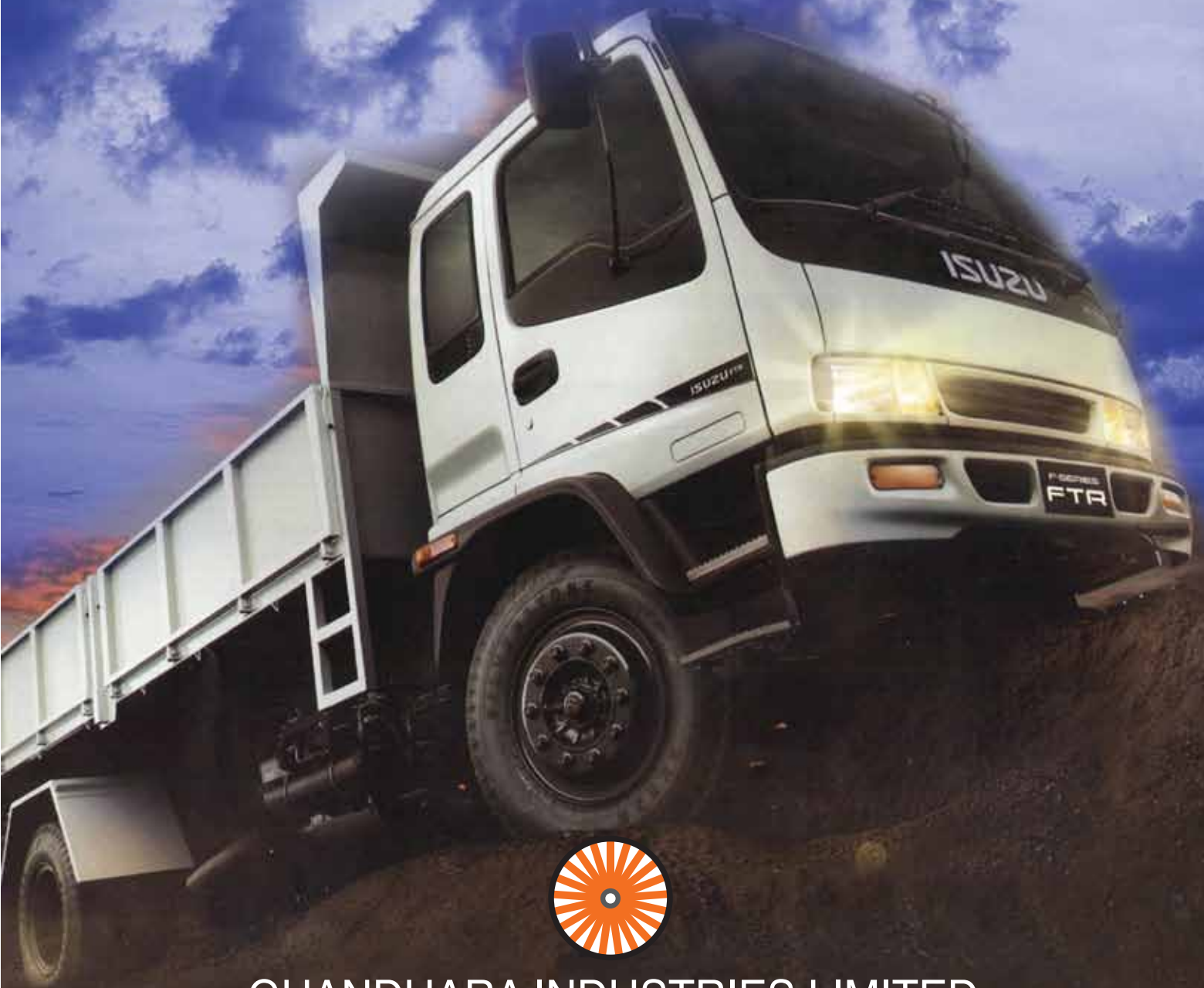


**ISUZU**

**ANNUAL REPORT  
2014**



**GHANDHARA INDUSTRIES LIMITED**  
A Bibojee Group Company

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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 market.

## MISSION

- To assist the society in 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 & efficient after sales services to the customers.
- To enhance performance in all operating areas, ensuring growth of the Company and optimum return to the stakeholders.
- To create conducive operational environments for optimum productivity, job satisfaction, career development and well being of employees.

# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Lt. Gen. (R) Ali Kuli Khan Khattak	Director
Mr. Mushtaq Ahmed Khan, FCA	Director
Dr. Parvez Hassan	Director
Mr. Jamil Ahmed Shah	Director
Ch. Sher Muhammad	Director

## COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Iftikhar A. Khan

## AUDITORS

Hameed Chaudhri & Co.  
Chartered Accountants

## AUDIT COMMITTEE

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Mushtaq Ahmed Khan, FCA	Member
Mr. Jamil Ahmed Shah	Member
Mr. Safar Ali	Secretary

## BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Jamil Ahmed Shah	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Ch. Sher Muhammed	Member
Mr. Muhammad Ali Tahir	Secretary

## LEGAL ADVISORS

Syed Iqbal Ahmad and Co. Advocates  
S. Abid Shirazi & Co.  
Hassan & Hassan (Advocates)

## BANKERS

National Bank of Pakistan  
Al-Baraka Bank (Pakistan) Limited  
The Bank of Khyber  
Faysal Bank Limited

## REGISTERED OFFICE

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

## SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.  
5th Floor, Karachi Chambers,  
Hasrat Mohani Road, Karachi.

# Notice of 51<sup>st</sup> Annual General Meeting

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held at 11:00 A.M on Monday, 27th October, 2014 at F-3, Hub Chauki Road, S.I.T.E., Karachi to transact the following business:-

## Ordinary Business

1. To confirm the minutes of the Annual General Meeting of the company held on October 25, 2013.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2014, together with Directors' and Auditors' report thereon.
3. To appoint Auditors for the financial year ending June 30, 2015 and to fix their remuneration. The retiring Auditors M/s. Hameed Chaudhri & Company, Chartered Accountants, being eligible have offered themselves for re-appointment.
4. Any other business with the permission of the Chair.

By order of the Board

Karachi  
October 3, 2014

**Iftikhar Ahmed Khan**  
Company Secretary

## Notes:

- (a) The Share Transfer books of the Company shall remain closed from October 20, 2014 to October 27, 2014 (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 Registrar Office 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) Members are requested to immediately notify change in their mailing addresses, if any.

## DIRECTORS' REPORT

The directors of your company take pleasure in presenting the 51<sup>st</sup> annual report & the Company's audited financial statements for the year ended June 30, 2014.

### ECONOMY AND MARKET

For the financial year ended June 2014 economic ratios of the country showed satisfactory results. Inflows from IMF and auction of 3G/4G played a significant role in appreciation and stabilization of PKR.

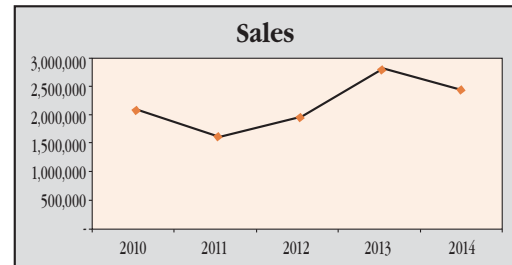
On the other hand increase in local debt due to lower tax to GDP ratio overburdened the economy. The government resorted to reduce subsidies and increase the power tariffs to keep the fiscal deficit within the budgeted limits. The increase in power tariffs and minimum wages in turn increased the cost of production for the manufacturing sector.

### OPERATING RESULTS

#### Sales

During the last year your Company had a large sales contract with a national institution and therefore the sales figures were all time high. Due to the completion of this large contract the sales revenue has decreased by 12% from the preceding year.

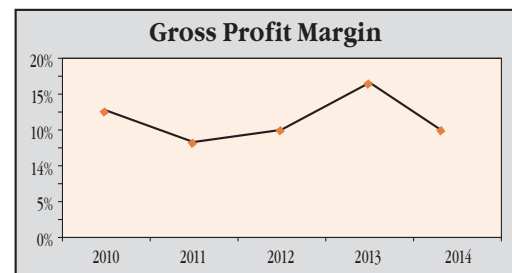
On the other hand, more focus and reliance on commercial sales has resulted in attaining a higher volume and increase in the market share from 16% to 20%.



#### Gross profit

Inflationary pressure along with currency devaluation (except for the last quarter) and raise in minimum wage continued to burden our cost of sales. In addition to this, focus on product mix offering lesser contribution further eroded the margins.

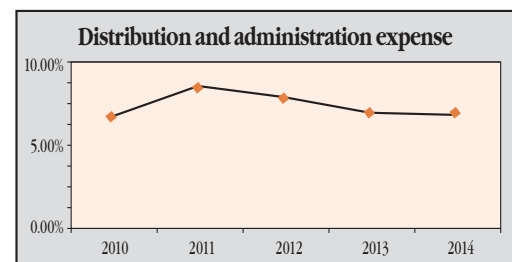
Commitment to achieve optimum cost through regular monitoring of cost base enabled us to restrict the inflationary increase in cost of sales to some extent.



#### Distribution and administrative expenses

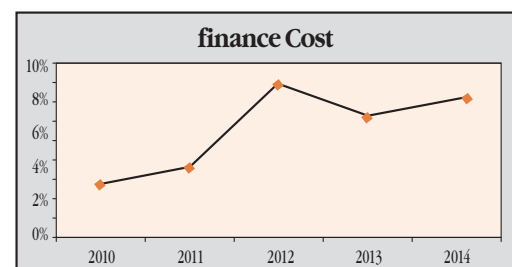
The overall increase in distribution and administrative expenses in relation to sales is 1.35%.

More focus has been made on commercial sales and capturing of market share, resulting in increase of ancillary expenses such as commission, freight forwarding & handling along with advertisement expenses.



#### Finance costs

Finance cost has been slightly on the higher side compared to the last year. In order to keep its pressure lower on earnings in future, the total borrowings of the company were contained, as reflected by reduced short term borrowings at the year-end.



### Profit/ (loss) after tax

The company has made a net profit of Rs. 24.068 million against net profit of Rs. 127.736 million of the preceding period.

Earnings per share decreased to Rs. 1.13 from Rs. 6.00 last year.

### Financial performance

The financial results are summarized below:

	2014	2013
	(Rupees in '000')	
Profit from operation	192,864	359,061
Finance cost	(177,052)	(175,895)
Profit/ (loss) before tax	15,812	183,166
Taxation	8,256	(55,430)
Profit/ (loss) after tax	24,068	127,736
Earnings/ (loss) per share	1.13	6.00

For the year ended June 30, 2014, the Board in its meeting held on September 24, 2014 has proposed a final cash dividend of Rs. Nil per share, considering the liquidity needs for repayment of borrowings and for sales commitments.

### Auditor's report to the members

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

In the light of the legal opinion obtained by the management of the company coupled with a constitutional petition sub-judiced before Sindh High Court, the Board is of the view that it is not liable for Workers Profit Participation Fund as detailed in note # 27.1 (iii) to the financial statements.

### Code of Corporate Governance

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

The financial statement prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statement.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are annexed.
- The value of investments of the Company's gratuity as on June 30, 2014 is Rs.Nil.

**Audit Committee**

The committee consists of three members; all are non-executive 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**

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

Name of Director	No. of Meetings attended			
Mr. Raza Kuli Khan Khattak	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Ahmad Kuli Khan Khattak	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lt. Gen. (R) Ali Kuli Khan Khattak	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Mushtaq Ahmed Khan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dr. Pervez Hassan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jamil Ahmed Shah	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ch. Sher Muhammad	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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

**Auditors**

Present auditors, Messrs 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, 2015.

**Pattern of shareholding**

The pattern of shareholding as on 30th June 2014 & additional information thereabout required under Code of Corporate Governance are annexed.

