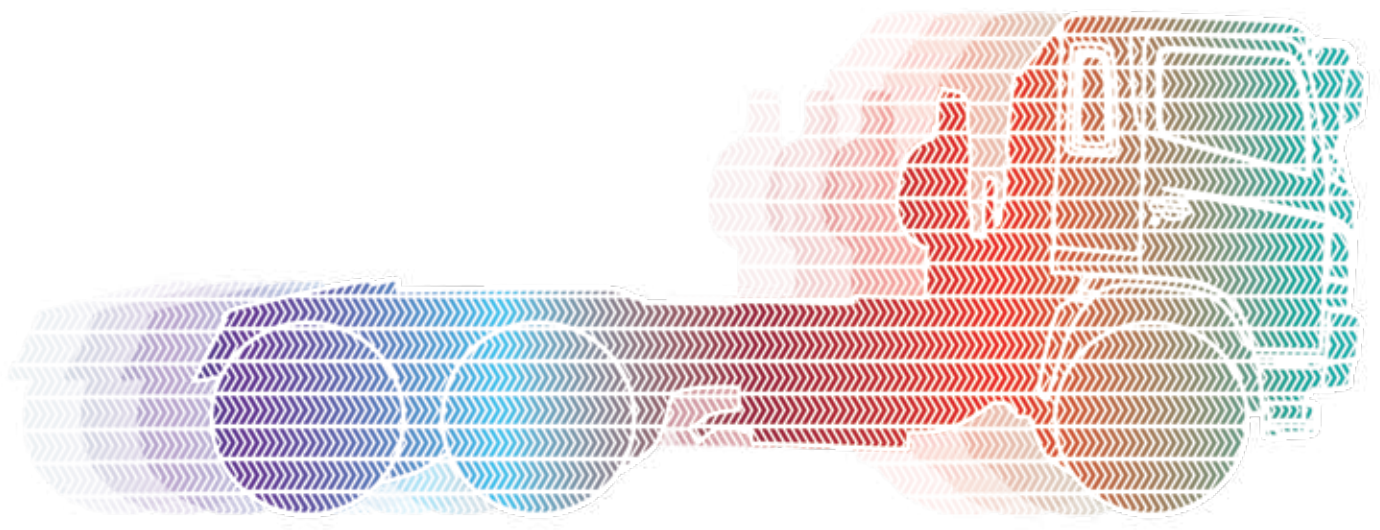


Trucks for life
ISUZU



MOVING FORWARD TO TOUCH NEW MILESTONES
ANNUAL REPORT 2017



GHANDHARA
INDUSTRIES LIMITED



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VISION

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

MISSION

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

To maximize share of ISUZU in Pakistan.

To be a market & customer oriented organization.

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

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

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



COMPANY INFORMATION

Legal Advisors

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

Bankers

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

Share Registrar

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

Registered Office

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

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

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Financial Officer & Company Secretary

Mr. Iftikhar Ahmed Khan

Auditors

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



COMPANY REVIEW

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

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

Our ISUZU truck consistently leads the way with superior specification & reliability. Our customers have come to depend upon the outstanding reliability and superb fuel economy of our trucks, which are often required to operate under very demanding conditions. 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



NPR Truck



NKR Truck



NHR Truck



FTR (4x2) Rigid Truck



FTR (4x2) Prime Mover



FVR (4x2) Rigid Truck



FVR (4x2) Prime Mover



FVZ Truck



FVZ Prime Mover



FVZ Dumper



FVZ 340



FTS (4X4)



NKR Bus



NPR Bus



MT 133/134 Bus

FOUNDER CHAIRMAN



Late General M. Habibullah Khan Khattak

General M. Habibullah Khan Khattak was the Founder Chairman of the Bibojee Group of Companies. Today, the Group is an industrial empire with an extensive portfolio of businesses comprising three cotton spinning mills, a woolen mill, two automobile assembling plants with extensive marketing setups, a general insurance company, Pakistan's largest tyre manufacturing company, a construction company and two Trusts for supporting education and wildlife protection.



Raza Kuli Khan Khattak **Chairman**

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

DIRECTORSHIPS:

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

OFFICES:

Member - HR and Remuneration Committee – The General Tyre and Rubber Co. of Pakistan Limited
Chairman – Pakistan Wildlife Conservation Foundation



Ahmad Kuli Khan Khattak **Chief Executive Officer**

Mr. Ahmad Kuli Khan Khattak was educated at Aitchison College Lahore and graduated from the Pakistan Air Force (PAF) Academy Risalpur in 1969. 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.
(www.ghandharanissan.com.pk)

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

He also serves on the following board of directors:

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



Muhammad Kuli Khan Khattak **Deputy Chief Executive**

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.
- Rehman Cotton Mills Ltd.
- Bannu Woollen Mills Ltd.



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

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.



Dr. Parvez Hassan
Director

Dr. Parvez is a Senior Advocate of the Supreme Court of Pakistan. He has got a doctorate in law from Harvard University and his Masters in law from Yale University. He also served as a President of the Pakistan Environmental Law Association along with a member of the governing body of LUMS and other educational institutions. He has also written various articles on environment, law and national affairs in law journals of Pakistan, USA and Europe. He has been awarded numerous awards and honors including a Global 500 Roll of Honor by the United Nations Environment Program "in recognition of outstanding practical achievements in the protection and improvement of the environment" conferred in Stockholm, Sweden (1991). Apart from this, he holds various international affiliations including the following:

- Consultant to Asian Development Bank, Manila
- Consultant to UN ESCA, Bangkok
- Member of the Asia Pacific Forum on Environment and Development

DIRECTORS' PROFILES



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.



Jamil Ahmed Shah
Director

Mr. Jamil Ahmed Shah is a law graduate. He served as a Managing Director of Sind Engineering Limited (SEL). He also served as a CEO in Naya Daur Motors and Bela Engineering. Mr. Shah has over 53 years of experience in working with different automobile companies in Pakistan. At present he is advisor to the Chairman - Bibojee Group of Companies and also serving on the Board of Ghandhara Nissan Limited



Maj. (R) Muhammad Zia
Director

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

GHANDHARA INDUSTRIES LIMITED ASIA'S BEST 200

We at Ghandhara Industries Limited (GIL) take responsibility for establishing and maintaining quality in all aspect of the business. This is evident from the Company being amongst the Forbes' list of Asia's top two hundred under a \$ Billion 2017. This is indeed a moment of great pride for us and we would like to deliver our heartfelt appreciations to all our business partners and customers for trusting us as their preferred choice for the last 5 decades. Your trust and confidence in us surely paved our way to such a splendid achievement.

With above achievements in our mind, we at GIL promise you of filling a more significant role in Pakistan as an assembler/manufacturer of commercial vehicle. Our sophisticated technological strength and various forthcoming project will well position us as the leading company of Pakistan in commercial vehicles.



HUMAN RESOURCE



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

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



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 2016-2017

GIL technical team participated in Grand Prix 11th ISUZU World Technical Competition where technicians from the worldwide Isuzu subsidiaries converge so they could show their skills and capabilities and it allows participants to directly measure their performance on a level playing field against their best peers around the world.



Participated in Grand Prix
11th ISUZU World Technical
Competition



September to October 2017

Free Service Campaign



GIL conducted the Service Clinic all over Pakistan and entertained 1392 vehicles in all three Regions, this was done to improve the product's brand image and customer confidence in GIL, its Dealership network and products. These activities strengthen relationship with customers, end-users and fleet operators to ensure maximum customer retention with the dealerships.

Our technical staff educated the customers about proper maintenance of vehicles and provided spot solutions to general customer complaints.



November 2016

ISUZU President visit at
plant



It was a prideful moment for family of GIL that President of Isuzu Motors Limited, Japan visited Pakistan to appreciate the progress and growth of Company.



December 2016

Sponsoring Tennis
Championship



Sponsoring Begum Kulsum Saifullah Khan ATT Tennis Championship 2016 held from 19th to 24th December 2016, was GIL's proactive community engagement which was conducted to enhance CSR image for its sponsor, and especially to support grass root level of tennis. These activities demonstrate GIL's critical contribution to Sports and healthy activities.

Ghandhara Industries Ltd. had conducted its Annual Sales Campaign / Road Show 2017 all over Pakistan from 16th of March 2017 to 22nd April 2017.

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

During the campaign promotional activities, media newspaper advertisements, giveaways distribution, client's interaction and product feedback were conducted. This was a helpful event in understanding customers' needs and demands and disseminating information about ISUZU products and their durability. Majority of potential customers showed interest in ISUZU models.

Due to overwhelming response from vast array of CPEC stakeholders and considering the expected demand, GIL had participated and co-sponsored the CPEC Logistics International Forum (CLIF) to accrue maximum benefits of this potential event which was held on 12th to 13th July 2017.

Delegates from all over the world and Pakistan participated in the event where DCEO, Muhammad Kuli Khan Khattak, presented the MEMENTO shields to Lt Gen Javed Mahmood Bukhari, Quartermaster General Pakistan Army, OIC NLC and Maj. Gen. Mushtaq Ahmed Faisal, DG NLC. They appreciated GIL participation in the event. On the event Muhammad Kuli Khan Khattak also shared his views about ISUZU products and enhancing business relationship with each other.

Key Presentation Ceremony of ISUZU Trucks, delivered by Ghandhara Industries Ltd to MTN Transport Network



Ceremony of KEY Presentation



February 2017



Road Show



March to April 2017



Participation in NLC Conference (CPEC Logistic International Forum)



July 2017

GIL Participated in Indus Hospital Fund raising Golf tournament



As a key player in the automotive industry, we are mindful of how our decisions and actions impact the automotive industry and we endeavor to meet our corporate responsibility by taking a sustainable approach towards all aspects of our business, considering this GIL sponsored and participated in Indus Hospital Fund raising Golf tournament held on 12-Feb-2017.

Ceremony of KEY Presentation



Bahauddin Zakariya University (BZU) Multan during a ceremony of ISUZU KEY presentation to Vice Chancellor BZU appreciated GIL's effort of delivering the quality buses in time.

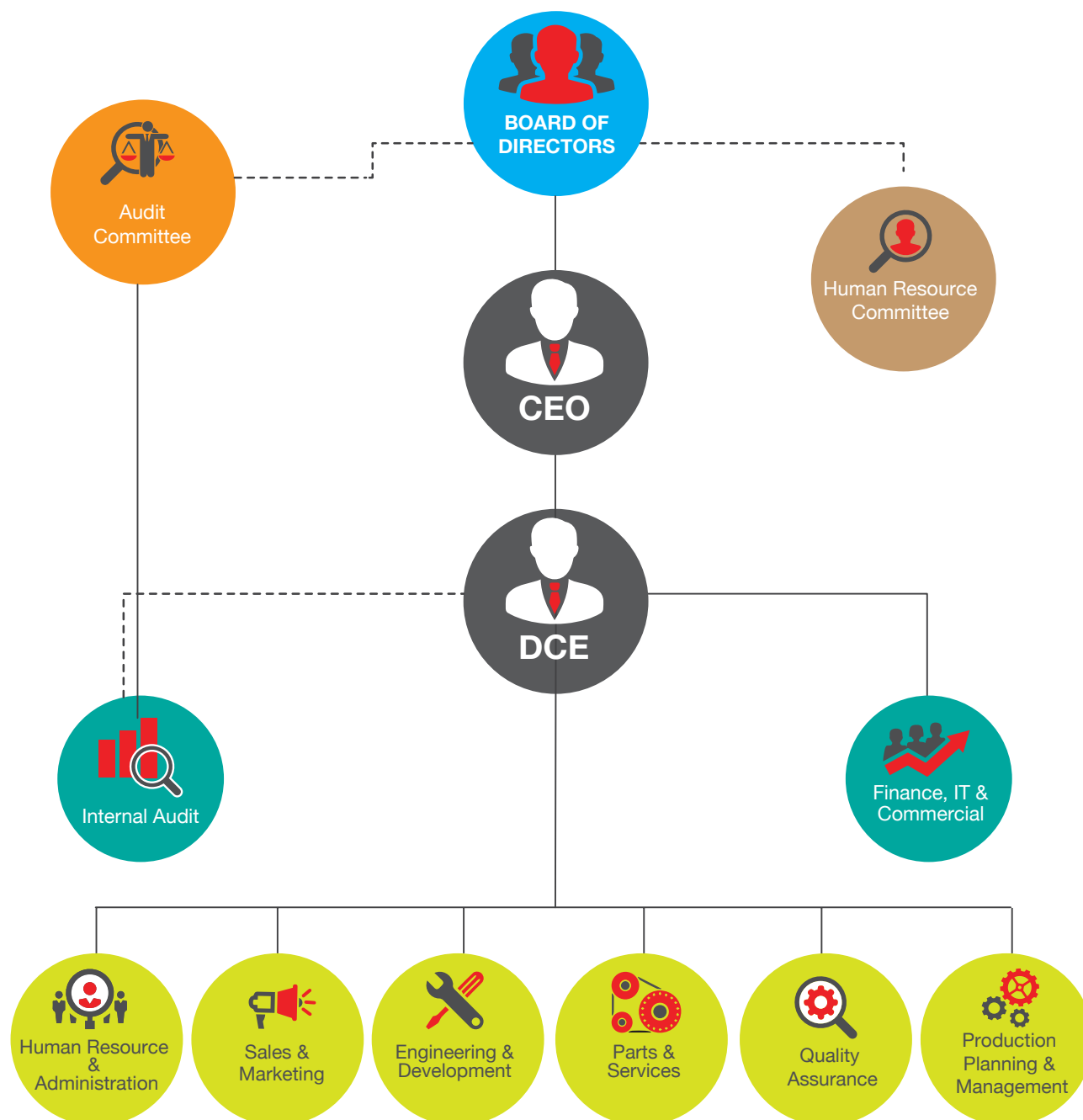
Dealers Conference 2017



To celebrate our achievement and setting New Fiscal Year's target, Ghandhara Industries Ltd had conducted an Annual '3S' Dealer's Conference 2017, on Friday, July 26, 2017 at Serena Hotel, Islamabad.

GIL '3S' Dealerships, ISUZU Japan & Marubeni Corporation management were invited to attend this conference to review the past year's performance, competitor's challenge and device a sale strategy to accomplish business targets for the fiscal year 2017-18.

ORGANIZATION STRUCTURE



CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible company, we at GIL are committed to conduct business in a manner that benefits society and also ensures our long term sustainability. Corporate Social Responsibility is therefore an integral part of the GIL ways of working. The Company is working towards realization of its dream “to be a Company that society wants to exist”.



During the year the Company delivered a bus to Indus Hospital at cost to serve humanity with a motive to “Be someone’s Lifeline”.



GIL Sponsored Begum Kulsum Saifullah Khan Asian Tennis Tournament event and played a proactive role in development of new talent to promote sports.



Sponsored a Golf event on behalf of Indus Hospital and as a key sponsor, GIL provided a venue to Indus Hospital to raise funds and awareness.



HEALTH AND SAFETY

At GIL, our Safety Policy conveys the following simple message:
“SAFETY WILL ALWAYS TAKE PRECEDENCE OVER PRODUCTION, SALES AND PROFITS”

The Company continues to comply with all safety, health and environmental laws and regulations and at the same time, we recognize the benefits of appropriate safety and environmental management as one of our highest priorities.





