



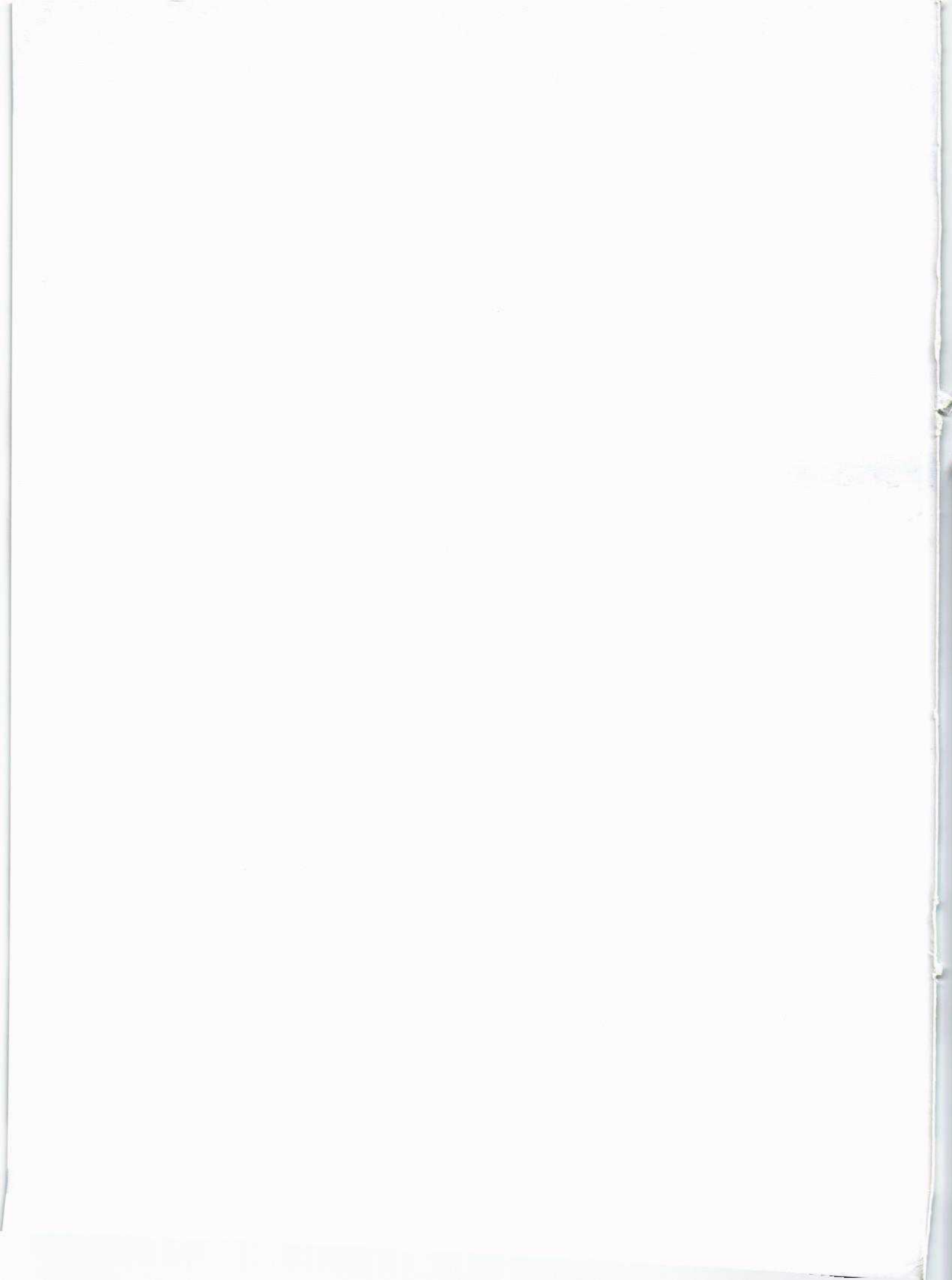
**The Power of Perfection**

## **Annual Report 2015**



**Ghani Automobile Industries Limited**







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## Corporate Information

### BOARD OF DIRECTORS

Mr. Imtiaz Ahmad Khan	Chairman
Mr. Anwaar Ahmad Khan	
Mr. Aftab Ahmad Khan	Chief Executive Officer
Mrs. Reema Anwaar	
Mrs. Ayesha Aftab	
Mr. Junaid Ghani	
Mr. Obaid Ghani	
Mr. Jubair Ghani	
Ms. Zahra Aftab	
Dr. Amjad Aqeel	

