کیا گیا ہے۔ اس کمیٹی کے اجلاس میں جائزہ لیا جاتا ہے اور اعلیٰ انتظامی عہدیداروں کے معاوضہ، ادارے اور ملازمین کی ترقیاتی پالیسیوں کے عناصر کی سفارش کی جاتی ہے اور ایگزیکٹو ڈائریکٹران اور انتظامی کمیٹی کے ممبران کے معاوضوں سے متعلق تمام معاملات کی منظوری دی جاتی ہے۔ 2018-2019 کے دوران کمیٹی کے دو اجلاس ہوئے۔

### آڈٹ کمیٹی

یہ کمیٹی تین ممبران پر مشتمل ہے جس میں نان ایگزیکٹو ڈائریکٹران اور اندرونی آڈٹ کے سربراہ بطور سیکریٹری شامل ہوتے ہیں جبکہ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہوتا ہے۔ بورڈ کی آڈٹ کمیٹی اس کی نگرانی ذمہ داریوں، خاص طور پر حصص یافتگان کے لئے مالیاتی اور غیر مالیاتی رپورٹنگ اور ان کا جائزہ لینے، اندرونی گرفت کے نظام اور خطرات سے نمٹنے اور آڈٹ کے عمل میں معاونت کرتی ہے۔ اس کو اختیار حاصل ہوتا ہے کہ وہ انتظامیہ سے معلومات طلب کرے اور جہاں مناسب سمجھے براہ راست بیرونی آڈیٹرز یا مشیروں سے مشاورت کرے۔ طلب کرنے پر چیف فنانشل آفیسر باقاعدگی سے بورڈ کی آڈٹ کمیٹی کے اجلاس میں مالیاتی گوشوارے پیش کرنے کے لئے حاضر ہوتا ہے۔ ہر اجلاس کے بعد کمیٹی کا چیئرمین بورڈ کو رپورٹ بھیجتا ہے۔ اس کمیٹی کی ذمہ داریوں کا تعین اسٹنگ ریگولیشنز میں دیئے گئے رہنما اصولوں کے مطابق کیا گیا ہے۔



### فی حصص آمدنی

بنیادی اور رقیق آمدنی فی حصص بعد از ٹیکس 1.41 روپے رہی (2018 میں 31.98، از سر نو تخمینہ شدہ)

رواں سال میں کمپنی کا منافع 59.9 کروڑ روپے رہا جبکہ گزشتہ سال 2017-18 میں 1.36 ارب روپے تھا۔ منافع میں کمی کی بڑی وجوہات کرنسی کی قدر میں کمی، اسٹیل کی قیمتوں میں اضافہ اور شرح سود میں اضافہ کی وجہ سے مالیاتی لاگت اور کمپنی کے قرضوں میں قابل ذکر اضافہ شامل ہیں۔

### کاروباری نتائج

#### فروخت

جیسا کہ اوپر بیان کیا گیا ہے کہ مارکیٹ کی خراب صورتحال اور ٹرک اور بسوں کی مجموعی مارکیٹ میں کمی کے رجحان کی وجہ سے کمپنی کی فروخت کم ہو کر 13.9 بلین روپے رہ گئی جبکہ گزشتہ سال 16.7 بلین روپے تھی۔ تاہم مارکیٹ کے اس شعبے میں اس کا حصہ گزشتہ سال کے 40 فیصد سے بڑھ کر 45 فیصد ہو گیا۔ کمپنی پر اعتماد ہے کہ اس کی بعد از فروخت شاندار خدمات، صارفین کی ضروریات کے

عین مطابق اور قابل اعتماد مصنوعات کے ساتھ نئے پک اپ ٹرک D-Max کو متعارف کروانے سے صارفین کا اعتماد مزید مستحکم ہوگا جس کے نتیجے میں کمپنی کی

فروخت میں اضافہ ہوگا۔

#### خام منافع

کمپنی کے خام منافع میں 48.5 فیصد کمی دیکھی گئی جس کی بنیادی وجہ خام مال کی قیمتوں میں تیز ترین اضافہ کے ساتھ ساتھ کرنسی کی قدر میں کمی تھی۔

### تفصیلی اور انتظامی اخراجات

فروخت کے اخراجات فروخت کا 3.85 فیصد رہے جبکہ گزشتہ سال 3.48 فیصد تھے یعنی ان میں معمولی اضافہ دیکھا گیا جس کی وجہ افراط زر کا دباؤ تھا، تاہم کمپنی لاحق چیلنجز سے آگاہ ہے اور بہتر منصوبہ بندی اور گفت و شنید سے ان کا مقابلہ کر رہی ہے۔

### مالیاتی لاگتیں

کمپنی کی مالیاتی لاگت میں قابل ذکر اضافہ دیکھا گیا جس کی بنیادی وجہ قرضوں میں اضافہ کے ساتھ اسٹیٹ بینک کے بنیادی نرخوں میں اضافہ تھا۔ انتظامیہ سمجھتی ہے کہ اضافی سرگرمی کی وجہ سے مالیاتی لاگت پر دباؤ رہا جس کے لئے انتظامیہ پر اعتماد ہے کہ یہ آنے والی مدت FY 2020 میں کم ہونے کے ساتھ معاشی عناصر کے مثبت پس منظر کے علاوہ شرح سود میں بہتری آئے گی۔

## حصص یافتگان کے لئے ڈائریکٹران کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران چھپنویس سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### معیشت اور مارکیٹ

منافع بخش اور پائیدار معاشی نمو کے لئے بڑے معاشی اشاریوں کا استحکام اولین شرط ہے۔ مالیاتی سال 2019 کے دوران پاکستان کے GDP میں متوقع 6.2 فیصد اضافہ کے برخلاف صرف 3.3 فیصد شرح نمو رہی جس کی بنیادی وجہ نئی حکومت کو معاشی چیلنجز کا سامنا تھا۔ جبکہ دوسری جانب امریکی ڈالر کے مقابلے میں پاکستان روپے کی قدر میں 31 فیصد کمی ہوئی جس کی وجہ سے باقرض کی لاگت میں اضافہ کے ساتھ ساتھ افراط زر کے دباؤ نے تھنک ٹینک کو ایسی پالیسیاں بنانے پر مجبور کر دیا جس سے ملکی توازن ادائیگی کی صورتحال بہتر ہو۔

اسٹیٹ بینک سے لئے جانے والے حکومتی قرضوں میں اضافہ، زرمبادلہ کی فرسودگی کے منفی اثرات، ایندھن کی مقامی قیمتوں میں اضافہ اور بڑھی ہوئی غذائی قیمتوں کی وجہ سے FY19 میں افراط زر قابل ذکر اضافے کے ساتھ 7.3 فیصد ہو گیا۔ مالیاتی پالیسی کمیٹی کو اندازہ ہے کہ FY20 میں افراط زر میں مزید اضافہ ہوگا جو کہ اوسطاً 11 سے 12 فیصد کے درمیان رہے گا۔

مندرجہ بالا عناصر کو مد نظر رکھتے ہوئے SBP نے اپنے پالیسی نرخ کو مئی 2019 میں بڑھا کر 12.25 فیصد کر دیا جبکہ جولائی 2019 میں مزید 100 بی پی ایس کا اضافہ کر دیا۔

آٹوموبائل کی صنعت کی طرف دیکھیں تو ٹرک اور بس کی صنعت میں مجموعی طور پر 33 فیصد کمی ہوئی جو کہ گزشتہ سال فروخت ہونے والے 10,093 یونٹس کے مقابلے میں FY 2019 میں 6,763 یونٹس رہی۔ اس کی بنیادی وجہ سال کے دوران زرمبادلہ کی ناموافق مساوات کے ساتھ چین پاکستان اقتصادی راہداری (CPEC) کی سست رفتاری اور سرکاری خرچوں میں کمی تھی۔ یونٹس کی فروخت میں 25 فیصد کمی کے باوجود آپ کی کمپنی کی کارکردگی بہتر رہی اور ٹرک کے شعبہ میں اپنی قیادت کو برقرار رکھتے ہوئے ٹرک اور بس کی مارکیٹ میں اس کا حصہ 45 فیصد رہا۔

طویل مدتی کامیابی اور نمو کو برقرار رکھنے کے لئے کمپنی نے سال کے دوران فروری 2019 میں پک اپ متعارف کروایا۔ صارفین کی توقعات پر پورا اترتے ہوئے ”D-Max“ کو کافی مقبولیت حاصل ہوئی۔ اس گاڑی کو صارفین کی ضروریات اور خواہشات کو مد نظر رکھتے ہوئے ڈیزائن کیا گیا ہے جس نے ٹیکنالوجی اور معیار کا ایک بیچ مارک قائم کیا ہے۔

### کمپنی کی بنیادی سرگرمیاں

گندھارا انڈسٹریز لمیٹڈ (کمپنی) کی تشکیل پاکستان میں بطور لسٹڈ کمپنی ہوئی اور یہ پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کی بنیادی سرگرمی ISUZU بسوں، ٹرکوں اور پک اپ ٹرکوں کی متحرک اسٹیمبل، تیاری اور مارکیٹنگ ہے۔

### بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو لاحق بنیادی خطرات میں مارکیٹ میں مسابقت، زرمبادلہ کا نرخ، شرح سود، کرنسی میں فرسودگی اور مجموعی معاشی صورتحال شامل ہیں جو کہ کمپنی کی مالیاتی پوزیشن پر اثرات ڈالیں گے۔

2018	2019	
روپے '000		
2,186,464	889,989	کاروباری منافع
(222,394)	(751,019)	مالیاتی لاگت
1,964,070	138,970	منافع قبل از ٹیکس
(601,650)	(79,022)	ٹیکس
1,362,420	59,948	منافع بعد از ٹیکس

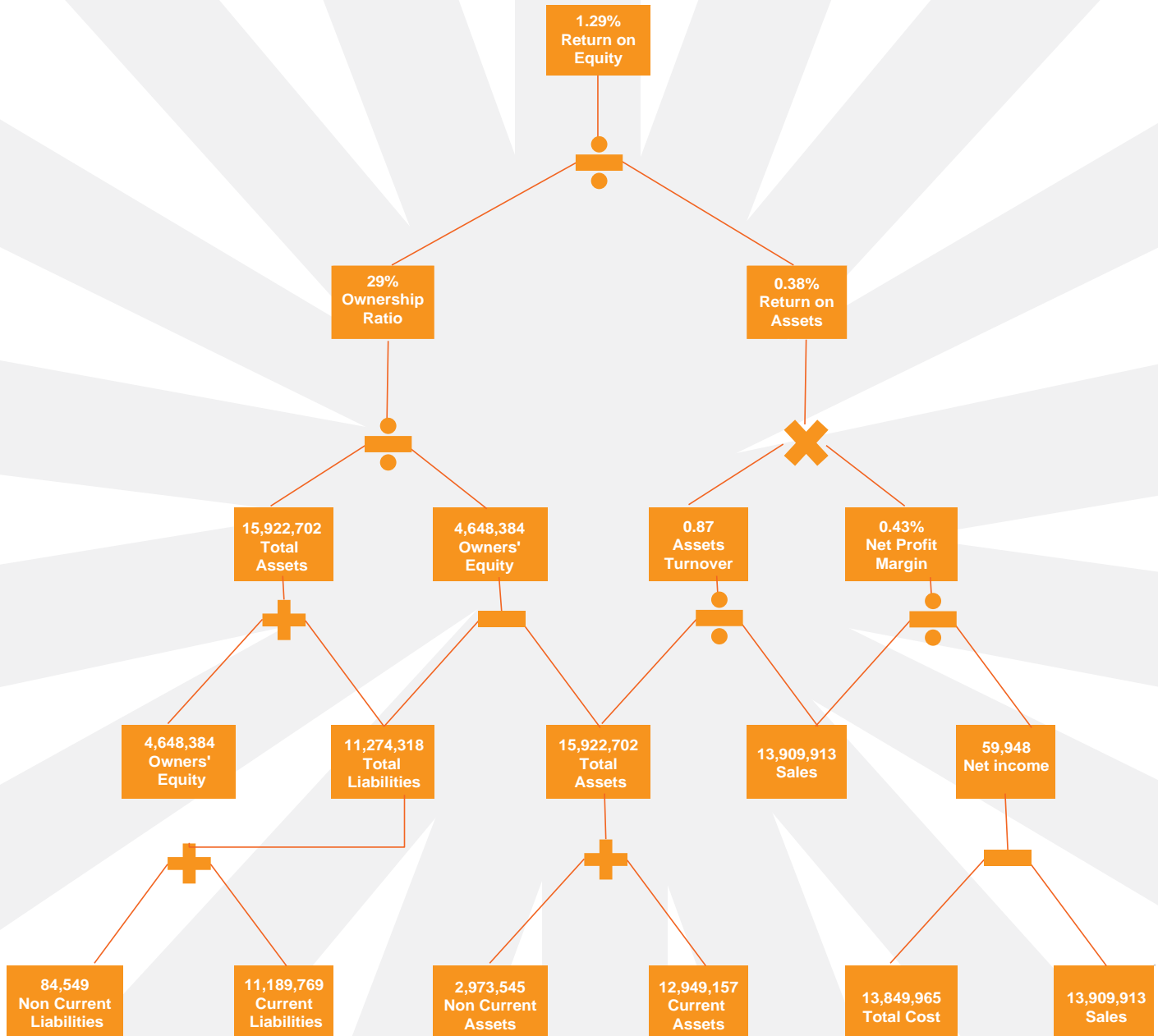
## 6 Years at a Glance

		2019	2018	2017	2016	2015	2014
<b>Financial Performance-Profitability</b>							
Gross profit margin	%	11.51	18.55	20.51	26.55	20.95	12.19
EBITDA margin to sales	%	7.42	13.33	14.04	21.63	15.74	7.82
Pre tax margin	%	1.00	11.71	11.61	18.85	15.74	0.64
Net profit margin	%	0.40	8.10	7.40	12.80	6.79	0.92
Return on equity-before tax	%	2.99	41.58	33.78	35.33	14.54	0.78
Return on equity-after tax	%	1.29	28.84	21.57	23.99	9.95	1.12
<b>Operating Performance / Liquidity</b>							
Total assets turnover	Times	0.87	1.39	1.25	1.13	0.98	0.66
Fixed assets turnover	Times	5.02	6.81	5.31	3.00	1.97	1.47
Debtors turnover	Times	151.49	57.77	28.83	38.54	25.00	9.59
Debtors turnover	Days	2.41	6.32	12.66	9.47	15	38
Inventory turnover	Times	1.43	2.56	3.16	3.83	3.12	1.80
Inventory turnover	Days	255.74	142.51	115.49	95.38	117	203
Creditors turnover	Times	24.15	32.11	29.45	25.46	14.11	9.82
Creditors turnover	Days	15.11	11.37	12.39	14.34	26	37
Operating cycle	Days	243.04	137.46	115.76	90.52	106	204
Current ratio		1.16	1.32	1.33	1.62	1.56	1.16
Quick / acid test ratio		0.23	0.36	0.55	0.78	0.95	0.52
<b>Capital Structure Analyses</b>							
Breakup value / share	Rs	109.10	110.87	86.61	72.96	52.79	47.41
Earning per share (pre tax)	Rs	3.26	46.10	29.26	25.77	7.67	0.37
Earning per share (after tax)	Rs	1.41	31.98	18.68	17.51	5.25	0.56
		2019	2018	2017	2016	2015	2014
<b>Summary of Balance Sheet</b>							
-----Rupees '000-----							
Share capital		426,088	213,044	213,044	213,044	213,044	213,044
Reserves		2,172,735	2,651,071	1,612,010	1,022,517	365,002	133,989
Shareholder's fund / equity		4,648,384	4,724,129	3,690,168	3,108,553	2,249,388	2,020,212
Deferred liabilities		19,759	80,181	45,615	37,802	30,545	24,866
Property, plant & equipment		2,770,727	2,463,605	2,021,453	1,941,250	1,674,230	1,678,603
Long term assets		26,987	17,242	16,824	15,783	5,831	4,783
Net current assets / Working capital		1,759,388	2,278,947	1,612,645	1,194,481	568,524	261,336

## Summary of Financial Position

	2019	2018	2017	2016	2015	2014
<b>Summary of Profit &amp; Loss</b>	-----Rupees '000-----					
Net sales	<b>13,909,913</b>	16,772,383	10,740,631	5,825,579	3,293,329	2,466,127
Gross profit	<b>1,601,592</b>	3,111,004	2,202,963	1,546,638	689,924	300,696
Operating profit	<b>889,989</b>	2,186,464	1,471,262	1,211,178	494,131	192,864
Profit before tax	<b>138,970</b>	1,964,070	1,246,625	1,098,105	327,016	15,812
Profit after tax	<b>59,948</b>	1,362,420	796,013	745,861	223,788	24,068
EBITDA	<b>1,031,647</b>	2,235,433	1,471,268	1,238,493	518,222	192,864
<b>Summary of Cash Flows</b>	-----Rupees '000-----					
Net cash flow from operating activities	<b>(2,138,425)</b>	(2,372,485)	(68,215)	588,679	1,002,281	141,723
Net cash flow from investing activities	<b>(211,639)</b>	(471,631)	(111,916)	(73,468)	(12,428)	(2,472)
Net cash flow from financing activities	<b>(311,519)</b>	(303,223)	(198,826)	(58,075)	(9,835)	(10,452)
Changes in cash & cash equivalents	<b>(2,661,583)</b>	(3,147,339)	(378,957)	457,136	980,018	128,799
Cash & cash equivalents	<b>(5,796,173)</b>	(3,134,590)	12,749	391,706	(65,430)	(1,045,448)

# Dupont Analysis



\* Amounts are in Rupees '000



## Vertical Analysis

## Balance Sheet

	2019	2018	2017	2016	2015	2014
	Rs. in 000'	%	Rs. in 000'	%	Rs. in 000'	%
<b>Assets</b>						
<b>Non-Current Assets</b>						
Property, plant & equipment	2,770,727	17.40	2,463,605	20.47	2,021,453	23.52
Intangible assets	260	0.00	384	0.00	462	0.01
Investment properties	88,413	0.56	88,657	0.74	88,901	1.03
Long term Investment	1,400	0.01	1,400	0.01	1,400	0.02
Long term loans	3,639	0.02	4,305	0.04	2,736	0.03
Long term deposits	21,948	0.14	11,537	0.10	12,688	0.15
Deferred taxation	87,158	0.55	845	0.01	21,134	0.25
	2,973,545	19	2,570,733	21	2,148,774	25
<b>Current Assets</b>						
Stores and spares parts	8,328	0.05	10,281	0.09	2,560	0.03
Stock-in-trade	10,359,425	65.06	6,888,220	57.24	3,779,300	43.97
Trade debts	88,406	0.56	95,230	0.79	485,472	5.65
Loans and advances	133,759	0.84	168,661	1.40	143,340	1.67
Trade deposits and prepayments	542,834	3.41	721,213	5.99	707,242	8.23
Other receivables	6,981	0.04	741	0.01	2,683	0.03
Sales tax refundable/adjustable and taxation - payment less provision	1,308,983	8.22	1,081,869	8.99	520,298	6.05
Cash and bank balances	500,441	3.14	497,261	4.13	805,135	9.37
	12,949,157	81	9,463,476	79	6,446,030	75
	15,922,702	100.00	12,034,209	100.00	8,594,804	100.00

## Equity And Liabilities

## Share Capital And Reserves

Share capital	426,088	2.68	213,044	1.77	213,044	2.48
Unappropriated profit / (accumulated loss)	2,172,735	13.65	2,651,071	22.03	1,612,010	18.76
Surplus on revaluation of fixed assets	2,049,561	12.87	1,860,014	15.46	1,865,114	21.70
	4,648,384	29	4,724,129	39	3,690,168	43
<b>Non-Current Liabilities</b>						
Liabilities against assets subject to finance lease	51,745	0.32	34,526	0.29	19,563	0.23
Compensated absences	13,045	0.08	10,844	0.09	6,073	0.07
Deferred liabilities	19,759	0.12	80,181	0.67	45,615	0.53
Deferred taxation	-	-	-	-	-	-
	84,549	1	125,551	1	71,251	1
<b>Current Liabilities</b>						
Trade and other payables	4,582,157	28.78	3,427,060	28.48	3,960,103	46.08
Unpaid dividends	78,959	0.50	44,271	0.37	24,604	0.29
Unclaimed dividends	22,151	0.14	24,814	0.21	14,092	0.16
Current maturity of liabilities against	13,435	0.08	8,224	0.07	17,916	0.21
Accrued mark up	196,453	1.23	48,309	0.40	24,284	0.28
Short term borrowings	6,296,614	39.54	3,631,851	30.18	792,386	9.22
	11,189,769	70	7,184,529	60	4,833,385	56
	15,922,702	100.00	12,034,209	100.00	8,594,804	100.00