NOTICE OF MEETING

Notice is hereby given that the 54th Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held at 12:00 P.M on Monday, October 23rd, 2017 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 53rd Annual General Meeting of the company held on October 31st, 2016.
- 2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2017, together with Directors' and Auditors' reports thereon.
- 3) To consider and approve the payment of final Cash Dividend. The Board of Directors has recommended payment of final Cash Dividend of Rs. 15/- per share (150%) for the year ended June 30th, 2017.
- 4) To appoint Auditors for the financial year ending June 30, 2018 and to fix their remuneration. The retiring Auditors M/s. ShineWing Hameed Chaudhri & Company, Chartered Accountants and new Auditors M/s. Junaidy Shoaib Asad, Chartered Accountants being eligible have offered themselves for appointment.
- 5) Any other business with the permission of the Chair.

Special Business

- 6) To consider to pass the following ordinary resolutions:
 - a) "RESOLVED that the transactions carried out in normal course of business with associated companies during the year ended June 30, 2017 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 during the ensuing year ending June 30, 2018 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."

By order of the Board

Karachi
September 30, 2017

(Iftikhar Ahmed Khan)
Company Secretary

Notes:

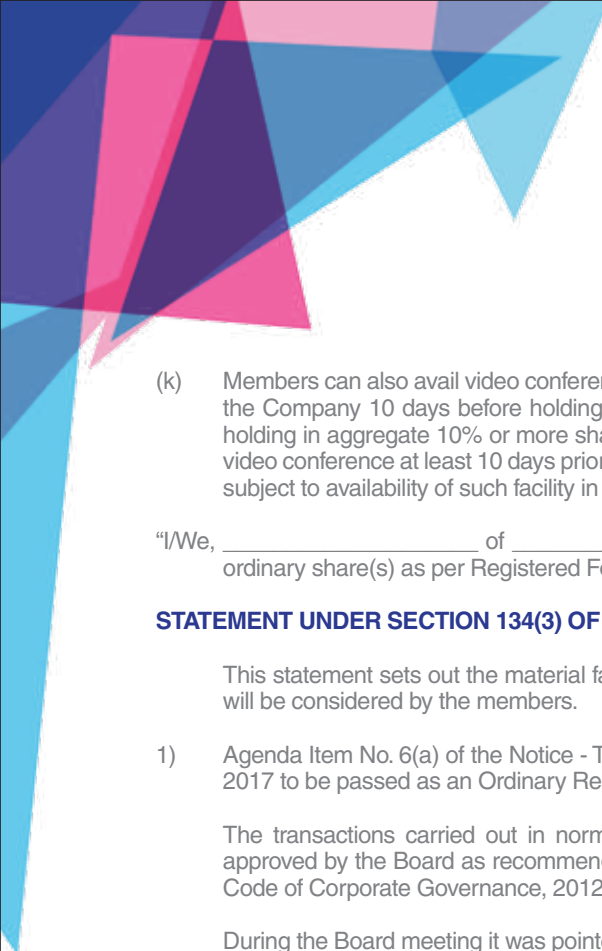
- (a) The Share Transfer books of the Company shall remain closed from October 16, 2017 to October 23, 2017 (both days inclusive).
- (b) A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of himself/herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
- (c) CDC shareholders are requested to bring their original Computerized National Identity Cards, Account, Sub Account Number and Participant's Number in the Central Depository System for identification purposes for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- (d) Securities and Exchange Commission of Pakistan (SECP) vide notifications dated August 18, 2011 and July 05, 2012 made it mandatory that dividend warrants should bear CNIC number of the registered members, therefore, members who have not yet submitted photocopy of their valid Computerized National Identity Cards to the Company are requested to send the same at the earliest to enable the Company to comply with relevant laws. Failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.
- (e) Shareholders are informed that Income Tax Ordinance 2001, as amended by Finance Act, 2017, has prescribed 20% withholding tax on dividend payment to non-filers while filers of income tax returns will be liable to withholding tax @ 15%. Shareholders are advised to provide their NTN to Share Registrar of the Company for availing the benefit of withholding tax rate applicable to filers. Information in respect of joint shareholding be provided on the format given below to compute withholding tax of each shareholder accordingly:

Name of Principal / Joint Holder	Folio / Prt. ID & Acct No.	Shareholding %	CNIC	Signature
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- (f) Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 or under any other provision of the law are requested to provide valid exemption certificate or copy of stay order, if any, before the date of book closure, to the Share Registrar of the Company as required vide FBR clarification letter No. 1(43) DG (WHT)/2008 - Vol. II- 66417-R dated 12 May 2015. In case of non-submission of the requisite documents, deduction of tax under relevant sections shall be made as per requirements of law.
- (g) Members are requested to immediately notify any change in their mailing address to our Share Registrar's Office – M/s Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
- (h) 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
- (i) Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company's website: www.gil.com.pk. 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.
- (j) Payment of cash dividend electronically (Mandatory).

The Dividend will be paid to the shareholders by the way of dividend warrants as per the previous arrangement. However, after October 31st, 2017, the cash dividend will be paid only through electronic mode directly in the bank accounts of the said shareholders as required by law.

The member are advised to provide their dividend mandate with complete bank account details along with International Bank account Number (IBAN's) for payment of cash dividend directly in the bank account instead of issuance of physical cash dividend warrants. In this regard the shareholder may obtain Bank Mandate Form from the company's website www.gil.com.pk. The Shareholders are advised to submit above referred form duly filled to the share Registrar to M/s Hameed Majeed Associates (Pvt.) Limited, 4th floor, Karachi Chambers, Hasrat Mohani Road, Karachi, Pakistan in case of physical holding and in case of CDC account/ sub account to Investor Account Services or their brokerage firm as the case may be.

- 
- (k) Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"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 _____."

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

This statement sets out the material facts concerning the Special Business, given in agenda item No.6 of the Notice that will be considered by the members.

- 1) Agenda Item No. 6(a) of the Notice - Transactions carried out with associated companies during the year ended June 30, 2017 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 5.19.6 (b) of the Code of Corporate Governance, 2012.

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, 2017 with associated company as shown in relevant notes of the Audited Financial Statements are being placed before the shareholders for their consideration and approval/ratification.

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

- 2) Agenda Item No. 6(b) of the Notice - 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, 2018 to be passed as an Ordinary Resolution.

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

In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2018.

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

CHAIRMAN'S MESSAGE

It's an honor to announce that the Company has yet again achieved highest ever profits for the third consecutive year with an after tax profit of Rs.795 million (Rs.746 million last year). This increase in profit is achieved due to better absorption of factory overheads as a result of overall increase in sales.

Company's Performance

The Company sold 2,903 units of trucks and busses as compared to 1,565 units last year. Overall market conditions remained competitive and despite the challenges, our performance has been outstanding this year.

On company's performance, I would also like to mention that it's a privilege to be associated with company which have been named amongst the Asia's top 200 under a billion dollar list of 2017. The Company will continue to provide same quality services and state-of-the-art product for the years to come.

Future Outlook

Whilst the positive economic scenario in the country gives us confidence about the continued prosperity of your company, the company is aware of the growing market needs. Adapting to the shift in the overall market conditions, the company is equally focusing on introducing different range of models to improve business portfolio and to meet customers' demands.

Foregoing in view, we feel short to medium term outlook of your company will be quite positive and are confident that the good results of 2017 will be sustained in 2018 also.

Acknowledgement

As good results are first and foremost due to people, we would like to thank all the employees whose efforts played major role in achieving the good results during the current year.

We would also like to express our thanks to Isuzu Motors Limited, Marubeni Corporation, Shareholders, 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.

Raza Kuli Khan Khattak
Chairman

DIRECTORS' REPORT



The directors of your company take pleasure in presenting the 54th annual report & the Company's audited financial statements for the year ended June 30, 2017.

ECONOMY AND MARKET

The Economy of the Country during the fiscal year 2016–17 posted growth in macroeconomic indicators. In line with the economy the trucks and buses industry showed a growth of 31%. Naturally, the local automakers and parts suppliers showed a boom in sales, resulting from lower interest and inflation rate coupled with better law and order situation.

While an improving economic environment driven by the Government's efforts provided a much needed boost to the entire industry, FY2016-17 was particularly auspicious for your company. The annual demand for ISUZU Trucks and Buses grew 85% to 2,903 units compared to 1,565 units sold last year. The company's market share increased from 25% to 35% resulting in improved results with an impressive all round performance setting new records on production, sales, earnings and job creation.

FINANCIAL PERFORMANCE

The financial results are summarized below:

	2017	2016
	Rupees' 000	
Profit from operation	1,471,262	1,211,178
Finance cost	(224,637)	(113,073)
Profit before tax	1,246,265	1,098,105
Taxation	(450,612)	(352,244)
Profit after tax	796,013	745,861
Earnings per share	37.36	35.01

Ghandhara Industries Limited is setting new challenge for the future by achieving highest ever profits for two consecutive years Rs. 794.7 million in the year 2016-2017 and Rs. 745.8 in the year 2015-2016.

OPERATING RESULTS

Sales

In-line with the booming economy, your company achieved sales revenue of Rs. 10.74 Billion which is 84% higher than last year of Rs. 5.83 Billion. The Company provides state of the art after sales service, customer oriented customized and reliable products thereby increasing customers' confidence. Customer's confidence resulted in higher sales. New models of ISUZU Buses were also introduced in the market.

Gross profit

Growth in sales and market share resulted in increased gross profits. As a result, gross margin increased to Rs. 2,203 million from Rs. 1,546.6 million.

Distribution and administrative expenses

Increased sales activity along with increased inflationary prices puts pressure on the distribution and administrative expenses. But due to better planning, expenses showed a downward trajectory as a percentage of sales.

Finance costs

Better negotiation with banks along with favorable monetary policy played major role in curtailing the Finance cost to 2% of sales as was in the last year. The management was well aware that increased activity will put pressure on finance cost therefore took acute steps to deliver optimum benefit to the company through better financial management.

Dividend

In the light of the financial position of the Company the Board of Directors has proposed a final cash dividend of Rs.15 per share for the year ended June 30, 2017 in its meeting held on September 20th, 2017.

This shall be subject to the approval of the shareholders in their meeting scheduled on October 23rd, 2017.

Auditor's report to the members

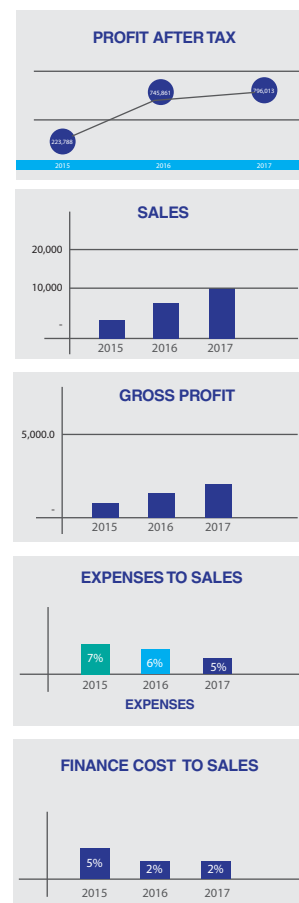
The position in respect of paragraph (e) of the Auditor's report is clarified as under:

During the year, the Company obtained further legal opinions in connection with the Companies Profits

(Workers' Participation) Act, 1968 and the Sindh Companies Profits (Workers' Participation) Act, 2015 which stated that the Company met all the conditions of Scheme and consequently, based on this opinion, the management prudently recorded provision from June 30, 2006 to June 30, 2016 aggregating to Rs.147,373 thousand (including interest on WPPF) and current year provision amounting to Rs.72,828 thousand.

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 46 and 47. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:



- The financial statement prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statement.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are annexed.
- The value of investments of the Company's gratuity as on June 30, 2017 is Rs. Nil.

Audit Committee

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

Board Human Resource & Remuneration Committee

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

Board meetings

The Board of Directors is comprised of one executive

director, five non-executive directors and one independent director.

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

Name of Director	No. of Meetings attended
Mr. Raza Kuli Khan Khattak	5
Mr. Ahmad Kuli Khan Khattak	5
Lt. Gen. (R) Ali Kuli Khan Khattak	4
Dr. Parvez Hassan	1
Mr. Jamil Ahmed Shah	5
Maj. (R) Muhammad Zia	4
Mr. Shahid Kamal Khan	5

Auditors

Present auditors, Messrs.' ShineWing Hameed Chaudhri & Co, Chartered Accountants, have retired. Being eligible, they have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2018 to the shareholders for approval. Junaidy Shoaib Asad Chartered Accountants, being eligible for appointment, have also offered themselves for appointment as joint/co auditors, and on the recommendation of the Board Audit Committee for the year ending June 30, 2018, the Board endorses their appointment as joint/co auditors to the shareholders for approval.

Pattern of shareholding

The pattern of shareholding as on 30th June 2017 & additional information thereabout required under Code of Corporate Governance are annexed.

Related Party Transactions

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 disclosed in note 38 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. Several contributions were also made towards the education, promotion of sports and health of underprivileged citizens of the society.

Subsequent Events

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

Future outlook

The economy is in sustainable boom for the past couple of years due to sound government policies and better law and order situation emanating from the security agencies fight against terrorism. However fluctuation in the Japanese Yen in the future will put pressure on the cost of production of all the import oriented businesses.

The Company is all set to demonstrate strong performance and competitiveness. The management with well-established plans and sufficient future orders, is well positioned to further grow its share in the Trucks and Buses market.