**Subsequent events**

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

**Future outlook**

External factors like consistent government policies, political stability, security situation and government measures for peace and building of infrastructure are imperative for the growth of economy. Better and consistent inflows of FDIs, IMF's assistance and privatization of loss making companies will contribute directly in improving the macroeconomic activities. This will create better business opportunities for your Company.

During the first quarter of the FY 2015 Japanese Yen (¥) has depreciated against Pakistan Rupees, which will have a positive impact on cost of production if sustained for a longer period of time. Furthermore, your Company has good sales forecasts supported by sufficient orders in hand and the management is hopeful of delivering better results in the ensuing quarters.

**Acknowledgement**

The board would like to take the opportunity to thank the shareholders, valued suppliers, customers and bankers for the co-operation and support. The Board is also pleased to record its appreciation for the continued diligence and devotion of the employees of the Company. The Board would also like to thank the Company's principal Isuzu Motors Limited for their support and assistance.

By order of the Board

Karachi  
Dated: September 24, 2014

**Ahmad Kuli Khan Khattak**  
Chief Executive



## Financial Performance

		2014	2013	2012	2011	2010	2009
<b>Financial Performance - Profitability</b>							
Gross profit margin	%	12.19	17.23	12.01	10.68	14.22	9.84
EBITDA margin to sales	%	9.01	13.69	7.09	5.81	11.72	(3.17)
Pre tax margin	%	0.64	6.51	(2.20)	0.48	5.65	(10.69)
Net profit margin	%	0.98	4.54	(1.58)	0.47	6.50	(10.46)
Return on equity-before tax	%	0.78	9.18	(2.60)	0.47	8.07	(10.85)
Return on equity-after tax	%	1.19	6.40	(1.87)	0.47	9.28	(10.62)
<b>Operating Performance / Liquidity</b>							
Total assets turnover	Times	0.66	0.68	0.56	0.49	0.74	0.68
Fixed assets turnover	Times	1.47	1.65	1.36	1.11	1.41	1.29
Debtors turnover	Times	9.59	13.07	12.69	12.64	22.20	16.41
Debtors turnover	Days	38	28	29	29	16	22
Inventory turnover	Times	1.80	2.04	2.14	2.08	3.30	2.81
Inventory turnover	Days	203	179	171	176	111	130
Creditors turnover	Times	9.82	15.37	11.44	10.14	21.26	10.42
Creditors turnover	Days	37	24	32	36	17	35
Operating cycle	Days	204	183	168	169	110	117
Current ratio		1.16	1.12	1.05	1.08	1.13	1.08
Quick / acid test ratio		0.52	0.47	0.54	0.66	0.48	0.58
<b>Capital Structure Analysis</b>							
Breakup value / share	Rs	94.83	93.67	76.78	78.24	77.87	54.30
Earning per share (pre tax)	Rs	0.74	8.60	(2.03)	0.37	5.54	(6.59)
Earning per share (after tax)	Rs	1.13	6.00	(1.46)	0.36	6.36	(6.45)

## Summary of Balance Sheet

	2014	2013	2012	2011	2010	2009
	(Rupees in '000')					
<b>Summary of Balance Sheet</b>						
Share capital	213,044	213,044	213,044	213,044	213,044	213,044
Reserves	133,991	103,933	(27,772)	(2,250)	(15,558)	(129,314)
Shareholder's fund / equity	2,020,214	1,995,571	1,635,720	1,666,804	1,659,060	1,156,927
Deferred liabilities	24,866	21,819	14,774	13,715	29,302	16,519
Property, plant & equipment	1,678,603	1,703,088	1,447,944	1,465,156	1,476,350	1,018,986
Long term assets	4,783	7,344	6,186	8,122	7,755	5,844
Net current assets / Working capital	261,336	258,384	86,836	135,216	139,917	60,154
<b>Summary of Profit &amp; Loss</b>						
Net sales	2,466,127	2,812,958	1,968,409	1,631,208	2,086,520	1,313,808
Gross profit	300,696	484,624	236,420	174,180	296,792	129,302
Operating profit	192,864	359,061	113,025	67,048	175,707	(56,921)
Profit before tax	15,812	183,166	(43,263)	7,847	117,928	(140,427)
Profit after tax	24,067	127,736	(31,085)	7,745	135,563	(137,485)
EBITDA	222,299	385,138	139,469	94,763	193,966	(38,661)
<b>Summary of Cash Flows</b>						
Net cash flow from operating activities	139,287	(401,667)	(582,793)	(110,497)	319,801	(224,484)
Net cash flow from investing activities	(2,473)	(11,426)	(9,389)	(12,697)	4,940	(4,212)
Net cash flow from financing activities	(8,016)	(8,396)	(6,737)	(17,643)	(13,328)	(9,926)
Changes in cash & cash equivalents	128,797	(421,489)	(598,919)	(140,838)	311,413	(238,622)
Cash & cash equivalents - Year end	(1,045,450)	(1,174,247)	(752,758)	(153,839)	(13,000)	(306,042)

## Horizontal Analysis

Rupees '000

Balance Sheet	2014 Rs.	14 Vs 13 %	2013 Rs.	13 Vs 12 %	2012 Rs.	13 Vs 12 %	2011 Rs.	11 Vs 10 %	2010 Rs.	10 Vs 09 %	2009 Rs.	09 Vs 08 %
	----- Re-stated -----											
<b>Assets</b>												
<b>Non-Current Assets</b>												
Property, plant & equipment	1,678,603	(1.44)	1,703,088	17.62	1,447,944	(1.17)	1,465,156	(0.76)	1,476,350	44.88	1,018,986	(0.95)
Intangible assets	346	(46.50)	647	(31.87)	949	(24.11)	1,251	183.03	442	100.00	-	100.00
Investment properties	89,645	(0.28)	89,895	(0.28)	90,145	(0.28)	90,395	(0.29)	90,654	(0.29)	90,914	(0.28)
Long term Investment	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-
Long term loans	636	(51.48)	1,311	34.88	972	(29.65)	1,382	115.94	640	144.27	262	(43.17)
Long term deposits	2,747	(40.71)	4,633	21.48	3,814	(28.57)	5,340	(6.57)	5,715	36.66	4,182	4.58
Deferred taxation	18,304	100.00	-	(100.00)	32,049	27,254.06	117	100	-	-	-	-
	1,791,681	(0.52)	1,800,974	14.18	1,577,273	0.78	1,565,041	(0.65)	1,575,201	41.18	1,115,744	(0.90)
<b>Current Assets</b>												
Stores and spares parts	1,859	(18.64)	2,285	33.29	1,714	(60.09)	4,294	(26.87)	5,872	39,046.67	15	(28.57)
Stock-in-trade	1,055,872	(22.12)	1,355,715	45.95	928,892	34.29	691,703	(2.81)	711,728	90.38	373,852	(20.13)
Trade debts	220,786	(24.76)	293,428	114.28	136,939	(21.02)	173,375	104.52	84,771	(17.86)	103,203	81.37
Loans and advances	209,547	(15.22)	247,162	(35.85)	385,279	463.26	68,402	216.29	21,626	36.16	15,883	28.09
Trade deposits and prepayments	187,098	26.80	147,549	(11.20)	166,166	(75.30)	672,658	1,283.42	48,623	(22.34)	62,607	(58.45)
Other receivables	7,478	204.73	2,454	96.94	1,246	(88.36)	10,704	277.16	2,838	-	2,838	(0.11)
Sales tax refundable/adjustable and taxation - payment less	210,107	(14.75)	246,456	19.86	205,626	23.65	166,290	(28.21)	231,649	1.69	227,789	32.33
Cash and bank balances	34,597	(14.13)	40,289	(55.83)	91,218	857.84	9,523	(93.64)	149,688	595.90	21,510	(6.15)
	1,927,344	(17.47)	2,335,346	21.82	1,917,080	6.69	1,796,949	42.98	1,256,795	55.60	807,697	(8.83)
	3,719,025	(10.09)	4,136,320	18.37	3,494,353	3.94	3,361,990	18.71	2,831,997	47.24	1,923,441	(4.39)
<b>Equity And Liabilities</b>												
<b>Share Capital And Reserves</b>												
Share capital	213,044	-	213,044	-	213,044	-	213,044	-	213,044	-	213,044	-
Unappropriated profit / (accumulated loss)	133,989	28.92	103,933	(474.24)	(27,772)	1,134.07	(2,250)	(85.53)	(15,558)	(87.97)	(129,314)	-
Surplus on revaluation of fixed assets	1,673,179	(0.32)	1,678,594	15.73	1,450,448	(0.38)	1,456,011	(0.38)	1,461,574	36.19	1,073,197	(0.31)
	2,020,212	1.23	1,995,571	22.00	1,635,720	(1.86)	1,666,804	0.47	1,659,060	43.40	1,156,927	(10.62)
<b>Non-Current Liabilities</b>												
Liabilities against assets subject to finance lease	7,939	(47.43)	15,102	10.93	13,614	(31.03)	19,738	(26.23)	26,757	991.23	2,452	(69.97)
Deferred liabilities	24,866	13.96	21,819	47.69	14,774	7.72	13,715	10.00	12,468	254.41	3,518	(80.38)
Deferred taxation	-	(100.00)	26,865	100.00	-	-	-	(100)	16,834	29.48	13,001	18.45
	32,805	(48.57)	63,786	124.69	28,388	(15.14)	33,453	(40.33)	56,059	195.50	18,971	(27.31)
<b>Current Liabilities</b>												
Trade and other payables	547,796	(33.41)	822,680	(12.83)	943,781	(35.41)	1,461,200	59.66	915,182	130.66	396,773	(31.99)
Accrued mark up	30,515	(5.41)	32,261	(12.37)	36,817	19.20	30,887	1.44	30,450	77.92	17,114	79.77
Short term borrowings	1,080,045	(11.07)	1,214,536	43.91	843,976	416.63	163,362	0.41	162,688	(50.33)	327,552	262.58
Current maturity of liabilities against assets subject to finance lease	7,652	2.22	7,486	32.03	5,670	(9.78)	6,284	(26.57)	8,558	40.20	6,104	(23.59)
	1,666,008	(19.79)	2,076,963	13.48	1,830,244	10.14	1,661,733	48.78	1,116,878	49.41	747,543	8.14
	3,719,025	(10.09)	4,136,320	18.37	3,494,353	3.94	3,361,990	18.71	2,831,997	47.24	1,923,441	(4.39)

Profit & Loss	2014 Rs.	14 Vs 13 %	2013 Rs.	13 Vs 12 %	2012 Rs.	13 Vs 12 %	2011 Rs.	11 Vs 10 %	2010 Rs.	10 Vs 09 %	2009 Rs.	09 Vs 08 %
Net sales	2,466,127	(12.33)	2,812,958	42.91	1,968,409	20.67	1,631,208	(21.82)	2,086,520	58.81	1,313,808	(29.25)
Cost of sales	2,165,431	(7.00)	2,328,334	34.43	1,731,989	18.87	1,457,028	(18.59)	1,789,728	51.09	1,184,506	(30.89)
<b>Gross profit</b>	300,696	(37.95)	484,624	104.98	236,420	35.73	174,180	(41.31)	296,792	129.53	129,302	(9.60)
Distribution expenses	105,267	24.55	84,518	13.34	74,570	31.18	56,844	(20.46)	71,469	47.07	48,596	(7.21)
Administrative expenses	66,116	(9.49)	73,046	47.39	49,559	(8.59)	54,214	30.08	41,677	21.73	34,238	(19.02)
Other operating expenses	3,227	(77.96)	14,641	670.99	1,899	40.10	1,355	(87.77)	11,079	(90.62)	118,065	5,338.28
Other operating income	66,778	43.17	46,642	1,671.44	2,633	(50.14)	5,281	68.17	3,140	(78.60)	14,676	27.37
<b>Profit / (loss) from operations</b>	192,864	(46.29)	359,061	217.68	113,025	68.57	67,048	(61.84)	175,707	(408.69)	(56,921)	(198.61)
Finance cost	177,052	0.66	175,895	12.55	156,288	163.99	59,201	2.46	57,779	(30.81)	83,506	195.45
<b>Profit / (loss) before taxation</b>	15,812	(91.37)	183,166	(523.38)	(43,263)	(651.35)	7,847	(93.35)	117,928	(183.98)	(140,427)	(576.64)
Taxation	8,256	(114.89)	(55,430)	(555.17)	(12,178)	(12,087.91)	102	(100.58)	(17,635)	499.42	(2,942)	(74.03)
<b>Profit / (loss) after taxation</b>	24,068	(81.16)	127,736	(510.92)	(31,085)	(501.35)	7,745	(94.29)	135,563	(198.60)	(137,485)	(858.25)