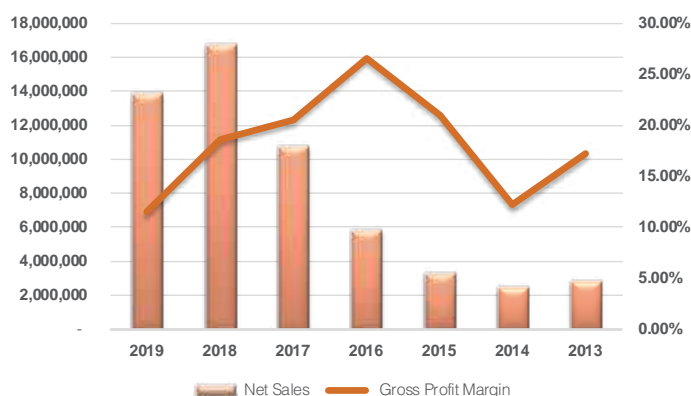
# Horizontal Analysis

Balance Sheet	2019 Rs. in 000'	19 Vs 18 %	2018 Rs. in 000'	18 Vs 17 %	2017 Rs. in 000'	17 Vs 16 %	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'
<b>Assets</b>													
<b>Non-Current Assets</b>													
Property, plant & equipment	2,770,727	12.47	2,463,605	21.87	2,021,453	4.13	1,941,250	15.95	1,674,230	(0.26)	1,678,603	(1.44)	1,703,088
Intangible assets	260	(32.29)	384	(16.88)	462	100.00	-	(100.00)	45	(87.13)	346	(46.52)	647
Investment properties	88,413	(0.28)	88,657	(0.27)	88,901	(0.27)	89,145	(0.28)	89,395	(0.28)	89,645	(0.28)	89,895
Long term investment	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-	1,400
Long term loans	3,639	(15.47)	4,305	57.35	2,736	19.06	2,298	107.20	1,109	74.38	636	(51.49)	1,311
Long term deposits	21,948	90.24	11,537	(9.07)	12,668	4.99	12,085	263.79	3,322	20.93	2,747	(40.71)	4,633
Deferred taxation	87,158	10,214.56	845	(96.00)	21,134	100.00	-	-	-	(100.00)	18,304	-	-
	<b>2,973,545</b>	<b>15.67</b>	<b>2,570,733</b>	<b>19.64</b>	<b>2,148,774</b>	<b>5.01</b>	<b>2,046,178</b>	<b>15.64</b>	<b>1,769,501</b>	<b>(1.24)</b>	<b>1,791,681</b>	<b>(0.52)</b>	<b>1,800,974</b>
<b>Current Assets</b>													
Stores and spares parts	8,328	(19.00)	10,281	301.60	2,560	29.29	1,980	(1.42)	2,009	8.04	1,859	(18.64)	2,285
Stock-in-trade	10,359,425	50.39	6,888,220	82.26	3,779,300	132.75	1,623,753	165.05	612,623	(41.98)	1,055,872	(22.12)	1,355,715
Trade debts	88,406	(7.17)	95,230	(60.38)	485,472	86.95	259,680	508.82	42,653	(60.88)	220,786	(24.76)	293,428
Loans and advances	133,759	(20.69)	168,661	17.66	143,340	0.70	142,349	(44.28)	255,449	21.91	209,547	(15.22)	247,162
Trade deposits and prepayments	542,834	(24.73)	721,213	1.98	707,242	108.24	339,626	12.59	301,657	61.23	187,098	26.80	147,548
Other receivables	6,981	842.11	741	(72.38)	2,683	(85.51)	18,518	13.66	16,292	59.84	10,193	315.36	2,454
Sales tax refundable/adjustable and taxation - payment less provision	1,308,983	20.99	1,081,869	107.93	520,298	265.43	142,380	(32.69)	211,533	0.68	210,107	(14.75)	246,465
Cash and bank balances	500,441	0.64	497,261	(38.24)	805,135	37.46	585,735	331.61	135,710	292.26	34,597	(14.13)	40,289
	<b>12,949,157</b>	<b>36.83</b>	<b>9,463,476</b>	<b>46.81</b>	<b>6,446,030</b>	<b>107.00</b>	<b>3,114,021</b>	<b>97.35</b>	<b>1,577,926</b>	<b>(18.24)</b>	<b>1,930,059</b>	<b>(17.35)</b>	<b>2,335,346</b>
	<b>15,922,702</b>	<b>32.31</b>	<b>12,034,209</b>	<b>40.02</b>	<b>8,594,804</b>	<b>66.58</b>	<b>5,160,199</b>	<b>54.15</b>	<b>3,347,427</b>	<b>(10.06)</b>	<b>3,721,740</b>	<b>(10.02)</b>	<b>4,136,320</b>
<b>Equity And Liabilities</b>													
<b>Share Capital And Reserves</b>													
Share capital	426,088	100.00	213,044	-	213,044	-	213,044	-	213,044	0.00	213,044	-	213,044
Unappropriated profit / (accumulated loss)	2,172,735	(18.04)	2,651,071	64.46	1,612,010	57.65	1,022,517	180.14	365,002	172.41	133,989	28.92	103,933
Surplus on revaluation of fixed assets	2,049,561	10.19	1,860,014	(0.27)	1,865,114	(0.42)	1,872,992	12.07	1,671,341	(0.11)	1,673,179.0	(0.32)	1,678,594
	<b>4,648,384</b>	<b>(1.60)</b>	<b>4,724,129</b>	<b>28.02</b>	<b>3,690,168</b>	<b>18.71</b>	<b>3,108,553</b>	<b>38.20</b>	<b>2,249,387</b>	<b>11.34</b>	<b>2,020,212</b>	<b>1.23</b>	<b>1,995,571</b>
<b>Non-Current Liabilities</b>													
Liabilities against assets subject to compensated absences	51,745	49.87	34,526	76.49	19,563	(45.66)	36,000	240.14	10,584	33.32	7,939.00	(47.43)	15,102
Deferred liabilities	13,045	20.30	10,844	78.56	6,073	(5.24)	6,409	-	-	-	-	-	-
Deferred taxation	19,759	(75.36)	80,181	75.78	45,615	20.67	37,802	23.76	30,545	22.84	24,866.00	13.96	21,819
	-	-	-	-	-	(100.00)	51,895	9.23	47,509	100.00	-	(100.00)	26,865
	<b>84,549</b>	<b>(32.66)</b>	<b>125,551</b>	<b>76.21</b>	<b>71,251</b>	<b>(46.07)</b>	<b>132,106</b>	<b>49.04</b>	<b>88,638</b>	<b>170.20</b>	<b>32,805</b>	<b>(48.57)</b>	<b>63,786</b>
<b>Current Liabilities</b>													
Trade and other payables	4,582,157	33.71	3,427,060	(13.46)	3,960,103	136.53	1,674,229	113.70	783,464	42.32	550,511	(33.08)	822,680
Unpaid dividends	78,959	78.35	44,271	79.93	24,604	114.08	11,493	-	-	-	-	-	-
Unclaimed dividends	22,151	(10.73)	24,814	76.09	14,092	161.98	5,379	-	-	-	-	-	-
Current maturity of liabilities against assets subject to finance lease	13,435	63.36	8,224	(54.10)	17,916	108.40	8,597	124.06	3,837	(49.86)	7,652	2.22	7,486
Accrued mark up	196,453	306.66	48,309	98.93	24,284	(5.92)	25,813	23.15	20,961	(31.31)	30,515	(5.41)	32,261
Short term borrowings	6,296,614	73.37	3,631,851	358.34	792,386	308.39	194,029	(3.54)	201,140	(81.38)	1,080,045	(11.07)	1,214,536
	<b>11,189,769</b>	<b>55.75</b>	<b>7,184,529</b>	<b>48.64</b>	<b>4,833,385</b>	<b>151.80</b>	<b>1,919,540</b>	<b>90.17</b>	<b>1,009,402</b>	<b>(39.51)</b>	<b>1,668,723</b>	<b>(19.66)</b>	<b>2,076,963</b>
	<b>15,922,702</b>	<b>32.31</b>	<b>12,034,209</b>	<b>40.02</b>	<b>8,594,804</b>	<b>66.56</b>	<b>5,160,199</b>	<b>54.15</b>	<b>3,347,427</b>	<b>(10.06)</b>	<b>3,721,740</b>	<b>(10.02)</b>	<b>4,136,320</b>

## Graphical Presentation

The economic challenges being faced by the country have had posted overall decline in auto industry and accordingly the company suffered in it's financial performance for the fiscal year 2019. Creeping inflation, along with devaluation of PKR against USD/ JPY resulted in increase in cost leading to lower margins. Furthermore, those factors along with marginal increase in prices have impacted the purchasing power thus resulting in decrease in sales. Despite shrinking market conditions, Ghandhara Industries still outperformed it's competitors in local market and was able to sustain it's market share.

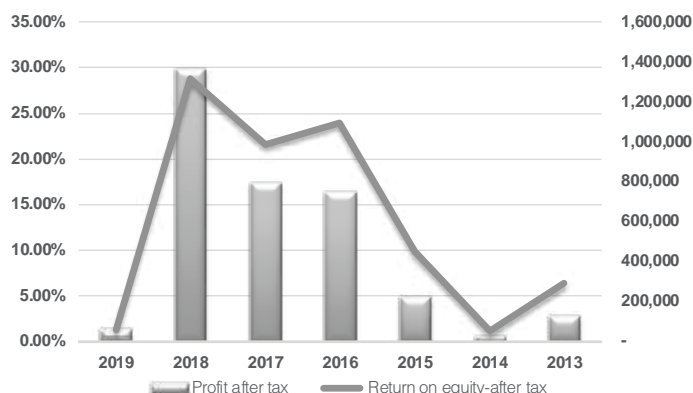
### Sales and Gross Profit



Due to market conditions and economic factors as stated above, the Company showed Sales Revenue of Rs. 13.9 billion with a 17.07% decrease from last year. However, Keeping the long-term success and growth in mind the company have diversified in the pick-up truck segment "D-Max". The vehicle have been designed to meet customers' needs and aspiration for mobility while setting benchmark in technology and style.

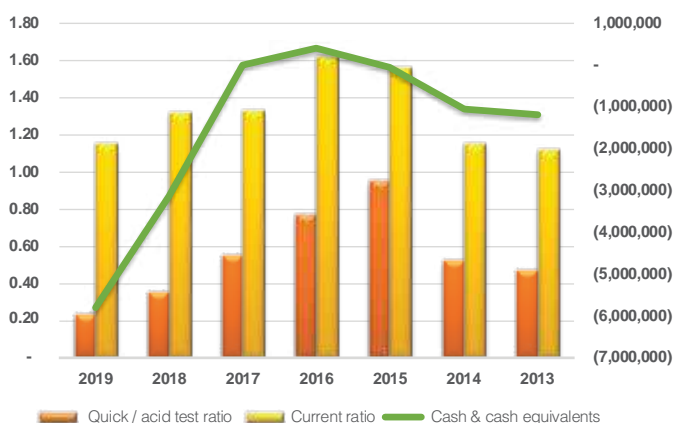
The decline in sales translated in decrease gross profits. Resultantly, gross margin decreased from Rs. 3,111 million to Rs. 1,601 million, down by 48.52%. However, a decrease around 7% have been observed in GP margin ratio as compared with last year mainly due to currency devaluation. However, Management is aware of the factual changes in Economy and has adopted cost efficient strategies to combat the negative impact in the bottom line figures.

### Return on Investments & Profit After Tax



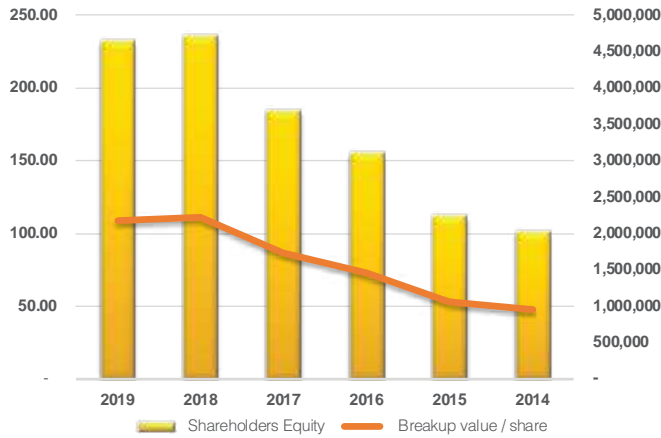
The Company has achieved a profit after tax of Rs. 60 million approx, a decrease of almost 95.60%. The main reason behind the fall in Profit After Tax is due to increasing cost on account of currency devaluation, overall decreasing demand and increase in company's finance cost.

### Liquidity Ratios



The Company's current ratio & Quick / acid test ratio have decreased due to increase in current liabilities mainly on account of short term borrowings.

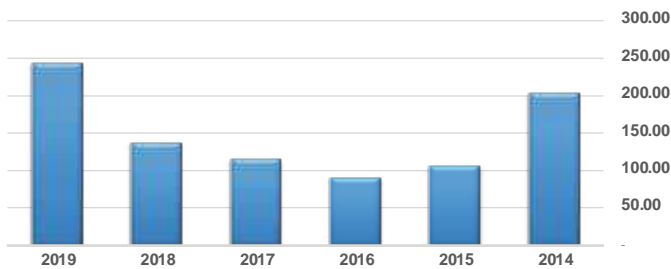
## Shareholders Equity



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. 4.6 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. 109.1 It provides a strong financial base in supporting the implementation of the Company's growth strategy.

## Cash Operating Cycle



There has been an increase in operating cycle by 106 days mainly due to increase in inventory turnover days which stood at 255.7 days as compared to 142.51 days in previous fiscal year.

# Pattern of Shareholding

As at 30th June 2019

Number of Shareholders	Shareholding		Number of Shares Held	Percentage
	From	To		
3,619	1	100	112,971	0.27
1,791	101	500	514,640	1.21
842	501	1,000	705,701	1.66
905	1,001	5,000	2,138,132	5.02
143	5,001	10,000	1,045,048	2.45
48	10,001	15,000	589,040	1.38
34	15,001	20,000	602,833	1.41
14	20,001	25,000	319,588	0.75
7	25,001	30,000	193,900	0.46
1	30,001	35,000	31,146	0.07
5	35,001	40,000	190,610	0.45
2	40,001	45,000	84,816	0.20
8	45,001	50,000	387,628	0.91
2	50,001	55,000	110,000	0.26
2	55,001	60,000	119,000	0.28
2	60,001	65,000	126,248	0.30
2	70,001	75,000	145,000	0.34
1	75,001	80,000	80,000	0.19
1	85,001	90,000	87,500	0.21
1	100,001	105,000	105,732	0.25
1	115,001	120,000	117,600	0.28
1	125,001	130,000	127,200	0.30
1	140,001	145,000	141,500	0.33
1	165,001	170,000	168,700	0.40
2	200,001	205,000	402,200	0.94
1	230,001	235,000	234,554	0.55
1	260,001	265,000	264,400	0.62
1	270,001	275,000	272,950	0.64
1	280,001	285,000	280,450	0.66
1	775,001	780,000	777,200	1.82
1	800,001	805,000	803,950	1.89
1	865,001	870,000	866,100	2.03
1	2,365,001	2,370,000	2,368,296	5.56
1	3,275,001	3,280,000	3,277,852	7.69
1	4,515,001	4,520,000	4,516,484	10.60
1	8,125,001	8,130,000	8,129,565	19.08
1	12,170,001	12,175,000	12,170,310	28.56
<b>7,448</b>			<b>42,608,844</b>	<b>100.00</b>

\* Note: The slabs representing nil holding have been omitted.

## Categories of Shareholders

Shareholder's Category	Number of Shareholder's	Number of Shares Held	Percentage of Holding
Director's, CEO, Their Spouse and Minor Children	7	73,417	0.17
Associated Companies, Undertakings and Related Parties	7	27,431,642	64.38
NIT & ICP	2	241,982	0.57
Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds	41	5,156,300	12.10
Investment and Modaraba Companies	3	6,056	0.01
Insurance Companies	11	945,650	2.22
Joint Stock Companies	29	182,910	0.43
Other Companies, Corporate Bodies, Trust etc	31	375,958	0.88
General Public (Local)	7,317	8,194,929	19.23
	7,448	42,608,844	100.00

## Categories of Shareholders

As at 30th June 2019

SR #	Categories of Shareholders	Category wise No. of Folios/CDC A/Cs	Category wise shares held
1	<b>Director's, CEO, Their Spouse and Minor Children</b>		
	Mr. Ahmed Kuli Khan Khattak (Chief Executive)	24,000	0.056
	Lt. Gen. (Retd.) Ali Kuli Khan Khattak (Director)	18	0.000
	Mr. Muhammad Kuli Khan Khattak (Director)	7	0.000
	Mr. Shahid Kamal (Independent Director)	16	0.000
	Major (Retd) Muhammad Zia (Director)	200	0.000
	Mr. Sohail Hameed Khan (Independent Director)	2	0.000
	Mrs. Shahnaz Sajjad Ahmed (Director)	49,174	0.115
2	<b>Associated Companies, Undertaking and Related Parties</b>		
	Bibojee Services (Pvt) Limited	16,686,794	39.163
	Bibojee Investments (Pvt) Limited	42,816	0.100
	The General Tyre and Rubber Company of Pakistan Limited	201,400	0.473
	Ghandhara Nissan Limited	8,132,336	19.086
	The Universal Insurance Company Limited	2,368,296	5.558
3	<b>NIT &amp; ICP</b>		
	Investment Corporation of Pakistan	7,428	0.017
	CDC- Trustee National Investment (Unit) Trust	234,554	0.550
4	<b>Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds</b>	5,156,300	12.101
5	<b>Investment and Modaraba Companies</b>	6,056	0.014
6	<b>Insurance Companies</b>	945,650	2.219
7	<b>Joint Stock Companies</b>	182,910	0.429
8	<b>Other Companies, Corporate Bodies, Trust etc</b>	375,958	0.882
9	<b>General Public (Local)</b>	8,194,929	19.233
		42,608,844	100.00
10	<b>Shareholders Holding 05.00% Or More</b>		
	Bibojee Services (Pvt) Limited	16,686,794	39.163
	Universal Insurance Co. Limited	2,368,296	5.558
	Ghandhara Nissan Limited	8,132,336	19.086
	Essar Asset Management	3,277,852	7.693
11	<b>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.</b>	-	-

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

For the Year Ended June 30, 2019

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

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

Male: 6	Female: 1
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2. The composition of board is as follows:

Independent Directors	Mr. Shahid Kamal Khan Mr. Sohail Hameed
Other Non-executive Director	Lt. Gen. (R) Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Maj. (R) Muhammad Zia
Executive Director	Mr. Ahmad Kuli Khan Khattak Mr. Muhammad Kuli Khan Khattak

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following during the year:
  - Mr. Shahid Kamal Khan
  - Mr. Sohail Hameed Khan
  - Maj. (R) Muhammad Zia

After the above training, as of June 30, 2019 all Directors have either obtained certification under the Directors' Training Program or have obtained exemption from the Directors' Training Program.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee	Mr. Sohail Hameed	–	Chairman
	Maj. (R) Muhammad Zia	–	Member
	Mr. Shahid Kamal Khan	–	Member
	Mr. Shahnawaz Damji	–	Secretary
HR and Remuneration Committee	Mr. Shahid Kamal Khan	–	Chairman
	Mr. Ahmad Kuli Khan Khattak	–	Member
	Maj. (R) Muhammad Zia	–	Member
	Mr. Sohail Hameed	–	Member
	Mr. Hassan Mahmood	–	Secretary

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following
- |                               |  |
|-------------------------------|--|
| Audit Committee               | Four quarterly meetings during FY ended 2019 |
| HR and Remuneration Committee | Two meetings during FY ended 2019            |
15. The board has set up an effective internal audit function which comprises of professionals who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



**Lt. Gen (R) Ali Kuli Khan Khattak**  
Chairman



**Ahmad Kuli Khan Khattak**  
Chief Executive Officer

September 28, 2019

## Review Report on the Statement of Compliance Contained in Listed Companies (Code Of Corporate Governance) Regulations, 2017

