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Applicable Criteria

- Methodology | Corporate Rating Methodology (Jul 17)

Related Research

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PACRA assigns Initial Ratings to Ghandhara Nissan Limited

Rating Type	Entity
	Current (29-Dec-2017)
Action	Initial
Long Term..	A
Short Term	A1
Outlook	Stable
Rating Watch	-

Ghandhara Nissan Limited (GNL) operates in the truck segment of the automobile sector. Presently, the company deals in Chinese brands. There has been a slowdown in the company’s performance with the discontinuation of UD Trucks, however, Ghandhara Nissan has tried to regain the lost market share with the introduction of new products; including JAC X-200, others are in pipeline. The success of these initiatives is crucial. Majority ownership of the company is held by Bibojee Group of Companies. Their business acumen is further enriched by the group’s stake in the country’s leading tyre manufacturing company. Foreign players are also taking interest in the local market. The landscape of the industry is expected to change – although it is yet to be seen. The financial risk profile of GNL is strong. The company intends not to raise any long term debt borrowing for its existing operations. The working capital is supported by cash cum advances sale mechanism.

The ratings are dependent on upholding of the company’s business as well as financial risk profile. Two key elements are company’s stance on long term debt for potential projects and working capital management. Moreover, management’s ability to sustain its market share while benefiting from positive demand fundamentals is crucial.

About the Entity

Ghandhara Nissan Limited (GNL), incorporated in 1981 is primarily engaged in the assembly, import and sale of DongFeng and JAC. It is owned by Bibojee Group of Companies which was founded by Gen. Habibullah Khattak in 1960’s and has interests in various industrial sectors including Textile, Auto, Tyres & Rubber, Insurance and Construction.

The board comprises nine members; three represent the sponsoring family. Mr. Raza Kulli Khan Khattak is Chairman of the board whereas Mr. Ahmed Kulli Khan Khattak serves as the CEO. He is also the Chief Executive of Ghandhara Industries Ltd and Rehman Cotton Mills Ltd; both associated companies. GNL has an experienced management, which has been associated with the company for a long time.

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