## Vertical Analysis

Rupees '000

Balance Sheet	2014		2013		2012		2011		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
----- Re-stated -----												
<b>Assets</b>												
<b>Non-Current Assets</b>												
Property, plant & equipment	1,678,603	43.16	1,703,088	41.17	1,447,944	41.44	1,465,156	41.93	1,476,350	42.25	1,018,986	29.16
Intangible assets	346	0.01	647	0.02	949	0.03	1,251	0.04	442	0.01	-	-
Investment properties	89,645	2.30	89,895	2.17	90,145	2.58	90,395	2.59	90,654	2.59	90,914	2.60
Long term Investment	1,400	0.04	1,400	0.03	1,400	0.04	1,400	0.04	1,400	0.04	1,400	0.04
Long term loans	636	0.02	1,311	0.03	972	0.03	1,382	0.04	640	0.02	262	0.01
Long term deposits	2,747	0.07	4,633	0.11	3,814	0.11	5,340	0.15	5,715	0.16	4,182	0.12
Deferred taxation	18,304	0.47	-	-	32,049	0.92	117	0.00	-	-	-	-
	1,791,681	46.07	1,800,974	43.54	1,577,273	45.14	1,565,041	44.79	1,575,201	45.08	1,115,744	31.93
<b>Current Assets</b>												
Stores and spares parts	1,859	0.05	2,285	0.06	1,714	0.05	4,294	0.12	5,872	0.17	15	0.00
Stock-in-trade	1,055,872	27.15	1,355,715	32.78	928,892	26.58	691,703	19.79	711,728	20.37	373,852	10.70
Trade debts	220,786	5.68	293,428	7.09	136,939	3.92	173,375	4.96	84,771	2.43	103,203	2.95
Loans and advances	209,547	5.39	247,162	5.98	385,279	11.03	68,402	1.96	21,626	0.62	15,883	0.45
Trade deposits and prepayments	187,098	4.81	147,549	3.57	166,166	4.76	672,658	19.25	48,623	1.39	62,607	1.79
Other receivables	7,478	0.19	2,454	0.06	1,246	0.04	10,704	0.31	2,838	0.08	2,838	0.08
Sales tax refundable/adjustable and taxation - payment less provision	201,107	5.65	246,465	5.96	205,626	5.88	166,290	4.76	231,649	6.63	227,789	6.52
Cash and bank balances	34,597	0.89	40,289	0.97	91,218	2.61	9,523	0.27	149,688	4.28	21,510	0.62
	1,927,344	53.93	2,335,346	56.46	1,917,080	54.86	1,796,949	51.42	1,256,795	35.97	807,697	23.11
	3,719,025	100.00	4,136,320	100.00	3,494,353	100.00	3,361,990	96.21	2,831,997	81.04	1,923,441	55.04
<b>Equity And Liabilities</b>												
<b>Share Capital And Reserves</b>												
Share capital	213,044	5.73	213,044	5.15	213,044	6.10	213,044	6.10	213,044	6.10	213,044	6.10
Unappropriated profit / (accumulated loss)	133,989	3.60	103,933	2.51	(27,772)	(0.79)	(2,250)	(0.06)	(15,558)	(0.45)	(129,314)	(3.70)
Surplus on revaluation of fixed assets	1,673,179	44.99	1,678,594	40.58	1,450,448	41.51	1,456,011	41.67	1,461,574	41.83	1,073,197	30.71
	2,020,212	54.32	1,995,571	48.25	1,635,720	46.81	1,666,804	47.70	1,659,060	47.48	1,156,927	33.11
<b>Non-Current Liabilities</b>												
<b>Liabilities against assets subject to finance lease</b>												
Deferred liabilities	7,939	0.21	15,102	0.37	13,614	0.39	19,738	0.56	26,757	0.77	2,452	0.07
Deferred taxation	24,866	0.67	21,819	0.53	14,774	0.42	13,715	0.39	12,468	0.36	3,518	0.10
	-	(100.00)	26,865	100.00	-	-	-	-	16,834	0.48	13,001	0.37
	32,805	0.88	63,786	1.54	28,388	0.81	33,453	0.96	56,059	1.60	18,971	0.54
<b>Current Liabilities</b>												
Trade and other payables	547,796	14.73	822,680	19.89	943,781	27.01	1,461,200	41.82	915,182	26.19	396,773	11.35
Accrued mark up	7,652	0.21	7,486	0.18	36,817	1.05	30,887	0.88	30,450	0.87	17,114	0.49
Short term borrowings	30,515	0.82	32,261	0.78	843,976	24.15	163,362	4.68	162,688	4.66	327,552	9.37
Current maturity of liabilities against assets subject to finance lease	1,080,045	29.04	1,214,536	29.36	5,670	0.16	6,284	0.18	8,558	0.24	6,104	0.17
	1,666,008	44.80	2,076,963	50.21	1,830,244	52.38	1,661,733	47.55	1,116,878	31.96	747,543	21.39
	3,719,025	100.00	4,136,320	100.00	3,494,353	100.00	3,361,990	96.21	2,831,997	81.04	1,923,441	55.04

Profit & Loss	2014		2013		2012		2011		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Net sales	2,466,127	100.00	2,812,958	100.00	1,968,409	100.00	1,106,691	56.22	2,086,520	106.00	1,313,808	66.74
Cost of sales	2,165,431	87.81	2,328,334	82.77	1,731,989	87.99	968,163	49.19	1,789,728	90.92	1,184,506	60.18
<b>Gross profit</b>	300,696	12.19	484,624	17.23	236,420	12.01	138,528	7.04	296,792	15.08	129,302	6.57
Distribution expenses	105,267	4.27	84,518	3.00	74,570	3.79	42,096	2.14	71,469	3.63	48,596	2.47
Administrative expenses	66,116	2.68	73,046	2.60	49,559	2.52	40,795	2.07	41,677	2.12	34,238	1.74
Other operating expenses	3,227	0.13	14,641	0.52	1,899	0.10	1,549	0.08	11,079	0.56	118,065	6.00
Other operating income	66,778	2.71	46,642	1.66	2,633	0.13	1,896	0.10	3,140	0.16	14,676	0.75
<b>Profit / (loss) from operations</b>	192,864	7.82	359,061	12.76	113,027	5.74	55,984	2.84	175,707	8.93	(56,921)	(2.89)
Finance cost	177,052	7.18	175,895	6.25	156,288	7.94	45,171	2.29	57,779	2.94	83,506	4.24
<b>Profit / (loss) before taxation</b>	15,812	0.64	183,166	6.51	(43,261)	(2.20)	10,813	0.55	117,928	5.99	(140,427)	(7.13)
Taxation	8,256	0.33	(55,430)	(1.97)	(12,178)	(0.62)	(2,596)	(0.13)	(17,635)	(0.90)	(2,942)	(0.15)
<b>Profit / (loss) after taxation</b>	24,068	0.98	127,736	4.54	(31,083)	(1.58)	13,410	0.68	135,564	6.89	(137,484)	(6.98)

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014

Number of Shareholders	Shareholding		Number of Shares Held	Percentage
	From	To		
3,468	1	100	62,403	0.29
609	101	500	182,125	0.85
220	501	1,000	189,916	0.89
288	1,001	5,000	713,258	3.35
56	5,001	10,000	421,140	1.98
21	10,001	15,000	263,516	1.24
10	15,001	20,000	179,000	0.84
14	20,001	25,000	332,609	1.56
3	25,001	30,000	81,300	0.38
4	30,001	35,000	133,624	0.63
2	35,001	40,000	76,000	0.36
3	45,001	50,000	146,500	0.69
1	50,001	55,000	51,615	0.24
1	55,001	60,000	59,500	0.28
3	60,001	65,000	193,500	0.91
2	95,001	100,000	197,000	0.92
1	100,001	105,000	100,700	0.47
1	105,001	110,000	109,500	0.51
1	130,001	135,000	134,000	0.63
1	135,001	140,000	137,000	0.64
4	145,001	150,000	598,500	2.81
1	155,001	160,000	158,577	0.74
1	450,001	455,000	450,500	2.11
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	5,165,001	5,170,000	5,166,168	24.25
1	6,085,001	6,090,000	6,085,155	28.56
<b>4,720</b>			<b>21,304,422</b>	<b>100.00</b>

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

Shareholders Category	Number of Shareholders	Number of Share Held	Percentage of Holding
Director's, CEO, Their Spouse and Minor Children	7	24,489	0.11
Associated Companies, Undertakings and Related Parties	6	14,815,821	69.54
NIT & ICP	2	162,891	0.76
Banks, NBFCs, DFIs, Takaful and Pension Funds	18	1,668,480	7.83
Investments Companies	2	428	0.00
Insurance Companies	3	1,100	0.01
Joint Stock Companies	6	41,503	0.19
Other Companies, Corporate Bodies, Trust etc	22	224,953	1.06
General Public (Local)	4,654	4,364,757	20.49
	<b>4,720</b>	<b>21,304,422</b>	<b>100.00</b>

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014

SR #	CATEGORIES OF SHAREHOLDERS	SHARES HELD	Percentage
<b>1</b>	<b>Directors, CEO, Their Spouse and Minor Children</b>		
	Mr. Raza Kuli Khan Khattak (Chairman)	10,000	0.047
	Mr. Ahmad Kuli Khan Khattak (Chief Executive)	12,000	0.056
	Lt. Gen. (Retd.) Ali Kuli Khan Khattak (Director)	9	0.000
	Mr. Mushtaq Ahmed Khan (Director)	52	0.000
	Dr. Pervez Hassan (Director)	4	0.000
	Mr. Jamil Ahmed Shah (Director)	400	0.002
	Ch. Sher Muhammad (Director)	2,024	0.010
<b>2</b>	<b>Associated Companies, Undertaking and Related Parties</b>		
	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
<b>3</b>	<b>NIT &amp; ICP</b>		
	Investment Corporation of Pakistan	4,314	0.020
	CDC- Trustee National Investment (Unit) Trust	158,577	0.744
<b>4</b>	<b>Banks, NBFCs, DFIs, Takaful and Pension Funds</b>	1,668,480	7.832
<b>5</b>	<b>Investments Companies</b>	428	0.002
<b>6</b>	<b>Insurance Companies</b>	1,100	0.005
<b>7</b>	<b>Joint Stock Companies</b>	41,503	0.195
<b>8</b>	<b>Other Companies, Corporate Bodies, Trust etc</b>	224,953	1.056
<b>9</b>	<b>General Public (Local)</b>	4,364,757	20.488
		21,304,422	100.00
<b>10</b>	<b>Shareholders Holding 05.00% Or More</b>		
	Bibojee Services (Pvt) Limited	8,343,397	39.163
	The 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
<b>11</b>	<b>Trading in the shares of company during the year by the Directors Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children</b>	-	-

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 (XI) of listing regulations of Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Executive Directors	Mr. Ahmad Kuli Khan Khattak
Non-Executive Directors	Mr. Raza Kuli Khan Khattak
	Lt. Gen. (R) Ali Kuli Khan Khattak
	Mr. Mushtaq Ahmed Khan
	Dr. Parvez Hassan
	Mr. Jamil Ahmed Shah
	Ch. Sher Muhammad

\*The present Board was elected on April 10, 2012, prior to issuance of the revised Code on April 11, 2012. The Code 2012 requires atleast one independent director as per the definition of independent director, which would be applicable from next election of directors.