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

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

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

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

*ShineWing Hameed Chaudhri & co.*

**SHINEWING HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS  
KARACHI;

Dated: September 28, 2019

# Report on the Audit of the Financial Statements

## Opinion

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

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

## Basis for Opinion

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

## Key Audit Matters

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

S.No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p data-bbox="300 310 842 378">Capitalization / revaluation of property, plant and equipment</p> <p data-bbox="300 410 842 666">As disclosed in notes 2, 6.1 and 20 to the financial statements, the Company, during the year, incurred significant capital expenditure with additions of Rs.591,336 thousand made to its operating fixed assets. Also, the Company revalued its leasehold land and building on leasehold land that resulted in net surplus / gain of Rs.200,903 thousand.</p> <p data-bbox="300 697 842 832">We identified the above matters as a key audit matter as these represents significant transactions and involves certain estimates and judgements.</p>	<p data-bbox="884 410 1426 478">Our audit procedures in respect of this area included:</p> <p data-bbox="884 506 1426 640">Obtained an understanding of the management controls over capitalization and on a sample basis, test relevant controls over authorization and recording in the system;</p> <p data-bbox="884 668 1426 832">On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;</p> <p data-bbox="884 859 1426 959">Evaluate the nature of costs on a sample basis to ensure capitalization criteria of relevant accounting and reporting standards;</p> <p data-bbox="884 987 1426 1215">Reviewed revaluation report of independent valuer for revaluation of leasehold land and building on leasehold land. Also, recalculated the computation for revaluation surplus / gain; and Considered the adequacy of the disclosures made in the financial statements in relation to the above.</p>
2.	<p data-bbox="300 1247 842 1278"><b>Stock-in-trade</b></p> <p data-bbox="300 1310 842 1698">Refer note 5.6 and 13 to the financial statements, the Company has stock-in-trade aggregating Rs.10,359,425 thousand (2018: Rs.6,888,220 thousand) comprising raw materials, finished goods including trading goods and work in process. We identified this area as a key audit matter because stock-in-trade constitutes 65.06% of the total assets of the Company as at June 30, 2019 and determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.</p>	<p data-bbox="884 1310 1426 1378">Our audit procedures in respect of this area included:</p> <p data-bbox="884 1406 1426 1506">Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;</p> <p data-bbox="884 1534 1426 1634">Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</p> <p data-bbox="884 1661 1426 1825">Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and</p> <p data-bbox="884 1853 1426 1951">Considered the adequacy of the disclosures made in the financial statements in relation to the above.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

*Shinewing Hameed Chaudhri & Co.*

**SHINEWING HAMEED CHAUDHRI & CO.**

CHARTERED ACCOUNTANTS  
KARACHI;

Dated: September 28, 2019

# Financial Statements

For the year ended June 30, 2019

## Statement of Financial Position

AS AT JUNE 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	6	2,770,727	2,463,605
Intangible assets	7	260	384
Investment property	8	88,413	88,657
Long term investment	9	1,400	1,400
Long term loans	10	3,639	4,305
Long term deposits	11	21,948	11,537
Deferred taxation	12	87,158	845
		<b>2,973,545</b>	<b>2,570,733</b>
<b>Current assets</b>			
Stores		8,328	10,281
Stock-in-trade	13	10,359,425	6,888,220
Trade debts	14	88,406	95,230
Loans and advances	15	133,759	168,661
Trade deposits and prepayments	16	542,834	721,213
Other receivables	17	6,981	741
Sales tax refundable / adjustable		390,789	606,559
Taxation - payments less provision		918,194	475,310
Cash and bank balances	18	500,441	497,261
		<b>12,949,157</b>	<b>9,463,476</b>
<b>Total assets</b>		<b>15,922,702</b>	<b>12,034,209</b>



Ahmad Kuli Khan Khattak

Chief Executive



Sohail Hameed Khan

Director



Iftikhar Ahmed Khan

Chief Financial Officer

# Statement of Financial Position

AS AT JUNE 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	19	426,088	213,044
<b>Revenue reserves</b>			
Unappropriated profit		2,172,735	2,651,071
<b>Capital reserve</b>			
Surplus on revaluation of fixed assets	20	2,049,561	1,860,014
<b>Total equity</b>		<b>4,648,384</b>	<b>4,724,129</b>
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease	21	51,745	34,526
Compensated absences	22	13,045	10,844
Deferred liabilities	23	19,759	80,181
		<b>84,549</b>	<b>125,551</b>
<b>Current liabilities</b>			
Trade and other payables	24	4,582,157	3,427,060
Unpaid dividends		78,959	44,271
Unclaimed dividends		22,151	24,814
Accrued mark-up / interest	25	196,453	48,309
Short term borrowings	26	6,296,614	3,631,851
Current maturity of liabilities against assets subject to finance lease	21	13,435	8,224
		<b>11,189,769</b>	<b>7,184,529</b>
<b>Total liabilities</b>		<b>11,274,318</b>	<b>7,310,080</b>
<b>Contingencies and commitments</b>	27		
<b>Total equity and liabilities</b>		<b>15,922,702</b>	<b>12,034,209</b>

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



**Ahmad Kuli Khan Khattak**

Chief Executive



**Sohail Hameed Khan**

Director



**Iftikhar Ahmed Khan**

Chief Financial Officer

# Statement of Profit or Loss Account & Other Comprehensive Income

For the year ended June 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
Sales	28	13,909,913	16,772,383
Cost of sales	29	(12,308,321)	(13,661,379)
<b>Gross profit</b>		<b>1,601,592</b>	3,111,004
Distribution cost	30	(534,954)	(584,046)
Administrative expenses	31	(267,664)	(346,542)
Other expenses	32	(26,368)	(148,748)
Other income	33	117,383	154,796
<b>Profit from operations</b>		<b>889,989</b>	2,186,464
Finance cost	34	(751,019)	(222,394)
<b>Profit before taxation</b>		<b>138,970</b>	1,964,070
Taxation	35	(79,022)	(601,650)
<b>Profit after taxation</b>		<b>59,948</b>	1,362,420
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		(1,242)	(16,676)
Impact of deferred tax		360	4,836
		(882)	(11,840)
Surplus on revaluation of fixed assets		200,903	-
Impact of deferred tax		(3,365)	-
Effect of change in tax rates on balance of revaluation of fixed assets		-	2,947
		197,538	2,947
Other comprehensive income / (loss) for the year - net of tax		196,656	(8,893)
<b>Total comprehensive income for the year</b>		<b>256,604</b>	1,353,527
		----- Rupees -----	
			<b>Re-stated</b>
<b>Basic and diluted earnings per share</b>	36	<b>1.41</b>	31.98

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

**Ahmad Kuli Khan Khattak**  
Chief Executive

**Sohail Hameed Khan**  
Director

**Iftikhar Ahmed Khan**  
Chief Financial Officer

# Statement of Changes in Equity

For the year ended June 30, 2019

	Share capital	Revenue Reserve Unappropriated profit	Capital Reserve Surplus on revaluation of fixed assets	Total
	(Rupees in '000)			
<b>Balance as at July 1, 2017</b>	213,044	1,612,010	1,865,114	3,690,168
<b>Transaction with owners, recognised directly in equity</b>				
Final dividend for the year ended June 30, 2017 at the rate of Rs.15 per share	-	(319,566)	-	(319,566)
<b>Total comprehensive income for the year ended June 30, 2018</b>				
Profit for the year	-	1,362,420	-	1,362,420
Other comprehensive (loss) / income	-	(11,840)	2,947	(8,893)
	-	1,350,580	2,947	1,353,527
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	8,047	(8,047)	-
<b>Balance as at June 30, 2018</b>	<b>213,044</b>	<b>2,651,071</b>	<b>1,860,014</b>	<b>4,724,129</b>
<b>Transaction with owners, recognised directly in equity</b>				
Final dividend for the year ended June 30, 2018 at the rate of Rs.15.6 per share	-	(332,349)	-	(332,349)
Bonus shares issued	213,044	(213,044)	-	-
<b>Total comprehensive income for the year ended June 30, 2019</b>				
Profit for the year	-	59,948	-	59,948
Other comprehensive (loss) / income	-	(882)	197,538	196,656
	-	59,066	197,538	256,604
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,991	(7,991)	-
<b>Balance as at June 30, 2019</b>	<b>426,088</b>	<b>2,172,735</b>	<b>2,049,561</b>	<b>4,648,384</b>

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Sohail Hameed Khan**  
Director



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Statement of Cash Flows

For the year ended June 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	37	(833,004)	(1,162,156)
Gratuity paid including initial contribution		(84,447)	(2,893)
Compensated absences paid		(457)	(523)
Finance cost paid		(599,548)	(196,152)
Income tax paid		(611,224)	(1,010,343)
Long term loans - net		666	(1,569)
Long term deposits - net		(10,411)	1,151
<b>Net cash used in operating activities</b>		<b>(2,138,425)</b>	<b>(2,372,485)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(232,011)	(493,314)
Sale proceeds from disposal of operating fixed assets		17,032	19,011
Interest received		3,340	2,672
<b>Net cash used in investing activities</b>		<b>(211,639)</b>	<b>(471,631)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against assets subject to finance lease - net		(11,195)	(14,046)
Dividend paid		(300,324)	(289,177)
<b>Net cash used in financing activities</b>		<b>(311,519)</b>	<b>(303,223)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,661,583)</b>	<b>(3,147,339)</b>
Cash and cash equivalents at beginning of the year		(3,134,590)	12,749
<b>Cash and cash equivalents at end of the year</b>	38	<b>(5,796,173)</b>	<b>(3,134,590)</b>

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



**Ahmad Kuli Khan Khattak**

Chief Executive



**Sohail Hameed Khan**

Director



**Iftikhar Ahmed Khan**

Chief Financial Officer

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 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, buses and pick ups. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E, Karachi. The manufacturing facilities of the Company are located at S.I.T.E., Karachi with branches at Lahore, Multan, Rawalpindi and Peshawar.

## 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

### Stock-in-trade

During the year, the stock-in-trade has increased by 50% to Rs.10.3 billion as at June 30, 2019. This is due to the recession in economy and overall decline in sales of this sector. The increase in stock-in-trade is also due to maintaining sufficient stock for the introduction of new pick-up trucks "ISUZU DMAX".

### Revaluation

During the year, the Company conducted revaluation of its leasehold land and building and recorded a surplus / gain of Rs.200.9 million. This is reflected in note 6.1 and 20 to the financial statements.

For detail performance review of the Company, refer Directors' Report.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

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

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

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

### 3.2 Functional and presentation currency

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

### 3.3 New and amended standards and interpretations

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

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

- (a) IFRS 15, 'Revenue from contracts with customers' is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

As stated in note 5.13 to the financial statements the management has concluded that the adoption of IFRS 15 doesn't not have impact on the timing and amount of revenue recognition of the Company.

## Notes To The Financial Statements

For The Year Ended June 30, 2019

- (b) IFRS 9, 'Financial instruments' is applicable in Pakistan on accounting periods ending on or after June 30, 2019. 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 adoption of IFRS 9 have changed the classification of financial assets and related disclosures as stated in note 5.7, 5.8 and note 42.1 to the financial statements. The adoption of standards doesn't effect the reported figures of the financial assets and liabilities of the Company.

- (c) Amendment to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 1, 2018. The amendment clarifies that an entity shall transfer a property to, or from, investment property when and only when there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management intention alone does not support a transfer.

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

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

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

- (a) IFRS 16, 'Leases' is applicable on accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the full impact of this standard on its financial statements.
- (b) Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement is applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- (c) Amendment to IAS 12 'Income taxes' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. The amendment is not likely to have material impact on the Company's financial statements.
- (d) Amendments to IAS 23 'Borrowing Costs' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. The amendments are not likely to have material impact on the Company's financial statements.

# Notes To The Financial Statements

For The Year Ended June 30, 2019

- (e) The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 1, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.
- (f) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- (g) IFRIC 23 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The amendment clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments does not expect to have a 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.

## 4. BASIS OF MEASUREMENT

**4.1** These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and staff retirement benefit which has been recognised at present value as determined by the Actuary.

**4.2** 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 5.1 and 5.2)
- (ii) Provision for taxation (note 5.9)
- (iii) Provision for staff benefits (note 5.11)
- (iv) Provisions (note 5.18)

## 5. SIGNIFICANT ACCOUNTING POLICIES

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

### 5.1 Property, plant and equipment

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 the installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when the assets are available for use.

## Notes To The Financial Statements

For The Year Ended June 30, 2019

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

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 or loss 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 6.1 to these financial statements and after taking into account their 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 disposal.

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

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

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

### 5.2 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 or loss as and when incurred.

### 5.3 Investments

#### 5.3.1 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.

## Notes To The Financial Statements

For The Year Ended June 30, 2019

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 repealed Companies Ordinance, 1984.

Leasehold land and buildings are amortized / depreciated on straight line method at the rates stated in note 8.

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

### 5.3.2 Long term investment

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

### 5.4 Long term deposits

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

### 5.5 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.

### 5.6 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.

### 5.7 Trade debts and other receivables

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

Trade 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. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses.

### 5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised 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.

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 5.9 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.

### Deferred

The Company accounts for deferred taxation using the balance sheet 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 the 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 or loss, 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.

## 5.10 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 statement of profit or loss and is included under finance cost.

## 5.11 Retirement benefit obligations

### 5.11.1 Defined benefit plan

The Company operates a funded 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 statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets. Contributions under the schemes are made on the basis of actuarial valuation. The valuation of scheme is carried out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2019.

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

### 5.11.2 Defined contribution plan

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

### 5.11.3 Compensated absences

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

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 5.12 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.

## 5.13 Revenue recognition

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

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

Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are invoiced and delivered to customers. This criteria of revenue recognition for its timing and amount is in accordance with repealed IAS 18 which is also consistent with IFRS 15 therefore, the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Company. Revenue is measured at the fair value of consideration received or receivable, and represents amount receivable for goods supplied and sales tax.

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

## 5.14 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.

## 5.15 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 or loss.

## 5.16 Financial assets and liabilities

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

## 5.17 Off-setting of financial assets and liabilities

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

## Notes To The Financial Statements

For The Year Ended June 30, 2019

### 5.18 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.

### 5.19 Dividend and appropriation to reserves

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

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

### 5.21 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.

### 5.22 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.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 ----(Rupees in '000)----	2018
Operating fixed assets	6.1	2,681,578	2,045,429
Capital work-in-progress	6.8	89,149	418,176
		<u>2,770,727</u>	<u>2,463,605</u>

# Notes To The Financial Statements

## For The Year Ended June 30, 2019

### 6.1 Operating fixed assets

	Leasehold land	OWNED									Leased Cars	Total
		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		
		Rupees in '000										
At July 1, 2017												
Revaluation / cost	1,609,050	230,319	109,949	5,635	9,600	64,753	30,815	18,488	12,113	39,026	54,199	2,183,947
Accumulated depreciation	-	17,030	61,004	5,067	3,398	46,123	24,581	14,202	8,298	39,026	21,993	240,722
Net book value	1,609,050	213,289	48,945	568	6,202	18,630	6,234	4,286	3,815	-	32,206	1,943,225
Year ended June 30, 2018												
Opening net book value	1,609,050	213,289	48,945	568	6,202	18,630	6,234	4,286	3,815	-	32,206	1,943,225
Additions	-	17,366	54,928	4,710	2,005	44,375	-	3,094	9,092	17,796	17,100	170,466
Disposals	-	-	-	-	-	24,179	-	185	45	-	-	24,409
- accumulated depreciation	-	-	-	-	-	(4,886)	-	(185)	(45)	-	-	(5,116)
Transfer from leased to owned	-	-	-	-	-	19,293	-	-	-	-	-	19,293
- cost	-	-	-	-	-	11,032	-	-	-	-	(11,032)	-
- accumulated depreciation	-	-	-	-	-	(10,766)	-	-	-	-	10,766	-
-	-	-	-	-	-	266	-	-	-	-	(266)	-
Depreciation charge	-	11,820	8,077	311	509	8,154	1,739	1,029	1,955	3,610	11,765	48,969
Closing net book value	1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
At June 30, 2018												
Revaluation / cost	1,609,050	247,685	164,877	10,345	11,605	95,981	30,815	21,397	21,160	56,822	60,267	2,330,004
Accumulated depreciation	-	28,850	69,081	5,378	3,907	60,157	26,320	15,046	10,208	42,636	22,992	284,575
Net book value	1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
Year ended June 30, 2019												
Opening net book value	1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
Additions	-	131,436	71,094	16,262	1,388	32,133	20,923	10,400	2,769	274,633	30,298	591,336
Revaluation adjustments	-	-	-	-	-	-	-	-	-	-	-	-
- revaluation	189,300	11,603	-	-	-	-	-	-	-	-	-	200,903
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	45,543	3,024	934	-	-	3,320	813	-	-	53,634
- accumulated depreciation	-	-	(45,543)	(3,024)	(934)	-	-	(3,320)	(813)	-	-	(53,634)
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	11,406	11,232	538	-	-	-	23,176
- accumulated depreciation	-	-	-	-	-	(7,268)	(936)	(538)	-	-	-	(8,742)
Transfer from leased to owned	-	-	-	-	-	4,138	10,296	-	-	-	-	14,434
- cost	-	-	-	-	-	-	7,807	-	-	-	(7,807)	-
- accumulated depreciation	-	-	-	-	-	-	(5,575)	-	-	-	5,575	-
-	-	-	-	-	-	-	2,232	-	-	-	(2,232)	-
Depreciation charge	-	13,075	16,006	2,275	713	14,762	3,584	2,060	2,967	74,757	11,457	141,656
Closing net book value	1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578
At June 30, 2019												
Revaluation / cost	1,798,350	390,724	190,428	23,583	12,059	116,708	48,313	27,939	23,116	331,455	82,758	3,045,433
Accumulated depreciation	-	41,925	39,544	4,629	3,686	67,651	34,543	13,248	12,362	117,393	28,874	363,855
Net book value	1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578
Annual rates of depreciation	-	-	5%	10%	12.50%	20%	20%	12.50%	20%	33%	20%	-

## Notes To The Financial Statements

For The Year Ended June 30, 2019

### 6.2 Depreciation charge has been allocated as follows:

	Note	2019 ----(Rupees in '000)----	2018
Cost of goods manufactured	29.1	110,548	24,617
Distribution cost	30	5,426	3,763
Administrative expenses	31	25,682	20,589
		<b>141,656</b>	<b>48,969</b>

### 6.3 Leasehold land and buildings on leasehold land of the Company had previously been revalued in June 2010, June 2013 and June 2016. Those revaluation exercises resulted in net surplus of Rs.437.28 million, Rs.259.448 million and Rs.218.20 million respectively. Leasehold land and buildings on leasehold land of the Company were again revalued in June 2019 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 42.4.

The latest revaluation exercise resulted in a net surplus of Rs.200.90 million. At the time of latest revaluation, forced sale value of the this land was Rs.1,717.20 million. Out of the revaluation surplus resulting from all the revaluations carried-out to date, an amount of Rs.2,143.483 million (2018: Rs.1,806.90 million) remains un-depreciated as at June 30, 2019.

### 6.4 Leasehold land of the Company is located at S.I.T.E. Karachi with an area of 18.93 acres.

### 6.5 Had the operating fixed assets been recognised under the cost model, the carrying amount of building on leasehold land would have been Rs.150.61 million (2018: Rs.20.99 million).

### 6.6 Operating fixed assets includes certain plant and machinery, permanent tools and jigs & special tools with cost aggregating Rs.384.354 million (2018: Rs.65.91 million) and net book value of Rs.259.333 million (2018: Rs.20.16 million) which is held by Ghandhara Nissan Limited - a related party as these fixed assets are used for assembling of the Company's products.

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

Particulars of assets	Cost	Accumulated depreciation	book value	proceeds	(Loss) / gain	Defer-red Gain	Net (loss) / gain on disposal	Mode of disposal	Particulars of buyers
----- Rupees in '000 -----									
<b>Item having book value more than Rs. 500,000 each</b>									
Motor Vehicle	11,232	936	10,296	9,500	(796)	-	(796)	Sale and lease back	Orix Modaraba
Motor Vehicle	4,371	364	4,007	4,680	673	(673)	-	Sale and lease back	Orix Modaraba
	15,603	1,300	14,303	14,180	(123)	(673)	(796)		
<b>Item having book value less than Rs. 500,000 each</b>									
	7,573	7,442	131	2,852	2,721	-	2,721	Various	Various
<b>June 30, 2019</b>	<b>23,176</b>	<b>8,742</b>	<b>14,434</b>	<b>17,032</b>	<b>2,598</b>	<b>(673)</b>	<b>1,925</b>		
June 30, 2018	24,409	5,116	19,293	19,011	(282)	-	-		

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 6.8 Capital work in progress

	2019 ----(Rupees in '000)----	2018
Advances made for:		
- Buildings on leasehold land	47,312	134,770
- Plant and machinery	36,388	103,150
- Jigs and special tools	-	176,764
- Vehicles	1,653	770
- Computer software	3,796	2,722
	<b>89,149</b>	<b>418,176</b>

**6.9** Capital work in progress include items with aggregating Rs.5.26 million (2018: Rs.279.83 million) which are located at the plant of Ghandhara Nissan Limited - a related party. Once capitalized, the assets will be used for assembling of the Company's products.