Acknowledgement

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

By order of the Board



Ahmad Kuli Khan Khattak
Chief Executive

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

شیئر ہولڈنگ کا طریقہ

30 جون 2017 کو کمپنی کے شیئر ہولڈنگ کا طریقہ اور اجتماعی عملداری کے ضابطے کے تحت مطلوبہ اضافی معلومات کو سالانہ رپورٹ میں منسلک کیا گیا ہے۔

بعد کے واقعات

30 جون 2017 سے رپورٹ کے تیاری تک کسی قسم کے مادی تبدیلیاں اور کمٹمنٹس نہیں کیے گئے کہ جن سے کمپنی کی اقتصادی حیثیت تبدیل ہو۔

مستقبل پر نظر

حکومت کی بہتر پالیسیوں اور قانون نافذ کرنے والے اداروں کی دہشتگردی کے خلاف جنگ کی وجہ سے بہتر ہوتی ہوئی سیکوریٹی سے پچھلے کچھ سالوں میں معیشت پائیدار ترقی کی راہ پر ہے۔ لیکن مستقبل میں جاپانی یان کی قیمت میں اتار چڑھاؤ درآمد پر مبنی کاروبار کے پیداوار کی لاگت پر دباؤ بڑھ سکتا ہے۔ 32.5 US\$ ارب کا بڑھتا ہوا تجارتی خسارہ بھی کاروبار اور معیشت کے لیے تشویشناک ہے۔

کمپنی منظوم کارکردگی اور مسابقت کے لیے تیار ہے۔ کمپنی کی انتظامیہ قائم کردہ بہترین منصوبوں اور مستقبل کے وافر مقدار کے آرڈرز کے ساتھ اس قابل ہے کہ بسوں اور ٹرکوں کی مارکیٹ میں اپنا حصہ مزید بڑھا سکے۔

توثیقی بیان

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

محکمہ بورڈ



احمد قسبی خان خٹک

چیف ایگزیکٹو آفیسر

کراچی: ستمبر 20، 2017

آڈیٹرز رپورٹ ٹو دی ممبرز

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

اس سال کے دوران کمپنی نے Sindh Companies Profits (Workers' Participation) Act, 1968 اور Companies Profits (Workers' Participation) Act, 2015 کے حوالے سے مزید قانونی رائے کی جس کے مطابق کمپنی سکیم کی تمام شرائط پر پوری اتاری ہے لہذا کمپنی کی انتظامیہ نے احتیاطی اصول کے مطابق جون 2006 سے جون 2016 تک مجموعی 14.737 کروڑ (سود کے ساتھ) اور رواں سال کا 7.282 کروڑ کا پرویشن ریکارڈ کر دیا ہے۔

کوڈ آف گورننس

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

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

آڈٹ کمیٹی

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

بورڈ کی ہیومن ریسورس اور معاوضے کی کمیٹی

کمیٹی میں تین ممبران شامل ہیں جس کی اکثریت، بشمول کمیٹی چیئر مین، نان ایگزیکٹو ہیں۔ لسٹنگ کے قواعد و ضوابط کی فراہم کردہ رہنمائی کے مطابق اس کمیٹی کے حوالے کی تعریف متعین کردی گئی ہے۔

بورڈ میٹنگز

بورڈ آف ڈائریکٹرز میں ایک ایگزیکٹو ڈائریکٹر، پانچ نان ایگزیکٹو ڈائریکٹرز اور ایک خود مختار ڈائریکٹر شامل ہیں۔ زیر نظر سال کے دوران بورڈ کی پانچ میٹنگز منعقد کی گئیں جن میں درج ذیل ڈائریکٹرز کی شمولیت ذیل میں دی ہوئی ہے:

میٹنگز میں شرکت کی تعداد

ڈائریکٹرز کا نام

5	جناب رضا قلی خان خٹک
5	جناب احمد قلی خان خٹک
4	لیفٹیننٹ جنرل (ر) علی قلی خان خٹک
1	ڈاکٹر پرویز حسن
5	جناب جمیل احمد شاہ
4	ممبر (ر) محمد ضیاء
5	جناب شاہد کمال خان

ڈائریکٹرز کا جائزہ

30 جون 2017 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ 54 ویں سالانہ رپورٹ پیش کرنے میں آپ کے کمپنی ڈائریکٹرز خوشی محسوس کرتے ہیں۔

معیشت اور مارکیٹ

مالی سال 2016-17 میں ملکی معیشت کے اقتصادی اشاروں میں بہتری آئی ہے۔ معیشت کی ترقی کے عین موافق ٹرک اور بس کی صنعت نے 31% ترقی کی ہے۔ ناگزیر طور پر مقامی آٹومیکرز اور پوزوں کے سپلائرز کی فروخت میں بھی اضافہ ہوا ہے۔

حکومت کی کوششوں سے فراہم کیے جانے والے ضروری اور بہتر معاشی ماحول سے پوری صنعت کو ترقی ملی، خصوصاً مالی سال 2016-17 آپ کی کمپنی کے لیے بہت سازگار ثابت ہوا۔ (ISUZU) اسوز ڈرکوں اور بسوں کی سالانہ طلب 85% اضافے کے ساتھ 2,903 رہی جبکہ پچھلے سال کمپنی نے 1,565 یونٹس فروخت کیے۔ کمپنی نے بہترین نتائج جس میں پیداوار، فروخت، آمدنی اور روزگار کے مواقع پیدا کرنے میں متاثر کن ہمہ گیر کارکردگی کے نئے ریکارڈ قائم کئے۔

مالیاتی نتائج مندرجہ ذیل ہیں:

	2017	2016
	Rupees' 000	
Profit from operation	1,471,262	1,211,178
Finance cost	(224,637)	(113,073)
Profit before tax	1,246,265	1,098,105
Taxation	(450,612)	(352,244)
Profit after tax	796,013	745,861
Earnings per share	37.36	35.01

گندھارا انڈسٹریز لمیٹڈ نے مسلسل دو سال Rs. 79.47 کروڑ 2016-17 میں اور 74.58 کروڑ 2015-16 میں اب تک کاسب سے زیادہ منافع حاصل کر کے مستقبل کے لیے ایک نیا چیلنج قائم کیا ہے۔

سیلز

بڑھتی ہوئی معیشت کے عین مطابق آپ کی کمپنی کی فروخت 10.741 ارب روپے ہوئی جو پچھلے سال کی 5.83 ارب روپے سے 84% اضافی ہے۔ کمپنی کا فروخت کے بعد معیاری سروس، گاؤں کے مطالبہ کے مطابق اور معیاری مصنوعات کی فراہمی سے گاؤں کا اعتماد بڑھا جس سے کمپنی کی فروخت میں اضافہ ہوا۔

مجموعی منافع

فروخت اور مارکیٹ شیئر میں اضافے کی بدولت مجموعی منافع 2.2 ارب ہوا جو کہ پچھلے سال 1.5 ارب تھا۔

تقسیم اور انتظامی اخراجات

اضافی فروخت کی سرگرمی اور مہنگائی کے اثرات کا تقسیم اور انتظامی اخراجات پر دباؤ ہا لیکن بہتر منصوبہ بندی کی وجہ سے اخراجات میں فروخت کی شرح کے لحاظ سے کمی واقع ہوئی ہے۔

معاشی لاگت

بینکوں کے ساتھ کامیاب مذاکرات کے ساتھ ساتھ موافق مالیاتی پالیسی نے معاشی لاگت کو فروخت کا صرف 2% تک کم رکھنے میں اہم مدد دی۔ انتظامیہ اس بات سے باخبر تھی کہ سرگرمی میں اضافے سے معاشی لاگت پر دباؤ بڑھے گا لہذا بہتر معاشی انتظام کی بدولت کمپنی کے لیے بہترین نتائج حاصل کرنے کے لیے ٹھوس اقدامات کیے گئے۔

ڈیوڈنڈ

کمپنی کی معاشی حالت کے اعتبار سے 30 جون 2016 کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز نے 20 ستمبر 2017 کو منعقد ہونے والی میٹنگ میں 15 روپے فی شیئر کے حتمی ڈیوڈنڈ کی سفارش کی ہے۔

اس کا دار و مدار شیئر ہولڈرز کی 23 اکتوبر کو منعقد ہونے والی میٹنگ میں منظوری سے مشروط ہوگا۔

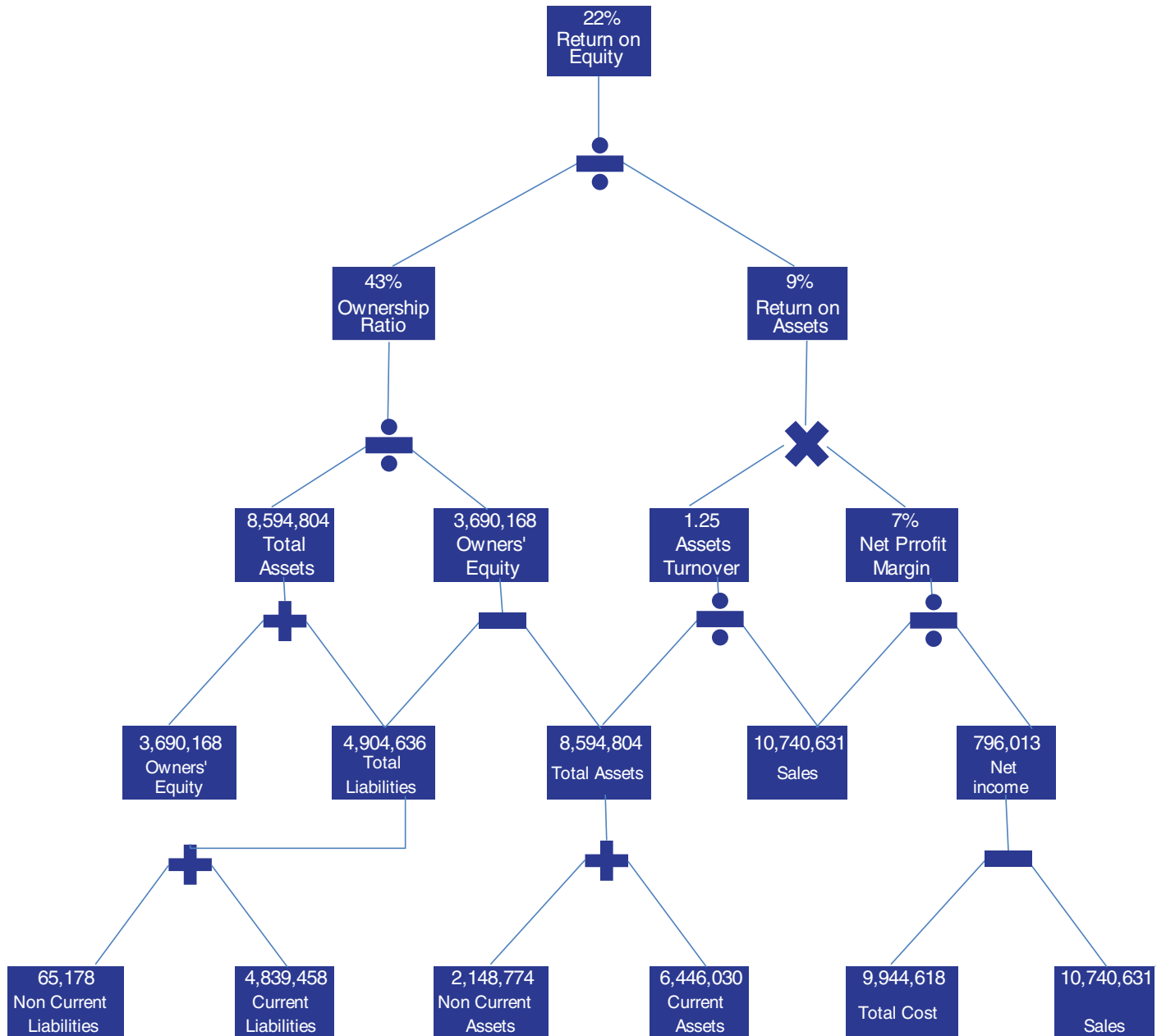
FINANCIAL PERFORMANCE

		2017	2016	2015	2014	2013	2012
		-----Rupees '000-----					
Financial Performance-Profitability							
Gross profit margin	%	20.51	26.55	20.95	12.19	17.23	12.01
EBITDA margin to sales	%	14.04	21.26	15.74	7.82	13.69	7.09
Pre tax margin	%	11.61	18.85	15.74	0.64	6.51	(2.20)
Net profit margin	%	7.40	12.80	6.79	0.92	4.54	(1.58)
Return on equity-before tax	%	33.78	35.33	14.54	0.78	9.18	(2.60)
Return on equity-after tax	%	21.57	23.99	9.95	1.12	6.40	(1.87)
Operating Performance / Liquidity							
Total assets turnover	Times	1.25	1.13	0.98	0.66	0.68	0.56
Fixed assets turnover	Times	5.31	3.00	1.97	1.47	1.65	1.25
Debtors turnover	Times	28.83	38.54	25.00	9.59	13.07	12.69
Debtors turnover	Days	12.66	9.47	15	38	28	29
Inventory turnover	Times	3.98	5.21	3.95	2.05	2.46	2.43
Inventory turnover	Days	91.81	70.06	92	178	148	150
Creditors turnover	Times	29.45	25.46	14.11	9.82	15.37	11.44
Creditors turnover	Days	12.39	14.34	26	37	24	32
Operating cycle	Days	92.07	65.20	106	204	183	168
Current ratio		1.33	1.62	1.56	1.16	1.12	1.05
Quick / acid test ratio		0.55	0.77	0.95	0.52	0.47	0.54
Capital Structure Analyses							
Breakup value / share	Rs	173.21	145.91	105.59	94.83	93.67	76.78
Earning per share (pre tax)	Rs	58.52	51.54	15.35	0.74	8.60	(2.03)
Earning per share (after tax)	Rs	37.36	35.01	10.50	1.13	6.00	(1.46)

SUMMARY OF BALANCE SHEET

	2017	2016	2015	2014	2013	2012
Share capital	213,044	213,044	213,044	213,044	213,044	213,044
Reserves	1,612,010	1,022,517	365,002	133,989	103,933	(27,772)
Shareholder's fund / equity	3,690,168	3,108,553	2,249,388	2,020,212	1,995,571	1,635,720
Deferred liabilities	45,615	37,802	30,545	24,866	21,819	14,774
Property, plant & equipment	2,021,453	1,941,250	1,674,230	1,678,603	1,703,088	1,447,944
Long term assets	16,824	15,783	5,831	4,783	7,344	6,186
Net current assets / Working capital	1,606,572	1,188,072	568,524	261,336	258,384	86,836
Summary of Profit & Loss						
Net sales	10,740,631	5,825,579	3,293,329	2,466,127	2,812,958	1,968,409
Gross profit	2,202,963	1,546,638	689,924	300,696	484,624	236,420
Operating profit	1,471,262	1,211,178	494,131	192,864	359,061	113,025
Profit before tax	1,246,625	1,098,105	327,016	15,812	183,166	(43,263)
Profit after tax	796,013	745,861	223,788	24,068	127,736	(31,085)
EBITDA	1,471,268	1,238,493	518,222	192,864	385,138	139,469
Summary of Cash Flows						
Net cash flow from operating activities	(65,554)	588,679	1,002,281	141,723	(401,667)	(582,793)
Net cash flow from investing activities	(110,061)	(73,468)	(12,428)	(2,472)	(11,426)	(9,389)
Net cash flow from financing activities	(203,342)	(58,075)	(9,835)	(10,452)	(8,396)	(6,737)
Changes in cash & cash equivalents	(378,957)	457,136	980,018	128,799	(421,489)	(598,919)
Cash & cash equivalents	12,749	391,706	(65,430)	(1,045,448)	(1,174,247)	(752,758)