2. The directors, except for the followings, have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

Mr. Raza Kuli Khan Khattak  
Mr. Ahmad Kuli Khan Khattak  
Lt. Gen. (R) Ali Kuli Khan Khattak

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in 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/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, determination of remuneration, if any, and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company arranges orientation courses/ meetings for its directors to apprise them of their role and responsibilities. Further, a booklet on Code of Corporate Governance has been circulated amongst the directors on the Board. However, no training program was arranged for the directors during the year.
10. The board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members, who are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR 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 which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

**Ahmad Kuli Khan Khattak**  
Chief Executive

Dated: September 24, 2014



## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Ghandhara Industries Limited ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange, the Lahore Stock Exchange and the Islamabad Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to enquiries of the Company's personnel and review of various documents prepared by the Company to comply with Code.

As 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's 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 procedure and risks.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval the related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail on arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the subject requirement to the extent of approval of the related party transactions by the Board of Directors and placement of such transactions before 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 status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June, 2014.

KARACHI; September 24, 2014

**HAMEED CHAUDHRI & CO.,**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Osman Hameed Chaudhri

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of GHANDHARA INDUSTRIES LIMITED ("the Company") as at 30 June, 2014 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 account 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 account and are further in accordance with accounting policies consistently applied except for the change as stated in note 5 with which we concur;
  - (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 30 June, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- (e) Without qualifying our opinion, we draw attention to note 27.1 (iii) to the financial statements, the Company has written back in the financial statements for the year ended June 30, 2007 provision for Workers' Profit Participation Fund for the year ended 30 June, 2006 based on a legal opinion and in a view of constitutional petition pending adjudication in the Sindh High Court on this matter.

If it is established that the provisions of the Company's Profits (Workers' Participation) Act, 1968 are applicable to the Company, provision in respect of year ended 30 June, 2006 amounting to Rs. 7.722 million including any penalties may become payable.

KARACHI; September 24, 2014

**HAMEED CHAUDHRI & CO.,**  
 CHARTERED ACCOUNTANTS  
 Engagement Partner: Osman Hameed Chaudhri

## BALANCE SHEET

AS AT JUNE 30, 2014

ASSETS	Note	2014	Re-stated 2013	Re-stated July 1, 2012
<b>Non current assets</b>				
Property, plant and equipment	6	1,678,603	1,703,088	1,447,944
Intangible assets	7	346	647	949
Investment property	8	89,645	89,895	90,145
Long term Investment	9	1,400	1,400	1,400
Long term loans	10	636	1,311	972
Long term deposits	11	2,747	4,633	3,814
Deferred taxation	12	18,304	-	32,071
		<b>1,791,681</b>	<b>1,800,974</b>	<b>1,577,295</b>
<b>Current assets</b>				
Stores and spares parts	13	1,859	2,285	1,714
Stock-in-trade	14	1,055,872	1,355,715	928,892
Trade debts	15	220,786	293,428	136,939
Loans and advances	16	209,547	247,162	385,279
Trade deposits and prepayments	17	187,098	147,548	166,166
Other receivables	18	7,478	2,454	1,246
Sales tax refundable / adjustable		74,388	132,025	127,152
Taxation - payments less provision		135,719	114,440	78,474
Cash and bank balances	19	34,597	40,289	91,218
		<b>1,927,344</b>	<b>2,335,346</b>	<b>1,917,080</b>
<b>Total assets</b>		<b>3,719,025</b>	<b>4,136,320</b>	<b>3,494,375</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Share capital	20	213,044	213,044	213,044
Unappropriated profit / (accumulated loss)		133,989	103,933	(27,816)
		<b>347,033</b>	<b>316,977</b>	<b>185,228</b>
<b>Surplus on revaluation of fixed assets</b>	21	<b>1,673,179</b>	<b>1,678,594</b>	<b>1,450,448</b>
<b>Non current liabilities</b>				
Liabilities against assets subject to finance lease	22	7,939	15,102	13,614
Deferred liabilities	23	24,866	21,819	14,840
Deferred taxation	12	-	26,865	-
		<b>32,805</b>	<b>63,786</b>	<b>28,454</b>
<b>Current liabilities</b>				
Trade and other payables	24	547,796	822,680	943,781
Accrued mark-up / interest	25	30,515	32,261	36,817
Short term borrowings	26	1,080,045	1,214,536	843,976
Current maturity of liabilities against assets subject to finance lease	22	7,652	7,486	5,670
		<b>1,666,008</b>	<b>2,076,963</b>	<b>1,830,244</b>
<b>Contingencies and commitments</b>	27			
<b>Total equity and liabilities</b>		<b>3,719,025</b>	<b>4,136,320</b>	<b>3,494,375</b>

The annexed notes from 1 to 47 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, 2014

	2014	Re-stated 2013
Note	(Rupees in '000')	
Sales	28 2,466,127	2,812,958
Cost of sales	29 (2,165,431)	(2,328,334)
<b>Gross profit</b>	<b>300,696</b>	<b>484,624</b>
Distribution cost	30 (105,267)	(84,518)
Administrative expenses	31 (66,116)	(73,046)
Other expenses	32 (3,227)	(14,641)
Other income	33 66,778	46,642
<b>Profit from operations</b>	<b>192,864</b>	<b>359,061</b>
Finance cost	34 (177,052)	(175,895)
<b>Profit before taxation</b>	<b>15,812</b>	<b>183,166</b>
Taxation	35 8,256	(55,430)
<b>Profit after taxation</b>	<b>24,068</b>	<b>127,736</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to Profit or Loss:</b>		
Loss on re-measurement of staff retirement benefit obligation	(2,149)	(2,349)
Impact of deferred tax	709	799
	<b>(1,440)</b>	<b>(1,550)</b>
<b>Total comprehensive income</b>	<b>22,628</b>	<b>126,186</b>
	(Rupees)	
<b>Earnings per share - basic and diluted</b>	36 <b>1.13</b>	<b>6.00</b>

The annexed notes from 1 to 47 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, 2014

	2014	2013
Note	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from / (used in) operations	37 377,530	(162,696)
Gratuity paid	(6,536)	(2,527)
Finance cost paid	(176,362)	(180,451)
Income tax paid	(55,470)	(54,835)
Long term loans - net	675	(339)
Long term deposits - net	1,886	(819)
<b>Net cash generated from / (used in) operating activities</b>	<b>141,723</b>	<b>(401,667)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(3,380)	(13,013)
Sale proceeds from disposal of operating fixed assets	286	1,050
Interest received	622	537
<b>Net cash used in investing activities</b>	<b>(2,472)</b>	<b>(11,426)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease - net	(10,452)	(8,396)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>128,799</b>	<b>(421,489)</b>
<b>Cash and cash equivalents - at beginning of the year</b>	<b>(1,174,247)</b>	<b>(752,758)</b>
<b>Cash and cash equivalents - at end of the year</b>	38 <b>(1,045,448)</b>	<b>(1,174,247)</b>

The annexed notes from 1 to 47 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, 2014

	Share Capital	(Accumulated loss) / unappropriated profit	Total
	----- Rupees in '000' -----		
<b>Balance as at July 1, 2012 - as previously reported</b>	213,044	(27,772)	185,272
Effect of change in accounting policy due to application of IAS 19 (Revised) - note 5	-	(44)	(44)
<b>Balance as at July 1, 2012 - restated</b>	<u>213,044</u>	<u>(27,816)</u>	<u>185,228</u>
<b>Total comprehensive income for the year ended June 30, 2013</b>			
Profit for the year	-	127,736	127,736
Other comprehensive loss	-	(1,550)	(1,550)
	-	126,186	126,186
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	5,563	5,563
<b>Balance as at June 30, 2013 - restated</b>	<u>213,044</u>	<u>103,933</u>	<u>316,977</u>
<b>Total comprehensive income for the year ended June 30, 2014</b>			
Profit for the year	-	24,068	24,068
Other comprehensive loss	-	(1,440)	(1,440)
	-	22,628	22,628
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	7,428	7,428
<b>Balance as at June 30, 2014</b>	<u>213,044</u>	<u>133,989</u>	<u>347,033</u>

The annexed notes from 1 to 47 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, 2014

### 1. CORPORATE INFORMATION

Gandhara Industries Limited (the Company) was incorporated on February 23, 1963. The Company's shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is assembly and progressive manufacturing of Isuzu trucks and buses.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 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, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to the following standards have been adopted by the Company for the first time for the financial year beginning on July 1, 2013:

- (a) Amendment to IAS 1, 'Financial statement presentation' regarding disclosure requirements for comparative information. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, and the retrospective application has a material effect on the information in the balance sheet at the beginning of the preceding period, i.e. the opening position. No notes are required to support this balance sheet.
- (b) IAS 19, 'Employee benefits' was revised in June 2011. Revised standard eliminates the corridor approach and calculates finance costs on a net funding basis. IAS 19 (Revised) amends the accounting for the Company's defined benefit plan. The Company has applied this standard retrospectively and its impact on the Company's financial statements has been explained in note 5.

##### 2.3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

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

The following new standards and amendments to published standards are not effective (although available for early adoption) for the financial year beginning on or after July 1, 2013 and have not been early adopted by the Company:

- (a) Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-2012 cycle of annual improvements project that affect seven standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment', IAS 24, 'Related party disclosures' and IAS 38, 'Intangible assets'. The Company does not expect to have material impact on its financial statements due to application of these amendments.
- (b) Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2011-2013 cycle of annual improvements project that affect four standards: IFRS 1, 'First time adoption of International Financial Reporting Standards', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. These amendments do not have any impact on Company's financial statements.
- (c) IAS 32 (Amendment), 'Financial instruments: presentation', is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the reporting date. The Company shall apply this amendment from July 1, 2014 and does not expect to have a material impact on its financial statements.
- (d) IAS 36 (Amendment), 'Impairment of assets', is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply this amendment from July 1, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

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

## 3. BASIS OF MEASUREMENT

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

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



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

- (i) Estimate of residual values and useful lives of depreciable and intangible assets (note 4.1 and 4.2)
- (ii) Net realizable values of stores & spares parts and stock-in-trade (note 4.6)
- (iii) Provision for taxation (note 4.9)
- (iv) Staff retirement benefit - gratuity (note 4.11)
- (v) 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, except as stated in note 5.

##### 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 property, plant and equipment 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 6.1 to these financial statements and after taking into account residual values. The depreciation method, residual values and useful lives of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

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

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

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

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

#### **4.2 Intangible assets - computer softwares**

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 softwares 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 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 depreciated on straight line method at the rates stated in note 8.

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 and spare parts**

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

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

#### 4.6 Stock-in-trade

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

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

#### 4.7 Trade debts and other receivables

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

#### 4.8 Cash and cash equivalents

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

#### 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

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognised for all the taxable temporary differences.

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 Assets subject to finance lease / finance lease

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

#### **4.11 Staff retirement benefit - defined benefit plan**

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

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, 2014 on the basis of the projected unit credit method by an independent Actuary. 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.

The amount 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**

Sales are recognised when goods are invoiced and delivered to customers.

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

#### **4.14 Borrowings and their cost**

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

#### **4.15 Foreign currency translation**

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

#### **4.16 Financial assets and liabilities**

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

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

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

#### 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 Warranty

The Company recognises the estimated liability to repair or replace products still under warranty at the reporting date to the extent of non-reimbursable portion from the principal.

#### 4.20 Dividend and appropriation to reserves

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

#### 4.21 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.

#### 4.22 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.

#### 4.23 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information, as required by the approved accounting standards, is presented in note 43 to these financial statements.