## 7. INTANGIBLE ASSETS

	Note	2019 ----(Rupees in '000)----	2018
These represent computer software licenses.			
<b>Cost</b>			
At June 30,		2,130	2,130
<b>Accumulated amortization</b>			
At beginning of the year		1,746	1,668
Add: charge for the year	7.1	124	78
At end of the year		1,870	1,746
<b>Net book value</b>		260	384
<b>Annual rate of amortization</b>		20%	20%

**7.1** Amortization charge for the year has been grouped under administrative expenses (note 31).

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 8. INVESTMENT PROPERTY

### At July 1, 2017

Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,502	405	8,907

### Net book value

<b>88,890</b>	<b>11</b>	<b>88,901</b>
---------------	-----------	---------------

### Year ended June 30, 2018

Opening net book value	88,890	11	88,901
Amortization / depreciation charge	243	1	244

### Closing net book value

<b>88,647</b>	<b>10</b>	<b>88,657</b>
---------------	-----------	---------------

### At June 30, 2018

Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,745	406	9,151

### Net book value

<b>88,647</b>	<b>10</b>	<b>88,657</b>
---------------	-----------	---------------

### Year ended June 30, 2019

Opening net book value	88,647	10	88,657
Amortization / depreciation charge	243	1	244

### Closing net book value

<b>88,404</b>	<b>9</b>	<b>88,413</b>
---------------	----------	---------------

### At June 30, 2019

Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,988	407	9,395

### Net book value

<b>88,404</b>	<b>9</b>	<b>88,413</b>
---------------	----------	---------------

### Amortization / depreciation rate - per annum

<b>0.25%</b>	<b>2.5%</b>
--------------	-------------

**8.1** Amortization / depreciation charge for the year has been grouped under administrative expenses (note 31).

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

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 9. LONG TERM INVESTMENT - at cost

### Subsidiary Company - Unquoted

Marghzar Industries (Private) Limited

140,000 (2018: 140,000) fully paid  
ordinary shares of Rs.10 each.  
Equity held: 70% (2018: 70%)

Note      2019      2018  
----(Rupees in '000)----

1,400      1,400

## 10. LONG TERM LOANS - Secured, considered good

Loans due from:

Related parties - Key Management Personnel  
Other employees

340      -  
6,156      7,635  
6,496      7,635

Less: amounts recoverable within one year and  
grouped under current assets

Related parties - Key Management Personnel  
Other employees

240      -  
2,617      3,330  
2,857      3,330  
3,639      4,305

10.1 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.

10.2 Maximum aggregate amount of loans due from key management personnel at the end of any month during the year was Rs.0.38 million (2018: Rs.0.90 million).

## 11. LONG TERM DEPOSITS - Considered good

Deposit held with / for:

- Leasing companies  
- Utilities and rental agreements  
- Others

2019      2018  
----(Rupees in '000)----

11,809      9,055  
8,594      937  
1,545      1,545  
21,948      11,537

## 12. DEFERRED TAXATION - Net

This is composed of following:

- accelerated tax depreciation allowance  
- surplus on revaluation of fixed assets  
- liabilities against assets subject to finance lease  
- gain on sale and lease back of fixed assets  
- provision for gratuity  
- provision for workers profit participation fund  
- provision for doubtful balances  
- unused tax losses  
- others

2019      2018  
----(Rupees in '000)----

(35,826)      (4,655)  
(52,891)      (52,790)  
3,276      1,588  
259      161  
5,471      22,693  
2,150      30,497  
6,986      1,664  
156,046      -  
1,687      1,687  
87,158      845

# Notes To The Financial Statements

For The Year Ended June 30, 2019

		2019 ----(Rupees in '000)----	2018
<b>13. STOCK-IN-TRADE</b>			
Raw materials and components			
- In hand		6,969,265	4,429,131
- In transit		330,902	386,619
		<u>7,300,167</u>	<u>4,815,750</u>
Work-in-process		153,698	109,209
Finished goods including components		2,295,343	1,594,755
Trading stocks		610,217	368,506
		<u>10,359,425</u>	<u>6,888,220</u>
<b>13.1</b>	Stock-in-trade includes stock of Rs.8,559.17 million (2018: Rs.5,673.58 million) held with third parties out of which stock of Rs.7,880.86 million (2018: Rs.5,225.86 million) is held with Ghandhara Nissan Limited (an Associated Company) for assembly.		
<b>14. TRADE DEBTS - Unsecured</b>			
	Note	2019 ----(Rupees in '000)----	2018
<b>Considered good</b>			
Government and semi-government agencies		2,072	8,974
Others	14.1	86,334	86,256
		<u>88,406</u>	<u>95,230</u>
<b>Consider doubtful - others</b>		3,242	2,267
		<u>91,648</u>	<u>97,497</u>
Less: provision for expected credit losses	14.4	3,242	2,267
		<u>88,406</u>	<u>95,230</u>
<b>14.1</b>	Includes amount Nil (2018: Rs.0.005 million) due from Ghandhara DF (Private) Limited (an Associated Company).		
<b>14.2 The ageing of trade debts at reporting date is as follows:</b>			
		2019 Associated Company	2018 Associated Company
		----- (Rupees in `000) -----	
Upto 30 days	-	27,584	56,112
31 - 180 days	5	15,646	31,495
Over 180 days	-	48,418	9,885
	-	<u>91,648</u>	<u>97,492</u>
<b>14.3</b>	The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.0.013 million (2018: Rs. 0.31 million).		

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 14.4 Provision for expected credit loss

	2019 ----(Rupees in '000)----	2018
Balance at beginning of the year	2,267	-
Provision for the year	975	2,267
Balance at end of the year	3,242	2,267

## 15. LOANS AND ADVANCES - Unsecured

### Considered good

Current portion of long term loans to employees

Letters of credit

Advances due from:

- employees

- suppliers, contractors and dealers

### Considered doubtful

Advance to suppliers

Less: provision for doubtful advances

Note	2019 ----- Rupees in '000 -----	2018
10	2,857	3,330
	-	2,752
15.1	2,290	5,315
	128,612	157,264
	130,902	162,579
	5,359	3,275
	5,359	3,275
	-	-
	133,759	168,661

15.1 Advances are given to employees to meet business expenses and are settled when expenses are incurred.

## 16. TRADE DEPOSITS AND PREPAYMENTS

	2019 ----(Rupees in '000)----	2018
Tender deposits	170,160	307,809
Less: provision for expected credit losses	12,925	-
	157,235	307,809
Margins against bank guarantees	371,121	403,574
Less: provision for doubtful margin deposit	330	330
	370,791	403,244
Margin against letters of credit	12,734	5,627
Prepayments	2,074	4,533
	542,834	721,213

## 17. OTHER RECEIVABLES - Unsecured

This amount is receivable from Isuzu Motors Limited, Japan on account of commission / sales incentive.

## 18. CASH AND BANK BALANCES

Note	2019 ----(Rupees in '000)----	2018
	2,264	1,622
Cash in hand		
Cash with banks on:		
- current accounts	466,927	382,191
- saving accounts	33,441	115,639
- foreign currency accounts	42	42
	500,410	497,872
Less: provision for a doubtful bank account	2,233	2,233
	500,441	497,261

## Notes To The Financial Statements

For The Year Ended June 30, 2019

- 18.1** Saving accounts carry mark-up ranging from 2.61% to 5.50% (2018: 2.46% to 2.61%) per annum.
- 18.2** Foreign currency accounts include Japanese Yen (JPY) 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million (2018: JPY 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million).
- 18.3** This represents provision made against balances held with Indus Bank Limited under liquidation.

### 19. SHARE CAPITAL

2019                      2018  
----(Rupees in '000)----

#### 19.1 Authorized capital

50,000,000 (2018: 50,000,000) ordinary shares of Rs.10 each

500,000                      500,000

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

2019 -- No. of shares --	2018		2019 ----(Rupees in '000)----	2018
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
24,599,776	3,295,354	Ordinary shares of Rs.10 each issued as fully paid bonus shares	245,997	32,953
42,608,844	21,304,422		426,088	213,044

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

2019 -- No. of shares --	2018		2019 ----(Rupees in '000)----	2018
21,304,422	21,304,422	Balance at beginning of the year	213,044	213,044
21,304,422	-	Ordinary shares of Rs.10 each issued as fully paid bonus shares	213,044	-
42,608,844	21,304,422		426,088	213,044

- 19.4** At June 30, 2019 and June 30, 2018 Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (2018: 8,343,397) ordinary shares of Rs.10 each.

- 19.5** Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Pvt.) Limited has been withheld in view of the restraining order dated November 16, 2018 passed by the Hon'ble High Court of Sindh in Suit No. 2149 of 2018.

## Notes To The Financial Statements

For The Year Ended June 30, 2019

19.6	Ordinary shares held by related parties other than the ultimate Holding Company as at June 30,	2019 -- No. of shares --	2018
	Ghandhara Nissan Limited	8,132,336	4,066,168
	Universal Insurance Company Limited	2,368,296	1,184,148
	The General Tyre and Rubber Company of Pakistan Limited	201,400	100,700
	Bibojee Investments (Private) Limited	42,816	21,408
		<b>10,744,848</b>	<b>5,372,424</b>

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

20.	SURPLUS ON REVALUATION OF FIXED ASSETS	Note	2019 ----(Rupees in '000)----	2018
	Balance at the beginning of the year		1,912,804	1,924,059
	Add: surplus arisen on revaluation carried-out during the year	6.3	200,903	-
	Less: transferred to unappropriated profit on account of incremental depreciation for the year		11,255	11,255
			<b>2,102,452</b>	<b>1,912,804</b>
	Less: related deferred tax of:			
	- opening balance		52,790	58,945
	- revaluation exercise for the year		3,365	-
	- incremental depreciation for the year		(3,264)	(3,208)
	- effect of change in tax rate		-	(2,947)
	- closing balance		52,891	52,790
	Balance at end of the year		<b>2,049,561</b>	<b>1,860,014</b>

## 21. 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:

	2019	2018
	Minimum lease payments	Minimum lease payments
	Finance cost allocated to future period	Finance cost allocated to future period
	Present value of minimum lease payments	Present value of minimum lease payments
	----- Rupees in 000 -----	
Not later than one year	20,019	10,874
Later than one year but not later than five years	61,258	37,352
Total minimum lease payments	81,277	48,226

## Notes To The Financial Statements

For The Year Ended June 30, 2019

- 21.1** 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 8.85% to 16.51% (2018: 8.79% to 17.27%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the Company against the security deposits paid.

### 22. COMPENSATED ABSENCES

	Note	2019 ---- Rupees in '000 ----	2018
Balance at beginning of the year		10,844	6,073
Provision for the year		2,658	5,294
		13,502	11,367
Encashed during the year		(457)	(523)
Balance at end of the year	22.1	13,045	10,844

- 22.1** Includes liability in respect of key management personnel aggregating to Rs.3.60 million (2018: Rs.3.52 million).

### 23. DEFERRED LIABILITIES

	Note	2019 ---- Rupees in '000 ----	2018
Gain on sale and lease back of fixed assets	23.1	893	555
Staff retirement benefit - gratuity	23.2	18,866	79,626
		19,759	80,181

#### 23.1 Gain on sale and lease back of fixed assets

	2019 ---- Rupees in '000 ----	2018
Balance at beginning of the year	555	1,023
Add: vehicle sale and lease back during the year	673	-
Less: amortization for the year	(335)	(468)
Balance at end of the year	893	555

The Company entered into sale and leaseback transaction during the preceding years 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.

#### 23.2 Staff retirement benefit - gratuity

- 23.2.1** As stated in note 5.11.1, the Company operates an approved funded gratuity scheme for its staff.

- 23.2.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, the Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Company appoints the trustees.

- 23.2.3** The latest actuarial valuations of the Scheme as at June 30, 2019 was carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

## Notes To The Financial Statements

For The Year Ended June 30, 2019

### 23.2.4 Statement of financial position - reconciliation

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

Present value of defined benefit obligation	98,571	79,626
Fair value of plan assets	(79,705)	-
	<u>18,866</u>	<u>79,626</u>

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

Balance at beginning of the year	79,626	44,592
Current service cost	16,309	17,368
Interest cost	6,950	3,883
Re-measurement	506	16,676
Benefits paid	(4,820)	(2,893)
Balance at end of the year	<u>98,571</u>	<u>79,626</u>

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

Balance at beginning of the year	-	-
Contributions	84,447	-
Benefits paid	(4,820)	-
Interest income	814	-
Re-measurements	(736)	-
Balance at end of the year	<u>79,705</u>	<u>-</u>

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

Current service cost	16,309	17,368
Interest cost - net	6,136	3,883
	<u>22,445</u>	<u>21,251</u>

## Notes To The Financial Statements

For The Year Ended June 30, 2019

**23.2.8 Re-measurement recognised in other comprehensive income**

**2019**                      **2018**  
**--- Rupees in '000 ---**

Remeasurement loss on plan asset  
 Experience adjustments

<b>736</b>	-
<b>506</b>	16,676
<b>1,242</b>	16,676

**23.2.9 Plan assets comprise of:**

Term deposit receipts  
 Cash and cash equivalent

<b>79,078</b>	-
<b>627</b>	-
<b>79,705</b>	-

**23.2.10 Actuarial assumptions used**

**2019**                      **2018**  
**--- % per annum ---**

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

<b>14.25</b>	9.00
<b>13.25</b>	8.00
<b>SLIC</b>	SLIC
<b>2001-2005</b>	2001-2005

**23.2.11 Sensitivity analysis for actuarial assumptions**

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

	<b>Impact on define benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
	<b>----- Rupees in '000 -----</b>		
Discount rate	1.00%	89,439	109,226
Increase in future salaries	1.00%	109,226	89,289

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 statement of financial position.

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

**23.2.12** Based on actuary's advice, the expected charge for the year ending June 30, 2020 amounts to Rs.19.76 million.

## Notes To The Financial Statements

### For The Year Ended June 30, 2019

**23.2.13** The weighted average duration of the scheme is 11 years.

**23.2.14 Historical information**

	2019	2018	2017	2016	2015
	----- Rupees in '000 -----				
Present value of defined benefit obligation	98,571	79,629	44,592	36,169	30,545
Experience adjustment	506	16,676	1,934	521	474

**23.2.15** Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
<b>At June 30, 2019</b>	8,985	18,172	71,167	234,407	332,731

**24. TRADE AND OTHER PAYABLES**

	Note	2019	2018
		--- Rupees in '000 ---	
Creditors		517,496	501,650
Accrued liabilities		250,474	182,683
Contract liabilities - advances from customers	24.1	3,163,734	2,406,835
Advance against sale of investment in immovable property		5,000	5,000
Payable to trustees' provident fund		200	178
Royalty payable		36,445	23,190
Retention money		20	20
Withholding tax		26,627	53,995
Custom duty payable		445,011	-
Due to related parties	24.2	117,751	105,254
Due to the Subsidiary Company		2,454	2,362
Workers' Profit Participation Fund	24.3	7,413	105,162
Worker welfare fund	24.4	-	34,007
Others		9,532	6,724
		4,582,157	3,427,060

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

## Notes To The Financial Statements

For The Year Ended June 30, 2019

		2019	2018
		--- Rupees in '000 ---	
<b>24.2</b>	<b>Due to related parties</b>		
	Ghandhara Nissan Limited	94,650	90,798
	The General Tyre & Rubber Company of Pakistan Limited	13,637	6,833
	Rahman Cotton Mills Limited	3,600	1,800
	Gammon Pakistan Limited	26	5
	Waqf-e-Kuli Khan	5,818	5,818
	Ghandhara DF (Private) Limited	20	-
		<b>117,751</b>	<b>105,254</b>
<b>24.3</b>	<b>Workers' profit participation fund</b>		
	Balance at beginning of the year	105,162	220,199
	Add: allocation for the year	7,314	105,162
	Add: interest on funds utilised in the Company's business	9,829	15,027
		<b>122,305</b>	<b>340,388</b>
	Less: payments made during the year	(114,892)	(235,226)
	Balance at end of the year	<b>7,413</b>	<b>105,162</b>
<b>24.4</b>	<b>Workers' welfare fund</b>		
		<b>2019</b>	<b>2018</b>
		--- Rupees in '000 ---	
	Balance at beginning of the year	34,007	30,466
	Add: charge for the year	-	34,007
	Less: paid during the year	(34,007)	(30,466)
	Balance at end of the year	-	34,007
<b>25.</b>	<b>ACCRUED MARK-UP / INTEREST</b>		
	Mark-up / interest accrued on:		
	- short term borrowings - secured	191,939	43,795
	- long term loans - unsecured	4,514	4,514
		<b>196,453</b>	<b>48,309</b>

Note

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## Notes To The Financial Statements

### For The Year Ended June 30, 2019

	Note	2019 --- Rupees in '000 ---	2018
<b>26. SHORT TERM BORROWINGS - Secured</b>			
Finance against imported merchandise	26.1	2,941,765	2,548,949
Istisna	26.2	1,440,727	77,654
Murabaha	26.2	160,888	524,659
Running finance / Musharakah	26.4	1,753,234	480,589
		<b>6,296,614</b>	<b>3,631,851</b>
<b>26.1</b>	The Company has arranged facilities aggregating Rs.11,750 million (2018: Rs.10,950 million) for opening of letters of credit from banks. These facilities are secured against cash margin and consignment of import documents in bank's favour. Finance against import merchandise (FIM) aggregating Rs.7,050 million (2018: Rs.7,750 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 Matching KIBOR plus 0.7% to 1.70 % per annum (2018: at rate ranging from 3 months KIBOR plus 0.6% per annum to 3 months KIBOR plus 1% per annum). Profit on import Murabaha is payable on 180 days basis at the rate ranging from matching KIBOR plus 0.6% to 1.75% per annum (2018: at the rate ranging from matching KIBOR plus 0.5% to 1.0% per annum). These facilities are maturing on various dates latest by May 31, 2020.		
<b>26.2</b>	The Istisna facility of Rs.2,450 million (2018: Rs.750 million) with a tenor of 180 days (2018: 180 days) and Murabaha facility of Rs.4,500 million (2018: Rs.3,700 million) are available from Banks. Profit on both facilities ranges from KIBOR (matching) plus 0.6% to 1.75% (2018: KIBOR (matching) plus 0.5% to 1.0%) and is payable along with the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs.6,468 million (2018: Rs. 3,600 million). The facilities are available upto May 31, 2020.		
<b>26.3</b>	The Company has foreign / inland bills discounting facility of Rs.150 million (2018: 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 December 31, 2019.		
<b>26.4</b>	The Company has facilities for short-term running finance amounting Rs.1,650 million (2018: Rs.1,000 million) from banks. Mark-up is based on rates ranging from 1 month KIBOR plus 0.6% to 3 months KIBOR plus 1.10% per annum (2018: rates ranging from 3 month KIBOR plus 0.5% to 3 months KIBOR plus 1.5% per annum) payable on quarterly basis. The facilities are primarily secured against first pari passu charge by way of hypothecation over stocks and book debts aggregating Rs.2,200 million (2018: Rs.1,333.34 million). These facility is collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2018: Rs.300 million). These facilities has one year validity on roll over basis and is due for renewal on May 31, 2020.		
<b>26.5</b>	The facility for bank guarantees of Rs.6,209 million including sublimit of Rs.1,250 million of running finance (2018: Rs.6,100 million including sublimit of Rs.800 million of running finance) is also available from banks. These facilities are secured against cash margin and equitable mortgage over immovable assets of the Company to an extent of Rs.6,697 million (2018: Rs.6,833 million). The facilities shall be available latest by May 31, 2020.		

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 27. CONTINGENCIES AND COMMITMENTS

### 27.1 Contingencies

- (i) Suit against the Company by the supplier for the recovery of Rs.25.87 million 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.4.90 million. 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.