### AUDIT COMMITTEE

Dr. Amjad Aqeel	Chairman
Mrs. Ayesha Aftab	Member
Mr. Jubair Ghani	Member

### HR & R COMMITTEE

Mr. Anwaar Ahmad Khan	Chairman
Mrs. Ayesha Aftab	Member
Mr. Obaid Ghani	Member

### COMPANY SECRETARY

Hafiz Mohammad Imran Sabir

### CHIEF FINANCIAL OFFICER

Mr. Umer Farooq Khan

### AUDITORS

Hassan Farooq & Company  
Chartered Accountants

### LEGAL ADVISORS

Ally Law Associates

### SHARE REGISTRAR

Corplink (Pvt) Ltd  
Wings Arcade, 1-K Commercial Model Town Lahore, Pakistan  
Phones : (042) 35916714, 35916719 Fax : (042) 35869037

### BANKERS

Albaraka Islamic Bank  
Allied Bank of Pakistan Limited  
Habib Bank Limited  
Meezan Bank Limited, Islamic Banking  
Soneri Bank Limited, Islamic Banking  
Burj Bank Limited  
Habib Metropolitan Bank Limited  
Bank Alfalah Limited  
UBL Ameen Islamic Banking

### HEAD OFFICE & REGISTERED OFFICE

40-L Model Town Lahore, Pakistan  
UAN : (042) 111 949 949  
Fax : (042) 3517 2263  
E-mail : [info@ghaniautomobiles.com](mailto:info@ghaniautomobiles.com)  
<http://www.ghaniautomobiles.com>

### MARKETING OFFICE

12 D/3, Chandni Chowk KDA Scheme No. 7-8 Karachi - 74000  
UAN : (021) 111 949 949, Fax : (021) 3492 6349  
E-mail : [info@ghaniautomobiles.com](mailto:info@ghaniautomobiles.com)

### AUTOMOBILE PLANT

49-KM, Multan Road, (from Lahore)



## Vision & Philosophy

Nothing in this earth or in the heavens  
Is hidden from ALLAH  
To indulge in honesty, integrity and self determination,  
to encourage in performance and  
most of all to put our trust in ALLAH,  
so that we may, eventually through our efforts and belief,  
become the leader amongst automobile products  
manufacturers

## Mission Statement

To be successful by  
effectively & efficiently  
Utilizing our Philosophies,  
so that We achieve & Maintain  
constantly the High Standards of  
Product Quality  
&  
Customer Satisfaction





## Directors' Report

Dear Shareholders

Assala-Mo-Alaikum Wa Rehmatullah Wa Barakatohu,

The Board of Directors of Ghani Automobile Industries Limited takes pleasure in presenting the annual report and the audited financial statement of the company together with auditors' report for the year ended June 30, 2015.

### FINANCIAL PERFORMANCE

The operating results of your company for the year ended June 30, 2015 under review are summarized as follows:

	2015	2014
	(Rupees in '000')	
Sales Net	126,664	124,377
Gross Profit / (loss)	(21,629)	7,526
Profit / (loss) after taxation	8,768	(4,044)
Earning / (loss) per share	0.20	(0.20)

During the year under review, the net sales increased to Rupees 126 million as compared to Rupees 124 million for the last year. In view of the increasing duties, cost of raw materials, overheads and tough competition, the Company recorded gross loss of Rupees 21 million. Financial charges have been reduced to Rupees 3.6 million as compared to Rupees 8.8 million for the previous year. The Company earned net profit of Rupees 8.8 million as compared to net loss of Rupees 4 million for the last year.