### 5. CHANGE IN ACCOUNTING POLICY

IAS 19 (Revised) - 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for Company's defined benefit plan. The revised standard requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires "re-measurements" to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (Revised), the Company's policy for 'Staff retirement benefit' stands amended as follows:

The amount 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.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated. The Company's financial statements are only affected by the re-measurements relating to prior years. The effects have been summarised below:

	As at June 30, 2013	As at July 1, 2012
	(Rupees in '000')	
<b>Impact on Balance Sheet</b>		
Increase in deferred liabilities	2,415	66
Decrease in deferred taxation	(821)	(22)
Decrease in reserves	<u>1,594</u>	<u>44</u>
		For the year ended June 30, 2013
		(Rupees in '000')
<b>Impact on Other Comprehensive Income</b>		
Increase in re-measurement loss of staff retirement benefit obligation		(2,349)
Impact of deferred tax		799
Decrease in other comprehensive income - net of tax		<u>(1,550)</u>
<b>Impact on Statement of Changes in Equity</b>		
Decrease in unappropriated profit		<u>1,594</u>
Decrease in total comprehensive income		<u>1,550</u>

There is no impact on profit and loss account, earnings per share and cash flow statement due to application of IAS 19 (Revised).

	2014	2013
	(Rupees in '000')	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	1,676,905	1,701,672
Capital work-in-progress - computer software	1,698	1,416
	<u>1,678,603</u>	<u>1,703,088</u>

## 6.1 Operating fixed assets

Particulars	OWNED										LEASED				Total
	Lease hold land	Building on leasehold land	Plant & machinery	Permanent tools	Furniture & fixtures	Motor vehicles	Lift trucks	Office machines & equipments	Computers	Jigs and special tools	Car	Truck	Lifters	Plant & machinery	
( Rupees in '000 )															
<b>At July 1, 2012</b>															
Cost \ revaluation	1,239,915	177,302	51,879	5,312	5,333	45,029	3,122	13,843	4,332	39,026	11,627	6,000	13,000	1,905	1,617,625
Accumulated depreciation	-	17,730	47,232	3,618	1,783	38,819	3,122	7,842	3,034	32,497	3,596	3,100	7,117	191	169,681
<b>Net book value</b>	<b>1,239,915</b>	<b>159,572</b>	<b>4,647</b>	<b>1,694</b>	<b>3,550</b>	<b>6,210</b>	<b>-</b>	<b>6,001</b>	<b>1,298</b>	<b>6,529</b>	<b>8,031</b>	<b>2,900</b>	<b>5,883</b>	<b>1,714</b>	<b>1,447,944</b>
<b>Year ended June 30, 2013</b>															
Opening net book value	1,239,915	159,572	4,647	1,694	3,550	6,210	-	6,001	1,298	6,529	8,031	2,900	5,883	1,714	1,447,944
Additions	-	-	4,640	-	138	3,122	-	362	3,335	-	9,135	-	-	-	20,732
Disposals															
- cost	-	-	-	-	-	4,387	-	-	-	-	1,320	-	-	-	5,707
- accumulated depreciation	-	-	-	-	-	(3,726)	-	-	-	-	(1,056)	-	-	-	(4,782)
	-	-	-	-	-	661	-	-	-	-	264	-	-	-	925
Revaluation adjustments															
- cost / revaluation	179,835	53,017	-	-	-	-	-	-	-	-	-	-	-	-	232,852
- accumulated depreciation	-	26,595	-	-	-	-	-	-	-	-	-	-	-	-	26,595
	179,835	79,612	-	-	-	-	-	-	-	-	-	-	-	-	259,447
Depreciation charge	-	8,865	962	286	278	1,815	-	1,347	820	4,421	2,741	1,200	2,600	191	25,526
<b>Closing net book value</b>	<b>1,419,750</b>	<b>230,319</b>	<b>8,325</b>	<b>1,408</b>	<b>3,410</b>	<b>6,856</b>	<b>-</b>	<b>5,016</b>	<b>3,813</b>	<b>2,108</b>	<b>14,161</b>	<b>1,700</b>	<b>3,283</b>	<b>1,523</b>	<b>1,701,672</b>
<b>At June 30, 2013</b>															
Cost \ revaluation	1,419,750	230,319	56,519	5,312	5,471	43,764	3,122	14,205	7,667	39,026	19,442	6,000	13,000	1,905	1,865,502
Accumulated depreciation	-	-	48,194	3,904	2,061	36,908	3,122	9,189	3,854	36,918	5,281	4,300	9,717	382	163,830
<b>Net book value</b>	<b>1,419,750</b>	<b>230,319</b>	<b>8,325</b>	<b>1,408</b>	<b>3,410</b>	<b>6,856</b>	<b>-</b>	<b>5,016</b>	<b>3,813</b>	<b>2,108</b>	<b>14,161</b>	<b>1,700</b>	<b>3,283</b>	<b>1,523</b>	<b>1,701,672</b>
<b>Year ended June 30, 2014</b>															
Opening net book value	1,419,750	230,319	8,325	1,408	3,410	6,856	-	5,016	3,813	2,108	14,161	1,700	3,283	1,523	1,701,672
Additions	-	-	33	-	24	1,811	-	483	747	-	1,019	-	-	-	4,117
Disposals															
- cost	-	-	-	-	-	950	-	-	-	-	-	-	-	-	950
- accumulated depreciation	-	-	-	-	-	(950)	-	-	-	-	-	-	-	-	(950)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	11,380	1,172	286	286	3,331	-	1,433	1,045	2,108	3,852	1,200	2,600	191	28,884
<b>Closing net book value</b>	<b>1,419,750</b>	<b>218,939</b>	<b>7,186</b>	<b>1,122</b>	<b>3,148</b>	<b>5,336</b>	<b>-</b>	<b>4,066</b>	<b>3,515</b>	<b>-</b>	<b>11,328</b>	<b>500</b>	<b>683</b>	<b>1,332</b>	<b>1,676,905</b>
<b>At June 30, 2014</b>															
Cost \ revaluation	1,419,750	230,319	56,552	5,312	5,495	44,625	3,122	14,688	8,414	39,026	20,461	6,000	13,000	1,905	1,868,669
Accumulated depreciation	-	11,380	49,366	4,190	2,347	39,289	3,122	10,622	4,899	39,026	9,133	5,500	12,317	573	191,764
<b>Net book value</b>	<b>1,419,750</b>	<b>218,939</b>	<b>7,186</b>	<b>1,122</b>	<b>3,148</b>	<b>5,336</b>	<b>-</b>	<b>4,066</b>	<b>3,515</b>	<b>-</b>	<b>11,328</b>	<b>500</b>	<b>683</b>	<b>1,332</b>	<b>1,676,905</b>
<b>Annual rates of depreciation</b>	<b>-</b>	<b>5%</b>	<b>10%</b>	<b>12.50%</b>	<b>6.25%</b>	<b>20%</b>	<b>20%</b>	<b>12.50%</b>	<b>20%</b>	<b>33%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>10%</b>	

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

	Note	2014	2013
(Rupees in '000')			
Cost of goods manufactured	29.1	18,634	15,087
Distribution cost	30	5,815	5,482
Administrative expenses	31	4,435	4,957
		<u>28,884</u>	<u>25,526</u>

**6.3** Leasehold land and buildings on leasehold land of the Company had previously been revalued in June 2010 by K.G. Traders (Private) Limited (PBA approved asset valuers and stocks inspectors). This revaluation exercise resulted in net surplus of Rs.437,276 thousand. Leasehold land and buildings on leasehold land of the Company were again revalued in June 2013 by Sadruddin Associates (Private) Limited (PBA approved valuers) on the basis of present market value and depreciated market value. The latest revaluation exercise resulted in a net surplus of Rs.259,447 thousand. Out of the revaluation surplus resulting from all the revaluations carried-out to date, an amount of Rs.1,633,604 thousand (2013: Rs.1,644,859 thousand) remains un-depreciated as at June 30, 2014.

**6.4** Had the operating fixed assets been recognised under the cost model, the carrying amount of building on leasehold land would have been Rs.4,949 thousand (2013: Rs.5,210 thousand).

**6.5 The detail of operating fixed assets disposed-off is as follows:**

Assets description	Cost	Accumulated Depreciation	Net book value	Sale Proceed	Gain / (loss)	Mode of Disposal	Particulars of buyers
----- ( Rupees in '000 ) -----							
Nissan Sunny	950	950	-	286	286	Open bid	Abdur Rehman S/o Din Muhammad House # 733 Area Campus # 5 PAF, Base mari poor Karachi.
2014	<u>950</u>	<u>950</u>	<u>-</u>	<u>286</u>	<u>286</u>		
2013	<u>5,707</u>	<u>4,782</u>	<u>925</u>	<u>1,050</u>	<u>125</u>		



	Note	2014	2013
(Rupees in '000')			
<b>7. INTANGIBLE ASSETS</b>			
These represent computer software licenses.			
<b>Cost</b>			
As at June 30,		<b>1,508</b>	1,508
<b>Accumulated amortization</b>			
At beginning of the year		<b>861</b>	559
Add: charge for the year	7.1	<b>301</b>	302
At end of the year		<b>1,162</b>	861
<b>Net book value</b>		<b>346</b>	647
<b>Rate of amortization</b>		<b>20%</b>	20%
<b>7.1 Amortization charge has been allocated as follows:</b>			
Cost of goods manufactured	29.1	<b>211</b>	212
Administrative expenses	31	<b>90</b>	90
		<b>301</b>	302
<b>8. INVESTMENT PROPERTY</b>			
		<b>Lease hold land</b>	<b>Building on Leasehold land</b>
		(Rupees in '000')	
<b>At July 1, 2012</b>			
Cost		97,392	416
Accumulated depreciation		7,287	376
<b>Book value</b>		<b>90,105</b>	<b>40</b>
<b>Year ended June 30, 2013</b>			
Opening book value		90,105	40
Depreciation charge		243	7
<b>Closing book value</b>		<b>89,862</b>	<b>33</b>
<b>At June 30, 2013</b>			
Cost		97,392	416
Accumulated depreciation		7,530	383
<b>Book value</b>		<b>89,862</b>	<b>33</b>
<b>Year ended June 30, 2014</b>			
Opening book value		89,862	33
Depreciation charge		243	7
<b>Closing book value</b>		<b>89,619</b>	<b>26</b>
<b>At June 30, 2014</b>			
Cost		97,392	416
Accumulated depreciation		7,773	390
<b>Book value</b>		<b>89,619</b>	<b>26</b>
<b>Depreciation rate</b>		<b>0.25%</b>	<b>2.5% to 6.25%</b>

8.1 Depreciation charge for the year has been grouped under administrative expenses (note 31).

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

9. **LONG TERM INVESTMENT - at cost**

**Subsidiary Company - Un-quoted**

Marghzar Industries (Private) Limited

140,000 (2013: 140,000) fully paid ordinary shares of Rs.10 each.  
Equity held: 70% (2013: 70%)

2014	2013
(Rupees in '000')	
<b>1,400</b>	1,400

The Company has been granted an exemption under section 237(8) of the Companies Ordinance, 1984; hence provisions of sub-section 1 to 7 of section 237 of the Companies Ordinance, 1984 does not apply for the financial year ended June 30, 2014 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.

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

Due from:

- Executives  
- Non-executives

Less: Instalments recoverable within next twelve months

- Executives  
- Non-executives

Note

2014	2013
(Rupees in '000')	
<b>2,590</b>	3,376
<b>803</b>	752
<b>3,393</b>	4,128
<b>2,175</b>	2,383
<b>582</b>	434
<b>2,757</b>	2,817
<b>636</b>	1,311
<b>10.1 Reconciliation of loans to executives</b>	
<b>3,376</b>	1,870
<b>-</b>	2,080
<b>3,376</b>	3,950
<b>786</b>	574
<b>2,590</b>	3,376

**10.1 Reconciliation of loans to executives**

Balance at beginning of the year  
Add: disbursement

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

10.2 Interest free loans have been provided for personal expenses. These are repayable in monthly instalments over a period of one to five years. These are secured against their respective vested retirement benefit.