### 27.2 Commitments

2019 2018

--- Rupees in '000 ---

Bank guarantees

3,943,290 3,498,474

Letters of credit

1,453,626 2,555,539

## 28. SALES - Net

2019 2018

--- Rupees in '000 ---

### Manufactured goods

Gross sales

- local

15,058,116 19,511,089

- export

30,015 10,622

15,088,131 19,521,711

Less: sales tax

1,870,934 2,809,440

13,217,197 16,712,271

### Trading goods

Gross sales - local

723,041 71,562

Less: sales tax

30,325 11,450

692,716 60,112

13,909,913 16,772,383

## Notes To The Financial Statements

For The Year Ended June 30, 2019

	Note	2019 --- Rupees in '000 ---	2018
<b>29. COST OF SALES</b>			
<b>Manufactured goods</b>			
Stocks at beginning of year		1,594,755	1,409,943
Cost of goods manufactured	29.1	12,669,032	13,806,514
		<b>14,263,787</b>	15,216,457
Stocks at end of year		(2,295,343)	(1,594,755)
		<b>11,968,444</b>	13,621,702
<b>Trading goods</b>			
Stocks at beginning of year		368,506	173,842
Purchases		581,588	234,341
		<b>950,094</b>	408,183
Stocks at end of year		(610,217)	(368,506)
		<b>339,877</b>	39,677
		<b>12,308,321</b>	13,661,379
<b>29.1 Cost of goods manufactured</b>			
Raw materials and components consumed	29.2	11,618,880	12,617,511
Stores consumed		96,168	71,810
Salaries, wages and other benefits	29.3	227,395	252,137
Fuel and power		18,717	18,861
Rent, rates and taxes		5,776	4,023
Insurance		16,380	7,438
Research and development		5,223	10,843
Repair and maintenance		37,996	59,832
Travelling and entertainment		9,650	13,862
Vehicle running and maintenance		1,816	835
Printing, stationery and office supplies		643	279
Communication		410	225
Royalty expense	29.4	47,449	38,060
Outside assembly charges		494,135	653,610
Depreciation	6.2	110,548	24,617
Freight and handling		19,619	5,029
Other expenses		2,716	63
		<b>12,713,521</b>	13,779,035
Work-in-process adjustment		(44,489)	27,479
		<b>12,669,032</b>	13,806,514

## Notes To The Financial Statements

For The Year Ended June 30, 2019

	Note	2019 --- Rupees in '000 ---	2018
<b>29.2 Raw materials and components consumed</b>			
Stocks at beginning of year		4,815,750	2,058,827
Add : purchases including duties, taxes and other charges		14,103,297	15,374,434
		18,919,047	17,433,261
Stocks at end of year		(7,300,167)	(4,815,750)
		11,618,880	12,617,511
<b>29.3</b>	Salaries, wages and other benefits include Rs.13.22 million (2018: Rs.6.44 million) in respect of staff retirement benefits.		
<b>29.4</b>	Royalty charged in these financial statement pertains to Isuzu Motors Limited, Japan having registered office at 6-26-1 Minami-Oi, Shinagawa-ku, Tokyo 140-8722 Japan.		
<b>30. DISTRIBUTION COST</b>			
	Note	2019 --- Rupees in '000 ---	2018
Salaries and benefits	30.1	111,168	109,288
Commission		257,782	299,347
Rent, rates and taxes		11,641	4,052
Insurance		2,184	4,979
Repair and maintenance		9,274	224
Utilities		520	248
Travelling and entertainment		18,515	18,122
Vehicle running and maintenance		1,892	1,372
Printing, stationery and office supplies		5,376	4,177
Communication		1,024	1,055
After sale services		13,283	19,019
Advertisement		46,143	32,367
Legal and professional charges		758	882
Late delivery charges		2,562	25,432
Depreciation	6.2	5,426	3,763
Freight forwarding and handling		43,141	50,573
Other expenses		4,265	9,146
		534,954	584,046

## Notes To The Financial Statements

For The Year Ended June 30, 2019

**30.1** Salaries and benefits include Rs.12.01 million (2018: Rs.7.35 million) in respect of staff retirement benefits.

### **31. ADMINISTRATIVE EXPENSES**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>--- Rupees in '000 ---</b>	
Salaries and benefits	31.1	<b>147,179</b>	201,328
Staff training and ancillary cost		<b>2,684</b>	2,781
Rent, rates and taxes		<b>6,417</b>	5,115
Insurance		<b>9,035</b>	10,230
Repair and maintenance		<b>13,180</b>	48,679
Utilities		<b>384</b>	505
Travelling and entertainment		<b>24,439</b>	24,917
Vehicle running and maintenance		<b>5,302</b>	3,029
Printing, stationery and office supplies		<b>6,901</b>	7,058
Communication		<b>2,490</b>	1,855
Legal and professional charges		<b>9,277</b>	4,214
Fee and subscriptions		<b>3,132</b>	5,916
Depreciation	6.2	<b>25,682</b>	20,589
Amortization of intangible assets	7.1	<b>124</b>	78
Amortization / depreciation of investment property	8.1	<b>244</b>	244
Security expenses		<b>10,599</b>	7,135
Other expenses		<b>595</b>	2,869
		<b>267,664</b>	346,542

**31.1** Salaries and benefits include Rs.16.41 million (2018: Rs.12.72 million) in respect of staff retirement benefits.

### **32. OTHER EXPENSES**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>--- Rupees in '000 ---</b>	
Auditors' remuneration			
- audit fee		<b>1,000</b>	1,000
- certification charges		<b>185</b>	113
- out of pocket expenses		<b>25</b>	25
		<b>1,210</b>	1,138
Workers' profits participation fund	24.3	<b>7,314</b>	105,162
Workers' welfare fund	24.4	<b>-</b>	34,007
Donation and charities	32.1	<b>1,860</b>	3,919
Balances written-off		<b>-</b>	1,973
Provision for doubtful debts, deposits and advance	14.4, 15 & 16	<b>15,984</b>	2,267
Loss on sale of property, plant and equipment		<b>-</b>	282
		<b>26,368</b>	148,748

## Notes To The Financial Statements

For The Year Ended June 30, 2019

- 32.1** Include donation amounting Rs.1.59 million made to Indus Hospital (2018: Rs.1.60 million and Rs.0.70 million made to Ayesha Chundrigar Foundation and Islamia College Peshawar, respectively). None of the directors or their spouses had any interest in the donees.

**33. OTHER INCOME**

**2019**                      2018  
--- Rupees in '000 ---

**Income from financial assets**

Profit on saving accounts and term deposit receipts

3,340                      2,672

Exchange gain - net

1,650                      8,299

**Income from other than financial assets**

Gain on sale of operating fixed assets

6.7                      1,925                      -

Commission

74,767                      139,768

Scrap sales - net of sales tax

32,484                      -

Amortization of gain on sale and lease back  
of fixed assets

23.1                      335                      468

Rental income

2,882                      2,640

Balances written back

-                      949

117,383                      154,796

**34. FINANCE COST**

Mark-up / interest on:

- lease finances

3,327                      2,217

- finance against imported merchandise

535,698                      161,545

- istisna / running finances / murabaha

181,445                      15,474

- loan from Subsidiary Company

357                      358

- workers' profit participation fund

24.3                      9,829                      15,027

Bank charges and others

20,363                      27,773

751,019                      222,394

**35. TAXATION**

Current

- for the year

35.1                      169,900                      586,504

- for prior year

(1,560)                      (12,926)

168,340                      573,578

Deferred

- origination and reversal of temporary differences

(89,318)                      25,230

- impact of change in tax rate

-                      2,842

(89,318)                      28,072

79,022                      601,650

## Notes To The Financial Statements

For The Year Ended June 30, 2019

- 35.1** No numeric tax rate reconciliation for the period is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 148 and 233 of the Ordinance. Relationship between tax expense and accounting profit for the preceding financial year is as follows:

	2018
	Rupees in '000
Profit before taxation	1,964,070
Tax at the applicable rate of 30%	589,221
Tax effect of items, which are not deductible for tax purposes and are taken to profit or loss	69,098
Tax effect of items, which are deductible for tax purposes but are not taken to profit or loss	(101,690)
Effect of tax credits	(7,743)
Tax effect of income subject of final tax regime	(18,692)
Super tax	56,310
Charge of prior years' tax provision	(12,926)
Deferred taxation	28,072
	<u>601,650</u>

- 35.2** Section 5A of the Income Tax Ordinance, 2001 imposes tax at applicable rate on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute specified percentage of accounting profit within six months of the end of said tax year. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

### 36. BASIC AND DILUTED EARNINGS PER SHARE

	2019	2018
	--- Rupees in '000 ---	
Net profit for the year	<u>59,948</u>	1,362,420
	--- Number of shares ---	
		Re-stated
Weighted average ordinary shares outstanding during the year	<u>42,608,844</u>	42,608,844
	----- Rupees -----	
Earnings per share	<u>1.41</u>	Re-stated 31.98

- 36.1** 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.

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 37. CASH GENERATED FROM OPERATIONS

	Note	2019 --- Rupees in '000 ---	2018
Profit before taxation		138,970	1,964,070
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- property, plant and equipment		141,656	48,969
- intangible assets		124	78
- investment property		244	244
Provision for compensated absences		2,658	5,294
(Loss) / gain on sale of operating fixed assets		(1,925)	282
Amortization of gain on sale and lease back of fixed asset		(335)	(468)
Exchange gain - net		(1,650)	(8,299)
Finance cost		751,019	222,394
Profit on saving accounts and term deposit receipts		(3,340)	(2,672)
Balances written-off		-	1,973
Provision for doubtful debts, deposits and advance		15,984	2,267
Provision for gratuity		22,445	21,251
		1,065,850	2,255,383
Working capital changes - net	37.1	(1,898,854)	(3,417,539)
		(833,004)	(1,162,156)

## 37.1 Working capital changes

Decrease / (increase) in current assets:			
Stores		1,953	(7,721)
Stock-in-trade		(3,471,205)	(3,108,920)
Trade debts		(9,160)	387,975
Loans and advances		34,902	(27,294)
Trade deposits and prepayments		178,379	(13,971)
Other receivables		(4,590)	10,241
Sales tax refundable / adjustable		215,770	(124,803)
		(3,053,951)	(2,884,493)
Increase / (decrease) in trade and other payables		1,155,097	(533,046)
		(1,898,854)	(3,417,539)

## 38. CASH AND CASH EQUIVALENTS

Cash and bank balances	18	500,441	497,261
Short term borrowings	26	(6,296,614)	(3,631,851)
		(5,796,173)	(3,134,590)

## Notes To The Financial Statements

For The Year Ended June 30, 2019

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

	Chief executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	----- Rupees in '000 -----					
Managerial remuneration and allowances	60,000	60,000	12,500	-	97,508	95,264
Bonus	-	35,000	-	-	-	49,005
Retirement benefit	5,000	5,000	2,500	-	5,256	7,191
Others	-	-	-	-	4,831	2,755
	<b>65,000</b>	100,000	<b>15,000</b>	-	<b>107,596</b>	154,215
Number of persons	<b>1</b>	1	<b>1</b>	-	<b>30</b>	28

**39.1** Certain employees are provided with free use of car maintained by the Company in accordance with their term of employment.

**39.2** Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.3.30 million (2018: Rs.2.70 million).

### 40. 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 given below:

## Notes To The Financial Statements

For The Year Ended June 30, 2019

Name of related party and nature of relationship	Nature of transactions	2019 --- Rupees in '000 ---	2018
<b>(i) Ultimate Holding Company</b>			
Bibojee Services (Private) Limited	Dividend paid	130,157	125,151
<b>(ii) Subsidiary Company</b>			
Marghzar Industries (Private) Limited	Financial charges	357	358
	Reimbursement of expenses	265	493
<b>(iii) Associated Companies / Undertaking</b>			
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	210,008	336,238
	Sale of parts	452	32
	Sale of truck	-	1,975
	Dividend paid	1,571	1,511
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	578,138	764,724
	Sales of parts	32	3,079
	Purchase of parts	-	6
	Rental income	2,882	2,640
	Re-imbursement of expenses	24	6,481
	Dividend paid	63,432	77,493
Universal Insurance Company Limited (Common Directorship)	Dividend paid	18,473	17,762
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	3,600	1,800
Gammon Pakistan Limited (Common Directorship)	Rent paid	3,000	3,000
	Re-imbursement of expenses	275	84
Ghandhara DF (Private) Limited (Common Directorship)	Sales of parts	8	5
	Purchase of parts	22	-
Bibojee Investments (Private) Limited (Common Directorship)	Dividend paid	334	321
Janana De Malucho Textile Mills Limited (Common Directorship)	Re-imbursement of expenses	1,806	1,639
<b>(iv) Other related parties</b>			
Gratuity fund	Contribution paid	84,447	-
Provident fund	Contribution paid	16,460	-
Key management personnel	Remuneration, bonus and other benefits	148,729	192,998
	Retirement benefit paid	-	1,175

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 41. 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.

## 42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 42.1 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 in '000-----						
<b>Financial assets as per balance sheet</b>							
<b>Investments - at cost</b>							
Long term investment	-	-	-	-	1,400	1,400	1,400
<b>Amortised cost</b>							
Loans and advances	-	-	-	2,857	3,639	6,496	6,496
Deposits	-	-	-	540,760	21,948	562,708	562,708
Trade debts	-	-	-	88,406	-	88,406	88,406
Other receivables	-	-	-	6,981	-	6,981	6,981
Cash and bank balances	33,441	-	33,441	467,000	-	467,000	500,441
June 30, 2019	33,441	-	33,441	1,106,004	26,987	1,132,991	1,166,432
June 30, 2018	115,639	-	115,639	1,197,603	17,242	1,214,845	1,330,484
<b>Financial liabilities as per balance sheet</b>							
<b>At amortised cost</b>							
Trade and other payables	-	-	-	1,386,796	-	1,386,796	1,386,796
Accrued mark-up / interest	-	-	-	196,453	-	196,453	196,453
Short term borrowings	6,296,614	-	6,296,614	-	-	-	6,296,614
Liabilities against assets subject to finance lease	13,435	51,745	65,180	-	-	-	65,180
June 30, 2019	6,310,049	51,745	6,361,794	1,583,249	-	1,583,249	7,945,043
June 30, 2018	3,640,075	34,526	3,674,601	975,532	-	975,532	4,650,133
<b>On Balance Sheet Gap</b>							
June 30, 2019	(6,276,608)	(51,745)	(6,328,353)	(477,245)	26,987	(450,258)	(6,778,611)
June 30, 2018	(3,524,436)	(34,526)	(3,558,962)	222,071	17,242	239,313	(3,319,649)
<b>Off Balance Sheet</b>							
Letters of credit							1,453,626
Letters of guarantee							3,943,290
					June 30, 2019		5,396,916
					June 30, 2018		6,054,013

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

### 42.2 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.

## Notes To The Financial Statements

For The Year Ended June 30, 2019

### (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.1,174.94 million (2018: Rs.1,327.46 million).

The Company believe that it is not materially exposed to credit risk as; (i) trade debts mainly represent receivables from government, semi-government agencies and dealers, (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 42.1 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, 2019, payables and receivables exposed to foreign exchange risk are Rs.41.02 million (2018: Rs.23.19 million) and Rs.3.291 million (2018: Rs.0.032 million) respectively. The liability and receivable are denominated in Japanese Yen.

At June 30, 2019 if Pak Rupee had weakened / strengthened by 7% against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.2.64 million (2018: Rs.1.61 million), 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, 2019, the Company's interest bearing financial liabilities of Rs.6,361.79 million (2018: Rs.3,674.70 million) 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.63.62 million (2018: Rs.36.75 million).

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.

## Notes To The Financial Statements

For The Year Ended June 30, 2019

### 42.3 Price risk

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

### 42.4 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 statement of financial position.

### 43. CAPITAL RISK MANAGEMENT

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

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

	2019	2018
	--- Rupees in '000 ---	
Total borrowings	6,296,614	3,631,851
Cash and bank balances	(500,441)	(497,261)
Net debt	5,796,173	3,134,590
Total Equity	4,648,384	4,724,129
Total Capital	10,444,557	7,858,719
Gearing ratio	55%	40%

### 44. 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, 2019 are located in Pakistan.
- (b) Export sales are made to Republic of Mauritius and Sri Lanka. Result of the Company's revenue from external customers in Pakistan is Rs. 13,789.90 million (2018: Rs. 16,761.76 million) and total revenue from external customers from other countries is Rs. 30.02 million (2018: Rs. 10.62 million).
- (c) The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue as at June 30, 2019.

### 45. NUMBER OF EMPLOYEES

The number of employees (including contractual employee) at June 30, 2019 were 611 (2018: 738) and average number of employees during the year were 706 (2018: 695).

# Notes To The Financial Statements

For The Year Ended June 30, 2019

## 46. PROVIDENT FUND RELATED DISCLOSURE

The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Equal monthly contributions at the rate of 8.33 % of the basic salary are made to the Fund both by the Company and the employees. The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2019:

2019  
Rupees in '000

Size of the Fund - Total assets	32,835
Fair value of investments	30,174
Cost of investments	30,036
Percentage of investments made	91.48%

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

## 47. SHAHRIAH SCREENING DISCLOSURE

	----- 2019 -----		----- 2018 -----	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	----- Rupees in 000 -----			
Bank balances	172,208	328,202	208,173	289,699
Accrued mark-up	131,663	64,790	28,079	20,230
Short term borrowings	4,049,615	2,246,999	2,078,183	1,553,668
Revenue	-	13,909,913	-	16,772,383
Other income				
a) Profit on saving accounts and term deposit receipts	685	2,655	432	2,240
d) Others including exchange gain on actual currency	-	114,043	-	152,124
Mark-up / interest expense	487,718	242,939	121,262	73,359

## 48. CORRESPONDING FIGURES

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

## 49. DATE OF AUTHORISATION FOR ISSUE

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

Ahmad Kuli Khan Khattak  
Chief Executive

Sohail Hameed Khan  
Director

Iftikhar Ahmed Khan  
Chief Financial Officer

## Directors' Report on Consolidated Financial Statements

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

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

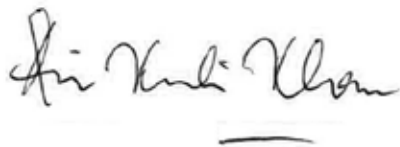
There is no running business in Marghazar Industries Limited apart from interest income drawn from Ghandhara Industries Limited (the Holding Company).

Due to immaterial business transaction in the Subsidiary, the management of the company have been obtaining exemption under section 228(7) of the Companies Act, 2017 through Securities and Exchange Commission of Pakistan (SECP) on preparing consolidated accounts since year 2011.

The management of the Ghandhara Industries Limited again applied for exemption based on the fact that Marghazar Industries (Private) Limited [subsidiary of Ghandhara Industries Limited (GIL)] does not have any commercial activity apart from interest income from GIL. Since all the business activity are with GIL itself, the consolidated financial statement will materially be same as the standalone financial statement due to consolidated adjustment of inter group transactions. Unfortunately the request for exemption was rejected by the competent authority of SECP due to condition specified in International Financial Reporting Standard – 10 "Consolidated Financial Statements International Financial Reporting Standard – 10 "Consolidated Financial Statements".

Based on above, for detailed report on the financial statement, the Director Report on the audited financial statement of Ghandhara Industries Limited can be referred.

