



# Ghandhara Nissan Limited

Registered office: F-3, Hub Chowki Road, SITE, Karachi, Pakistan  
Tel: +92-21-32556901-10 Fax No. +92-21-32556911-12

Share Registrar: THK Associated (Private) Limited  
1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi  
Tel: +92-21-111-000-322 / +92-21-34168266, 267, 270 & 272, Fax No. +92-21-34168271  
E-mail: secretariat@thk.com.pk

THE COMPANIES ACT, 2017  
Section 83

Form 3B

CIRCULAR TO BE SENT TO MEMBERS ALONGWITH THE OFFER LETTER OFFERING NEW SHARES

## PART I - ISSUER

### a) Company Profile and History

i Name of the Company	Ghandhara Nissan Limited
ii Date of incorporation	August 8, 1981
iii Status	Public Limited Company listed on Pakistan Stock Exchange
iv Registration/CUIN #	0008836

### b) Profile of Management and Sponsors:

i Brief description of profile of directors	Annexure - A
ii Other directorships held (Provide names of the company)	Annexure - A

### c) Address of the Issuer:

i Registered Office	F-3 Hub Chowki Road, SITE, Karachi, Pakistan
ii Website Address	<a href="https://gandharanissan.com.pk/">https://gandharanissan.com.pk/</a>

d) Name of the Auditor(s): (i) M/s. ShineWing Hameed Chaudhri & Co. - Chartered Accountants  
(ii) M/s. Junaidy Shoaib Asad - Chartered Accountants

### e) Existing Capital including classes of shares, if any:

i Authorized capital (amount, number of shares and price per share)	PKR 800,000,000 divided into 80,000,000 ordinary shares of PKR 10/- each
ii Paid-up Capital (amount, number of shares and price per share)	PKR 450,025,000 divided into 45,002,500 ordinary shares of PKR 10/- each

### f) Particulars regarding Holding Company, if any:

Bibojee Services (Pvt.) Limited  
Address: Ghandhara House 109/2, Clifton, Karachi

### g) Particulars regarding Subsidiary Company, if any:

Ghandhara DF (Private) Limited  
Address: F-3, Hub Chowki Road, SITE, Karachi



## Ghandhara Nissan Limited

h) Financial highlights of the Company for preceding three years:

Description	2015	2016	2017
<b>Rs. in Millions</b>			
Revenue	5,445	5,005	4,858
Gross Profit	1,131	1,092	931
EBITDA	949	938	844
Profit before tax	787	833	741
Profit after tax	509	546	410
Total Assets	3,571	4,081	3,858
Total Liabilities	1,249	1,462	1,066
Accumulated Profit	784	1,111	1,314
Equity	1,274	1,601	1,804
Earnings per share (PKR)	11.31	12.14	9.11
Book Value per share (PKR)	51.61	58.19	62.04
Dividend per share (PKR)	4.50	6	5

i) Financial highlights of consolidated financial statements as given above:

	2015	2016	2017
<b>Rs. in Millions</b>			
Revenue	5,596	5,761	6,569
Gross Profit	1,148	1,196	1,212
EBITDA	986	1,155	1,224
Profit / (loss) before tax	821	1,045	1,117
Profit / (loss) after tax	538	735	719
Total Assets	4,250	5,065	5,064
Total Liabilities	1,502	1,832	1,298
Accumulated Profit / Loss	791	1,307	1,818
Equity	1,345	1,863	2,376
Earnings per share (PKR)	11.95	16.33	15.98
Book Value per share (PKR)	61.06	71.84	83.69
Dividend per share (PKR)	4.50	6	5

j) Major Related Party Transactions:

All transactions with related parties have been executed at arm's length and have been enclosed as "Annexure D".



## Ghandhara Nissan Limited

### k) Details of issue of capital in previous five years:

Sr.#	Year	Detail of Issue of Capital	Detail of Fund Utilization
1	Nil	Nil	Nil
2	Nil	Nil	Nil
3	Nil	Nil	Nil
4	Nil	Nil	Nil
5	Nil	Nil	Nil