The motorcycle industry is consistently being ignored by the government authorities and in the past few years motorcycle industry has been on the top of the list of collapsing industries. The increase in the price of polycarbonate used in manufacturing, price of alloy, cost of metal and the increase in the price of various materials used in motorcycle manufacturing have lead to huge loss for the small and medium players of the industry. Due to stiff competition, the industry price has also remained almost stagnant for the last three years. With increasing costs and decreasing profits, the industry specially small and medium level manufacturers are facing difficulty in their survival.

Some other facts regarding the crisis in motorcycle industry, which have given a strong blow to the whole business is the labor rate which has drastically increased. Moreover, there is a stiffer competition in motorcycle manufacturing industry. Additionally highest rate of duty and high valuation of Chinese clones parts on import of components as per EDB's quotas at a difficult manual PRAL's OCS system for assemblers which are very costly.

In Finance Bill 2015, many engine components & shock absorber components have been included in SRO relating to imposition of Additional Custom Duty which has caused drastic increase in total manufacturing cost of motorcycles. Exactly 2 times! The taxes on parts import have also drastically increased.

### NATIONAL ECONOMY

The National Economy accelerated its pace to revival during the financial year 2014-15. The major factors behind the steady economic restoration were the concrete measures in the shape of reforms initiatives, better fiscal and monetary management. During the year under review inflation hit its lowest levels since 2003-04. The policy rate recorded its lowest of last 42 years. Historical agreements have been signed with China to establish corridor between the two countries. Stock market index also created history.





Strengths are always accompanying by weaknesses. Socioeconomic weaknesses hit the economy in an adverse way during the year under review. At the start of the financial year, the economy faced stagnancy like situation due to political uncertainty amid prolonged sit-in in the capital city. The nation has also been facing acute security challenges which are not abolished yet completely. However, we are hopeful for more prosperity in future.

#### **FUTURE OUTLOOK**

The management has formed marketing team of enthusiastic professionals with the new sales strategy and targets to enhance market share. The Company's management at all levels is fully aware of the importance of introducing and upgrading technology in all spheres of works. All management strategies eventually rely on state-of-the-art-technology based on Research & Developments to augment the company's upcoming product. Euro II Certified Models have been developed and included in our products portfolio.

Production and supply of quality products is our prime object. Customers are rightly demanding better quality products at cheaper price. In order to achieve the international standards, we are strictly enforcing our quality assurance both in-house and for bought out components. Remaining optimistic, we will continue to streamlining our operations and further strengthening it by our focus on positively enhancing the quality standards through R & D. We are hopeful for the economic prosperity of Pakistan in future.

#### **CORPORATE GOVERNANCE**

The board reviews the company's strategic direction on regular basis. The business plan & targets set by the Chairmen, Chief Executive and the Board are also reviewed regularly. The Board is committed to maintain a high standard of corporate governance, and has ensured full compliance of Corporate Governance as incorporated in the Rule Book/Listing Rules of the Stock Exchanges.

Your directors are pleased to report that:

1. The financial statement prepared by the management of the company, present fairly its state affairs, the result of its operations, cash flows and changes in equity.
2. The proper books of account have been maintained.
3. Appropriate accounting policies consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control, which was in place, is continuously reviewed by internal audit and other such procedures. The process of review will continue with the objective to further improve.
6. There are no significant doubts upon the company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The key operating data of the company is included in this report.
9. Due to the financial position, the Company could not announce dividend to the shareholders.
10. Outstanding taxes and levies: *Please refer notes 7, 8 and 14 to the annexed audited accounts.*

#### **STAFF RETIREMENT BENEFIT**

The Company operates a funded contributory provident fund scheme for its employees and contributions based on salaries of the employees are made to the fund on monthly basis.

#### **CODE OF CONDUCT**

Code of Conduct in line with the future outlook of the company has been developed and communicated to all the employees of the company.