On behalf of the Board of Directors



**Lt. Gen. (R) Ali Kuli Khan Khattak**  
Chairman

On behalf of the Board of Directors



**Ahmad Kuli Khan Khattak**  
Chief Executive

Karachi

Dated: September 28, 2019

## مجموعی مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ

ڈائریکٹران اپنی رپورٹ کے ساتھ گندھارا انڈسٹریز لمیٹڈ اور اس کی ذیلی کمپنی مرغزار انڈسٹریز (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی نے اپنے مجموعی مالیاتی گوشواروں کے ساتھ تنہا مالیاتی گوشوارے عالمی مالیاتی رپورٹنگ معیارات-10 (مجموعی مالیاتی گوشوارے) کی ضروریات کے مطابق منسلک کئے ہیں۔

مرغزار انڈسٹریز لمیٹڈ کوئی چلتا ہوا کاروبار نہیں ہے سوائے سودی آمدنی کے جو گندھارا انڈسٹریز لمیٹڈ (سرپرست کمپنی) سے حاصل ہوتی ہے۔

ذیلی کمپنی میں غیر اہم کاروباری سودوں کی وجہ سے کمپنی کی انتظامی کمپنیز ایکٹ 2017 کی دفعہ (7) 228 کے تحت سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے سن 2011 سے مجموعی مالیاتی گوشواروں کی تیاری پر استثناء طلب کر رہی ہے۔

گندھارا انڈسٹریز لمیٹڈ کی انتظامیہ نے ایک مرتبہ پھر اس حقیقت کی بنیاد پر استثناء کی درخواست کی ہے کہ مرغزار انڈسٹریز (پرائیویٹ) لمیٹڈ (گندھارا انڈسٹریز لمیٹڈ (GIL) کی ذیلی کمپنی) کی سوائے GIL سے سودی آمدنی کے حصول کے کوئی تجارتی سرگرمی انجام نہیں دی۔ چونکہ تمام کاروباری سرگرمیاں GIL بذات خود انجام دے رہی ہے اس لئے گروپ کے مابین سودوں کی مجموعی ایڈجسٹمنٹ کے بعد مجموعی مالیاتی گوشواروں اور تنہا مالیاتی گوشواروں میں کوئی خاص فرق نہیں ہوگا۔ تاہم عالمی مالیاتی رپورٹنگ معیار-10 میں بیان کردہ شرط ”مجموعی مالیاتی گوشواروں پر عالمی مالیاتی رپورٹنگ معیار-10۔ مجموعی مالیاتی گوشواروں“ کو مد نظر رکھتے ہوئے بد قسمتی سے استثناء کی درخواست کو SECP کی مجاز اتھارٹی نے مسترد کر دیا ہے۔

مندرجہ بالا کو مد نظر رکھتے ہوئے مالیاتی گوشواروں پر تفصیلی رپورٹ کے لئے گندھارا انڈسٹریز لمیٹڈ کے آڈٹ شدہ مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ کا مطالعہ کیا جاسکتا ہے۔

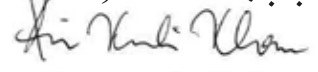
منجانب بورڈ آف ڈائریکٹرز



احمد قلی خان خٹک

چیف ایگزیکٹو

منجانب بورڈ آف ڈائریکٹرز



لیفٹننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک

چیرمین

کراچی

مورخہ: 28 ستمبر 2019

# Report on the Audit of the Financial Statements

## Opinion

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

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

## Basis for Opinion

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

## Key Audit Matters

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

S.No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p data-bbox="300 314 655 378">Capitalization / revaluation of property, plant and equipment</p> <p data-bbox="300 414 842 670">As disclosed in notes 2, 6.1 and 19 to the consolidated financial statements, the Group, during the year, incurred significant capital expenditure with additions of Rs.591,336 thousand made to its operating fixed assets. Also, the Group revalued its leasehold land and building on leasehold land that resulted in net surplus / gain of Rs.200,903 thousand.</p> <p data-bbox="300 704 842 832">We identified the above matters as a key audit matter as these represents significant transactions and involves certain estimates and judgements.</p>	<p data-bbox="884 414 1426 478">Our audit procedures in respect of this area included:</p> <p data-bbox="884 512 1426 640">Obtained an understanding of the management controls over capitalization and on a sample basis, test relevant controls over authorization and recording in the system;</p> <p data-bbox="884 674 1426 832">On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;</p> <p data-bbox="884 866 1426 959">Evaluate the nature of costs on a sample basis to ensure capitalization criteria of relevant accounting and reporting standards;</p> <p data-bbox="884 993 1426 1151">Reviewed revaluation report of independent valuer for revaluation of leasehold land and building on leasehold land. Also, recalculated the computation for revaluation surplus / gain; and</p> <p data-bbox="884 1185 1426 1278">Considered the adequacy of the disclosures made in the financial statements in relation to the above.</p>
2.	<p data-bbox="300 1315 475 1342"><b>Stock-in-trade</b></p> <p data-bbox="300 1378 842 1789">Refer note 5.6 and 12 to the consolidated financial statements, the Group has stock-in-trade aggregating Rs.10,359,425 thousand (2018: Rs.6,888,220 thousand) comprising raw materials, finished goods including trading goods and work in process. We identified this area as a key audit matter because stock-in-trade constitutes 65% of the total assets of the Company as at June 30, 2019 and determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.</p>	<p data-bbox="884 1378 1426 1442">Our audit procedures in respect of this area included:</p> <p data-bbox="884 1476 1426 1570">Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;</p> <p data-bbox="884 1604 1426 1698">Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</p> <p data-bbox="884 1732 1426 1889">Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and</p> <p data-bbox="884 1923 1426 2015">Considered the adequacy of the disclosures made in the consolidated financial statements in relation to the above.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.


*Shinewing Hameed Chaudhri for*

**SHINEWING HAMEED CHAUDHRI & CO.**

CHARTERED ACCOUNTANTS

KARACHI;

Dated: September 28, 2019

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# Consolidated Financial Statements

For the year ended June 30, 2019

## Consolidated Statement of Financial Position

AS AT JUNE 30, 2019

	Note	2019 — (Rupees in '000) —	2018
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	6	2,770,727	2,463,605
Intangible assets	7	260	384
Investment property	8	88,413	88,657
Long term loans	9	3,639	4,305
Long term deposits	10	21,948	11,537
Deferred taxation	11	87,158	845
		<b>2,972,145</b>	<b>2,569,333</b>
<b>Current assets</b>			
Stores		8,328	10,281
Stock-in-trade	12	10,359,425	6,888,220
Trade debts	13	88,406	95,230
Loans and advances	14	133,759	168,661
Trade deposits and prepayments	15	542,834	721,213
Other receivables	16	6,981	741
Sales tax refundable / adjustable		390,789	606,559
Taxation - payments less provision		918,170	475,203
Cash and bank balances	17	500,441	497,261
		<b>12,949,133</b>	<b>9,463,369</b>
<b>Total assets</b>		<b>15,921,278</b>	<b>12,032,702</b>



Ahmad Kuli Khan Khattak  
Chief Executive



Sohail Hameed Khan  
Director



Iftikhar Ahmed Khan  
Chief Financial Officer

# Consolidated Statement of Financial Position

AS AT JUNE 30, 2019

	Note	2019 — (Rupees in '000) —	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	18	426,088	213,044
<b>Revenue reserves</b>			
Unappropriated profit		2,173,691	2,651,882
<b>Capital reserve</b>			
Surplus on revaluation of fixed assets	19	2,049,561	1,860,014
Equity Attributable to shareholders of the holding company		4,649,340	4,724,940
Non - controlling interest		5	5
<b>Total Equity</b>		4,649,345	4,724,945
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease	20	51,745	34,526
Compensated absences	21	13,045	10,844
Deferred liabilities	22	19,759	80,181
		84,549	125,551
<b>Current liabilities</b>			
Trade and other payables	23	4,579,772	3,424,737
Unpaid dividends		78,959	44,271
Unclaimed dividends		22,151	24,814
Accrued mark-up / interest	24	196,453	48,309
Short term borrowings	25	6,296,614	3,631,851
Current maturity of liabilities against assets subject to finance lease	20	13,435	8,224
		11,187,384	7,182,206
<b>Total liabilities</b>		11,271,933	7,307,757
<b>Contingencies and commitments</b>	26		
<b>Total equity and liabilities</b>		15,921,278	12,032,702

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Sohail Hameed Khan**  
Director



**Iftikhar Ahmed Khan**  
Chief Financial Officer

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

For the year ended June 30, 2019

	Note	2019 — (Rupees in '000) —	2018
Sales	27	13,909,913	16,772,383
Cost of sales	28	(12,308,321)	(13,661,379)
<b>Gross profit</b>		<b>1,601,592</b>	<b>3,111,004</b>
Distribution cost	29	(534,954)	(584,046)
Administrative expenses	30	(267,907)	(346,796)
Other expenses	31	(26,398)	(148,778)
Other income	32	117,383	154,796
<b>Profit from operations</b>		<b>889,716</b>	<b>2,186,180</b>
Finance cost	33	(750,662)	(222,036)
<b>Profit before taxation</b>		<b>139,054</b>	<b>1,964,144</b>
Taxation	34	(78,961)	(601,849)
<b>Profit after taxation</b>		<b>60,093</b>	<b>1,362,295</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		(1,242)	(16,676)
Impact of deferred tax		360	4,836
		(882)	(11,840)
Surplus on revaluation of fixed assets		200,903	-
Impact of deferred tax		(3,365)	-
Effect of change in tax rates on balance of revaluation of fixed assets		-	2,947
		197,538	2,947
Other comprehensive income / (loss) for the year - net of tax		196,656	(8,893)
<b>Total comprehensive income for the year</b>		<b>256,749</b>	<b>1,353,402</b>
<b>----- Rupees -----</b>			
			<b>Re-stated</b>
<b>Basic and diluted earnings per share</b>	35	<b>1.41</b>	<b>31.97</b>

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Sohail Hameed Khan**  
Director



**Iftikhar Ahmed Khan**  
Chief Financial Officer

# Consolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Share capital	Revenue Reserve Unappropriated profit	Capital Reserve Surplus on revaluation of fixed assets	Total	Non - controlling interest
	----- (Rupees in '000) -----				
<b>Balance as at July 1, 2017</b>	<b>213,044</b>	<b>1,612,946</b>	<b>1,865,114</b>	<b>3,691,104</b>	<b>5</b>
<b>Transaction with owners, recognised directly in equity</b>					
Final dividend for the year ended June 30, 2017 at the rate of Rs.15 per share	-	(319,566)	-	(319,566)	-
<b>Total comprehensive income for the year ended June 30, 2018</b>					
Profit for the year	-	1,362,295	-	1,362,295	-
Other comprehensive (loss) / income	-	(11,840)	2,947	(8,893)	-
	-	1,350,455	2,947	1,353,402	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	8,047	(8,047)	-	-
<b>Balance as at June 30, 2018</b>	<b>213,044</b>	<b>2,651,882</b>	<b>1,860,014</b>	<b>4,724,940</b>	<b>5</b>
<b>Transaction with owners, recognised directly in equity</b>					
Final dividend for the year ended June 30, 2018 at the rate of Rs.15.6 per share	-	(332,349)	-	(332,349)	-
Bonus shares issued	213,044	(213,044)	-	-	-
<b>Total comprehensive income for the year ended June 30, 2019</b>					
Profit for the year	-	60,093	-	60,093	-
Other comprehensive (loss) / income	-	(882)	197,538	196,656	-
	-	59,211	197,538	256,749	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,991	(7,991)	-	-
<b>Balance as at June 30, 2019</b>	<b>426,088</b>	<b>2,173,691</b>	<b>2,049,561</b>	<b>4,649,340</b>	<b>5</b>

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Sohail Hameed Khan**  
Director



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Consolidated Statement of Cash Flows

For the year ended June 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	36	(833,339)	(1,162,394)
Gratuity paid including initial contribution		(84,447)	(2,893)
Compensated absences paid		(457)	(523)
Finance cost paid		(599,191)	(195,794)
Income tax paid		(611,246)	(1,010,463)
Long term loans - net		666	(1,569)
Long term deposits - net		(10,411)	1,151
<b>Net cash used in operating activities</b>		<b>(2,138,425)</b>	<b>(2,372,485)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(232,011)	(493,314)
Sale proceeds from disposal of operating fixed assets		17,032	19,011
Interest received		3,340	2,672
<b>Net cash used in investing activities</b>		<b>(211,639)</b>	<b>(471,631)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against assets subject to finance lease - net		(11,195)	(14,046)
Dividend paid		(300,324)	(289,177)
<b>Net cash used in financing activities</b>		<b>(311,519)</b>	<b>(303,223)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,661,583)</b>	<b>(3,147,339)</b>
Cash and cash equivalents at beginning of the year		(3,134,590)	12,749
<b>Cash and cash equivalents at end of the year</b>	37	<b>(5,796,173)</b>	<b>(3,134,590)</b>

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



Ahmad Kuli Khan Khattak  
Chief Executive



Sohail Hameed Khan  
Director



Iftikhar Ahmed Khan  
Chief Financial Officer

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 1. THE GROUP AND ITS OPERATIONS

**1.1** The Group consists of Ghandhara Industries Limited (the Holding Company) Marghazar Industries (Private) Limited (the Subsidiary Company).

### 1.2 Ghandhara Industries Limited

Ghandhara Industries Limited (the Holding 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, buses and pick ups. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E., Karachi. The manufacturing facilities of the Company are located at S.I.T.E., Karachi with branches at Lahore, Multan, Rawalpindi and Peshawar.

### 1.3 Marghazar Industries (Private) Limited

Marghazar Industries (Private) Limited (the Subsidiary Company) was incorporated as a private limited company on March 7, 1969. The registered office of the Company is located at Gardee Trust Building, Napier Road, Lahore. The Company is subsidiary of Ghandhara Industries Limited; which holds 140,000 ordinary shares representing 99.79% of the total capital of the Company.

## 2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

### Stock-in-trade

During the year, the stock-in-trade has increased by 50% to Rs.10.3 billion as at June 30, 2019. This is due to the recession in economy and overall decline in sales of this sector. The increase in stock-in-trade is also due to maintaining sufficient stock for the introduction of new pick-up trucks "ISUZU DMAX".

### Revaluation

During the year, the Holding Company conducted revaluation of its leasehold land and building and recorded a surplus / gain of Rs.200.9 million. This is reflected in note 6.1 and 19 to the financial statements.

For detail performance review of the Group, refer Directors' Report.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

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

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

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

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 3.2 Basis of consolidation

These consolidated financial statements include the financial statements of Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at June 30, 2019 and June 30, 2018.

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

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

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

## 3.3 Transactions and non-controlling interests

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

## 3.4 Functional and presentation currency

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

## 3.5 New and amended standards and interpretations

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

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

- a) IFRS 15, 'Revenue from contracts with customers' is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

As stated in note 5.13 to the financial statements the management has concluded that the adoption of IFRS 15 doesn't not have impact on the timing and amount of revenue recognition of the Group.

- b) IFRS 9, 'Financial instruments' is applicable in Pakistan on accounting periods ending on or after June 30, 2019. 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 adoption of IFRS 9 have changed the classification of financial assets and related disclosures as stated in note 5.7, 5.8, 5.16 and note 41.1 to the financial statements. The adoption of standards doesn't effect the reported figures of the financial assets and liabilities of the Group.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

- (c) Amendment to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 1, 2018. The amendment clarifies that an entity shall transfer a property to, or from, investment property when and only when there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management intention alone does not support a transfer.

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

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

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

- (a) IFRS 16, 'Leases' is applicable on accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has yet to assess the full impact of this standard on its financial statements.
- (b) Amendments to IAS 19, 'Employee Benefits'- Plan Amendment, Curtailment or Settlement is applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.
- (c) Amendment to IAS 12, 'Income taxes' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. The amendment is not likely to have material impact on the Group's financial statements.
- (d) Amendments to IAS 23, 'Borrowing Costs' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. The amendments are not likely to have material impact on the Group's financial statements.
- (d) Amendments to IAS 23, 'Borrowing Costs' as part of annual improvement 2015-2017 cycle is applicable on accounting periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. The amendments are not likely to have material impact on the Group's financial statements.

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

- (e) The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 1, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.
- (f) Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- (g) IFRIC 23, 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The amendment clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments does not expect to have a material impact on the Group'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 Group and, therefore, have not been presented here.

### 4. BASIS OF MEASUREMENT

**4.1** These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and staff retirement benefit which has been recognised at present value as determined by the Actuary.

**4.2** 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 Group'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 5.1 and 5.2)
- (ii) Provision for taxation (note 5.9)
- (iii) Provision for staff benefits (note 5.11)
- (iv) Provisions (note 5.18)

### 5. SIGNIFICANT ACCOUNTING POLICIES

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

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 5.1 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 the installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when the assets are available for use.

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

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 Group and the cost of the item can be measured reliably. All repairs and maintenances are charged to the profit or loss 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 6.1 to these financial statements and after taking into account their 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 disposal.

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

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

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

## 5.2 Intangible assets - computer software

Computer software licenses acquired by the Group 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 or loss as and when incurred.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 5.3 Investments

### 5.3.1 Investment property

Property held for capital appreciation and rental yield, which is not in use of the Group 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 Holding 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 repealed Companies Ordinance, 1984.

Leasehold land and buildings are amortized / depreciated on straight line method at the rates stated in note 8.

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

## 5.4 Long term deposits

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

## 5.5 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.

## 5.6 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.

## 5.7 Trade debts and other receivables

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

Trade 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. The Group uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses.

## 5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised 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.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 5.9 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.

### Deferred

The Group accounts for deferred taxation using the balance sheet 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 the 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 or loss, 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.

## 5.10 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 statement of profit or loss and is included under finance cost.

## 5.11 Retirement benefit obligations

### 5.11.1 Defined benefit plan

The Holding Company operates a funded 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 statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets. Contributions under the schemes are made on the basis of actuarial valuation. The valuation of scheme is carried out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2019.

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

### 5.11.2 Defined contribution plan

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

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

### 5.11.3 Compensated absences

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

### 5.12 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 Group.

### 5.13 Revenue recognition

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

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

Revenue from sale of goods is recognized when the Group satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are invoiced and delivered to customers. This criteria of revenue recognition for its timing and amount is in accordance with repealed IAS 18, 'Revenue Recognition' which is also consistent with IFRS 15 therefore, the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Group. Revenue is measured at the fair value of consideration received or receivable, and represents amount receivable for goods supplied and sales tax.

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

### 5.14 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.

### 5.15 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 or loss.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 5.16 Financial assets and liabilities

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

## 5.17 Off-setting of financial assets and liabilities

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

## 5.18 Provisions

Provisions are recognised when the Group 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.

## 5.19 Dividend and appropriation to reserves

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

## 5.20 Impairment loss

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

## 5.21 Earnings per share

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

## 5.22 Segment reporting

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

## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 ----(Rupees in '000)----	2018
Operating fixed assets	6.1	2,681,578	2,045,429
Capital work-in-progress	6.8	89,149	418,176
		<u>2,770,727</u>	<u>2,463,605</u>

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 6.1 Operating fixed assets

	OWNED										Leased Cars	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		
	Rupees in '000											
At July 1, 2017												
Revaluation / cost	1,609,050	230,319	109,949	5,635	9,600	64,753	30,815	18,488	12,113	39,026	54,199	2,183,947
Accumulated depreciation	-	17,030	61,004	5,067	3,398	46,123	24,581	14,202	8,298	39,026	21,993	240,722
Net book value	1,609,050	213,289	48,945	568	6,202	18,630	6,234	4,286	3,815	-	32,206	1,943,225
Year ended June 30, 2018												
Opening net book value	1,609,050	213,289	48,945	568	6,202	18,630	6,234	4,286	3,815	-	32,206	1,943,225
Additions	-	17,366	54,928	4,710	2,005	44,375	-	3,094	9,092	17,796	17,100	170,466
Disposals												
- cost	-	-	-	-	-	24,179	-	185	45	-	-	24,409
- accumulated depreciation	-	-	-	-	-	(4,886)	-	(185)	(45)	-	-	(5,116)
Transfer from leased to owned	-	-	-	-	-	19,293	-	-	-	-	-	19,293
- cost	-	-	-	-	-	11,032	-	-	-	-	(11,032)	-
- accumulated depreciation	-	-	-	-	-	(10,766)	-	-	-	-	10,766	-
Depreciation charge	-	11,820	8,077	311	509	8,154	1,739	1,029	1,955	3,610	11,765	48,969
Closing net book value	1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
At June 30, 2018												
Revaluation / cost	1,609,050	247,685	164,877	10,345	11,605	95,981	30,815	21,397	21,160	56,822	60,267	2,330,004
Accumulated depreciation	-	28,850	69,081	5,378	3,907	60,157	26,320	15,046	10,208	42,636	22,992	284,575
Net book value	1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
Year ended June 30, 2019												
Opening net book value	1,609,050	218,835	95,796	4,967	7,698	35,824	4,495	6,351	10,952	14,186	37,275	2,045,429
Additions	-	131,436	71,094	16,262	1,388	32,133	20,923	10,400	2,769	274,633	30,298	591,336
Revaluation adjustments												
- revaluation	189,300	11,603	-	-	-	-	-	-	-	-	-	200,903
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Write offs												
- cost	-	-	45,543	3,024	934	-	-	3,320	813	-	-	53,634
- accumulated depreciation	-	-	(45,543)	(3,024)	(934)	-	-	(3,320)	(813)	-	-	(53,634)
Disposals												
- cost	-	-	-	-	-	11,406	11,232	538	-	-	-	23,176
- accumulated depreciation	-	-	-	-	-	(7,268)	(936)	(538)	-	-	-	(8,742)
Transfer from leased to owned	-	-	-	-	-	4,138	10,296	-	-	-	-	14,434
- cost	-	-	-	-	-	-	7,807	-	-	-	(7,807)	-
- accumulated depreciation	-	-	-	-	-	-	(5,575)	-	-	-	5,575	-
Depreciation charge	-	13,075	16,006	2,275	713	14,762	3,584	2,060	2,967	74,757	11,457	141,656
Closing net book value	1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578
At June 30, 2019												
Revaluation / cost	1,798,350	390,724	190,428	23,583	12,059	116,708	48,313	27,939	23,116	331,455	82,758	3,045,433
Accumulated depreciation	-	41,925	39,544	4,629	3,686	67,651	34,543	13,248	12,362	117,393	28,874	363,855
Net book value	1,798,350	348,799	150,884	18,954	8,373	49,057	13,770	14,691	10,754	214,062	53,884	2,681,578
Annual rates of depreciation	-	5%	10%	12.50%	6.25%	20%	20%	12.50%	20%	33%	20%	

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 ----(Rupees in '000)----	2018
<b>6.2 Depreciation charge has been allocated as follows:</b>			
Cost of goods manufactured	28.1	110,548	24,617
Distribution cost	29	5,426	3,763
Administrative expenses	30	25,682	20,589
		<b>141,656</b>	<b>48,969</b>

**6.3** Leasehold land and buildings on leasehold land of the Holding Company had previously been revalued in June 2010, June 2013 and June 2016. Those revaluation exercises resulted in net surplus of Rs.437.28 million, Rs.259.448 million and Rs.218.20 million respectively. Leasehold land and buildings on leasehold land of the Company were again revalued in June 2019 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 42.4.