10.3 Maximum aggregate amount due from executives at the end of any month was Rs.3,376 thousand (2013: Rs.3,707 thousand).

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

Deposit held with / for:

Leasing companies

Utilities

Others

	2014	2013
	(Rupees in '000')	
	1,564	3,685
	808	608
	375	340
	<u>2,747</u>	<u>4,633</u>

**12. DEFERRED TAXATION - Net**

This is composed of following:

- accelerated tax depreciation allowance
- surplus on revaluation of fixed assets
- liabilities against assets subject to finance lease
- gain on sale and lease back of fixed assets
- provision for gratuity
- provision for obsolescence of inventories
- provision for bad / doubtful debts and receivables
- minimum tax recoverable against normal tax charge in future years
- unused tax losses

	2014	Re-stated 2013
	(Rupees in '000')	
	(2,502)	(4,073)
	(66,447)	(72,287)
	577	653
	14	48
	8,192	7,370
	13,661	14,075
	1,234	1,271
	42,318	26,078
	21,257	-
	<u>18,304</u>	<u>(26,865)</u>

**13. STORES AND SPARE PARTS**

Stores

Spare parts

Less: provision for obsolescence

Note

	2014	2013
	(Rupees in '000')	
	1,859	2,285
	6,316	6,316
	<u>8,175</u>	<u>8,601</u>
	6,316	6,316
	<u>1,859</u>	<u>2,285</u>

**14. STOCK-IN-TRADE**

Raw materials & components

In hand

Less: provision for slow moving raw materials

In transit

Work-in-process

Finished goods including components

Trading stocks

Less: provision for slow moving stock

14.1

	648,294	657,807
	20,150	20,150
	<u>628,144</u>	<u>637,657</u>
	11,278	132,509
	<u>639,422</u>	<u>770,166</u>
	48,127	121,974
	293,621	425,594
	89,634	52,913
	14,932	14,932
	<u>74,702</u>	<u>37,981</u>
	<u>1,055,872</u>	<u>1,355,715</u>

- 14.1 This includes raw material carried at net realizable value, amounting to Rs.8,647 thousand (2013: Rs.10,000 thousand).
- 14.2 Stock-in-trade includes stock of Rs.715,552 thousand (2013: Rs.725,448 thousand) held with third parties out of which stock of Rs.647,371 thousand (2013: Rs.682,186 thousand) is held with Gandhara Nissan Limited (an Associated Company).

**15. TRADE DEBTS - Unsecured considered good**

Government and semi-government agencies  
Others

2014	2013
(Rupees in '000')	
212,831	230,852
7,955	62,576
<b>220,786</b>	<b>293,428</b>

**15.1 The ageing of trade debts at June 30, is as follows:**

Upto 30 days  
31 - 180 days  
Over 180 days

2014	2013
(Rupees in '000')	
2,672	88,031
3,389	140,231
214,725	65,166
<b>220,786</b>	<b>293,428</b>

- 15.2 Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.189 million have been realised subsequent to the year-end and for other debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

**16. LOANS AND ADVANCES - Unsecured considered good**

Current portion of long term loans to employees  
Loans and advances due from:  
- employees  
- suppliers and contractors

Note	2014	2013
	(Rupees in '000')	
10	2,757	2,817
16.1	3,448	3,361
	203,342	240,984
	206,790	244,345
	1,175	1,175
	1,175	1,175
	-	-
	<b>209,547</b>	<b>247,162</b>

**Considered doubtful**

Government and semi-government agencies  
Less: provision for doubtful advances

- 16.1** This includes normal trade advance amounting to Rs.526 thousand (2013: Rs.Nil) given to The General Tyre and Rubber Company of Pakistan Limited (an Associated Company) for purchase of raw material.

**17. TRADE DEPOSITS AND PREPAYMENTS**

Tender deposits  
 Deposits held with leasing companies  
 Margins against bank guarantees  
 Less: provision for doubtful margin deposit  
  
 Margin against letters of credit  
 Prepaid insurance  
 Prepaid rent

	2014	2013
	(Rupees in '000')	
	64,122	20,920
	2,223	-
	71,336	87,128
	330	330
	71,006	86,798
	47,036	37,292
	2,711	1,769
	-	769
	<u>187,098</u>	<u>147,548</u>

**18. OTHER RECEIVABLES - Unsecured**

This represents receivable from Isuzu Motors Limited, Japan - a related party (2013: Rs.Nil).

**19. CASH AND BANK BALANCES**

Cash in hand  
 Cash with banks on  
 - current accounts  
 - saving accounts  
 - foreign currency accounts

Note	2014	2013
	(Rupees in '000')	
	1,133	408
	32,349	39,605
19.1	3,305	2,465
19.2	43	44
	35,697	42,114
	2,233	2,233
	<u>34,597</u>	<u>40,289</u>

Less: provision for a doubtful bank account

- 19.1** These carry mark-up at the rate upto 6.50 %(2013: 6.78%) per annum.

- 19.2** Foreign currency accounts include Japanese Yen (JPY) 31,559 equivalent to Rs.31 thousand and US Dollars 126 equivalent to Rs.12 thousand (2013: JPY 31,559 equivalent to Rs.32 thousand and US Dollars 126 equivalent to Rs.12 thousand).

- 19.3** This represents provision made against balance held with Indus Bank Limited under liquidation.

**20. SHARE CAPITAL**

**Authorized capital**

50,000,000 (2013: 50,000,000) ordinary shares of Rs.10 each

	2014	2013
	(Rupees in '000')	
	<u>500,000</u>	<u>500,000</u>

2014	2013
(No. of shares)	
17,650,862	17,650,862
358,206	358,206
3,295,354	3,295,354
<u>21,304,422</u>	<u>21,304,422</u>

Issued, subscribed and paid-up capital  
Ordinary shares of Rs.10 each  
fully paid in cash

Ordinary shares of Rs.10 each  
issued for consideration other  
than cash

Ordinary shares of Rs.10 each  
issued as fully paid bonus shares

2014	2013
(Rupees in '000')	
176,509	176,509
3,582	3,582
32,953	32,953
<u>213,044</u>	<u>213,044</u>

- 20.1 Bibojee Services (Private) Limited, the ultimate Holding Company, held 8,343,397 (2013: 8,343,397) ordinary shares of Rs.10 each as at the year end.

Note

- 20.2 Ordinary shares held by related parties other than the ultimate Holding Company are as follows;

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

2014	2013
No. of Shares	
5,166,168	5,166,168
1,184,148	1,192,148
100,700	100,700
21,408	21,408
<u>6,472,424</u>	<u>6,480,424</u>

## 21. SURPLUS ON REVALUATION OF FIXED ASSETS

Balance at the beginning of the year  
Add: surplus arisen on revaluation carried-out  
during the preceding year  
Less: transferred to unappropriated profit on account  
of incremental depreciation for the year

6.3

Less: related deferred tax of:  
- balance at beginning of the year  
- surplus arisen during the year  
- incremental depreciation for the year  
- effect of change in tax rate  
- balance at end of the year  
Balance at the end of the year

2014	2013
(Rupees in '000')	
1,750,881	1,499,993
-	259,447
11,255	8,559
<u>1,739,626</u>	<u>1,750,881</u>
72,287	49,545
-	27,068
(3,827)	(2,996)
(2,013)	(1,330)
66,447	72,287
<u>1,673,179</u>	<u>1,678,594</u>

## 22. 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:

	2014			2013		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	----- Rupees in 000 -----					
Not later than one year	9,118	1,466	7,652	9,785	2,299	7,486
Later than one year but not later than five years	9,565	1,626	7,939	18,336	3,234	15,102
<b>Total minimum lease payments</b>	<b>18,683</b>	<b>3,092</b>	<b>15,591</b>	<b>28,121</b>	<b>5,533</b>	<b>22,588</b>

- 22.1 The Company has acquired motor vehicles and machinery under finance lease arrangements from various leasing companies. 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 12.03% to 17.56% (2013: 12.30% to 18.25%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the Company against security deposits paid.

## 23. DEFERRED LIABILITIES

Gain on sale and lease back of fixed assets

Staff retirement benefit

Note

	2014	Re-stated 2013
	(Rupees in '000')	
	41	142
	24,825	21,677
	<b>24,866</b>	<b>21,819</b>
	142	243
	101	101
	<b>41</b>	<b>142</b>

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

Balance at beginning of the year

Less: amortization for the year

Balance at end of the year

### 23.2 Staff retirement benefit - gratuity

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

	2014	Re-stated 2013	
<b>23.2.1 Movement in the account of liability</b>	(Rupees in '000')		
Liability at beginning of the year	21,677	14,597	
Charge to profit and loss account	7,535	7,258	
Re-measurement recognised in other comprehensive income	2,149	2,349	
Payments made during the year	(6,536)	(2,527)	
Liability at end of the year	<u>24,825</u>	<u>21,677</u>	
<b>23.2.2 Movement in the present value of defined benefit obligation</b>			
Net liability at beginning of the year	21,677	14,597	
Current service cost	5,694	5,506	
Interest cost	1,841	1,752	
Benefit paid	(6,536)	(2,527)	
Re-measurement on obligation	2,149	2,349	
Net liability at end of the year	<u>24,825</u>	<u>21,677</u>	
<b>23.2.3 Expense recognised in profit and loss account</b>			
Current service cost	5,694	5,506	
Interest cost	1,841	1,752	
	<u>7,535</u>	<u>7,258</u>	
<b>23.2.4 Re-measurement recognised in other comprehensive income</b>			
Actuarial gain arising from change in demographic assumptions	(36)	-	
Experience loss	2,185	2,349	
	<u>2,149</u>	<u>2,349</u>	
<b>23.2.5 Actuarial assumptions used</b>	2014	2013	
	-- % per annum --		
Discount rate	13.25%	10.00%	
Expected rate of increase in future salaries	12.25%	9.00%	
Mortality rates (for death in service)	SLIC	EFU	
	2001-2005	61-66	
<b>23.2.6 Sensitivity analysis for actuarial assumptions</b>			
The calculation of defined benefit obligation is sensitive to assumptions set-out in note 23.2.5. The following table summarises how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions.			
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	1.00%	<u>22,376</u>	<u>27,745</u>
Increase in future salaries	1.00%	<u>27,745</u>	<u>22,335</u>



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

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

23.2.7 Based on actuary's advice, the expected charge for the year ending June 30, 2015 amounts to Rs.6.180 million.

23.2.8 The weighted average duration of the scheme is 10 years.

23.2.9 Historical information

	2014	2013	2012	2011	2010
	----- Rupees in 000 -----				
Present value of defined benefit obligation	24,825	21,677	14,597	11,109	7,686
Experience adjustment	2,149	2,349	486	(1,313)	763

23.2.10 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
As at June 30, 2014	2,963	864	2,666	22,253	28,746

24. TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rupees in '000')	
Creditors		128,313	191,625
Accrued liabilities		20,162	109,120
Advances from customers		206,906	279,827
Advance against sale of investment in immovable property		5,000	5,000
Custom duty payable		36,895	17,937
Payable to trustees' provident fund		178	178
Retention money		20	20
Unclaimed dividends		6,913	6,913
Withholding tax		4,062	2,836
Due to related parties	24.1	98,754	172,238
Due to the Subsidiary Company		2,310	2,240
Workers' profit participation fund	24.2	33,102	30,229
Worker welfare fund	24.3	323	3,738
Others		4,858	779
		547,796	822,680