DUPONT ANALYSIS



HORIZONTAL ANALYSIS

	2017 Rs. in M	2017 vs 2016 %age	2016 Rs. in M	2016 vs 2015 %age	2015 Rs. in M	2015 vs 2014 %age	2014 Rs. in M	2014 vs 2013 %age	2013 Rs. in M	2013 vs 2012 %age	2012 Rs. in M	2012 vs 2011 %age
Balance Sheet												
ASSETS												
Non-Current Assets												
Property, plant & equipment	2,021,453	4.13	1,941,250	15.95	1,674,230	(0.26)	1,678,603	(1.44)	1,703,088	17.62	1,447,944	(1.17)
Intangible assets	462	100.00	-	(100.00)	45	(87.13)	346	(46.52)	647	(31.85)	949	(24.11)
Investment properties	88,901	(0.27)	89,145	(0.28)	89,395	(0.28)	89,645	(0.28)	89,895	(0.28)	90,145	(0.28)
Long term Investment	1,400	-	1,400	-	1,400	-	1,400	-	1,400	0.04	1,400	(0.04)
Long term loans	2,736	19.06	2,298	107.20	1,109	74.38	636	(51.49)	1,311	34.84	972	(29.65)
Long term deposits	12,688	4.99	12,085	263.79	3,322	20.93	2,747	(40.71)	4,633	21.47	3,814	(28.57)
Deferred taxation	21,134	100.00	-	-	-	(100.00)	18,304	-	-	(100.00)	32,049	27,254.06
	2,148,774	5.01	2,046,178	15.64	1,769,501	(1.24)	1,791,681	(0.52)	1,800,974	14.18	1,577,273	0.78
Current Assets												
Stores and spares parts	2,560	29.29	1,980	(1.42)	2,009	8.04	1,859	(18.64)	2,285	33.31	1,714	(60.09)
Stock-in-trade	3,779,300	132.75	1,623,753	165.05	612,623	(41.98)	1,055,872	(22.12)	1,355,715	45.95	928,892	34.29
Trade debts	485,472	86.95	259,680	508.82	42,653	(80.68)	220,786	(24.76)	293,428	114.28	136,939	(21.02)
Loans and advances	143,340	0.70	142,349	(44.28)	255,449	21.91	209,547	(15.22)	247,162	(35.85)	385,279	463.26
Trade deposits and prepayments	707,242	108.24	339,626	12.59	301,657	61.23	187,098	26.80	147,548	(11.20)	166,166	(75.30)
Other receivables	2,683	(85.51)	18,518	13.66	16,292	59.84	10,193	315.36	2,454	96.95	1,246	(88.36)
Sales tax refundable/adjustable and taxation - payment less provision	520,298	265.43	142,380	(32.69)	211,533	0.68	210,107	(14.75)	246,465	19.86	205,626	23.65
Cash and bank balances	805,135	37.46	585,735	331.61	135,710	292.26	34,597	(14.13)	40,289	(55.83)	91,218	857.84
	6,446,030	107.00	3,114,021	97.35	1,577,926	(18.24)	1,930,059	(17.35)	2,335,346	21.82	1,917,080	6.69
	8,594,804	66.56	5,160,199	54.15	3,347,427	(10.06)	3,721,740	(10.02)	4,136,320	18.37	3,494,353	3.94
Equity And Liabilities												
Share Capital And Reserves												
Share capital	213,044	-	213,044	-	213,044	0.00	213,044	-	213,044	-	213,044	-
Unappropriated profit / (accumulated loss)	1,612,010	57.65	1,022,517	180.14	365,002	172.41	133,989	28.92	103,933	(474.24)	(27,772)	1,134.07
Surplus on revaluation of fixed assets	1,865,114	(0.42)	1,872,992	12.07	1,671,341	(0.11)	1,673,179.0	(0.32)	1,678,594	15.73	1,450,448	(0.38)
	3,690,168	18.71	3,108,553	38.20	2,249,387	11.34	2,020,212	1.23	1,995,571	22.00	1,635,720	(1.86)
Non-Current Liabilities												
Liabilities against assets subject to finance lease	19,563	(45.66)	36,000	240.14	10,584	33.32	7,939.00	(47.43)	15,102	10.93	13,614	(31.03)
Deferred liabilities	45,615	20.67	37,802	23.76	30,545	22.84	24,866.00	13.96	21,819	47.68	14,774	7.72
Deferred taxation	-	(100.00)	51,895	9.23	47,509	100.00	-	(100.00)	26,865	100.00	-	-
	65,178	(48.15)	125,697	41.81	88,638	170.20	32,805	(48.57)	63,786	124.70	28,388	(15.14)
Current Liabilities												
Trade and other payables	4,004,872	135.93	1,697,510	116.67	783,464	42.32	550,511	(33.08)	822,680	(12.83)	943,781	(35.41)
Current maturity of liabilities against assets subject to finance lease	17,916	108.40	8,597	124.06	3,837	(49.86)	7,652	2.22	7,486	32.04	5,670	(9.78)
Accrued mark up	24,284	(5.92)	25,813	23.15	20,961	(31.31)	30,515	(5.41)	32,261	(12.37)	36,817	19.20
Short term borrowings	792,386	308.39	194,029	(3.54)	201,140	(81.38)	1,080,045	(11.07)	1,214,536	43.91	843,976	416.63
	4,839,458	151.28	1,925,949	90.80	1,009,402	(39.51)	1,668,723	(19.66)	2,076,963	13.48	1,830,244	10.14
	8,594,804	66.56	5,160,199	54.15	3,347,427	(10.06)	3,721,740	(10.02)	4,136,320	18.37	3,494,353	3.94
Profit and Loss												
Net sales	10,740,631	84.37	5,825,579	76.89	3,293,329	33.54	2,466,127	(12.33)	2,812,958	42.91	1,968,409	20.67
Cost of sales	(8,537,668)	99.53	(4,278,941)	64.36	(2,603,405)	20.23	(2,165,431)	(7.00)	(2,328,334)	34.43	(1,731,989)	18.87
Gross profit	2,202,963	42.44	1,546,638	124.18	689,924	129.44	300,696	(37.95)	484,624	104.98	236,420	35.73
Distribution expenses	(359,159)	63	(220,946)	33	(166,310)	58	(105,267)	24.55	(84,518)	13.34	(74,570)	31.18
Administrative expenses	(150,595)	36	(110,568)	59	(69,707)	5	(66,116)	(9.49)	(73,046)	47.39	(49,559)	(8.59)
Other operating expenses	(244,074)	605	(34,598)	155	(13,546)	320	(3,227)	(77.96)	(14,641)	670.98	(1,899)	40.10
Other operating income	22,127	(28)	30,652	(43)	53,770	(19)	66,778	43.17	46,642	1,671.44	2,633	(50.14)
Profit / (loss) from operations	1,471,262	21	1,211,178	145	494,131	156	192,864	(46.29)	359,061	218	113,025	68.57
Finance cost	(224,637)	99	(113,073)	(32)	(167,115)	(6)	(177,052)	0.66	(175,895)	12.55	(156,288)	163.99
Profit / (loss) before taxation	1,246,625	14	1,098,105	236	327,016	1,968	15,812	(91.37)	183,166	(523.38)	(43,263)	(651.35)
Taxation	(450,612)	27.93	(352,244)	241.24	(103,226)	1,150.31	(8,256)	(114.89)	(55,430)	355.15	(12,178)	(12,087.91)
Profit / (loss) after taxation	796,013	6.72	745,861	233.29	223,790	829.82	24,068	(81.16)	127,736	(510.93)	(31,085)	(501.35)

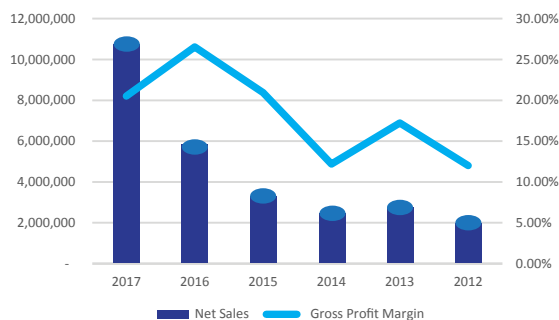
VERTICAL ANALYSIS

	2017 Rs. in M	vs 2016 %age	2016 Rs. in M	vs 2015 %age	2015 Rs. in M	vs 2014 %age	2014 Rs. in M	vs 2013 %age	2013 Rs. in M	vs 2012 %age	2012 Rs. in M	vs 2011 %age
Balance Sheet												
ASSETS												
Non-Current Assets												
Property, plant & equipment	2,021,453	23.52	1,941,250	37.62	1,674,230	50.02	1,678,603	45.10	1,703,088	41.17	1,447,944	41.44
Intangible assets	462	0.01	-	-	45	0.00	346	0.01	647	0.02	949	0.03
Investment properties	88,901	1.03	89,145	1.73	89,395	2.67	89,645	2.41	89,895	2.17	90,145	2.58
Long term investment	1,400	0.02	1,400	0.03	1,400	0.04	1,400	0.04	1,400	0.03	1,400	0.04
Long term loans	2,736	0.03	2,298	0.04	1,109	0.03	636	0.02	1,311	0.03	972	0.03
Long term deposits	12,688	0.15	12,085	0.23	3,322	0.10	2,747	0.07	4,633	0.11	3,814	0.11
Deferred taxation	21,134	0.25	-	-	-	-	18,304	0.49	-	-	32,049	0.92
	2,148,774	25	2,046,178	40	1,769,501	52.86	1,791,681	48.14	1,800,974	43.54	1,577,273	45.14
Current Assets												
Stores and spares parts	2,560	0.03	1,980	0.04	2,009	0.06	1,859	0.05	2,285	0.06	1,714	0.05
Stock-in-trade	3,779,300	43.97	1,623,753	31.47	612,623	18.30	1,055,872	28.37	1,355,715	32.78	928,892	26.58
Trade debts	485,472	5.65	259,680	5.03	42,653	1.27	220,786	5.93	293,428	7.09	136,939	3.92
Loans and advances	143,340	1.67	142,349	2.76	255,449	7.63	209,547	5.63	247,162	5.98	385,279	11.03
Trade deposits and prepayments	707,242	8.23	339,626	6.58	301,657	9.01	187,098	5.03	147,548	3.57	166,166	4.76
Other receivables	2,683	0.03	18,518	0.36	16,292	0.49	10,193	0.27	2,454	0.06	1,246	0.04
Sales tax refundable/adjustable and taxation - payment less provision	520,298	6.05	142,380	2.76	211,533	6.32	210,107	5.65	246,465	5.96	205,626	5.88
Cash and bank balances	805,135	9.37	585,735	11.35	135,710	4.05	34,597	0.93	40,289	0.97	91,218	2.61
	6,446,030	75	3,114,021	60	1,577,926	47.14	1,930,059	51.86	2,335,346	56.46	1,917,080	54.86
	8,594,804	100.00	5,160,199	100.00	3,347,427	100.00	3,721,740	100.00	4,136,320	100.00	3,494,353	100.00
Equity And Liabilities												
Share Capital And Reserves												
Share capital	213,044	2.48	213,044	4.13	213,044	6.36	213,044	5.72	213,044	5.15	213,044	6.10
Unappropriated profit / (accumulated loss)	1,612,010	18.76	1,022,517	19.82	365,002	10.90	133,989	3.60	103,933	2.51	(27,772)	(0.79)
Surplus on revaluation of fixed assets	1,865,114	21.70	1,872,992	36.30	1,671,341	49.93	1,673,179	44.96	1,678,594	40.58	1,450,448	41.51
	3,690,168	43	3,108,553	60	2,249,387	67.20	2,020,212	54.28	1,995,571	48.25	1,635,720	46.81
Non-Current Liabilities												
Liabilities against assets subject to finance lease	19,563	0.23	36,000	0.70	10,584	0.32	7,939	98.24	15,102	0.37	13,614	0.39
Deferred liabilities	45,615	0.53	37,802	0.73	30,545	0.91	24,866	0.67	21,819	0.53	14,774	0.42
Deferred taxation	-	-	51,895	1.01	47,509	1.42	-	-	26,865	0.65	-	-
	65,178	1	125,697	2	88,638	2.65	32,805	0.88	63,786	1.54	28,388	0.81
Current Liabilities												
Trade and other payables	4,004,872	46.60	1,697,510	32.90	783,464	23.40	550,511	14.79	822,680	19.89	943,781	27.01
Current maturity of liabilities against assets subject to finance lease	17,916	0.21	8,597	0.17	3,837	0.11	7,652	0.21	7,486	0.18	5,670	0.16
Accrued mark up	24,284	0.28	25,813	0.50	20,961	0.63	30,515	0.82	32,261	0.78	36,817	1.05
Short term borrowings	792,386	9.22	194,029	3.76	201,140	6.01	1,080,045	29.02	1,214,536	29.36	843,976	24.15
	4,839,458	56	1,925,949	37	1,009,402	30.15	1,668,723	44.84	2,076,963	50.21	1,830,244	52.38
	8,594,804	100.00	5,160,199	100.00	3,347,427	100.00	3,721,740	100.00	4,136,320	100.00	3,494,353	100.00
Profit and Loss												
Net sales	10,740,631	100.00	5,825,579	100.00	3,293,329	100.00	2,466,127	100.00	2,812,958	100.00	1,968,409	100.00
Cost of sales	(8,537,668)	(79.49)	(4,278,941)	(73.45)	(2,603,405)	(79.05)	(2,165,431)	(87.81)	(2,328,334)	(82.77)	(1,731,989)	(87.81)
Gross profit	2,202,963	21	1,546,638	27	689,924	20.95	300,696	12.19	484,624	17.23	236,420	12.19
Distribution expenses	(359,159)	(3.34)	(220,946)	(3.79)	166,310	5.05	105,267	4.27	84,518	3.00	74,570	4.27
Administrative expenses	(150,595)	(1.40)	(110,568)	(1.90)	69,707	2.12	66,116	2.68	73,046	2.60	49,559	2.68
Other operating expenses	(244,074)	(2.27)	(34,598)	(0.59)	13,546	0.41	3,227	0.13	14,641	0.52	1,899	0.13
Other operating income	22,127	0.21	30,652	0.53	53,770	1.63	66,778	2.71	46,642	1.66	2,633	2.71
Profit / (loss) from operations	1,471,262	14	1,211,178	21	494,131	15.00	192,864	7.82	359,061	12.76	113,025	7.82
Finance cost	(224,637)	(2.09)	(113,073)	(1.94)	167,115	5.07	177,052	7.18	175,895	6.25	156,288	7.18
Profit / (loss) before taxation	1,246,625	11.61	1,098,105	19	327,016	9.93	15,812	0.64	183,166	6.51	(43,263)	0.64
Taxation	(450,612)	(4.20)	(352,244)	(6.05)	(103,226)	(3.13)	(8,256)	0.33	(55,430)	(1.97)	(12,178)	(0.33)
Profit / (loss) after taxation	796,013	7.41	745,861	12.80	223,790	6.80	24,068	0.98	127,736	80.81	(31,085)	(1.58)

GRAPHICAL PRESENTATION

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

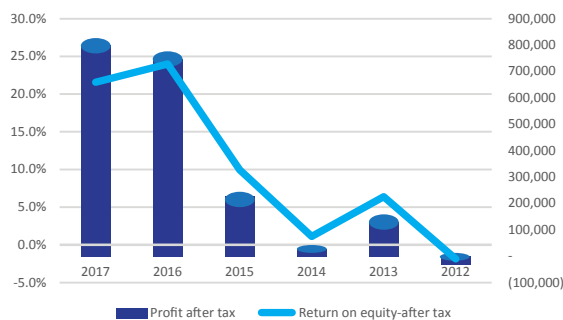
Sales and Gross Profit



The Company remained focused towards delivering upon its objective of sustainable growth through value creation. Accordingly, the momentum of increasing sales continued throughout the year on account of positive market performance. It resulted in achievement of Sales Revenue of Rs. 10.7 billion, a 84.3% increase from last year. This has been the highest ever sales revenue throughout the history of GIL.

The improvement in sales translated in increase gross profits. Resultantly, gross margin increased from Rs. 1,546.6 million to Rs. 2,203 million, up by 42.4%. Also, strong contributions came from cost efficiencies, better sales mix and other operational efficiencies.

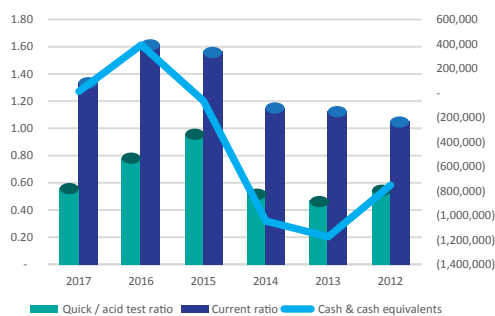
Return on Investments & Profit After Tax



An impressive topline has allowed the Company to outperform its previous best efforts as the Company has achieved a profit after tax of Rs. 796 million, an increase of more than double. Also, diligent cost control measures and effective treasury operation led to improved profits.