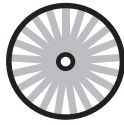
### PART II - ISSUE DETAILS

a) Description of Issue: Amount of proposed Issue:	PKR 1,200,000,000/- divided into 12,000,000 ordinary shares of PKR 100 each including a premium of PKR 90/- each
b) Par Value:	PKR 10/- per share
c) Basis of determination of price of right issue:	Board of Directors of the Company decided the price of Right Issue considering various factors including financial projections and current market value of the Company. The price was set at PKR 100/- per share to provide discount to the current market price
d) Proportion of new issue to existing shares with any condition applicable thereto:	26.67% right shares in proportion of 26.67 shares for every 100 shares held. The new shares shall rank pari passu with the existing shares of the Company in all respect.
e) Date of meeting of Board of Directors (BoD) announcing right issue:	April 24, 2018
f) Name of directors attending the Board Meeting:	1) Lt.Gen. (Retd.) Ali Kuli Khan Khattak 2) Mr. Ahmed Kuli Khan Khattak 3) Mr. Jamil A. Shah 4) Mr. Syed Haroon Rashid 5) Mr. Muhammad Zia 6) Mr. Muhammad Saleem Baig 7) Mr. Polad Merwan Polad

### l) Necessity of the Issue

#### Primary purpose of issue (Description & Amount)

Ghandhara Nissan Limited has recently been awarded "Category-B Brownfield Investment Status" by the Ministry of Industries and Production under the Automotive Development Policy 2016-21, for the revival of existing assembly facility for the manufacturing of Datsun passenger cars. The Company is also going for capacity enhancement to cater to the increase in existing operations of the Company. The investment required to meet the above objectives is estimated to be PKR 5,600 million which is intended to be partially funded through issuance of right shares of PKR 1,200 million.



## Ghandhara Nissan Limited

Therefore, the Company has announced 26.67% right shares of PKR 10/- each at a price of PKR 100/- per share (inclusive of a premium of PKR 90/- per share). The uses of funds for the revival of existing assembly facility and expansion is shown below:

### Funds Required for the Project

Funds Requirement	PKR million	%
Required Financing	5,600	
<b>Means of Financing</b>		
Debt financing	3,600	64.3%
Proceeds from right issue	1,200	21.4%
Internally generated cash	800	14.3%
<b>Total Financing</b>	<b>5,600</b>	<b>100.0%</b>

### Timeline

The tentative commercial launch of Datsun passenger cars is expected during FY2019 - 2020

### Expected Benefits:

The funds received from the right issue will partially contribute towards the revival of car assembly facility as well as capacity enhancement of the plant whereas the overall revenue will increase with resultant increase in profitability of the Company, thereby enhancing the expected returns to the valued shareholders of the Company.

### Financial Projections

#### PKR million

Financial Projections - Standalone	FY18	FY19	FY20	FY21	FY22
Net Revenue	2,314	3,534	6,730	14,630	22,344
Profit After Tax	1,202 <sup>(1)</sup>	192	116	429	850
EPS (PKR/share)	26.7 <sup>(1)</sup>	3.4	2.0	7.5	14.9
Paid up Share Capital	450 <sup>(2)</sup>	570	570	570	570
<b>PKR million</b>					
Financial Projections - Consolidated	FY18	FY19	FY20	FY21	FY22
Revenue	5,129	6,625	10,105	18,301	26,088
Profit After Tax	1,580 <sup>(1)</sup>	525	468	793	1,217
EPS (PKR/share)	35.1 <sup>(1)</sup>	9.2	8.2	13.9	21.3
Paid up Share Capital	450 <sup>(2)</sup>	570	570	570	570

<sup>(1)</sup> This includes the impact of gain on disposal of long term investment (i.e. shares of associated company) amounting to PKR 930 million.

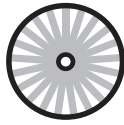
<sup>(2)</sup> The proceeds of the right issue is expected to be realized in July 2018.

m) Has the market price remained below par during preceding six months? NO

n) Financial effects arising from right issue:

#### Increase in Share Capital:

	Before Right Issue		After Right Issue	
	No. of shares	Amount at par (PKR)	No. of shares	Amount at par (PKR)
Changes in Share Capital	45,002,500	450,025,000	57,002,500	570,025,000



## Ghandhara Nissan Limited

As per audited financials of June 30, 2017	Before Right Issue	After Right Issue
Net asset per share* (PKR)	62.04	48.98
D/E ratio (Times)**	-	-

*\*including revaluation surplus*

*\*\* The Company is currently a debt free company.*

**o) Total expenses to the issue:**

Bankers Commission	0.15%
Underwriter Commission	1%
Others (take up commission)	1% - 1.5%