		2014	2013
		(Rupees in '000')	
<b>24.1</b>	<b>Due to related parties</b>		
	The General Tyre and Rubber Company of Pakistan Limited	-	21,162
	Ghandhara Nissan Limited	91,117	69,151
	The Universal Insurance Company Limited	1,569	1,766
	Isuzu Motors Limited	-	71,591
	Gammon Pakistan Limited	250	250
	Waqf-e-Kuli Khan	5,818	8,318
		<u>98,754</u>	<u>172,238</u>
<b>24.2</b>	<b>Workers' Profit Participation Fund</b>		
	Balance at beginning of the year	30,229	19,555
	Add: allocation for the year	32 849	9,837
	Add: interest on funds utilised in the Company's business	34 2,024	837
	Balance at end of the year	<u>33,102</u>	<u>30,229</u>
<b>24.3</b>	<b>Workers' Welfare Fund</b>		
	Balance at beginning of the year	3,738	-
	Add: charge for the year	32 323	3,738
	Less: adjusted / payment made during the year	(3,738)	-
	Balance at end of the year	<u>323</u>	<u>3,738</u>
<b>25.</b>	<b>ACCRUED MARK-UP / INTEREST</b>		
	Mark-up / interest accrued on:		
	- Short term borrowings - secured	26,001	27,747
	- Long term loans - unsecured	4,514	4,514
		<u>30,515</u>	<u>32,261</u>
<b>26.</b>	<b>SHORT TERM BORROWINGS - Secured</b>		
	From Banking Companies		
	Running finances	26.1 148,932	78,180
	Finance against imported merchandise	26.2 282,585	365,524
	Istisna	26.3 462,384	447,106
	Murabaha	26.3 186,144	249,726
	Export refinance	26.4 -	74,000
		<u>1,080,045</u>	<u>1,214,536</u>

26.1 The Company has facility for short-term running finance amounting Rs.170 million (2013: Rs.170 million) from a bank. Mark-up is based on 3 months KIBOR plus 2% per annum (2013: 3 months KIBOR plus 2% per annum) payable on quarterly basis. The facility is primarily secured against first pari passu charge by way of hypothecation over stocks and book debts aggregating Rs.227 million (2013: Rs.227 million). This facility is collateralized against equitable mortgage over land and buildings for an amount of Rs.189 million (2013: Rs.189 million). The facility has one year validity on roll over basis and is due for renewal on November 30, 2014.

- 26.2** The Company has arranged facilities aggregating Rs.900 million (2013: Rs.1,000 million) for opening of letters of credit (LC) from banks. These facilities are secured against cash margin and consignment of import documents in bank's favour. Finance against Import Merchandise (FIM) aggregating Rs.500 million (2013: Rs.740 million) is 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 of 3 months KIBOR plus 2% per annum (2013: 3 months KIBOR plus 2% per annum). LC facility of Rs.700 million (with sub-limit of FIM Rs.500 million) is valid for one year on roll over basis and is due for renewal on November 30, 2014 while facilities of Rs.200 million are on one time basis and are sub-limits of export refinance pre-shipment facility (note 26.4) and bank guarantee facility (note 26.6).
- 26.3** The Istisna and murabaha facilities of Rs.498 million (2013: Rs.498 million) and Rs.250 million (2013: Rs.250 million) respectively are available from a bank. Profit on both facilities is charged at rates ranging from KIBOR (matching) plus 2.5% per annum to KIBOR (matching) plus 3.5% per annum [2013: KIBOR (matching) plus 2.5% per annum] and is payable alongwith the repayment of principal. These facilities are secured against first pari passu hypothecation charge on current assets of Rs.1,000 million (2013: Rs.1,000 million) and personal guarantees of directors. These facilities are available upto December 31, 2014.
- 26.4** The Company has an export refinance pre-shipment facility (with sublimit of export refinance post shipment facility) of Rs.100 million (2013: Rs.100 million). Primary security against this facility is first pari passu charge by way of hypothecation over stocks and book debts of Rs.134 million (2013: Rs.134 million) while collateral against the same is equitable mortgage of Rs.100 million (2013: Rs.100 million). The facility is priced at SBP export re-finance rate plus 1% per annum. Tenor of individual tranche is 180 days on rollover basis. This finance facility is available upto November 30, 2014.
- 26.5** The Company has an export / inland bills discounting facility of Rs.150 million (2013: 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. Local bills are discounted at rate applicable for running finance facility. The facility has one year validity on roll over basis and is due for renewal on November 30, 2014.
- 26.6** The facility for bank guarantees of Rs.900 million (2013: Rs.931.757 million) is also available. It is secured against cash margin and equitable mortgage over immovable assets of the Company to an extent of Rs.900 million. The facility has one year validity on roll over basis and is due for renewal on November 30, 2014. Further, a one-off LC facility of Rs.100 million is also available as sub-limit of this facility.

## **27. CONTINGENCIES AND COMMITMENTS**

### **27.1 Contingencies**

- (i)** Suit against the Company by the supplier for the recovery of Rs.25.867 million (2013: Rs.25.867 million) as compensation for breach of agreement. The suit is being defended by the Company on a number of legal grounds. The suit is at present in evidence stage and the Company has plausible defence.
- (ii)** Various demands have been raised by the Central Excise and Sales Tax Departments aggregating Rs.4.896 million (2013: Rs.4.896 million). The Company filed Sales Tax Reference in High Court of Sindh against the order of Sales Tax Appellate 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. No provision has been made in these financial statements as, in the opinion of legal advisors, the Company will have favourable decision.

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

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

If it is established that the above provisions of the Act are applicable to the Company, provision in respect of year ended June 30, 2006 amounting to Rs.7.722 million including any penalties may become payable.

- (iv) The Assistant Collector Refund Group V has disallowed adjustment of Rs.28.91 million against output tax. The Company has filed appeal before Sales Tax Appellate Tribunal against the order passed by the Collector Appeals, whereby he had maintained the order of the Assistant Collector Refund. No provision is made in these financial statements as the hearing of the above referred appeal which is pending adjudication for want of the constitution of bench of Sales Tax Appellate Tribunal.

	2014	2013
	(Rupees in '000')	
<b>27.2 Commitments</b>		
Bank guarantees	781,659	930,757
Letters of credit	435,644	212,450
Capital expenditure	-	5,878
<b>28. SALES - Net</b>		
<b>Manufactured goods</b>		
Gross sales		
- local	2,784,827	3,070,129
- export	61,931	136,894
	2,846,758	3,207,023
Less: sales tax	403,788	409,948
	2,442,970	2,797,075
<b>Trading goods</b>		
Sales - local	27,537	18,429
Less: sales tax	4,380	2,546
	23,157	15,883
	2,466,127	2,812,958

**29. COST OF SALES**

**Manufactured goods**

Stocks at beginning of year  
Cost of goods manufactured

Stocks at end of year

**Trading goods**

Stocks at beginning of year

Purchases

Stocks at end of year

**29.1 Cost of goods manufactured**

Raw materials and components consumed

Stores and spares consumed

Salaries, wages and other benefits

Fuel and power

Rent, rates and taxes

Insurance

Research and development

Repair and maintenance

Travelling and entertainment

Vehicle running and maintenance

Printing, stationery and office supplies

Communication

Royalty expense

Outside assembly charges

Depreciation

Amortization of Intangible assets

Freight and handling

Other expenses

Work-in-process adjustment

**29.2 Raw materials and components consumed**

Stocks at beginning of year

Add : purchases including duties, taxes and other charges

Stocks at end of year

		2014	2013
	Note	(Rupees in '000')	
		425,594	194,158
	29.1	<b>2,012,158</b>	2,552,029
		<b>2,437,752</b>	2,746,187
		<b>(293,621)</b>	<b>(425,594)</b>
		<b>2,144,131</b>	2,320,593
		<b>37,981</b>	38,627
		<b>58,021</b>	7,095
		<b>96,002</b>	45,722
		<b>(74,702)</b>	<b>(37,981)</b>
		<b>21,300</b>	7,741
		<b>2,165,431</b>	<b>2,328,334</b>
	29.2	<b>1,702,193</b>	2,271,716
		<b>4,875</b>	857
	29.3	<b>74,283</b>	71,913
		<b>15,700</b>	20,002
		<b>12</b>	324
		<b>3,330</b>	7,442
		<b>1,740</b>	780
		<b>1,193</b>	2,982
		<b>2,567</b>	2,523
		<b>947</b>	398
		<b>137</b>	146
		<b>191</b>	199
		<b>7,505</b>	1,563
		<b>100,220</b>	121,260
	6.2	<b>18,634</b>	15,087
	7.1	<b>211</b>	212
		<b>3,997</b>	4,481
		<b>576</b>	786
		<b>1,938,311</b>	2,522,671
		<b>73,847</b>	29,358
		<b>2,012,158</b>	<b>2,552,029</b>
		<b>770,166</b>	544,775
		<b>1,571,449</b>	2,497,107
		<b>2,341,615</b>	3,041,882
		<b>(639,422)</b>	<b>(770,166)</b>
		<b>1,702,193</b>	2,271,716

29.3 Salaries, wages and other benefits include Rs.2,679 thousand (2013: Rs.2,918 thousand) in respect of staff retirement benefit - gratuity.

		2014	2013
		(Rupees in '000')	
<b>30. DISTRIBUTION COST</b>	<b>Note</b>		
Salaries and benefits	30.1	31,772	28,059
Commission		28,775	23,205
Rent, rates and taxes		2,110	1,943
Insurance		1,390	1,298
Repair and maintenance		9	22
Utilities		135	96
Travelling and entertainment		7,491	4,543
Vehicle running and maintenance		1,674	2,204
Printing, stationery and office supplies		1,066	446
Communication		813	501
After sale services and warranty		3,409	4,639
Advertisement		9,426	2,404
Legal and professional charges		126	-
Late delivery charges		1,618	3,083
Depreciation	6.2	5,815	5,482
Freight forwarding and handling		8,548	4,670
Other expenses		1,090	1,923
		<u>105,267</u>	<u>84,518</u>

30.1 Salaries and benefits include Rs.2,196 thousand (2013 Rs.1,927 thousand) in respect of staff retirement benefit - gratuity.

		2014	2013
		(Rupees in '000')	
<b>31. ADMINISTRATIVE EXPENSES</b>	<b>Note</b>		
Salaries and benefits	31.1	29,235	26,247
Staff training and ancillary cost		330	1,699
Rent, rates and taxes		4,438	3,523
Insurance		2,680	1,258
Repair and maintenance		544	238
Utilities		1,008	11,042
Travelling and entertainment		10,669	12,041
Vehicle running and maintenance		2,227	1,504
Printing, stationery and office supplies		619	1,657
Communication		859	905
Legal and professional charges		2,834	1,681
Fee and subscriptions		872	1,608
Depreciation	6.2	4,435	4,957
Amortization of intangible assets	7.1	90	90
Depreciation of investment property	8.1	250	250
Security expenses		3,832	3,183
Other expenses		1,194	1,163
		<u>66,116</u>	<u>73,046</u>

31.1 Salaries and benefits include Rs.2,660 thousand (2013: Rs.2,413 thousand) in respect of staff retirement benefit - gratuity.