The latest revaluation exercise resulted in a net surplus of Rs.200.90 million. At the time of latest revaluation, forced sale value of the this land was Rs.1,717.20 million. Out of the revaluation surplus resulting from all the revaluations carried-out to date, an amount of Rs.2,143.483 million (2018: Rs.1,806.90 million) remains un-depreciated as at June 30, 2019.

**6.4** Leasehold land of the Holding Company is located at S.I.T.E. Karachi with an area of 18.93 acres.

**6.5** Had the operating fixed assets been recognised under the cost model, the carrying amount of building on leasehold land would have been Rs.150.61 million (2018: Rs.20.99 million).

**6.6** Operating fixed assets includes certain plant and machinery, permanent tools and jigs & special tools with cost aggregating Rs.384.354 million (2018: Rs.65.91 million) and net book value of Rs.259.333 million (2018: Rs.20.16 million) which is held by Ghandhara Nissan Limited - a related party as these fixed assets are used for assembling of the Group's products.

**6.7** 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	(Loss) / gain	Deferred Gain	Net (loss) / gain on disposal	Mode of disposal	Particulars of buyers
----- Rupees in '000 -----									
<b>Item having book value more than Rs. 500,000 each</b>									
Motor Vehicle	11,232	936	10,296	9,500	(796)	-	(796)	Sale and lease back	Orix Modaraba
Motor Vehicle	4,371	364	4,007	4,680	673	(673)	-	Sale and lease back	Orix Modaraba
	15,603	1,300	14,303	14,180	(123)	(673)	(796)		
<b>Item having book value less than Rs. 500,000 each</b>	7,573	7,442	131	2,852	2,721	-	2,721	Various	Various
<b>June 30, 2019</b>	<b>23,176</b>	<b>8,742</b>	<b>14,434</b>	<b>17,032</b>	<b>2,598</b>	<b>(673)</b>	<b>1,925</b>		
<b>June 30, 2018</b>	<b>24,409</b>	<b>5,116</b>	<b>19,293</b>	<b>19,011</b>	<b>(282)</b>	<b>-</b>	<b>-</b>		

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

		2019 ----(Rupees in '000)----	2018
<b>6.8</b>	<b>Capital work in progress</b>		
	<b>Advances made for:</b>		
	- Buildings on leasehold land	47,312	134,770
	- Plant and machinery	36,388	103,150
	- Jigs and special tools	-	176,764
	- Vehicles	1,653	770
	- Computer software	3,796	2,722
		<b>89,149</b>	<b>418,176</b>
<b>6.9</b>	Capital work in progress include items with aggregating Rs.5.26 million (2018: Rs.279.83 million) which are located at the plant of Ghandhara Nissan Limited - a related party. Once capitalized, the assets will be used for assembling of the Group's products.		
<b>7.</b>	<b>INTANGIBLE ASSETS</b>		
	These represent computer software licenses.		
	<b>Cost</b>		
	At June 30,	2,130	2,130
	<b>Accumulated amortization</b>		
	At beginning of the year	1,746	1,668
	Add: charge for the year	124	78
	At end of the year	1,870	1,746
	<b>Net book value</b>	<b>260</b>	<b>384</b>
	<b>Annual rate of amortization</b>	<b>20%</b>	<b>20%</b>
<b>7.1</b>	Amortization charge for the year has been grouped under administrative expenses (note 30).		

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 8. INVESTMENT PROPERTY

	Leasehold land	Buildings on leasehold land	Total
	----(Rupees in '000)----		
<b>At July 1, 2017</b>			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,502	405	8,907
<b>Net book value</b>	<b>88,890</b>	<b>11</b>	<b>88,901</b>
<b>Year ended June 30, 2018</b>			
Opening net book value	88,890	11	88,901
Amortization / depreciation charge	243	1	244
<b>Closing net book value</b>	<b>88,647</b>	<b>10</b>	<b>88,657</b>
<b>At June 30, 2018</b>			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,745	406	9,151
<b>Net book value</b>	<b>88,647</b>	<b>10</b>	<b>88,657</b>
<b>Year ended June 30, 2019</b>			
Opening net book value	88,647	10	88,657
Amortization / depreciation charge	243	1	244
<b>Closing net book value</b>	<b>88,404</b>	<b>9</b>	<b>88,413</b>
<b>At June 30, 2019</b>			
Cost	97,392	416	97,808
Accumulated amortization / depreciation	8,988	407	9,395
<b>Net book value</b>	<b>88,404</b>	<b>9</b>	<b>88,413</b>
<b>Amortization / depreciation rate - per annum</b>	<b>0.25%</b>	<b>2.5%</b>	

8.1 Amortization / depreciation charge for the year has been grouped under administrative expenses (note 30).

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

## 9. LONG TERM LOANS - Secured, considered good

	Note	2019 ----(Rupees in '000)----	2018
Loans due from:			
Related parties - Key Management Personnel		340	-
Other employees		6,156	7,635
	9.1	6,496	7,635
Less: amounts recoverable within one year and grouped under current assets			
Related parties - Key Management Personnel		240	-
Other employees		2,617	3,330
	14	2,857	3,330
		3,639	4,305

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

**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** Maximum aggregate amount of loans due from key management personnel at the end of any month during the year was Rs.0.38 million (2018: Rs.0.90 million).

**10. LONG TERM DEPOSITS - Considered good**

	2019	2018
	----(Rupees in '000)----	
Deposit held with / for:		
- Leasing companies	11,809	9,055
- Utilities and rental agreements	8,594	937
- Others	1,545	1,545
	<u>21,948</u>	<u>11,537</u>

**11. DEFERRED TAXATION - Net**

This is composed of following:

- accelerated tax depreciation allowance	(35,826)	(4,655)
- surplus on revaluation of fixed assets	(52,891)	(52,790)
- liabilities against assets subject to finance lease	3,276	1,588
- gain on sale and lease back of fixed assets	259	161
- provision for gratuity	5,471	22,693
- provision for workers profit participation fund	2,150	30,497
- provision for doubtful balances	6,986	1,664
- unused tax losses	156,046	-
- others	1,687	1,687
	<u>87,158</u>	<u>845</u>

**12. STOCK-IN-TRADE**

	2019	2018
	----(Rupees in '000)----	
Raw materials and components		
- In hand	6,969,265	4,429,131
- In transit	330,902	386,619
	<u>7,300,167</u>	<u>4,815,750</u>
Work-in-process	153,698	109,209
Finished goods including components	2,295,343	1,594,755
Trading stocks	610,217	368,506
	<u>10,359,425</u>	<u>6,888,220</u>

**12.1** Stock-in-trade includes stock of Rs.8,559.17 million (2018: Rs.5,673.58 million) held with third parties out of which stock of Rs.7,880.86 million (2018: Rs.5,225.86 million) is held with Ghandhara Nissan Limited (an Associated Company) for assembly.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 13. TRADE DEBTS - Unsecured

	Note	2019 ----(Rupees in '000)----	2018
<b>Considered good</b>			
Government and semi-government agencies		2,072	8,974
Others	13.1	86,334	86,256
		88,406	95,230
<b>Consider doubtful - others</b>		3,242	2,267
		91,648	97,497
Less: provision for expected credit losses	13.4	(3,242)	(2,267)
		88,406	95,230

13.1 Includes amount Nil (2018: Rs.0.005 million) due from Ghandhara DF (Private) Limited (an Associated Company).

	2019 Associated Company	2018	2019 Others	2018
	-----	(Rupees in `000)	-----	
Upto 30 days	-	-	27,584	56,112
31 - 180 days	-	5	15,646	31,495
Over 180 days	-	-	48,418	9,885
	-	5	91,648	97,492

13.3 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.0.013 million (2018: Rs. 0.31 million).

## 13.4 Provision for expected credit loss

	Note	2019 ----(Rupees in '000)----	2018
Balance at beginning of the year		2,267	-
Provision for the year		975	2,267
Balance at end of the year		3,242	2,267

## 14. LOANS AND ADVANCES - Unsecured

<b>Considered good</b>			
Current portion of long term loans to employees	9	2,857	3,330
Letters of credit		-	2,752
Advances due from:			
- employees	14.1	2,290	5,315
- suppliers, contractors and dealers		128,612	157,264
		130,902	162,579
<b>Considered doubtful</b>			
Advance to suppliers		5,359	3,275
Less: provision for doubtful advances		5,359	3,275
		-	-
		133,759	168,661

14.1 Advances are given to employees to meet business expenses and are settled when expenses are incurred.

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 15. TRADE DEPOSITS AND PREPAYMENTS

	2019 ----(Rupees in '000)----	2018
Tender deposits	170,160	307,809
Less: provision for expected credit losses	12,925	-
	157,235	307,809
Margins against bank guarantees	371,121	403,574
Less: provision for doubtful margin deposit	330	330
	370,791	403,244
Margin against letters of credit	12,734	5,627
Prepayments	2,074	4,533
	542,834	721,213

## 16. OTHER RECEIVABLES - Unsecured

This amount is receivable from Isuzu Motors Limited, Japan on account of commission / sales incentive.

## 17. CASH AND BANK BALANCES

	Note	2019 ---- Rupees in '000 ----	2018
Cash in hand		2,264	1,622
Cash with banks on:			
- current accounts	17.1	466,927	382,191
- saving accounts	17.2	33,441	115,639
- foreign currency accounts	17.2	42	42
		500,410	497,872
Less: provision for a doubtful bank account	17.3	(2,233)	(2,233)
		500,441	497,261

17.1 Saving accounts carry mark-up ranging from 2.61% to 5.50% (2018: 2.46% to 2.61%) per annum.

17.2 Foreign currency accounts include Japanese Yen (JPY) 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million (2018: JPY 31,559 equivalent to Rs.0.029 million and US Dollars 126 equivalent to Rs.0.013 million).

17.3 This represents provision made against balances held with Indus Bank Limited under liquidation.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 18. SHARE CAPITAL

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

### 18.1 Authorized capital

50,000,000 (2018: 50,000,000) ordinary shares of Rs.10 each

500,000 500,000

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

2019 2018  
-- No. of shares --

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

17,650,862	17,650,862	Ordinary shares of Rs.10 each fully paid in cash
358,206	358,206	Ordinary shares of Rs.10 each issued for consideration other than cash
24,599,776	3,295,354	Ordinary shares of Rs.10 each issued as fully paid bonus shares
<u>42,608,844</u>	<u>21,304,422</u>	

176,509	176,509
3,582	3,582
245,997	32,953
<u>426,088</u>	<u>213,044</u>

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

2019 2018  
-- No. of shares --

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

21,304,422	21,304,422	Balance at beginning of the year
21,304,422	-	Ordinary shares of Rs.10 each issued as fully paid bonus shares
<u>42,608,844</u>	<u>21,304,422</u>	

213,044	213,044
213,044	-
<u>426,088</u>	<u>213,044</u>

18.4 At June 30, 2019 and June 30, 2018 Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (2018: 8,343,397) ordinary shares of Rs.10 each.

18.5 Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Pvt.) Limited has been withheld in view of the restraining order dated November 16, 2018 passed by the Hon'ble High Court of Sindh in Suit No. 2149 of 2018.

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

2019 2018  
---- No. of Shares ----

Ghandhara Nissan Limited	8,132,336	4,066,168
Universal Insurance Company Limited	2,368,296	1,184,148
The General Tyre and Rubber Company of Pakistan Limited	201,400	100,700
Bibojee Investments (Private) Limited	42,816	21,408
	<u>10,744,848</u>	<u>5,372,424</u>

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

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 19. SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2019 ----(Rupees in '000)----	2018
Balance at the beginning of the year		1,912,804	1,924,059
Add: surplus arisen on revaluation carried-out during the year	6.3	200,903	-
Less: transferred to unappropriated profit on account of incremental depreciation for the year		11,255	11,255
		<u>2,102,452</u>	<u>1,912,804</u>
- opening balance		52,790	58,945
- revaluation exercise for the year		3,365	-
- incremental depreciation for the year		(3,264)	(3,208)
- effect of change in tax rate		-	(2,947)
- closing balance		52,891	52,790
Balance at end of the year		<u>2,049,561</u>	<u>1,860,014</u>

## 20. 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:

	Minimum lease payments	2019 Finance cost allocated to future period	Present value of minimum lease payments	Minimum lease payments	2018 Finance cost allocated to future period	Present value of minimum lease payments
	----- Rupees in 000 -----					
Not later than one year	20,019	6,584	13,435	10,874	2,650	8,224
Later than one year but not later than five years	61,258	9,513	51,745	37,352	2,826	34,526
<b>Total minimum lease payments</b>	<b>81,277</b>	<b>16,097</b>	<b>65,180</b>	<b>48,226</b>	<b>5,476</b>	<b>42,750</b>

20.1 The Holding 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 Holding Company. The rates of financial charges applied, during the year, ranged from 8.85% to 16.51% (2018: 8.79% to 17.27%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the Holding Company against the security deposits paid.

## 21. COMPENSATED ABSENCES

	Note	2019 ----(Rupees in '000)----	2018
Balance at beginning of the year		10,844	6,073
Provision for the year		2,658	5,294
		<u>13,502</u>	<u>11,367</u>
Encashed during the year		(457)	(523)
Balance at end of the year	21.1	<u>13,045</u>	<u>10,844</u>

21.1 Includes liability in respect of key management personnel aggregating to Rs.3.60 million (2018: Rs.3.52 million).

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 22. DEFERRED LIABILITIES

	Note	2019 ----(Rupees in '000)----	2018
Gain on sale and lease back of fixed assets	22.1	893	555
Staff retirement benefit - gratuity	22.2	18,866	79,626
		<b>19,759</b>	<b>80,181</b>
<b>22.1 Gain on sale and lease back of fixed assets</b>			
Balance at beginning of the year		555	1,023
Add: vehicle sale and lease back during the year		673	-
Less: amortization for the year		335	468
Balance at end of the year		<b>893</b>	<b>555</b>

The Holding Company entered into sale and leaseback transaction during the preceding years 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.

## 22.2 Staff retirement benefit - gratuity

**22.2.1** As stated in note 5.11.1, the Holding Company operates an approved funded gratuity scheme for its staff.

**22.2.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, the Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Holding Company appoints the trustees.

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

	2019 ----(Rupees in '000)----	2018
<b>22.2.4 Statement of financial position - reconciliation</b>		
Present value of defined benefit obligation	98,571	79,626
Fair value of plan assets	(79,705)	-
	<b>18,866</b>	<b>79,626</b>
<b>22.2.5 Movement in the present value of defined benefit obligation</b>		
Balance at beginning of the year	79,626	44,592
Current service cost	16,309	17,368
Interest cost	6,950	3,883
Re-measurement	506	16,676
Benefits paid	(4,820)	(2,893)
Balance at end of the year	<b>98,571</b>	<b>79,626</b>
<b>22.2.6 Movement in the fair value of plan assets</b>		
Balance at beginning of the year	-	-
Contributions	84,447	-
Benefits paid	(4,820)	-
Interest income	814	-
Re-measurements	(736)	-
Balance at end of the year	<b>79,705</b>	<b>-</b>

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

	2019 --- Rupees in '000 ---	2018
<b>22.2.7 Expense recognised in statement of profit or loss</b>		
Current service cost	16,309	17,368
Interest cost - net	6,136	3,883
	<b>22,445</b>	<b>21,251</b>
<b>22.2.8 Re-measurement recognised in other comprehensive income</b>		
Remeasurement loss on plan asset	736	-
Experience adjustments	506	16,676
	<b>1,242</b>	<b>16,676</b>
<b>22.2.9 Plan assets comprise of:</b>		
Term deposit receipts	79,078	-
Cash and cash equivalent	627	-
	<b>79,705</b>	<b>-</b>
<b>22.2.10 Actuarial assumptions used</b>		
	2019 --- % per annum ---	2018
Discount rate	14.25	9.00
Expected rate of increase in future salaries	13.25	8.00
Mortality rates (for death in service)	SLIC	SLIC
	2001-2005	2001-2005

**22.2.11 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 in '000 -----		
Discount rate	1.00%	89,439	109,226
Increase in future salaries	1.00%	109,226	89,289

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 statement of financial position.

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

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

**22.2.12** Based on actuary's advice, the expected charge for the year ending June 30, 2020 amounts to Rs.19.76 million.

**22.2.13** The weighted average duration of the scheme is 11 years.

**22.2.14 Historical information**

	2019	2018	2017	2016	2015
	----- Rupees in '000 -----				
Present value of defined benefit obligation	98,571	79,626	44,592	36,169	30,545
Experience adjustment	506	16,676	1,934	521	474
	----- Rupees in '000 -----				
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
At June 30, 2019	8,985	18,172	71,167	234,407	332,731

**23. TRADE AND OTHER PAYABLES**

	Note	2019 ----(Rupees in '000)----	2018
Creditors		517,496	501,650
Accrued liabilities		250,543	182,722
Contract liabilities - advances from customers	23.1	3,163,734	2,406,835
Advance against sale of investment in immovable property		5,000	5,000
Payable to trustees' provident fund		200	178
Royalty payable		36,445	23,190
Retention money		20	20
Withholding tax		26,627	53,995
Custom duty payable		445,011	-
Due to related parties	23.2	117,751	105,254
Workers' Profit Participation Fund	23.3	7,413	105,162
Worker welfare fund	23.4	-	34,007
Others		9,532	6,724
		4,579,772	3,424,737

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

	2019 ----(Rupees in '000)----	2018
<b>23.2 Due to related parties</b>		
Ghandhara Nissan Limited	94,650	90,798
The General Tyre & Rubber Company of Pakistan Limited	13,637	6,833
Rahman Cotton Mills Limited	3,600	1,800
Gammon Pakistan Limited	26	5
Waqf-e-Kuli Khan	5,818	5,818
Ghandhara DF (Private) Limited	20	-
	117,751	105,254

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

23.3	Workers' profit participation fund	Note	2019	2018
			--- Rupees in '000 ---	
	Balance at beginning of the year		105,162	220,199
	Add: allocation for the year		7,314	105,162
	Add: interest on funds utilised in the Holding Company's business		9,829	15,027
			122,305	340,388
	Less: payments made during the year		114,892	235,226
	Balance at end of the year		7,413	105,162
23.4	Workers' welfare fund			
	Balance at beginning of the year		34,007	30,466
	Add: charge for the year	31	-	34,007
	Less: paid during the year		34,007	30,466
	Balance at end of the year		-	34,007
24.	ACCRUED MARK-UP / INTEREST			
	Mark-up / interest accrued on:			
	- short term borrowings - secured		191,939	43,795
	- long term loans - unsecured		4,514	4,514
			196,453	48,309
25.	SHORT TERM BORROWINGS - Secured			
	Finance against imported merchandise	25.1	2,941,765	2,548,949
	Istisna	25.2	1,440,727	77,654
	Murabaha	25.2	160,888	524,659
	Running finance / Musharakah	25.4	1,753,234	480,589
			6,296,614	3,631,851
25.1	The Holding Company has arranged facilities aggregating Rs.11,750 million (2018: Rs.10,950 million) for opening of letters of credit from banks. These facilities are secured against cash margin and consignment of import documents in bank's favour. Finance against import merchandise (FIM) aggregating Rs.7,050 million (2018: Rs.7,750 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 Matching KIBOR plus 0.7% to 1.70 % per annum (2018: at rate ranging from 3 months KIBOR plus 0.6% per annum to 3 months KIBOR plus 1% per annum). Profit on import Murabaha is payable on 180 days basis at the rate ranging from matching KIBOR plus 0.6% to 1.75% per annum (2018: at the rate ranging from matching KIBOR plus 0.5% to 1.0% per annum). These facilities are maturing on various dates latest by May 31, 2020.			
25.2	The Istisna facility of Rs.2,450 million (2018: Rs.750 million) with a tenor of 180 days (2018: 180 days) and Murabaha facility of Rs.4,500 million (2018: Rs.3,700 million) are available from Banks. Profit on both facilities ranges from KIBOR (matching) plus 0.6% to 1.75% (2018: KIBOR (matching) plus 0.5% to 1.0%) and is payable along with the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs.6,468 million (2018: Rs. 3,600 million). The facilities are available upto May 31, 2020.			
25.3	The Holding Company has foreign / inland bills discounting facility of Rs.150 million (2018: 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 December 31, 2019.			