### PART III - RISK AND RISK MITIGATING FACTORS

**a) Description of major risks and the company's efforts to mitigate them:**

i Investment Risk	Right issue of the Company is being made at a price which is far less than the current share price in the market and hence there is no major investment risk associated with the right issue.
ii Justification for premium	The Right Shares are being offered at <b>Rs.100/-</b> per share including premium of <b>Rs.90/-</b> per share which is far less than the average of the preceding twelve weeks price of share of the Company at Pakistan Stock Exchange Limited. The growth plans of the Company already announced, as well as, the current market price of the security justifies the charge of premium.
iii Risks relating to subscription/under-subscription of right issue	Sponsor and Directors would provide undertaking to subscribe 56.76% and underwriting arrangement for the remaining amount will be established.
iv Major Material contingencies	No material contingencies other than those mentioned in audited financial statements for the year ended June 30, 2017.
v Major Material commitments (As per Financial Statements for the period ended March 31, 2018.	Commitment in respect of irrevocable letters of credit as at March 31, 2018 aggregate to Rs.44.153 million.  Guarantees aggregating Rs.4.951 million are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.609.141 million to the commercial banks against letters of credit facilities utilized by the Subsidiary Company.
vi Description of major courts cases	—
vii Any adverse issue reported by the auditor in their audit reports in previous five years	—



## Ghandhara Nissan Limited

**b) Names of Underwriters:**

- Arif Habib Limited
- Bank Alfalah Limited
- Concordia Securities (Private) Limited
- AKD Securities Limited

**PART IV - ELIGIBILITY CRITERIA & ASSOCIATED MATTERS**

a) Eligible shareholder/investor:	All those shareholders whose names appear on the Register of shareholder at the close of business on May 08, 2018.
b) Bankers to the Issue:	Summit Bank Limited
c) Date by which offer to be accepted:	19-06-2018
d) Mode of acceptance:	Cash/Cheque/Pay Order/Demand Draft
e) Bank account details	Account Title: Ghandhara Nissan Limited Right Shares Subscription Account Account No: 01-02-16-20620-714-121818
f) Date by which amount to be credited in bank account to constitute valid acceptance.	19-06-2018

**PART V - ANY OTHER MATERIAL INFORMATION**

Any information, which has direct or indirect bearing on the investment decision: None

**PART VI - ANNEXURES**

Annexure A - Particulars of Chief Executive/Directors and offices held by them in other Companies.

Annexure B - Extract of Resolution passing the right issue.

Annexure C - Certificate of Chief Executive Officer and Company Secretary that the circular constitutes full and true disclosure of all material facts relating to the right and the company will provide copies of financial statements on demand

Annexure D - Related Parties Transactions

Directors or officers authorized by the Board

1. **Name:** Mr. Ahmed Kuli Khan Khattak  
**Designation:** CEO & Director

  
\_\_\_\_\_

2. **Name:** Mr. Muhammad Zia  
**Designation:** Director

  
\_\_\_\_\_

Dated: May 16, 2018.



# Ghandhara Nissan Limited

“Annexure A”

## Profiles of the Board of Directors of the Company

### **Mr. Raza Kuli Khan Khattak - Chairman**

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

### **Lt.Gen. (Retd.) Ali Kuli Khan Khattak - President**

Lt. Gen. (Retd.) Ali Kuli Khan Khattak was educated/trained at Aitchison College Lahore and the Royal Military Academy Sandhurst. He holds a Masters Degree from the Quaid-e-Azam University, Islamabad. He was awarded Hilal-i-Imtiaz Military.

He retired from the Pakistan Army as its Chief of General Staff in 1998 and joined the Family Business which includes, Tyre manufacturing, Automobiles, Insurance, Cotton Spinning Mills, Woollen Textiles, Finance, Construction and Trading Services Companies. He is the Chairman of The General Tyre and Rubber Company of Pakistan Ltd., President of Ghandhara Nissan Limited.

### **Mr. Ahmad Kuli Khan Khattak - Chief Executive**

He is Graduated from Pakistan Air Force (PAF) and Completed Various Courses from PAF. He served PAF for nearly 21 years during which he achieved different Honors, Awards and Medals. He was awarded the sword of honor. He was decorated with Sitara-e-Basalat. He retired in 1987 as Wing Commander.

He is a Fighter Pilot by profession and flew the first F-16 Aircraft to Pakistan. After retirement from the Air Force, he joined his father's business ventures and has vast experience of automobile and Textile sectors. He is a former Chairman of All Pakistan Textile Mills Association and Pakistan Automobile Association (PAMA).

### **Mr. Mushtaq Ahmed Khan (FCA) - Director**

He is Fellow Member of the Institute of Chartered Accountants of Pakistan. He has 41 years experience in Financial Management. Serving the Bibojee Group as Group Director Finance since 1975.

### **Mr. Muhammad Zia - Director**

Mr. Zia is retired Major of Pakistan Army. He represent the major shareholder i.e. Bibojee Services (Pvt.) Ltd. on Board of Directors of Ghandhara Nissan Limited.