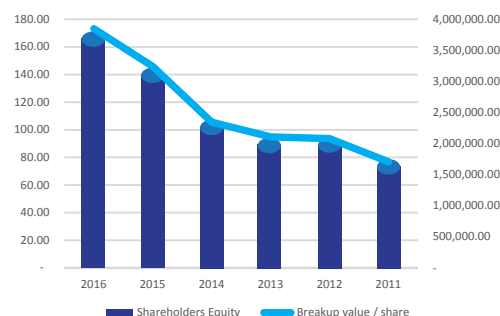
Stronger growth and optimum capital structure has enabled the Company to generate higher returns on assets and equity. For 2015-16, the Return on Equity is recorded at 21.6%.

Liquidity Ratios



The Company continued to grow stronger in Liquidity with Cash and bank balances standing at an impressive Rs. 805 million. Higher liquidity allows the Company to finance its capital needs and remain stronger in its treasury operations.

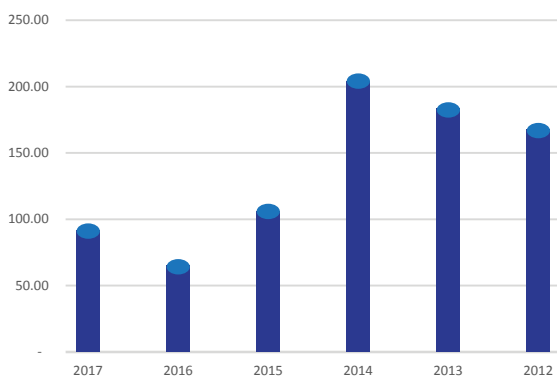
Shareholders Equity



The Company has set the goal of improving financial soundness by consolidating its shareholders' equity. The goal was eclipsed by achieving the record shareholders' equity which stood at Rs. 3.7 billion. The stronger equity would play its positive role in the Company's future course of expansion.

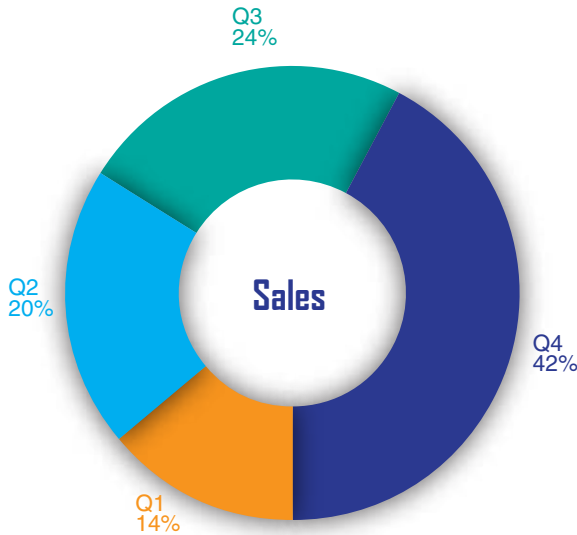
The breakup value per share stood at Rs. 173.2 It provides a strong financial base in supporting the implementation of the Company's growth strategy.

Cash Operating Cycle



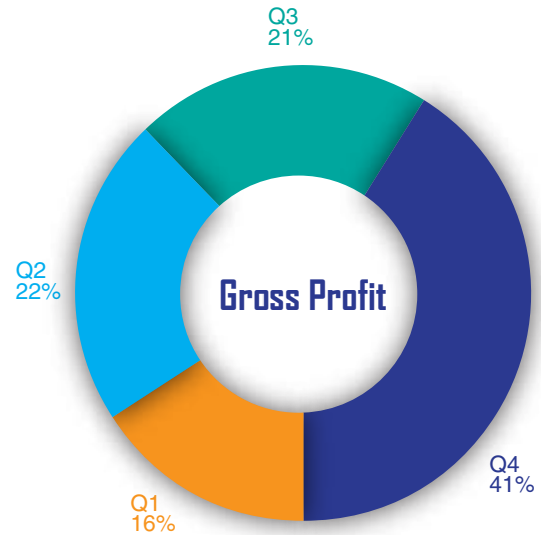
To drive strong cash flow generation, Ghandhara Industries Limited is optimizing its balance sheet, specifically by reducing the level of working capital and steady cash flow management. Accordingly, the Company has always sought to efficiently used the various components of working capital cycle. Cash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

QUARTERLY PERFORMANCE ANALYSIS



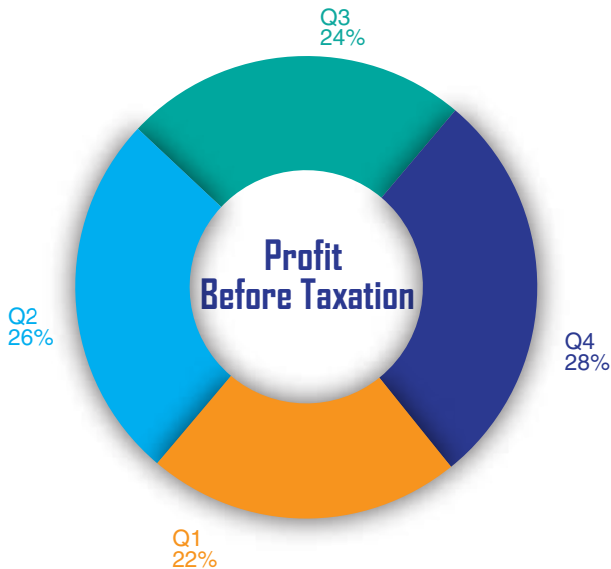
The Company witnessed an increasing sales trend through every quarter of the fiscal year. Higher sales volume remained attributable to the increase in market demand of the Company's products, particularly in the classic series i.e. NPR and NKR. Improving law and order situation across the country and positive economic sentiments contributed to the achievement of ever highest sales, with retail sales crossing the 2,900 units level for the first time.

Total Sales: 10,740,631



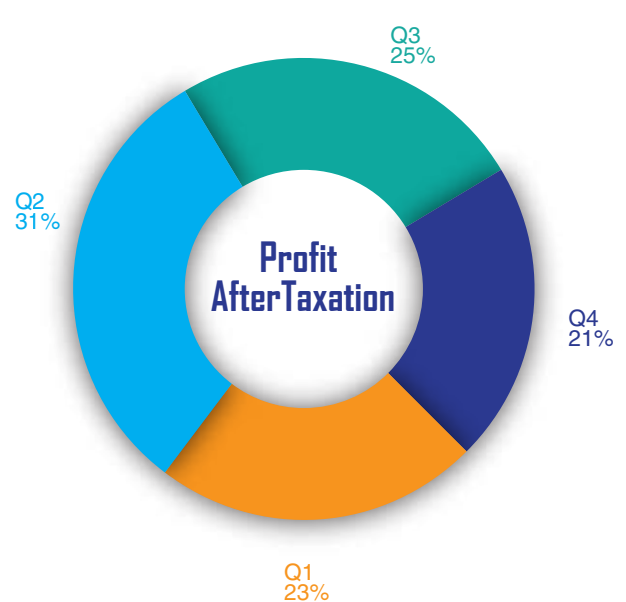
The Company achieved increasing gross profits during the year inline with the increasing sales trend, posting an increase of 42.4% from last year. This was achieved through volume gains, cost reduction measures and other operational improvements.

Total Gross profit: 2,202,963



Profit Before Tax remained consistent with Gross Profit. Effective controls over operating expenses enabled the company to arrive at Profit margin of 7.4%.

Total PBT: 1,246,625



Net profit after tax increased to Rs 796 million, an increase of 7% from last year. The improving profitability generated an EPS of Rs. 37.4 per share which is the highest ever in the Company's history

Total PAT: 796,013

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2017

No. of Shareholders	From	Shareholding To	Total Shares Held	Percentage
3,811	1	100	92,279	0.43
958	101	500	270,508	1.27
288	501	1,000	228,759	1.07
282	1,001	5,000	604,125	2.84
55	5,001	10,000	391,364	1.84
12	10,001	15,000	152,343	0.72
4	15,001	20,000	78,000	0.37
8	20,001	25,000	188,109	0.88
1	25,001	30,000	28,400	0.13
2	30,001	35,000	61,024	0.29
3	35,001	40,000	113,500	0.53
2	40,001	45,000	83,200	0.39
2	45,001	50,000	97,450	0.46
1	50,001	55,000	52,866	0.25
1	55,001	60,000	60,000	0.28
2	65,001	70,000	135,150	0.63
1	70,001	75,000	72,700	0.34
1	100,001	105,000	100,700	0.47
1	120,001	125,000	123,077	0.58
1	130,001	135,000	133,300	0.63
1	225,001	230,000	227,900	1.07
1	455,001	460,000	458,050	2.15
1	590,001	595,000	594,900	2.79
1	625,001	630,000	626,850	2.94
1	1,180,001	1,185,000	1,184,148	5.56
1	1,635,001	1,640,000	1,638,926	7.69
1	2,255,001	2,260,000	2,258,242	10.60
1	5,160,001	5,165,000	5,163,397	24.24
1	6,085,001	6,090,000	6,085,155	28.56
5,445			21,304,422	100.00

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2017

Categories of Shareholders	Number	Shares held	Percentage
Director's, CEO, Their Spouse and Minor Children	7	22,521	0.11
Associated Companies, Undertakings and Related Parties	7	14,815,821	69.54
NIT & ICP	2	127,091	0.60
Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds	40	2,315,659	10.87
Investment, Modaraba and Leasing Companies	4	1,678	0.01
Insurance Companies	10	1,265,150	5.94
Joint Stock Companies	15	72,005	0.34
Other Companies, Corporate Bodies, Trust etc	28	90,979	0.43
General Public (Local)	5,332	2,593,518	12.17
	5,445	21,304,422	100.00

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2017

SR#	Categories of Shareholders	Shares held	Percentage
1	Director's, CEO, Their Spouse and Minor Children		
	Mr. Raza Kuli Khan Khattak (Chairman)	10,000	0.047
	Mr. Ahmad Kuli Khan Khattak (Chief Executive)	12,000	0.056
	Lt. Gen. (R) Ali Kuli Khan Khattak (Director)	9	0.000
	Dr. Parvez Hassan (Director)	4	0.000
	Mr. Jamil Ahmed Shah (Director)	400	0.002
	Mr. Shahid Kamal (Director)	8	0.000
	Major (R) Muhammad Zia (Director)	100	0.000
2	Associated Companies, Undertaking and Related Parties		
	Bibojee Services (Pvt) Limited	8,343,397	39.163
	Bibojee Investments (Pvt) Limited	21,408	0.100
	The General Tyre and Rubber Company of Pakistan Limited	100,700	0.473
	Ghandhara Nissan Limited	5,166,168	24.249
	The Universal Insurance Company Limited	1,184,148	5.558
3	NIT & ICP		
	Investment Corporation of Pakistan	4,014	0.019
	CDC- Trustee National Investment (Unit) Trust	123,077	0.578
4	Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds	2,315,659	10.869
5	Investment, Modaraba and Leasing Companies		
6	Insurance Companies	1,265,150	5.938
7	Joint Stock Companies	72,005	0.338
8	Other Companies, Corporate Bodies, Trust etc	90,979	0.427
9	General Public (Local)	2,593,518	12.174
		21,304,422	100.00
10	Shareholders Holding 05.00% Or More		
	Bibojee Services (Pvt) Limited	8,343,397	39.163
	Universal Insurance Co. Limited	1,184,148	5.558
	Ghandhara Nissan Limited	5,166,168	24.249
	Essar Asset Management	1,638,926	7.693
11	Trading In The Shares Of Company During The Year By The Directors Chief Executive Officer, Chief Financial Officer, Company Secretary And Their Spouses And Minor Children.	Nil	

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

Sr. No.	Name of Directors	Category		
		Independent (1)	Non - Executive (5)	Executive (1)
1.	Mr. Shahid Kamal Khan	✓		
2.	Mr. Ahmad Kuli Khan Khattak			✓
3.	Mr. Raza Kuli Khan Khattak		✓	
4.	Lt. Gen. (R) Ali Kuli Khan Khattak		✓	
5.	Dr. Parvez Hassan		✓	
6.	Mr. Jamil Ahmed Shah		✓	
7.	Maj. (R) Muhammad Zia		✓	

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a Vision and Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities. However, out of seven, five directors of the Company have more than 14 years of education and 15 years of experience on the board of directors of listed companies, therefore five directors of the Company are exempt from the training requirement due to their experience as per Regulation No. 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.
11. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors and one is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the Committee.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officers in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with

For and on behalf of the
 BOARD OF DIRECTORS



Ahmad Kuli Khan Khattak
 Chief Executive

Karachi: September 20, 2017



REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017

KARACHI;
Engagement Partner: Osman Hameed Chaudhri

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ghandhara Industries Limited as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended;
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and
- (e) without qualifying our opinion, we draw attention to note 22.3 to the financial statements. The Company had written back in the financial statements for the years ended June 30, 2007 and June 30, 2015 provision for workers' profit participation fund (WPPF) amounting Rs.7,722 thousand and Rs.33,102 thousand which related to the provisions of WPPF and accrued interest thereon for nine financial years from June 30, 2006 to June 30, 2014 based on legal opinions and in view of petition pending adjudication in the Sindh High Court on the matter. Provision for the period from July 1, 2014 to June 30, 2016 aggregating to Rs.71,057 thousand had also not been made on the basis of that legal advice.

During the year, the Company obtained other legal opinions in connection with the Companies Profits (Workers' Participation) Act, 1968 (the Act) and the Sindh Companies Profits (Workers' Participation) Act, 2015 (the Act 2015) which stated that the Company met all the conditions of Scheme even though meeting any one condition would have been enough for the Act 2015 to apply to the Company. Based on this opinion, the management recorded provision from June 30, 2006 to June 30, 2016 aggregating to Rs.147,343 thousand (including interest on WPPF) and current year provision amounting Rs.72,826 thousand.