		2014	2013
	Note	(Rupees in '000')	
<b>32. OTHER EXPENSES</b>			
Auditors' remuneration			
- audit fee		500	500
- out of pocket expenses		15	15
		515	515
Workers' profits participation fund	24.2	849	9,837
Workers' welfare fund	24.3	323	3,738
Donation	32.1	1,540	551
		<u>3,227</u>	<u>14,641</u>

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

		2014	2013
	Note	(Rupees in '000')	
<b>33. OTHER INCOME</b>			
Income from financial assets			
Profit on saving accounts		622	537
Exchange gain - net		94	19,219
Income from non financial assets			
Gain on sale of property, plant & equipment	6.5	286	125
Commission		63,725	24,660
Amortization of gain on sale and lease back of fixed assets	23.1	101	101
Liabilities no longer required written back		-	2,000
Rental income		1,950	-
		<u>66,778</u>	<u>46,642</u>

<b>34. FINANCE COST</b>			
Mark-up / interest on:			
- lease finance		2,436	2,565
- finance against imported merchandise		56,218	53,792
- istisna / running finances / export refinance		104,351	107,027
- loan from Subsidiary Company		337	327
Interest on bills discounting		-	2,343
Interest on workers' profits participation fund	24.2	2,024	837
Bank charges and commission		11,686	9,004
		<u>177,052</u>	<u>175,895</u>

<b>35. TAXATION</b>			
Current			
- for the year	35.1	33,703	31,089
- for prior year		488	4,219
- adjustment of recoupable minimum tax		-	(13,874)
		34,191	21,434
Deferred			
- origination and reversal of temporary differences		(42,992)	35,100
- impact of change in tax rate		545	(1,104)
		<u>(42,447)</u>	<u>33,996</u>
		<u>(8,256)</u>	<u>55,430</u>

- 35.1 No numeric tax rate reconciliation for the year is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under sections 154 and 233 of the Ordinance. Relationship between tax expense and accounting profit for the preceding financial year is as follows:

	2013	
	(Rupees in '000')	
Profit before taxation	183,166	
Tax at the applicable rate of 35%	64,108	
Tax effect of lower rate on certain income / expenses	(11,412)	
Charge of prior years' tax provision	4,219	
Others	(1,485)	
	<u>55,430</u>	
<b>36. EARNINGS PER SHARE</b>		
- basic and diluted		
Net profit for the year	<u>24,068</u>	<u>127,736</u>
	<b>-- Number of shares --</b>	
Weighted average ordinary shares outstanding during the year	<u>21,304,422</u>	<u>21,304,422</u>
	<b>----- Rupees -----</b>	
Basic earnings per share	<u>1.13</u>	<u>6.00</u>

- 36.1 There is no dilutive effect on the basic earnings per share of the Company.

	Note	2014	2013
		(Rupees in '000')	
<b>37. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		15,812	183,166
<b>Adjustment for non cash charges and other items:</b>			
Depreciation / amortization on:			
- property, plant and equipment		28,884	25,526
- intangible assets		301	302
- investment property		250	250
Gain on disposal of operating fixed assets		(286)	(125)
Amortization of gain on sale and lease back of fixed asset		(101)	(101)
Liabilities no longer required written back		-	(2,000)
Unrealized exchange gain		(94)	(19,219)
Finance cost		177,052	175,895
Interest income		(622)	(537)
Provision for gratuity		7,535	7,258
		<u>228,731</u>	<u>370,415</u>
Working capital changes	37.1	<u>148,799</u>	<u>(533,111)</u>
		<u>377,530</u>	<u>(162,696)</u>



**37.1 Working capital changes**

Note

	2014	2013
	(Rupees in '000')	
(Increase) / Decrease in current assets		
Stores and spare parts	426	(571)
Stock-in-trade	299,843	(426,823)
Trade debts	72,642	(156,489)
Loans and advances	37,615	138,117
Trade deposits and prepayments	(39,550)	18,618
Other receivables	(5,024)	(1,208)
Sales tax refundable / adjustable	57,637	(4,873)
	<u>423,589</u>	<u>(433,229)</u>
Decrease in trade and other payables	(274,790)	(99,882)
	<u>148,799</u>	<u>(533,111)</u>
<b>38. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	19 34,597	40,289
Short term borrowings	26 (1,080,045)	(1,214,536)
	<u>(1,045,448)</u>	<u>(1,174,247)</u>

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

	Chief Executive		Directors		Executive	
	2014	2013	2014	2013	2014	2013
	(Rupees in '000')					
Managerial remuneration and allowances	-	-	-	-	52,181	44,220
Gratuity	-	-	-	-	3,986	3,553
Others	-	-	-	-	3,984	1,069
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,151</u>	<u>48,842</u>
Number of persons	-	-	-	-	56	40

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

**39.2** Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.300 thousand (2013: Rs.290 thousand).

**40. TRANSACTIONS WITH RELATED PARTIES**

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

Name of related party and nature of relationship	Nature of transaction	2014	2013
		(Rupees in '000')	
<b>(i) Holding Company</b>			
Bibojee Services (Private) Limited	Sale of trucks	-	36,400
<b>(ii) Subsidiary Company</b>			
Marghzar Industries (Private) Limited	Financial charges	337	327
<b>(iii) Associated Companies</b>			
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres	50,567	39,928
(Common Directorship)	Rental income	1,950	-
Ghandhara Nissan Limited	Assembly charges	117,257	140,662
(Common Directorship)	Sales - fabrication	1,452	1,320
	Purchase of fixed assets	566	-
	Sale of parts	-	504
	Purchase of parts	-	2
The Universal Insurance Company Limited (Common Directorship)	Insurance premium	1,693	12,580
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	1,500	1,200
Gammon Pakistan Limited (Common Directorship)	Rent paid	1,250	1,500
Hasan & Hasan Advocates (Common Directorship)	Retainership fee	120	120
<b>(iv) Technology suppliers</b>			
Isuzu Motors Limited - Japan	Parts purchased	-	192,383
	Commission income	63,725	24,660
	Royalty accrued	7,505	1,563
	Reimbursement of expenses	3,490	-
	Warranty claims received	418	-
<b>(v) Key management personnel</b>			
	Remuneration and other benefits	19,621	19,532

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICES

### 41.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency 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.

### 41.2 Financial assets and liabilities by category and their respective maturities

	Interest / Mark-up bearing			Non interest / Mark-up bearing			Total
	Maturity up to one Year	Maturity after one Year	Sub-total	Maturity up to one Year	Maturity after one Year	Sub-total	
-----Rupees in '000-----							
<b>On Balance Sheet</b>							
<b>Financial assets</b>							
Long term investment	-	-	-	-	1,400	1,400	1,400
Loans and advances	-	-	-	2,757	636	3,393	3,393
Deposits	-	-	-	184,387	2,747	187,134	187,134
Trade debts	-	-	-	220,786	-	220,786	220,786
Other receivables	-	-	-	7,478	-	7,478	7,478
Cash and bank balances	3,305	-	3,305	31,292	-	31,292	34,597
<b>June 30, 2014</b>	<b>3,305</b>	<b>-</b>	<b>3,305</b>	<b>446,700</b>	<b>4,783</b>	<b>451,483</b>	<b>454,788</b>
June 30, 2013	2,465	-	2,465	484,894	7,344	492,238	494,703
<b>Financial liabilities</b>							
<b>At amortised cost</b>							
Trade and other payables	-	-	-	261,508	-	261,508	261,508
Accrued mark-up / interest	-	-	-	30,515	-	30,515	30,515
Short term borrowings	1,080,045	-	1,080,045	-	-	-	1,080,045
Liabilities against assets subject to finance lease	7,652	7,939	15,591	-	-	-	15,591
<b>June 30, 2014</b>	<b>1,087,697</b>	<b>7,939</b>	<b>1,095,636</b>	<b>292,023</b>	<b>-</b>	<b>292,023</b>	<b>1,387,659</b>
June 30, 2013	1,222,022	15,102	1,237,124	515,374	-	515,374	1,752,498
<b>On Balance Sheet Gap</b>							
<b>June 30, 2014</b>	<b>(1,084,392)</b>	<b>(7,939)</b>	<b>(1,092,331)</b>	<b>154,677</b>	<b>4,783</b>	<b>159,460</b>	<b>(932,871)</b>
June 30, 2013	(1,219,557)	(15,102)	(1,234,659)	(30,480)	7,344	(23,136)	(1,257,795)
<b>Off Balance Sheet</b>							
Letters of credit							435,644
Letters of guarantee							781,659
						<b>2014</b>	<b>1,217,303</b>
						2013	1,143,207

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

### 41.3 Credit risk

Credit risk represents the accounting loss that would be recognised if counterparties fail 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.452,255 thousand (2013: Rs.492,895 thousand).

Trade debts and tender deposits mainly represent receivables from government and semi-government agencies and are therefore not materially exposed to credit risk.

Deposits mainly include margins against letters of credit and bank guarantees; and like bank balances, these represent low credit risk as they are 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.

#### 41.4 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet its commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecast of the Company's liquidity reserve which comprises undrawn borrowing facility and cash & cash equivalents on the basis of expected cash flows.

#### 41.5 Market risk

##### (a) Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. As at June 30, 2014, receivables and payables exposed to foreign currency risk are Rs.7,521 thousand (2013: Rs.1,805 thousand) and Rs.3,367 thousand (2013: Rs 81,943 thousand) respectively.

As at June 30, 2014 if Pak Rupee had weakened / strengthened by 3% against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.117 thousand (2013: Rs.2,615 thousand), mainly as a result of foreign exchange loss / gain on translation of Japanese Yen denominated financial assets and liabilities.

As at June 30, 2014 if Pak Rupee had weakened / strengthened by 4% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.0.5 thousand (2013: Rs.344 thousand), mainly as a result of foreign exchange loss / gain on translation of US Dollar 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.

##### (b) 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. As at June 30, 2014, the Company's interest bearing financial liabilities of Rs.1,095,636 thousand (2013: Rs.1,237,124 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.12,168 thousand (2013: Rs.19,925 thousand).

#### 41.6 Fair values of financial assets and liabilities

The carrying value of all financial assets and liabilities reflects in the financial statements approximate their fair value.

#### 42. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The gearing ratios as at June 30, are as follows:

	2014	Re-stated 2013
	(Rupees in '000')	
Total borrowings	1,095,636	1,237,124
Cash and bank balances	(34,597)	(40,289)
Net debt	1,061,039	1,196,835
Total equity	347,033	316,977
Total capital	1,408,072	1,513,812
Gearing ratio	75%	79%

The capital structure of the Company is equity based with no financing through long term borrowings except for liabilities against asset subject to finance lease. However, the Company avails short term borrowings for working capital purposes only.

#### 43. 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, 2014 are located in Pakistan.
- (b) 97.49% (2013: 95.13%) of the Company's sales relate to customers in Pakistan.
- (c) The Company has earned revenue from one (2013: one) customer amounting to Rs.513,315 thousand (2013: Rs.1,517,476 thousand) during the year which constituted 20.81% (2013: 53.95%) of the total sales.

#### 44. 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.

**45. NUMBER OF EMPLOYEES**

Number of employees at June 30,

- Permanent
- Contractual

Average number of employees during the year

- Permanent
- Contractual

	2013	2012
	(Rupees in '000')	
	<u>123</u>	<u>149</u>
	<u>222</u>	<u>298</u>
	<u>129</u>	<u>144</u>
	<u>227</u>	<u>286</u>

**46. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on September 24, 2014 by the Board of Directors of the Company.

**47. CORRESPONDING FIGURES**

Prior year's figures have been restated consequent to the retrospective application of IAS 19 (Revised), as more fully explained in note 5. Other corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

**Ahmad Kuli Khan Khattak**  
Chief Executive

**Jamil Ahmed Shah**  
Director



**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
 being a Shareholder of Ghandhara Industries Limited and holding \_\_\_\_\_ Ordinary Shares as per Register Folio No \_\_\_\_\_ or 'CDC Participant's I.D. No. \_\_\_\_\_ A/c No. \_\_\_\_\_ hereby appoint Mr / Mrs \_\_\_\_\_ of \_\_\_\_\_ or failing him/her Mr / Mrs \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 51<sup>st</sup> Annual General Meeting of the Company to be held on Monday 27<sup>th</sup> October, 2014 at 11:00 A.M and any adjournment thereof.

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

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

<p>_____  <b>First Witness Signature</b></p> <p>_____          Name in Block letters and Address</p> <p>_____          Computerised National Identity Card Number or Passport Number of Witness</p>	<p>_____  <b>Second Witness Signature</b></p> <p>_____          Name in Block letters and Address</p> <p>_____          Computerised National Identity Card Number or Passport Number of Witness</p>
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\_\_\_\_\_  
**Proxy's Signature**

\_\_\_\_\_  
 Proxy's CNIC Number or Passport Number

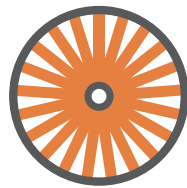
\_\_\_\_\_  
**Proxy's Signature**

\_\_\_\_\_  
 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 authorised 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 alongwith 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 Computerised 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 Computerised 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.





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