### **Mr. Haroon Rashid - Director**

Mr. Haroon Rashid is the representative of National Investment Trust on Board of Directors of Ghandhara Nissan Limited.



## Ghandhara Nissan Limited

### Mr. Jamil Ahmed Shah - Director

Mr. Jamil Ahmed Shah has over 53 years of experience in working with different automobile companies in Pakistan. He is attached with Ghandhara Industries Limited and Ghandhara Nissan Limited as Adviser to Chairman.

### Mr. Muhammad Saleem Baig - Director

Mr. Saleem Baig is an accountant by profession and holds 35 years' experience of Financial Management. He has participated in various management Courses organized by PIM & THK in Pakistan and AOTS - Tokyo Japan.

### Mr. Polad Merwan Polad – Director

Mr. Polad Merwan is Refrigeration and Automobile Engineer. He joined family Automobile business in 1960 which was established in 1936 being one of the oldest 3s Automobile establishment in the country at those times till today. Took over as CEO in 1978 and acted as same till 31st December 2017. At the time retirement he had served over 55 years in Automobile business at Karachi with full knowledge of the automobile market in Pakistan.

### Directors Holding Directorship(s) in Other Companies

#### Particulars of Directors

S. No.	Name	Designation	Directorship in Other Companies
1.	Mr. Raza Kuli Khan Khattak	Chairman	- The General Tyre & Rubber Co. of Pakistan Ltd. - Janana De Malucho Textile Mills Ltd. - Babri Cotton Mills Ltd. - Rahman Cotton Mills Ltd. - Bannu Woolen Mills Ltd. - The Universal Insurance Co. Limited - Ghandhara DF (Pvt.) Ltd.
2.	Lt.Gen. (Retd.) Ali Kuli Khan Khattak	President	- The General Tyre & Rubber Co. of Pakistan Ltd. - Ghandhara Industries Ltd. - Janana De Malucho Textile Mills Ltd. - Babri Cotton Mills Ltd. - Rahman Cotton Mills Ltd. - Ghandhara DF (Pvt.) Ltd.
3.	Mr. Ahmad Kuli Khan Khattak	Chief Executive	- The General Tyre & Rubber Co. of Pakistan Ltd. - Ghandhara Industries Ltd. - Babri Cotton Mills Ltd. - Rahman Cotton Mills Ltd. - Bannu Woolen Mills Ltd. - Ghandhara DF (Pvt.) Ltd.
4.	Mr. Mushtaq Ahmed Khan (FCA)	Director	- Janana De Malucho Textile Mills Ltd. - Rahman Cotton Mills Ltd. - Bannu Woolen Mills Ltd. - The Universal Insurance Co. Limited
5.	Mr. Jamil A. Shah	Director	- Ghandhara Industries Ltd.
6.	Mr. Syed Haroon Rashid	Director	Nominee Director
7.	Mr. Muhammad Zia	Director	Ghandhara Industries Ltd.
8.	Mr. Muhammad Saleem Baig	Director	None
9.	Mr. Polad Merwan Polad	Director	None





# Ghandhara Nissan Limited

“Annexure B”

## BOARD RESOLUTION DATED APRIL 24, 2018

### ISSUANCE OF RIGHT SHARES

**Resolved that**, pursuant to the requirement of provisions of Section 83 of the Companies Act, 2017, approval of the Board be and is hereby accorded to offer 12,000,000 Right Shares in proportion of 26.67 ordinary right shares for every 100 shares held (@26.67%) of PKR 10/- each at a price of PKR 100/- per share (inclusive of premium of PKR 90/- per share) through letters of offer to the existing shareholders of the Company.

**Resolved further** that purpose of right issue, benefits to the Company, use of funds, risks associated with the Issue and financial projections for five years be and are hereby approved.

**Resolved further** that the Company be and is hereby authorized to close its share transfer books from May 09, 2018 to May 15, 2018 (both days inclusive) to determine entitlement for offering right shares to the existing shareholders of the Company and the Company Secretary be and is hereby authorized to announce book closure dates along with publication of notices in newspapers.

**Resolved further** that the Company Secretary be and is hereby authorized to prepare right issue plan, make any amendment therein and get formal approval of the same from Pakistan Stock Exchange Limited.

**Resolved further** that the Chief Executive Officer and the Company Secretary be and are hereby authorized jointly to take any and all necessary steps for issuance of letters of offer under section 83 of the Companies Act, 2017 (the "Act") and related Circular along with terms and conditions therein, get signatures under the Act and file the requisite returns/ notices in the Company Registration Office and / or to the Securities and Exchange Commission of Pakistan ("SECP") and Pakistan Stock Exchange Limited ("PSX"), as the case may be.