KARACHI;
Engagement Partner: Osman Hameed Chaudhri

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET

As at June 30, 2017

	Note	2017 (Rupees in '000)	2016
ASSETS			
Non current assets			
Property, plant and equipment	5	2,021,453	1,941,250
Intangible assets	6	462	-
Investment property	7	88,901	89,145
Long term investment	8	1,400	1,400
Long term loans	9	2,736	2,298
Long term deposits	10	12,688	12,085
Deferred taxation	21	21,134	-
		2,148,774	2,046,178
Current assets			
Stores		2,560	1,980
Stock-in-trade	11	3,779,300	1,623,753
Trade debts	12	485,472	259,680
Loans and advances	13	143,340	142,349
Trade deposits and prepayments	14	707,242	339,626
Other receivables	15	2,683	18,518
Sales tax refundable / adjustable		481,756	30,484
Taxation - payments less provision		38,542	111,896
Cash and bank balances	16	805,135	585,735
		6,446,030	3,114,021
Total assets		8,594,804	5,160,199
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	213,044	213,044
Unappropriated profit		1,612,010	1,022,517
		1,825,054	1,235,561
Surplus on revaluation of fixed assets	18	1,865,114	1,872,992
Non current liabilities			
Liabilities against assets subject to finance lease	19	19,563	35,999
Deferred liabilities	20	45,615	37,802
Deferred taxation		-	51,895
		65,178	125,696
Current liabilities			
Trade and other payables	22	4,004,872	1,697,510
Accrued mark-up / interest	23	24,284	25,813
Short term borrowings	24	792,386	194,029
Current maturity of liabilities against assets subject to finance lease	19	17,916	8,598
		4,839,458	1,925,950
Total liabilities		4,904,636	2,051,646
Contingencies and commitments			
25			
Total equity and liabilities		8,594,804	5,160,199

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



Ahmad Kuli Khan Khattak
Chief Executive



Jamil Ahmed Shah
Director

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
Sales	26	10,740,631	5,825,579
Cost of sales	27	(8,537,668)	(4,278,941)
Gross profit		2,202,963	1,546,638
Distribution cost	28	(359,159)	(220,946)
Administrative expenses	29	(150,595)	(110,568)
Other expenses	30	(244,074)	(34,598)
Other income	31	22,127	30,652
Profit from operations		1,471,262	1,211,178
Finance cost	32	(224,637)	(113,073)
Profit before taxation		1,246,625	1,098,105
Taxation	33	(450,612)	(352,244)
Profit after taxation		796,013	745,861
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(1,934)	(521)
Impact of deferred tax		580	167
Other comprehensive loss for the year - net of tax		(1,354)	(354)
Total comprehensive income for the year		794,659	745,507
		Rupees	
Basic and diluted earnings per share	34	37.36	35.01

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



Ahmad Kuli Khan Khattak
Chief Executive



Jamil Ahmed Shah
Director

CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	613,046	968,419
Gratuity paid		(4,831)	(3,973)
Finance cost paid		(223,021)	(105,881)
Income tax paid		(449,707)	(259,934)
Long term loans - net		(438)	(1,189)
Long term deposits - net		(603)	(8,763)
Net cash (used in) / generated from operating activities		(65,554)	588,679
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(114,442)	(74,480)
Purchase of intangible asset		(622)	-
Sale proceeds from disposal of operating fixed assets		1,123	42
Interest received		3,880	970
Net cash used in investing activities		(110,061)	(73,468)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease - net		(12,122)	27,836
Dividend paid		(191,220)	(85,911)
Net cash used in financing activities		(203,342)	(58,075)
Net (decrease) / increase in cash and cash equivalents		(378,957)	457,136
Cash and cash equivalents at beginning of the year		391,706	(65,430)
Cash and cash equivalents at end of the year	36	12,749	391,706

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



Ahmad Kuli Khan Khattak
Chief Executive



Jamil Ahmed Shah
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Share capital	Unappropriated profit (Rupees in '000)	Total
Balance as at July 1, 2015	213,044	365,002	578,046
Transaction with owners, recognised directly in equity			
Final dividend for the year ended June 30, 2015 at the rate of Rs.4.5 per share	-	(95,870)	(95,870)
Total comprehensive income for the year ended June 30, 2016			
Profit for the year	-	745,861	745,861
Other comprehensive loss	-	(354)	(354)
	-	745,507	745,507
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,878	7,878
Balance as at June 30, 2016	213,044	1,022,517	1,235,561
Transaction with owners, recognised directly in equity			
Final dividend for the year ended June 30, 2016 at the rate of Rs.10 per share	-	(213,044)	(213,044)
Total comprehensive income for the year ended June 30, 2017			
Profit for the year	-	796,013	796,013
Other comprehensive loss	-	(1,354)	(1,354)
	-	794,659	794,659
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	7,878	7,878
Balance as at June 30, 2017	213,044	1,612,010	1,825,054

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



Ahmad Kuli Khan Khattak
Chief Executive



Jamil Ahmed Shah
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

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

2.3 New and amended standards and interpretations

2.3.1 Standards and amendments to approved accounting standards effective in current

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

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

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

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

- (a) IFRS 9, 'Financial instruments' is applicable on accounting periods beginning on or after July 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The standard not likely to have material impact on the Company's financial statements.
- (b) IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. July 1, 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the full impact of this standard on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- (c) IFRS 16, 'Leases' is applicable on accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessee and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard not likely to have material impact on the Company's financial statements.
- (d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have material impact on the Company's financial statements.
- (e) Amendment to IAS 12, 'Income taxes' is applicable on annual periods beginning on or after January 1, 2017. The amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.
- (f) 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 intension alone does not support a transfer. The amendments does not expect to have a material impact on the Company's financial statements.
- (g) IFRIC 22 'Foreign Currency Transactions and Advance Consideration' is applicable for annual periods beginning on or after January 1, 2018. The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments does not expect to have a material impact on the Company's financial statements.

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

3. BASIS OF MEASUREMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Leasehold land is stated at revalued amount and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss (if any). Other classes of operating fixed assets are stated at cost less accumulated depreciation and impairment loss (if any). Capital work-in-progress is stated at cost less impairment loss (if any). All expenditure connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

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

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

Depreciation on all operating fixed assets is charged using the straight line method in accordance with the rates specified in note 5.1 to these financial statements and after taking into account residual values. The depreciation method, residual values and useful lives of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

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

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amounts of assets and are included in the profit and loss account. Any surplus arising on revaluation of operating fixed assets is credited to the surplus on revaluation account. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of operating fixed assets (net of deferred taxation) is transferred directly to reserves.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

4.2 Intangible assets - computer software

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

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

4.3 Investments

4.3.1 Investment property

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

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

Investment property were revalued in 1996 by independent valuers and showed at revalued amounts. The Company subsequently adopted cost model for investments property and the revalued amounts were treated as deemed costs. The surplus on revaluation of these assets, however was recognised in accordance with section 235 of the Companies Ordinance, 1984.

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

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

4.3.2 Long term investment

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

4.4 Long term deposits

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

4.5 Stores

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.6 Stock-in-trade

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

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

4.7 Trade debts and other receivables

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

4.8 Cash and cash equivalents

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

4.9 Taxation

Current

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

Deferred

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

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

4.10 Finance lease / Assets subject to finance lease

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.11 Staff retirement benefit - defined benefit plan

The Company operates an unfunded gratuity scheme. The scheme defines the amounts of benefits that an employee will receive on or after retirement subject to a minimum qualifying period of service under the scheme. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary.

The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2017 on the basis of the projected unit credit method by an independent Actuary.

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

4.12 Trade and other payables

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

4.13 Revenue recognition

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

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

4.14 Borrowings and their cost

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

4.15 Foreign currency translation

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

4.16 Financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.17 Off-setting of financial assets and liabilities

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

4.18 Provisions

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

4.19 Dividend and appropriation to reserves

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

4.20 Impairment loss

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

4.21 Earnings per share

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

4.22 Segment reporting

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

	Note	2017 (Rupees in '000)	2016
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,943,225	1,937,957
Capital work-in-progress	5.6	78,228	3,293
		2,021,453	1,941,250

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

5.1 Operating fixed assets

	OWNED										LEASED				
	Leasehold land	Buildings on leasehold land	Plant and machinery	Permanent tools	Furniture and fixture	Motor vehicles	Trucks / lift trucks	Office machines & equipment	Computers	Jigs and special tools	Cars	Trucks	Lifters	Plant and machinery	Total
(Rupees in '000)															
At July 1, 2015															
Revaluation / cost	1,419,750	230,319	68,534	5,447	5,636	41,459	24,222	15,270	8,935	39,026	24,108	-	-	1,905	1,884,611
Accumulated depreciation	-	22,896	50,810	4,479	2,637	39,452	22,367	11,892	6,017	39,026	10,041	-	-	764	210,381
Net book value	1,419,750	207,423	17,724	968	2,999	2,007	1,855	3,378	2,918	-	14,067	-	-	1,141	1,674,230
Year ended June 30, 2016															
Opening net book value	1,419,750	207,423	17,724	968	2,999	2,007	1,855	3,378	2,918	-	14,067	-	-	1,141	1,674,230
Additions	-	-	30,756	-	524	34,534	3,150	1,256	967	-	33,500	-	-	-	104,687
Revaluation adjustments															
- revaluation	189,300	-	-	-	-	-	-	-	-	-	-	-	-	-	189,300
- accumulated depreciation	-	28,898	-	-	-	-	-	-	-	-	-	-	-	-	28,898
Disposals	189,300	28,898	-	-	-	-	-	-	-	-	-	-	-	-	218,198
- cost	-	-	-	-	-	33,402	-	-	-	-	-	-	-	-	33,402
- accumulated depreciation	-	-	-	-	-	(1,708)	-	-	-	-	-	-	-	-	(1,708)
Transfer from leased to owned															
- cost	-	-	1,905	-	-	5,268	-	-	-	-	(5,268)	-	-	-	(1,905)
- accumulated depreciation	-	-	(811)	-	-	(4,345)	-	-	-	-	4,345	-	-	-	811
Depreciation charge	-	-	1,094	-	-	923	-	-	-	-	(923)	-	-	-	(1,094)
Closing net book value At June 30, 2016	1,609,050	224,805	46,350	667	3,218	2,106	4,340	3,512	2,722	-	41,187	-	-	-	1,937,957
Revaluation / cost	1,609,050	230,319	101,195	5,447	6,160	47,859	27,372	16,526	9,902	39,026	52,340	-	-	-	2,145,196
Accumulated depreciation	-	5,514	54,845	4,780	2,942	45,753	23,032	13,014	7,180	39,026	11,153	-	-	-	207,239
Net book value	1,609,050	224,805	46,350	667	3,218	2,106	4,340	3,512	2,722	-	41,187	-	-	-	1,937,957
Year ended June 30, 2017															
Opening net book value	1,609,050	224,805	46,350	667	3,218	2,106	4,340	3,512	2,722	-	41,187	-	-	-	1,937,957
Additions	-	-	8,754	188	3,440	19,304	3,443	2,107	2,271	-	1,859	-	-	-	41,366
Disposals															
- cost	-	-	-	-	-	2,410	-	145	60	-	-	-	-	-	2,615
- accumulated depreciation	-	-	-	-	-	(2,410)	-	(131)	(60)	-	-	-	-	-	(2,601)
Depreciation charge	-	-	-	-	-	-	-	14	-	-	-	-	-	-	14
Closing net book value At June 30, 2017	1,609,050	213,289	48,945	568	6,202	18,630	6,234	4,286	3,815	-	32,206	-	-	-	1,943,225
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
Annual rates of depreciation	-	5%	10%	12.50%	6.25%	20%	20%	12.50%	20%	33%	20%	20%	20%	20%	10%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
5.2 Depreciation charge has been allocated as follows:			
Cost of goods manufactured	27.1	18,700	14,462
Distribution cost	28	3,461	3,570
Administrative expenses	29	13,923	9,432
		36,084	27,464

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

The latest revaluation exercise resulted in a net surplus of Rs.218,198 thousand. Out of the revaluation surplus resulting from all the revaluations carried-out to date, an amount of Rs.1,818,151 thousand (2016: Rs.1,829,501 thousand) remains un-depreciated as at June 30, 2017.

5.4 Had the operating fixed assets been recognised under the cost model, the carrying amount of building on leasehold land would have been Rs.4,190 thousand (2016: Rs.4,450 thousand).

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

Particulars of assets	Cost	Accumulated depreciation	Net book	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Item having book value more than Rs. 50,000 each							
Motor Vehicles							
Nissan Sunny Car	1,225	1,225	-	350	350	Company Policy Negotiation	Mr. Abdul Hafiz Khan-Ex employee Mr. Saad ur Rehman A-56, Bolck-D, North Nazimabad, Karachi
Nissan Sunny Car	1,185	1,185	-	739	739		
	2,410	2,410	-	1,089	1,089		
Item having book value less than Rs. 50,000 each							
June 30, 2017	205	191	14	34	20	Negotiation	Various
June 30, 2016	2,615	2,601	14	1,123	1,109		
	33,402	1,708	31,694	33,542	1,848		

	2017 (Rupees in '000)	2016
5.6 Capital work in progress		
Advances made for:		
- Buildings on leasehold land	34,691	-
- Plant and machinery	38,786	-
- Permanent tools	-	316
- Vehicles	2,029	1,892
- Computer software	2,722	1,085
	78,228	3,293

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

6. INTANGIBLE ASSETS

These represent computer software licenses.

Cost

At beginning of the year

Addition during the year

At end of the year

Accumulated amortization

At beginning of the year

Add: charge for the year

At end of the year

Net book value

Annual rate of amortization

Note	2017 (Rupees in '000)	2016
	1,508	1,508
	622	-
	2,130	1,508
	1,508	1,463
6.1	160	45
	1,668	1,508
	462	-
	20%	20%

6.1 Amortization charge has been allocated as follows:

Cost of goods manufactured

27.1	160	45
	160	45

7. INVESTMENT PROPERTY

At July 1, 2015

Cost

Accumulated amortization / depreciation

Net book value

Year ended June 30, 2016

Opening net book value

Amortization / depreciation charge

Closing net book value

At June 30, 2016

Cost

Accumulated amortization / depreciation

Net book value

Year ended June 30, 2017

Opening net book value

Amortization / depreciation charge

Closing net book value

At June 30, 2016

Cost

Accumulated amortization / depreciation

Net book value

Amortization / depreciation rate - per annum

Leasehold land	Buildings on leasehold land	Total
(Rupees '000)		
97,392	416	97,808
8,016	397	8,413
89,376	19	89,395
89,376	19	89,395
243	7	250
89,133	12	89,145
97,392	416	97,808
8,259	404	8,663
89,133	12	89,145
89,133	12	89,145
243	1	244
88,890	11	88,901
97,392	416	97,808
8,502	405	8,907
88,890	11	88,901
0.25%	2.5%	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 7.1** Amortization / depreciation charge for the year has been grouped under administrative expenses (note 29).
- 7.2** In the opinion of the directors, the market value of investment property at the reporting date has not changed materially from last year.

2017 **2016**
(Rupees in '000)

8. LONG TERM INVESTMENT - at cost

Subsidiary Company - Unquoted
Marghzar Industries (Private) Limited
140,000 (2016: 140,000) fully paid
ordinary shares of Rs.10 each.
Equity held: 70% (2016: 70%)

1,400	1,400
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The Company has been granted an exemption under section 237(8) of the Companies Ordinance, 1984; hence provisions of sub-section 1 to 7 of section 237 of the Companies Ordinance, 1984 does not apply for the financial year ended June 30, 2017 in relation to its Subsidiary Company.

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

- 8.1** The financial highlights of the subsidiary company as of June 30, 2017 is based on audited financial statements are as follows:

2017 **2016**
(Amount in Rupees)

Summarised Balance Sheet

Non current assets	301	320
Current assets	2,497,880	2,401,865
Total Assets	2,498,181	2,402,185
Share capital and reserves	2,341,627	2,280,427
Current liabilities	156,554	121,758
Total Equity and Liabilities	2,498,181	2,402,185

Summarised Profit and Loss Account

Revenue	363,273	350,118
Profit before tax	88,704	70,943
Profit after tax	61,200	48,235

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
9. LONG TERM LOANS - Secured, considered good			
Loans due from:			
- executives	9.1 & 9.2	1,896	2,238
- other employees	9.1	3,077	1,847
		4,973	4,085
Less: amounts recoverable within one year and grouped under current assets			
- executives		687	812
- other employees		1,550	975
	13	2,237	1,787
		2,736	2,298
9.1 Interest free loans have been provided to employees under their terms of employment. These are repayable in monthly instalments over a period of one to five years. These are secured against their respective vested retirement benefit.			
9.2 Reconciliation of carrying amounts of loans to executives:			
Balance at beginning of the year		2,238	1,813
Add: disbursement		952	2,280
		3,190	4,093
Less: recovered during the year		1,294	1,855
Balance at end of the year		1,896	2,238
9.3 Maximum aggregate amount of loans due from executives at the end of any month during the year was Rs.3,017 thousand (2016: Rs.3,352 thousand).			
10. LONG TERM DEPOSITS - Considered good			
Deposit held with / for:			
- Leasing companies		10,256	10,256
- Utilities		937	816
- Others		1,495	1,013
		12,688	12,085
11. STOCK-IN-TRADE			
Raw materials and components			
- In hand		1,384,384	776,557
- In transit		674,443	348,753
		2,058,827	1,125,310
Work-in-process		136,688	27,440
Finished goods including components		1,409,943	393,420
Trading stocks		173,842	77,583
		3,779,300	1,623,753

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 11.1** Stock-in-trade includes stock of Rs.2,398,717 thousand (2016: Rs.1,017,545 thousand) held with third parties out of which stock of Rs.1,676,539 thousand (2016: Rs.841,123 thousand) is held with Ghandhara Nissan Limited (an Associated Company) for further processing into parts and trucks to be supplied to the Company.