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

**25.4** The Holding Company has facilities for short-term running finance amounting Rs.1,650 million (2018: Rs.1,000 million) from banks. Mark-up is based on rates ranging from 1 month KIBOR plus 0.6% to 3 months KIBOR plus 1.10% per annum (2018: rates ranging from 3 month KIBOR plus 0.5% to 3 months KIBOR plus 1.5% per annum) payable on quarterly basis. The facilities are primarily secured against first pari passu charge by way of hypothecation over stocks and book debts aggregating Rs.2,200 million (2018: Rs.1,333.34 million). These facility is collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2018: Rs.300 million). These facilities has one year validity on roll over basis and is due for renewal on May 31, 2020.

**25.5** The facility for bank guarantees of Rs.6,209 million including sublimit of Rs.1,250 million of running finance (2018: Rs.6,100 million including sublimit of Rs.800 million of running finance) is also available from banks. These facilities are secured against cash margin and equitable mortgage over immovable assets of the Holding Company to an extent of Rs.6,697 million (2018: Rs.6,833 million). The facilities shall be available latest by May 31, 2020.

## 26. CONTINGENCIES AND COMMITMENTS

### 26.1 Contingencies

- (i) Suit against the Holding Company by the supplier for the recovery of Rs.25.87 million 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.4.90 million. The Holding 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.

### 26.2 Commitments

2019 2018

--- Rupees in '000 ---

Bank guarantees

3,943,290 3,498,474

Letters of credit

1,453,626 2,555,539

### 27. SALES - Net

2019 2018

--- Rupees in '000 ---

#### Manufactured goods

Gross sales

- local

15,058,116 19,511,089

- export

30,015 10,622

15,088,131 19,521,711

Less: sales tax

1,870,934 2,809,440

13,217,197 16,712,271

#### Trading goods

Gross sales - local

723,041 71,562

Less: sales tax

30,325 11,450

692,716 60,112

13,909,913 16,772,383

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

		2019	2018
	Note	--- Rupees in '000 ---	
<b>28.</b>	<b>COST OF SALES</b>		
<b>Manufactured goods</b>			
Stocks at beginning of year		<b>1,594,755</b>	1,409,943
Cost of goods manufactured	28.1	<b>12,669,032</b>	13,806,514
		<b>14,263,787</b>	15,216,457
Stocks at end of year		<b>(2,295,343)</b>	(1,594,755)
		<b>11,968,444</b>	13,621,702
<b>Trading goods</b>			
Stocks at beginning of year		<b>368,506</b>	173,842
Purchases		<b>581,588</b>	234,341
		<b>950,094</b>	408,183
Stocks at end of year		<b>(610,217)</b>	(368,506)
		<b>339,877</b>	39,677
		<b>12,308,321</b>	13,661,379

		2019	2018
	Note	--- Rupees in '000 ---	
<b>28.1</b>	<b>Cost of goods manufactured</b>		
Raw materials and components consumed	28.2	<b>11,618,880</b>	12,617,511
Stores consumed		<b>96,168</b>	71,810
Salaries, wages and other benefits	28.3	<b>227,395</b>	252,137
Fuel and power		<b>18,717</b>	18,861
Rent, rates and taxes		<b>5,776</b>	4,023
Insurance		<b>16,380</b>	7,438
Research and development		<b>5,223</b>	10,843
Repair and maintenance		<b>37,996</b>	59,832
Travelling and entertainment		<b>9,650</b>	13,862
Vehicle running and maintenance		<b>1,816</b>	835
Printing, stationery and office supplies		<b>643</b>	279
Communication		<b>410</b>	225
Royalty expense	28.4	<b>47,449</b>	38,060
Outside assembly charges		<b>494,135</b>	653,610
Depreciation	6.2	<b>110,548</b>	24,617
Freight and handling		<b>19,619</b>	5,029
Other expenses		<b>2,716</b>	63
		<b>12,713,521</b>	13,779,035
Work-in-process adjustment		<b>(44,489)</b>	27,479
		<b>12,669,032</b>	13,806,514

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 --- Rupees in '000 ---	2018
<b>28.2 Raw materials and components consumed</b>			
Stocks at beginning of year		4,815,750	2,058,827
Add : purchases including duties, taxes and other charges		14,103,297	15,374,434
		18,919,047	17,433,261
Stocks at end of year		(7,300,167)	(4,815,750)
		11,618,880	12,617,511
<b>28.3</b>	Salaries, wages and other benefits include Rs.13.22 million (2018: Rs.6.44 million) in respect of staff retirement benefits.		
<b>28.4</b>	Royalty charged in these financial statement pertains to Isuzu Motors Limited, Japan having registered office at 6-26-1 Minami-Oi, Shinagawa-ku, Tokyo 140-8722 Japan.		
<b>29. DISTRIBUTION COST</b>			
	Note	2019 --- Rupees in '000 ---	2018
Salaries and benefits	29.1	111,168	109,288
Commission		257,782	299,347
Rent, rates and taxes		11,641	4,052
Insurance		2,184	4,979
Repair and maintenance		9,274	224
Utilities		520	248
Travelling and entertainment		18,515	18,122
Vehicle running and maintenance		1,892	1,372
Printing, stationery and office supplies		5,376	4,177
Communication		1,024	1,055
After sale services		13,283	19,019
Advertisement		46,143	32,367
Legal and professional charges		758	882
Late delivery charges		2,562	25,432
Depreciation	6.2	5,426	3,763
Freight forwarding and handling		43,141	50,573
Other expenses		4,265	9,146
		534,954	584,046
<b>29.1</b>	Salaries and benefits include Rs.12.01 million (2018: Rs.7.35 million) in respect of staff retirement benefits.		

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

30.	ADMINISTRATIVE EXPENSES	Note	2019 --- Rupees in '000 ---	2018
	Salaries and benefits	30.1	147,419	201,568
	Staff training and ancillary cost		2,684	2,781
	Rent, rates and taxes		6,417	5,115
	Insurance		9,035	10,230
	Repair and maintenance		13,180	48,679
	Utilities		384	505
	Travelling and entertainment		24,439	24,917
	Vehicle running and maintenance		5,302	3,029
	Printing, stationery and office supplies		6,901	7,058
	Communication		2,490	1,855
	Legal and professional charges		9,280	4,228
	Fee and subscriptions		3,132	5,916
	Depreciation	6.2	25,682	20,589
	Amortization of intangible assets	7.1	124	78
	Amortization / depreciation of investment property	8.1	244	244
	Security expenses		10,599	7,135
	Other expenses		595	2,869
			<b>267,907</b>	<b>346,796</b>

30.1 Salaries and benefits include Rs.16.41 million (2018: Rs.12.72 million) in respect of staff retirement benefits.

31.	OTHER EXPENSES	Note	2019 --- Rupees in '000 ---	2018
	Auditors' remuneration			
	- audit fee		1,030	1,030
	- certification charges		185	113
	- out of pocket expenses		25	25
			<b>1,240</b>	<b>1,168</b>
	Workers' profits participation fund	23.3	7,314	105,162
	Workers' welfare fund	23.4	-	34,007
	Donation and charities	31.1	1,860	3,919
	Balances written-off		-	1,973
	Provision for doubtful debts, deposits and advance	14.4, 15 & 16	15,984	2,267
	Loss on sale of property, plant and equipment		-	282
			<b>26,398</b>	<b>148,778</b>

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

**31.1** Include donation amounting Rs.1.59 million made to Indus Hospital (2018: Rs.1.60 million and Rs.0.70 million made to Ayesha Chundrigar Foundation and Islamia College Peshawar, respectively). None of the directors or their spouses had any interest in the donees.

<b>32. OTHER INCOME</b>		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>--- Rupees in '000 ---</b>	
Income from financial assets			
Profit on saving accounts and term deposit receipts		<b>3,340</b>	2,672
Exchange gain - net		<b>1,650</b>	8,299
Income from other than financial assets			
Gain on sale of operating fixed assets	6.7	<b>1,925</b>	-
Commission		<b>74,767</b>	139,768
Scrap sales - net of sales tax		<b>32,484</b>	-
Amortization of gain on sale and lease back of fixed assets	22.1	<b>335</b>	468
Rental income		<b>2,882</b>	2,640
Balances written back		<b>-</b>	949
		<b>117,383</b>	154,796
<b>33. FINANCE COST</b>			
Mark-up / interest on:			
- lease finances		<b>3,327</b>	2,217
- finance against imported merchandise		<b>535,698</b>	161,545
- istisna / running finances / murabaha		<b>181,445</b>	15,474
- workers' profit participation fund	23.3	<b>9,829</b>	15,027
Bank charges and others		<b>20,363</b>	27,773
		<b>750,662</b>	222,036
<b>34. TAXATION</b>			
Current			
- for the year	34.1	<b>169,924</b>	586,611
- for prior year		<b>(1,645)</b>	(12,834)
		<b>168,279</b>	573,777
Deferred			
- origination and reversal of temporary differences		<b>(89,318)</b>	25,230
- impact of change in tax rate		<b>-</b>	2,842
		<b>(89,318)</b>	28,072
		<b>78,961</b>	601,849

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

- 34.1** No numeric tax rate reconciliation for the period is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 148 and 233 of the Ordinance. Relationship between tax expense and accounting profit for the preceding financial year is as follows:

	2018 Rupees in '000
Profit before taxation	1,964,144
Tax at the applicable rate of 30%	589,243
Tax effect of items, which are not deductible for tax purposes and are taken to profit or loss	69,183
Tax effect of items, which are deductible for tax purposes but are not taken to profit or loss	(101,690)
Effect of tax credits	(7,743)
Tax effect of income subject of final tax regime	(18,692)
Super tax	56,310
Charge of prior years' tax provision	(12,834)
Deferred taxation	28,072
	<u>601,849</u>

- 34.2** Section 5A of the Income Tax Ordinance, 2001 imposes tax at applicable rate on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute specified percentage of accounting profit within six months of the end of said tax year. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires

**35. BASIC AND DILUTED EARNINGS PER SHARE**

**2019**      **2018**  
**--- Rupees in '000 ---**

Net profit for the year	<u>60,093</u>	1,362,295
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**--- Number of shares ---**

Weighted average ordinary shares outstanding during the year	<u>42,608,844</u>	Re-stated 42,608,844
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**----- Rupees -----**

Earnings per share	<u>1.41</u>	Re-stated 31.97
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- 35.1** A diluted earnings per share has not been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 36. CASH GENERATED FROM OPERATIONS

	Note	2019 --- Rupees in '000 ---	2018
Profit before taxation		139,054	1,964,144
<b>Adjustment for non cash charges and other items:</b>			
Depreciation / amortization on:			
- property, plant and equipment		141,656	48,969
- intangible assets		124	78
- investment property		244	244
Provision for compensated absences		2,658	5,294
(Loss) / gain on sale of operating fixed assets		(1,925)	282
Amortization of gain on sale and lease back of fixed asset		(335)	(468)
Exchange gain - net		(1,650)	(8,299)
Finance cost		750,662	222,036
Profit on saving accounts and term deposit receipts		(3,340)	(2,672)
Balances written-off		-	1,973
Provision for doubtful debts, deposits and advance		15,984	2,267
Provision for gratuity		22,445	21,251
		<b>1,065,577</b>	<b>2,255,099</b>
Working capital changes - net	36.1	<b>(1,898,916)</b>	<b>(3,417,493)</b>
		<b>(833,339)</b>	<b>(1,162,394)</b>

### 36.1 Working capital changes

Decrease / (increase) in current assets:			
Stores		1,953	(7,721)
Stock-in-trade		(3,471,205)	(3,108,920)
Trade debts		(9,160)	387,975
Loans and advances		34,902	(27,294)
Trade deposits and prepayments		178,379	(13,971)
Other receivables		(4,590)	10,241
Sales tax refundable / adjustable		215,770	(124,803)
		<b>(3,053,951)</b>	<b>(2,884,493)</b>
Increase / (decrease) in trade and other payables		<b>1,155,035</b>	<b>(533,000)</b>
		<b>(1,898,916)</b>	<b>(3,417,493)</b>

## 37. CASH AND CASH EQUIVALENTS

Cash and bank balances	17	500,441	497,261
Short term borrowings	25	(6,296,614)	(3,631,851)
		<b>(5,796,173)</b>	<b>(3,134,590)</b>

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

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

	Chief executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	----- Rupees in '000 -----					
Managerial remuneration and allowances	60,000	60,000	12,500	-	97,508	95,264
Bonus	-	35,000	-	-	-	49,005
Retirement benefit	5,000	5,000	2,500	-	5,256	7,191
Others	-	-	-	-	4,831	2,755
	65,000	100,000	15,000	-	107,596	154,215
Number of persons	1	1	1	-	30	28

38.1 Certain employees are provided with free use of car maintained by the Holding Company in accordance with their term of employment.

38.2 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.3.30 million (2018: Rs.2.70 million).

## 39. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of the Ultimate Holding Company, Associated Companies / undertaking, directors and executives. The Group 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 given below:

Name of related party and nature of relationship	Nature of transactions	2019 --- Rupees in '000 ---	2018
(i) <b>Ultimate Holding Company</b> Bibojee Services (Private) Limited	Dividend paid	130,157	125,151
(ii) <b>Associated Companies / Undertaking</b> The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	210,008	336,238
	Sale of parts	452	32
	Sale of truck	-	1,975
	Dividend paid	1,571	1,511
Gandhara Nissan Limited (Common Directorship)	Assembly charges	578,138	764,724
	Sales of parts	32	3,079
	Purchase of parts	-	6
	Rental income	2,882	2,640
	Re-imbursement of expenses	24	6,481
	Dividend paid	63,432	77,493
Universal Insurance Company Limited (Common Directorship)	Dividend paid	18,473	17,762
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	3,600	1,800
Gammon Pakistan Limited (Common Directorship)	Rent paid	3,000	3,000
Gandhara DF (Private) Limited (Common Directorship)	Re-imbursement of expenses	275	84
	Sales of parts	8	5
Bibojee Investments (Private) Limited (Common Directorship)	Purchase of parts	22	-
	Dividend paid	334	321
Janana De Malucho Textile Mills Limited (Common Directorship)	Re-imbursement of expenses	1,806	1,639
(iii) <b>Other related parties</b> Gratuity fund	Contribution paid	84,447	-
Provident fund	Contribution paid	16,460	-
Key management personnel	Remuneration, bonus and other benefits	148,729	192,998
	Retirement benefit paid	-	1,175



## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

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

### 41.2 Financial risk factors

The Group'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 Group'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.1,174.94 million (2018: Rs.1,327.46 million).

The Group believe that it is not materially exposed to credit risk as; (i) trade debts mainly represent receivables from government, semi-government agencies and dealers, (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 Group 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 Group 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 Group aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Group's liabilities based on maturities is disclosed in note 41.1 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, 2019, payables and receivables exposed to foreign exchange risk are Rs.41.02 million (2018: Rs.23.19 million) and Rs.3.291 million (2018: Rs.0.032 million) respectively. The liability and receivable are denominated in Japanese Yen.

At June 30, 2019 if Pak Rupee had weakened / strengthened by 7% against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.2.64 million (2018: Rs.1.61 million), 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 Group 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, 2019, the Group's interest bearing financial liabilities of Rs.6,361.79 million (2018: Rs.3,674.70 million) represent the short term borrowings at floating rate to manage the working capital requirements of the Group 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.

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

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.63.62 million (2018: Rs.36.75 million).

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.

## 41.3 Price risk

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

## 41.4 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 Group is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The 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 Group 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 statement of financial position.

## 42. CAPITAL RISK MANAGEMENT

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

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

	2019	2018
	--- Rupees in '000 ---	
Total borrowings	6,296,614	3,631,851
Cash and bank balances	(500,441)	(497,261)
Net debt	5,796,173	3,134,590
Total Equity	4,649,340	4,724,940
Total Capital	10,445,513	7,859,530
Gearing ratio	55%	40%

## Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

### 43. OPERATING SEGMENTS

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

- (a) All non-current assets of the Group at June 30, 2019 are located in Pakistan.
- (b) Export sales are made to Republic of Mauritius and Srilanka. Result of the Holding Company's revenue from external customers in Pakistan is Rs.13,789.90 million (2018: Rs.16,761.76 million) and total revenue from external customers from other countries is Rs.30.02 million (2018: Rs.10.62 million).
- (c) The Group's customer base is diverse with no single customer accounting for more than 10% of net revenue as at June 30, 2019.

### 44. NUMBER OF EMPLOYEES

The number of employees (including contractual employee) at June 30, 2019 were 611 (2018: 738) and average number of employees during the year were 706 (2018: 695).

### 45. PROVIDENT FUND RELATED DISCLOSURE

The Holding Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Equal monthly contributions at the rate of 8.33 % of the basic salary are made to the Fund both by the Holding Company and the employees. The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2019:

**2019**  
**Rupees in '000**

Size of the Fund - Total assets	<b>32,835</b>
Fair value of investments	<b>30,174</b>
Cost of investments	<b>30,036</b>
Percentage of investments made	<b>91.48%</b>

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

# Notes To The Consolidated Financial Statements

For the year ended June 30, 2019

## 46. SHAHRIA SCREENING DISCLOSURE

	2019		2018	
	Convent -ional	Shariah Compliant	Convent -ional	Shariah Compliant
	Rupees in '000			
Bank balances	172,208	328,202	208,173	289,699
Accrued mark-up	131,663	64,790	28,079	20,230
Short term borrowings	4,049,615	2,246,999	2,078,183	1,553,668
Revenue	-	13,909,913	-	16,772,383
Other income				
a) Profit on saving accounts and term deposit receipts	685	2,655	432	2,240
d) Others including exchange gain on actual currency	-	114,043	-	152,124
Mark-up / interest expense	487,718	242,939	121,262	73,359

## 47. CORRESPONDING FIGURES

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

## 48. DATE OF AUTHORISATION FOR ISSUE

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



Ahmad Kuli Khan Khattak  
Chief Executive



Sohail Hameed Khan  
Director










Iftikhar Ahmed Khan  
Chief Financial Officer










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# Electronic Dividend Mandate Form

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Shareholders are requested to send the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s. Hameed Majeed Associates (Pvt.) Limited, 4th Floor, Karchi Chamber, Hasrat Mohani Road, Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/CDC.

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder : \_\_\_\_\_

Folio Number/CDC Account No. : \_\_\_\_\_ of Ghandhara Industires Limited

Contact number of shareholder : \_\_\_\_\_

Title of Account : \_\_\_\_\_

IBAN (\*) : \_\_\_\_\_

Name of Bank : \_\_\_\_\_

Bank branch : \_\_\_\_\_

Mailing Address of Branch : \_\_\_\_\_

CNIC No. (attach attested copy) : \_\_\_\_\_

NTN (in case of corporate entity) : \_\_\_\_\_

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

\_\_\_\_\_  
Shareholder's Signature

\_\_\_\_\_  
Date

## NOTES:

- \* Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.



# Proxy Form

I/We \_\_\_\_\_  
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 56<sup>th</sup> Annual General Meeting of the  
Company to be held on Friday, 25<sup>th</sup> October, 2019 at 11:45 A.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)

_____ First Witness Signature	_____ Second Witness Signature
_____ Name in Block letters and Address	_____ Name in Block letters and Address
_____ Computerized National Identity Card Number or Passport Number of Witness	_____ Computerized National Identity Card Number or Passport Number of Witness

\_\_\_\_\_  
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 ناجانے پر مسمیٰ / مسماۃ \_\_\_\_\_  
ساکن \_\_\_\_\_ بطور پراکسی مقرر کرنا / کرتے ہیں تاکہ وہ میری / ہماری طرف سے کمپنی کے 56 ویں سالانہ عام اجلاس بمقام رجسٹرڈ آفس بتاریخ 25 اکتوبر 2019ء وقت دن 11:45 بجے منعقد ہو رہا ہے، اس میں یا اس کے کسی ملوثی شدہ 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 انزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

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

نمائندہ کے دستخط

نمائندہ کے دستخط

نمائندہ کا کمپیوٹر انزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نمائندہ کا کمپیوٹر انزڈ 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 اٹارنی کے دستخط ہونے چاہئیں جس پر اس فرد نمائندہ نامزد کرنے والے کا لکھا ہوا اجازت نامہ ہو۔ کسی اجتماعی ادارے کی صورت میں کمپنی کو بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ دستخط نمائندگی کے فارم کے ساتھ جمع کروانے چاہئیں 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 چوکی 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 انزڈ 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 انزڈ قومی شناختی کارڈ یا پاسپورٹ لانا ضروری ہے۔ کسی اجتماعی ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ دستخط نمائندہ پیش کی جانی چاہیے۔





Address: F-3, Hub Chauki Road, S.I.T.E, Karachi - 75730, Pakistan  
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Fax: 021-32560090, 32564458,  
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URL: [www.gil.com.pk](http://www.gil.com.pk)