**Resolved further** that the Chief Executive Officer and the Company Secretary be and are hereby authorized jointly to approach any bank or banks for appointment as bankers to the right issue in order to collect the right subscription money against right shares and to open an account with any bank or banks so appointed and give instructions for transfer of proceeds from right subscription to the Company's bank account.

**Resolved further** that the Chief Executive Officer and the Company Secretary be and are hereby authorized jointly to appoint consultants and potential underwriters, finalize terms and conditions and sign underwriting agreements and settle/ finalize fees, underwriting commission, take up commission and third party expenses and/or any other expenses relating to the right issue.

**Resolved further** that the Chief Executive Officer and the Company Secretary be and are hereby authorized jointly to take all necessary actions as required by the Central Depository Company of Pakistan Limited (the "CDC") including but not limited to induction of the offer for right shares and right shares in Central Depository System of the CDC and in this connection to sign all requisite applications, forms, documents, undertakings and other papers on behalf of the Company.

**Resolved further** that the Chief Executive Officer and the Company Secretary be and are hereby authorized jointly to allot / credit right shares and file returns as required by SECP / PSX / CDC along with Auditors' Certificate or any other authority.

**Resolved further** that the Chief Executive Officer and the Company Secretary be and are hereby authorized jointly to allot un-subscribed portion of the right issue, if any, to any party including the underwriters.

**Resolved further** that fractional entitlements, if any, will be consolidated in the name of the Company Secretary (under trust) and be sold in the PSX and proceeds thereof will be distributed to the members in accordance with their entitlements."

Certified True Copy

  
**M. Sheharyar ASlam**  
Company Secretary

Dated: April 24, 2018



## Ghandhara Nissan Limited

"Annexure - C"

Certificate by Chief Executive Officer and Chief Financial Officer

We hereby certify that the circular constitutes full and true disclosure of all material facts relating to the Right Issue and the Company will provide copies of financial statements on demand.

**For Ghandhara Nissan Limited**

\_\_\_\_\_  
**Authorized Signatory**

\_\_\_\_\_  
**Authorized Signatory**

Dated: May 16, 2018



# Ghandhara Nissan Limited

“Annexure - D”

## Related Parties Transactions for the period ended March 31, 2018

Name	Nature of transaction	(Un-audited) Nine months period ended March 31,	
		2018	2017
---- Rupees in '000 ----			
<b>(i) Holding Company</b>			
Bibojee Services (Private) Limited - <b>62.32%</b> shares held in the Company	Corporate office rent	<b>4,500</b>	7,350
	Dividend	<b>140,232</b>	140,232
<b>(ii) Subsidiary Company</b>			
Ghandhara DF (Private) Limited <b>99.99%</b> shares held by the Company	Contract assembly charges	<b>102,896</b>	31,491
	Purchase of parts	<b>75</b>	1,520
	Sale of parts	<b>52,105</b>	2,221
	Long term advances given - net	<b>77,933</b>	-
	Long term advances recovered - net	-	140,739
	Interest income	<b>33,066</b>	26,994
	Interest received	<b>26,043</b>	-
	Guarantee commission	<b>4,872</b>	3,094
	Reimbursement of expenses	-	246
	<b>(iii) Associated Companies</b>		
Ghandhara Industries Limited <b>24.25%</b> shares held by the Company	Contract assembly charges	<b>579,337</b>	292,839
	Head office rent	<b>1,980</b>	1,320
	Body fabrication	-	676
	Sale of parts	<b>6</b>	1,056
	Purchase of parts	<b>16</b>	8
	Dividend income	<b>77,493</b>	51,662
	Reimbursement of expenses	<b>1,003</b>	356



## Ghandhara Nissan Limited

"Annexure - D"

### Related Parties Transactions for the period ended March 31, 2018

Name	Nature of transaction	(Un-audited) Nine months period ended March 31,	
		2018	2017
---- Rupees in '000 ----			
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres	72	41,308
Gammon Pakistan Limited	Office rent	2,250	2,250
Janana De Malucho Textile Mills Limited	Reimbursement of expenses	1,256	763
<b>(iv) Others</b>			
UD Trucks Corporation, Japan	Royalty	-	11,312
	Dividend	18,235	18,235
	Purchases of complete knock down kits	-	2,009,252
Staff provident fund	Contribution made	6,058	5,446
Staff gratuity fund	Contribution made	13,427	40,425
Key management personnel	Remuneration and other benefits	55,820	53,153