	Note	2017 (Rupees in '000)	2016
12. TRADE DEBTS - Unsecured, considered good			
Government and semi-government agencies		66,654	213,651
Others	12.1	418,818	46,029
		485,472	259,680

- 12.1** Includes amount Rs.31 thousand (2016: Rs.31 thousand) due from Ghandhara DF (Private) Limited (an Associated Company).

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

	2017 Associated	2016 Company	2017 Others	2016
	Rupees in '000			
Upto 30 days	-	31	287,987	205,033
31 - 180 days	-	-	136,540	38,237
Over 180 days	31	-	60,914	16,379
	31	31	485,441	259,649

	Note	2017 (Rupees in '000)	2016
13. LOANS AND ADVANCES - Unsecured			
Considered good			
Current portion of long term loans to employees	9	2,237	1,787
Letters of credit		3,097	2,190
Advances due from:			
- executives	13.1	5,451	418
- others employees	13.1	51	295
- suppliers and contractors		132,504	137,659
		138,006	138,372
Considered doubtful			
Advance to suppliers		4,150	4,150
Less: provision for doubtful advances		4,150	4,150
		143,340	142,349

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
14. TRADE DEPOSITS AND PREPAYMENTS			
Tender deposits		216,920	104,081
Margins against bank guarantees		398,867	177,980
Less: provision for doubtful margin deposit		330	330
		398,537	177,650
Margin against letters of credit		83,522	50,722
Prepayments		8,263	7,173
		707,242	339,626
15. OTHER RECEIVABLES - Unsecured			
This amount is receivable from Isuzu Motors Limited, Japan (a related party) on account of commission / sales incentive.			
16. CASH AND BANK BALANCES			
Cash in hand		979	985
Cash with banks on:			
- current accounts		300,917	174,075
- saving accounts	16.1	35,430	29,935
- term deposit receipt	16.2	470,000	382,928
- foreign currency accounts	16.3	42	45
		806,389	586,983
Less: provision for a doubtful bank account	16.4	2,233	2,233
		805,135	585,735
16.1	Saving accounts carry mark-up ranging from 2.46% to 4.25% (2016: 2.7% to 3.5%) per annum.		
16.2	Term deposit receipt (TDR) have maturity of one week from date of acquisition. The TDR carries mark-up ranging from 5.75% to 6.1% per annum.		
16.3	Foreign currency accounts include Japanese Yen (JPY) 31,559 equivalent to Rs.29 thousand and US Dollars 126 equivalent to Rs.13 thousand (2016: JPY 31,559 equivalent to Rs.26 thousand and US Dollars 126 equivalent to Rs.12 thousand).		
16.4	This represents provision made against balances held with Indus Bank Limited under liquidation.		
17. SHARE CAPITAL			
17.1 Authorized capital			
50,000,000	(2016: 50,000,000) ordinary shares of Rs.10 each	500,000	500,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

17.2 Issued, subscribed and paid-up capital

2017 No. of Share	2016		2017 Rupees in '000	2016
17,650,862	17,650,862	Ordinary shares of Rs. 10 each fully paid in cash	176,509	176,509
358,206	358,206	Ordinary Shares of Rs. 10 each issued for consideration other than cash	3,582	3,582
3,295,354	3,295,354	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	32,953	32,953
21,304,422	21,304,422		213,044	213,044

17.3 At June 30, 2017 and June 30, 2016 Bibojee Services (Private) Limited, the ultimate Holding Company, held 8,343,397 (2016: 8,343,397) ordinary shares of Rs.10 each.

	2017 (Number of share)	2016
Ghandhara Nissan Limited	5,166,168	5,166,168
Universal Insurance Company Limited	1,184,148	1,184,148
The General Tyre and Rubber Company of Pakistan Limited	100,700	100,700
Bibojee Investments (Private) Limited	21,408	21,408
	6,472,424	6,472,424

	Note	2017 (Rupees in '000)	2016
18. SURPLUS ON REVALUATION OF FIXED ASSETS			
Balance at the beginning of the year		1,935,314	1,728,371
Add: surplus arisen on revaluation carried-out during the year	5.3	-	218,198
Less: transferred to unappropriated profit on account of incremental depreciation for the year		11,255	11,255
		1,924,059	1,935,314
Less: related deferred tax of:			
- opening balance		62,322	57,030
- revaluation exercise for the year		-	8,669
- incremental depreciation for the year		(3,377)	(3,377)
- closing balance		58,945	62,322
Balance at end of the year		1,865,114	1,872,992

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2017			2016		
	Minimum lease payments	Finance cost allocated to future period	Present value of minimum lease payments	Minimum lease payments	Finance cost allocated to future	Present value of minimum lease
	(Rupees in '000)					
Not later than one year	22,243	4,327	17,916	11,764	3,166	8,598
Later than one year but not later than five years	26,979	7,416	19,563	40,397	4,398	35,999
Total minimum lease payments	49,222	11,743	37,479	52,161	7,564	44,597

- 19.1** The Company has acquired motor vehicles under finance lease arrangements from leasing companies and a modaraba. The arrangements are secured by title of leased assets in the name of the lessor. Rentals are payable in monthly instalments. Repair and insurance cost are borne by the Company. The rates of financial charges applied, during the year, ranged from 11.54% to 17.00% (2016: 11.02% to 17.00%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the Company against security deposits paid.

	Note	2017 (Rupees in '000)	2016
20. DEFERRED LIABILITIES			
Gain on sale and lease back of fixed assets	20.1	1,023	1,633
Staff retirement benefit - gratuity	20.2	44,592	36,169
		45,615	37,802

20.1 Gain on sale and lease back of fixed assets

Balance at beginning of the year	1,633	-
Add: vehicle sale and lease back during the year	-	1,808
Less: amortization for the year	610	175
Balance at end of the year	1,023	1,633

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

20.2 Staff retirement benefit - gratuity

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
20.2.1 Movement in the account of liability			
Liability at beginning of the year		36,169	30,545
Charge for the year		11,320	9,076
Re-measurement recognised in other comprehensive income		1,934	521
Payments during the year		(4,831)	(3,973)
Liability at end of the year		44,592	36,169
20.2.2 Movement in the present value of defined benefit obligation			
Balance at beginning of the year		36,169	30,545
Current service cost		8,281	6,506
Interest cost		3,039	2,570
Re-measurement		1,934	521
Benefits paid		(4,831)	(3,973)
Balance at end of the year		44,592	36,169
20.2.3 Expense recognised in profit and loss account			
Current service cost		8,281	6,506
Interest cost		3,039	2,570
		11,320	9,076
20.2.4 Re-measurement recognised in other comprehensive income			
Experience adjustments		1,934	521
20.2.5 Actuarial assumptions used			
		2017 (% per annum)	2016
Discount rate		9.00	9.00
Expected rate of increase in future salaries		8.00	8.00
Mortality rates (for death in service)		SLIC 2001-2005	SLIC 2001-2005
20.2.6 Sensitivity analysis for actuarial assumptions			

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

Impact on define benefit obligation		
Change in assumption	Increase in assumption	Decrease in assumption
Rupees in '000		

Discount rate	1.00%	39,920	50,142
Increase in future salaries	1.00%	50,142	39,839

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the project unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

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

20.2.7 Based on actuary's advice, the expected charge for the year ending June 30, 2018 amounts to Rs.12,668 thousand.

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

	2017	2016	2015	2014	2013
	(Rupees in '000)				
20.2.9 Historical information					
Present value of defined benefit obligation	44,592	36,169	30,545	24,825	21,677
Experience adjustment	1,934	521	474	2,149	2,349

20.2.10 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At June 30, 2017	1,239	4,418	3,804	243,178	252,639

	2017	2016
	(Rupees in '000)	

21. DEFERRED TAXATION - Net

This is composed of following:

- accelerated tax depreciation allowance	5,007	5,885
- surplus on revaluation of fixed assets	58,945	62,322
- liabilities against assets subject to finance lease	(1,582)	(1,023)
- gain on sale and lease back of fixed assets	(307)	(498)
- provision for gratuity	(13,378)	(11,032)
- provision for workers profit participation fund	(66,060)	-
- provision for doubtful balances	(2,014)	(2,014)
- others	(1,745)	(1,745)
	(21,134)	51,895

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
22. TRADE AND OTHER PAYABLES			
Creditors		349,281	231,214
Accrued liabilities		135,727	100,973
Advances from customers	22.1	3,117,979	1,243,691
Advance against sale of investment in immovable property		5,000	5,000
Payable to trustees' provident fund		178	178
Royalty payable - related party		16,217	9,333
Retention money		20	20
Unclaimed dividends		38,696	16,872
Withholding tax		20,080	8,235
Due to related parties	22.2	64,600	47,600
Due to the Subsidiary Company		2,498	2,402
Workers' Profit Participation Fund	22.3	220,199	-
Worker welfare fund	22.4	30,466	29,407
Others		3,931	2,585
		4,004,872	1,697,510

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

22.2 Due to related parties

Ghandhara Nissan Limited	28,579	39,952
The General Tyre & Rubber Company of Pakistan Limited	29,953	-
Rahman Cotton Mills Limited	-	1,800
Gammon Pakistan Limited	250	-
Waqf-e-Kuli Khan	5,818	5,818
Hassan & Hassan Advocates	-	30
	64,600	47,600

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

Regarding the query of depositing the entire 5% profit amount with the Government treasury - Workers Welfare Fund (WWF) established under section 3 of the Workers Welfare Fund Ordinance, 1971; legal opinion stated that deposit of the amount in the WWF arises only after the units have been so allocated. Consequently, the Company is neither liable to appropriate 5% profit amount in the balance sheet nor liable to pay the said amount to non-existent Fund / or in vacuum. Further during the preceding year, the Company have obtained a clarification from above legal advisor regarding the applicability of The Sindh Companies Profits (Workers' Participation) Act, 2015 (the Act 2015). The legal advisor was of the opinion that since definition of worker and other substantial provisions are same as these are in the Act of 1968, therefore, above opinion shall also be applicable for The Sindh Companies Profits (Workers' Participation) Act, 2015. The Company, during the financial year June 30, 2015, based on this legal advice had written back outstanding balance of workers' profit participation fund aggregating Rs.33,102 thousand which related to eight financial years from June 30, 2007 to June 30, 2014. Provision for the period from July 1, 2014 to June 30, 2016 aggregating to Rs.71,057 thousand had also not been made on the basis of that legal advice.

During the year, the Company obtained other legal opinions in connection with the Act and the Act 2015 which stated that the Company met all the conditions of Scheme {(1) the number of workers employed by the company at any time during the year is hundred or more, (2) the paid-up capital of the company as on the last day of it's accounting year is Rs.5.00 million or more (3) the value of fixed assets of the company (at cost) as on the last day of the accounting year is Rs.20.00 million or more, provided that for companies established on or after 1st day of July 2006} even though meeting any one condition would have been enough for the Act 2015 to apply to the Company. Based on this opinion, the management prudently recorded provision from June 30, 2006 to June 30, 2016 aggregating to Rs.147,373 thousand (including interest on WPPF) and current year provision amounting Rs.72,828 thousand.

Furthermore, the question of liability to pay WPF contributions when a company has no workers is sub judice before the Sindh High Court on the remand of the case by the Supreme Court of Pakistan in the case of another company.

	Note	2017 (Rupees in '000)	2016
22.4 Workers' Welfare Fund			
Balance at beginning of the year		29,407	6,997
Add: charge for the year	30	30,466	22,410
Less: paid during the year		29,407	-
Balance at end of the year		30,466	29,407
23. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- short term borrowings - secured		19,770	21,299
- long term loans - unsecured		4,514	4,514
		24,284	25,813
24. SHORT TERM BORROWINGS - Secured			
Finance against imported merchandise	24.1	168,511	61,629
Istisna	24.2	-	132,400
Murabaha	24.2	623,875	-
		792,386	194,029

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 24.1** The Company has arranged facilities aggregating Rs.6,500 million (2016: Rs.2,698 million) for opening of letters of credit from banks. These facilities are secured against cash margin and consignment of import documents in bank's favor. Finance against import merchandise (FIM) aggregating Rs.4,000 million (2016: Rs.2,333 million) are also available as sub-limit of abovementioned facilities. FIM is secured against pledge of goods. Mark-up on FIM is payable on quarterly basis at rate ranging from 3 months KIBOR plus 1% per annum to 3 months KIBOR plus 1.5% (2016: at the rate of 3 months KIBOR plus 1.5% per annum to 3 months KIBOR plus 2.0%). Profit on import Murabaha is payable on 150 days basis at the rate ranging from matching KIBOR plus 1% to 1.95 per annum. These facilities are maturing on various dates latest by May 30, 2018.
- 24.2** The Istisna facility of Rs 1,000 million (2016: Rs.248 million) with a tenor of 365 days and murabaha facility of Rs.2,000 million (2016: Rs.248 million) are available from Banks. Profit on both facilities ranges from KIBOR (matching) plus 0.9% to 1.95% (2016: at the rates at KIBOR plus 1.95%) and is payable along with the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs 2,667 million. The facilities shall be available latest by December 31, 2017.
- 24.3** The Company has foreign / inland bills discounting facility of Rs.150 million (2016: Rs.150 million). The facility is secured against lien over accepted bills under LCs. The facility has a maximum tenor of 180 days on roll over basis. The facility has one year validity on roll over basis and is due for renewal on November 30, 2017.
- 24.4** The Company has facility for short-term running finance amounting Rs.450 million (2016: Rs.270 million) from a bank. Mark-up is based on 3 months KIBOR plus 1.5% per annum (2016: 3 months KIBOR plus 1.5% per annum) payable on quarterly basis. The facility is primarily secured against first pari passu charge by way of hypothecation over stocks and book debts aggregating Rs.600 million (2016: Rs.360 million). This facility is collateralized against equitable mortgage over land and buildings for an amount of Rs.300 million (2016: Rs.300 million). The facility has one year validity on roll over basis and is due for renewal on November 30, 2017.
- 24.5** The facility for bank guarantees of Rs.4,154 million including sublimit of Rs. 400 million of running finance (2016: Rs.1,370 million) is also available from a bank. This facility is secured against cash margin and equitable mortgage over immovable assets of the Company to an extent of Rs.1,100 million. Included in above are one-off LG facilities aggregating Rs.1,600 million (2016 : Rs.1,300 million). The facility has one year validity on roll over basis and is due for renewal latest by February 28, 2018.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
25.2 Commitments			
Bank guarantees		3,480,719	1,884,801
Letters of credit		2,075,843	1,351,207
26. SALES - Net			
Manufactured goods			
Gross sales			
- local		12,470,400	6,554,905
- export		-	11,277
		12,470,400	6,566,182
Less: sales tax		1,804,330	950,753
		10,666,070	5,615,429
Trading goods			
Gross sales - local		88,766	250,101
Less: sales tax		14,205	39,951
		74,561	210,150
		10,740,631	5,825,579
27. COST OF SALES			
Manufactured goods			
Stocks at beginning of year		393,420	154,649
Cost of goods manufactured	27.1	9,455,904	4,409,145
		9,849,324	4,563,794
Stocks at end of year		(1,409,943)	(393,420)
		8,439,381	4,170,374
Trading goods			
Stocks at beginning of year		77,583	60,265
Purchases		194,546	125,885
		272,129	186,150
Stocks at end of year		(173,842)	(77,583)
		98,287	108,567
		8,537,668	4,278,941

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
27.1 Cost of goods manufactured			
Raw materials and components consumed	27.2	8,799,206	4,014,109
Stores consumed		21,246	11,153
Salaries, wages and other benefits	27.3	248,019	140,233
Fuel and power		19,835	15,863
Rent, rates and taxes		2,615	871
Insurance		4,207	3,429
Research and development		911	1,819
Repair and maintenance		27,216	28,258
Travelling and entertainment		10,346	4,736
Vehicle running and maintenance		1,149	792
Printing, stationery and office supplies		683	452
Communication		127	167
Royalty expense		28,602	14,061
Outside assembly charges		380,340	148,960
Depreciation	5.2	18,700	14,462
Amortization of intangible assets	6.1	160	45
Freight and handling		1,640	3,229
Other expenses		150	71
		9,565,152	4,402,710
Work-in-process adjustment		(109,248)	6,435
		9,455,904	4,409,145
27.2 Raw materials and components consumed			
Stocks at beginning of year		1,125,310	363,834
Add : purchases including duties, taxes and other charges		9,732,723	4,775,585
		10,858,033	5,139,419
Stocks at end of year		(2,058,827)	(1,125,310)
		8,799,206	4,014,109
27.3 Salaries, wages and other benefits include Rs.4,363 thousand (2016: Rs.3,594 thousand) in respect of staff retirement benefit - gratuity.			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
28. DISTRIBUTION COST			
Salaries and benefits	28.1	77,082	59,799
Commission		186,154	101,987
Rent, rates and taxes		4,006	3,515
Insurance		4,407	4,057
Repair and maintenance		1,675	90
Utilities		261	280
Travelling and entertainment		13,244	8,864
Vehicle running and maintenance		1,403	1,231
Printing, stationery and office supplies		3,247	2,010
Communication		900	966
After sale services		4,822	4,380
Advertisement		11,103	2,875
Legal and professional charges		1,518	238
Late delivery charges		9,575	3,985
Depreciation	5.2	3,461	3,570
Freight forwarding and handling		34,515	21,555
Other expenses		1,786	1,544
		359,159	220,946

28.1 Salaries and benefits include Rs.3,756 thousand (2016: Rs.2,629 thousand) in respect of staff retirement benefit - gratuity.

29. ADMINISTRATIVE EXPENSES

Salaries and benefits	29.1	47,744	44,440
Staff training and ancillary cost		2,212	927
Rent, rates and taxes		5,201	3,666
Insurance		2,761	2,108
Repair and maintenance		42,368	19,452
Utilities		2,867	5,332
Travelling and entertainment		16,035	12,807
Vehicle running and maintenance		2,193	1,799
Printing, stationery and office supplies		4,894	2,483
Communication		888	1,118
Legal and professional charges		3,070	1,689
Fee and subscriptions		1,342	1,126
Depreciation	5.2	13,923	9,432
Amortization / depreciation of investment property	7.1	244	250
Security expenses		4,578	3,889
Other expenses		275	50
		150,595	110,568

29.1 Salaries and benefits include Rs.3,199 thousand (2016: Rs.2,583 thousand) in respect of staff retirement benefit - gratuity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
30. OTHER EXPENSES			
Auditors' remuneration			
- audit fee		1,000	1,000
- certification charges		45	45
- out of pocket expenses		25	25
		1,070	1,070
Workers' profits participation fund	22.3	179,423	-
Workers' welfare fund	22.4	30,466	22,410
Donation and charities	30.1	1,391	3,175
Provision for doubtful advances		-	2,975
Exchange loss - net		31,724	-
Special excise duty written-off		-	4,150
Balances written-off		-	818
		244,074	34,598

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

31. OTHER INCOME

Income from financial assets

Profit on saving accounts		3,880	970
Exchange gain - net		-	1,518

Income from other than financial assets

Gain on sale of operating fixed assets	5.5	1,109	40
Commission		13,648	25,437
Amortization of gain on sale and lease back of fixed assets	20.1	610	175
Rental income		2,880	730
Balances written back		-	1,782
		22,127	30,652

32. FINANCE COST

Mark-up / interest on:

- lease finances		3,145	2,340
- finance against imported merchandise		123,638	47,019
- istisna / running finances / murabaha		34,539	49,980
- loan from Subsidiary Company		363	350
- workers' profit participation fund	22.3	40,776	-
Bank charges and others		22,176	13,384
		224,637	113,073

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
33. TAXATION			
Current			
- for the year	33.1	530,806	361,121
- for prior year		(7,745)	(4,761)
		523,061	356,360
Deferred			
- origination and reversal of temporary differences		(72,638)	(4,269)
- impact of change in tax rate		189	153
		(72,449)	(4,116)
		450,612	352,244

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

Profit before taxation	1,246,625	1,098,105
Tax at the applicable rate of 31% (2016: 32%)	386,454	351,394
Tax effect of items, which are not deductible for tax purposes and are taken to profit and loss account	93,845	20,665
Tax effect of items, which are deductible for tax purposes but are not taken to profit and loss account	(11,096)	(9,218)
Effect of tax credits	(894)	(3,076)
Tax effect of income subject of final tax regime	15,353	(30,297)
Super tax	47,144	31,653
Charge of prior years' tax provision	(7,745)	(4,761)
Deferred taxation	(72,449)	(4,116)
	450,612	352,244

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

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

	Note	2017 (Rupees in '000)	2016
34. BASIC AND DILUTED EARNINGS PER SHARE			
Net profit for the year		796,013	745,861
		(Number of shares)	
Weighted average ordinary shares outstanding during the year		21,304,422	21,304,422
		(Rupees)	
Earnings per share		37.36	35.01

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

	Note	2017 (Rupees in '000)	2016
35. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,246,625	1,098,105
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- property, plant and equipment		36,084	27,464
- intangible assets		160	45
- investment property		244	250
Gain on sale of operating fixed assets		(1,109)	(40)
Amortization of gain on sale and lease back of fixed asset		(610)	(175)
Exchange loss / (gain) - net		31,724	(1,518)
Finance cost		224,637	113,073
Profit on saving account		(3,880)	(970)
Provision for doubtful advances		-	2,975
Special excise duty written-off		-	4,150
Balances written-off		-	818
Provision for gratuity		11,320	9,076
		1,545,195	1,253,253
Working capital changes - net	35.1	(932,149)	(284,834)
		613,046	968,419

35.1 Working capital changes

(Increase) / decrease in current assets:			
Stores		(580)	29
Stock-in-trade		(2,155,547)	(1,011,130)
Trade debts		(225,792)	(217,027)
Loans and advances		(991)	109,307
Trade deposits and prepayments		(367,706)	(38,059)
Other receivables		(15,889)	(708)
Sales tax refundable / adjustable		(451,182)	(31,333)
		(3,217,687)	(1,188,921)
Increase in trade and other payables		2,285,538	904,087
		(932,149)	(284,834)

36. CASH AND CASH EQUIVALENTS

Cash and bank balances	16	805,135	585,735
Short term borrowings	24	(792,386)	(194,029)
		12,749	391,706

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Directors		Executive	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Managerial remuneration, bonus and allowances	-	-	-	-	121,388	83,807
Retirement benefit	-	-	-	-	7,340	5,184
Others	-	-	-	-	3,329	2,471
	-	-	-	-	132,057	91,462
Number of persons	-	-	-	-	84	60

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

37.2 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.1,270 thousand (2016: Rs.745 thousand).

38. TRANSACTIONS WITH RELATED PARTIES

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

Name of related party and nature of relationship	Nature of transaction	2017 (Rupees in '000)	2016
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited	Dividend paid	83,434	37,545
(ii) Subsidiary Company			
Marghzar Industries (Private) Limited	Financial charges	363	350
	Reimbursement of expenses	267	270
(iii) Associated Companies / Undertaking			
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	273,090	184,649
	Rental income	450	900
	Sales of fixed assets	-	1,975
	Sale services rendered	-	47
	Dividend paid	1,007	453
Ghandhara Nissan Limited (Common on Directorship)	Assembly charges	444,998	174,283
	Sales - fabrication	676	676
	Sales of parts	17	5
	Purchase of fixed assets	1,050	34,410
	Purchase of parts	12	-
	Rental income	2,138	-
	Re-imbursement of expense	27,480	-
	Dividend paid	51,662	23,248
Universal Insurance Company Limited (Common Directorship)	Dividend paid	11,842	5,329
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	1,800	1,800

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Name of related party and nature of relationship	Nature of transaction	2017 (Rupees in '000)	2016
	Gammon Pakistan Limited (Common Directorship)	Rent paid	3,000	2,424
	Ghandhara DF (Private) Limited (Common Directorship)	Re-imbursement of expenses	21	-
	Hassan & Hassan Advocates (Common Directorship)	Sales - fabrication	-	30
	Bibojee Investments (Private) Limited (Common Directorship)	Sales of parts	-	1
		Retainership fee	395	120
(iv)	Technology suppliers			
	Isuzu Motors Limited - Japan	Dividend paid	214	96
		Commission income	13,648	25,437
		Royalty accrued	28,602	14,061
		Re-imbursement of expense	-	2,587
		Warrenty claims received	2,041	699
(v)	Key management personnel			
		Remuneration, bonus and other benefits	38,016	26,312

39. PRODUCTION CAPACITY

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

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

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial assets and liabilities by category and their respective maturities

	Interest / mark-up bearing Maturity up to one year	Interest / mark-up bearing Maturity after year	Sub- total	Non interest / mark-up bearing Maturity up to one year	Non interest / mark-up bearing Maturity after year	Sub- total	Total
	(Rupees in '000)						
Financial assets as per balance sheet							
Investments - at cost							
Long term investment	-	-	-	-	1,400	1,400	1,400
Loans and receivables							
Loans and advances	-	-	-	2,237	2,736	4,973	4,973
Deposits	-	-	-	698,979	12,688	711,667	711,667
Trade debts	-	-	-	485,472	-	485,472	485,472
Other receivables	-	-	-	2,683	-	2,683	2,683
Cash and bank balances	505,430	-	505,430	299,705	-	299,705	805,135
June 30, 2017	505,430	-	505,430	1,489,076	16,824	1,505,900	2,011,330
June 30, 2016	412,863	-	412,863	785,310	15,783	801,093	1,213,956
Financial liabilities as per balance sheet							
At amortised cost							
Trade and other payables	-	-	-	831,347	-	831,347	831,347
Accrued mark-up / interest	-	-	-	24,284	-	24,284	24,284
Short term borrowings	792,386	-	792,386	-	-	-	792,386
Liabilities against assets subject to finance lease	17,916	19,563	37,479	-	-	-	37,479
June 30, 2017	810,302	19,563	829,865	855,631	-	855,631	1,685,496
June 30, 2016	202,627	35,999	238,626	436,990	-	436,990	675,616
On Balance Sheet Gap	(304,872)	(19,563)	(324,435)	633,445	16,824	650,269	325,834
June 30, 2017	210,236	(35,999)	174,237	348,320	15,783	364,103	538,340
June 30, 2016							
Off Balance Sheet							
Letters of credit							2,075,843
Letters of guarantee							3,480,719
June 30, 2017							5,556,562
June 30, 2016							3,236,008

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

40.2 Financial risk factors

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

(a) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparts failed to perform as contracted. Credit risk mainly arises from loans & advances, deposits, trade debts, other receivables and bank balances. The financial assets exposed to credit risk aggregate to Rs.2,008,951 thousand (2016: Rs.1,212,571 thousand).

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

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

(b) Liquidity risk

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

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

(c) Market risk

Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. At June 30, 2017, receivables and payables exposed to foreign exchange risk are Rs.16,217 thousand (2016: Rs.18,551 thousand) and Rs.32 thousand (2016: Rs.9,333 thousand) respectively. The liability and receivable are denominated in Japanese Yen.

At June 30, 2017 if Pak Rupee had weakened / strengthened by 1% against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.172 thousand (2016: Rs.196 thousand), mainly as a result of foreign exchange loss / gain on translation of Japanese Yen denominated financial assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

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, 2017, the Company's interest bearing financial liabilities of Rs.829,865 thousand (2016: Rs.238,626 thousand) represent the short term borrowings at floating rate to manage the working capital requirements of the Company and obligation under assets subject to finance lease. These liabilities are re-priced at a maximum period of six months. The effective mark-up rates for financial assets and liabilities are mentioned in respective notes to the financial statements.

Had the interest rates varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been approximately higher / lower by Rs.8,299 thousand (2016: Rs.2,386 thousand).

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

40.3 Price risk

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

40.4 Fair values of financial assets and liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

41. CAPITAL RISK MANAGEMENT

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

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

42. OPERATING SEGMENTS

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

- (a) All non-current assets of the Company at June 30, 2017 are located in Pakistan.
- (b) 100% (2016: 99.81%) of the Company's sales relate to customers in Pakistan.
- (c) The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue as at June 30, 2017.

2017 **2016**

43. NUMBER OF EMPLOYEES

Number of employees at June 30,

- Permanent	146	140
- Contractual	599	304

Average number of employees during the year

- Permanent	141	132
- Contractual	551	386

44. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on September 20, 2017 have proposed final cash dividend of Rs.15.0 (2016: Rs.10.0) per share, amounting to Rs. 319,566 thousand (2016: Rs.213,044 thousand) for the year ended June 30, 2017. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 23, 2017.

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

45. DATE OF AUTHORISATION FOR ISSUE

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



Ahmad Kuli Khan Khattak
Chief Executive










Jamil Ahmed Shah
Director



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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. SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

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 Industries 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 53rd Annual General Meeting of the
Company to be held on Monday, 31st October, 2016 at 03:15 P.M and any adjournment thereof.

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

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

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

Proxy's Signature

Proxy's Signature

Proxy's CNIC Number or Passport Number

Proxy's CNIC Number or Passport Number

NOTES:

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

پراکسی فارم

میں / ہم _____ ساکن _____
 بحیثیت ممبر (ز) گندھارا انڈسٹریز لمیٹڈ اور حق ملکیت رکھتے ہوئے _____
 عمومی شیئرز جس کا اندراج رجسٹر فوئیو نمبر _____ اور سینٹرل ڈپازٹری کمپنی _____ اکاؤنٹ نمبر _____ کو اپنی جانب سے
 نامزد کرتا ہوں _____ ساکن _____
 اور ان کے ناجائز پر مسمیٰ / مسماۃ _____ ساکن _____
 بطور پراکسی مقرر کرنا / کرتے ہیں تاکہ وہ میری / ہماری طرف سے کمپنی کے 53 ویں سالانہ عام اجلاس، بمقام رجسٹرڈ آفس بتاریخ 31 اکتوبر 2016 بوقت دن 03:15 بجے منعقد ہو رہا ہے، اس میں یا اس کے کسی ملتوی 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 انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

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

نمائندہ کے دستخط

نمائندہ کے دستخط

نمائندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نمائندہ کا کمپیوٹر انڈز قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

نوٹس:

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



Ghandhara Industries Limited

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