## PATTERNS OF SHAREHOLDING

A statement of the patterns of shareholding as on June 30, 2015 is attached in the prescribed form as required under Code of Corporate Governance. The directors, chief executive officer, chief financial officer, company secretary, their spouses and minor children did not carry out any transaction in the shares of the company during the year, except as disclosed with the pattern of shareholding.

## BOARD OF DIRECTORS

I would like to place on record my appreciation and gratitude to the Board of Directors for guidance and support to the management.

A total of four meetings of the Board of Directors, four meetings of the Audit Committee and one meeting of HR & R Committee were held during the period of one year, from July 01, 2014 to June 30, 2015. The attendance record of Board members was as follows:

Name of the Director	No. of Board of Directors' Meetings attended	No. of Audit Committee Meetings attended	No. of HR & R Committee Meetings attended
Mr. Imtiaz Ahmad Khan	4	-	-
Mr. Anwaar Ahmad Khan	4	-	1
Mr. Aftab Ahmad Khan	4	-	-
Mrs. Reema Anwaar	4	-	-
Mrs. Ayesha Aftab	4	4	1
Mr. Junaid Ghani	4	-	-
Mr. Obaid Ghani	4	-	1
Mr. Jubair Ghani	4	4	-
Ms. Zahra Aftab	4	-	-
Dr. Amjad Aqeel	3	3	-

## AUDITORS

The present auditors Hassan Farooq & Company, Chartered Accountants, retire at the conclusion of the meeting. Being eligible, they have offered themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2016, at a mutually agreed fee.

## ACKNOWLEDGMENT

The board acknowledges and puts on record its sincere appreciation for the staff and workers of the company for their work, enthusiasm and loyalty. We pray to Allah Subhanatallah to keep showering us with his Rehmat and keep us on the right path, which is the commandment of Allah Subhanatallah and sunnah of our Prophet "Mohammad" (Sallallahu-Alaie-Wasallam)

For and on behalf of the Board

Lahore: October 3, 2015

**Aftab Ahmad Khan**  
Chief Executive Officer



## Six Years At Glance

	2015	2014	2013	2012	2011	2010
				(Rupees in '000')		
Production (Nos.)	5,802	3,184	6,162	11,360	14,062	12,452
Sales	126,664	124,377	173,262	367,740	429,162	381,699
Gross profit / (loss)	(21,629)	7,526	562	(19,117)	30,274	28,813
Net profit / (loss)	8,768	(4,044)	(10,574)	(41,314)	3,092	23,833
Earning / (loss) per share	0.20	(0.20)	(0.53)	(2.07)	0.15	1.19
Dividend %	-	-	-	-	-	-
Current assets	375,545	359,909	363,639	386,221	434,212	363,800
Current liabilities	219,386	364,612	365,676	380,506	390,032	313,615
Share holders equity	367,331	58,562	62,606	73,180	114,495	111,403



# Statement of Compliance

## WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Clause 5.19 of Rule Book of the Karachi Stock Exchange and clause 35 of Lahore & 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 the representation of independent non-executive directors and the directors representing minority directors on its Board of Directors. At present the Board includes:

<b>Independent Director</b>	Dr. Amjad Aqeel
<b>Non-Executive Directors</b>	Mr. Imtiaz Ahmad Khan
	Mrs. Reema Anwaar
	Mrs. Ayesha Aftab
	Mr. Obaid Ghani
	Mr. Jubair Ghani
	Ms. Zahra Aftab
<b>Executive Directors</b>	Mr. Anwaar Ahmad Khan
	Mr. Aftab Ahmad Khan
	Mr. Junaid Ghani

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/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 decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As per criteria specified in clause xi of CCG, majority of the directors of the Company are exempted from the requirement of Directors' training program.





10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year ended June 30, 2014.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 Code of Corporate Governance.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The Board has formed a Human Resources and Remuneration (HR & R) Committee. It comprises of three members. Majority of the members of HR & R Committee are non-executive directors.
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 Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with KSE Rule Book/listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrines in the Code of Corporate Governance have been complied with.



**Imtiaz Ahmad Khan**  
Director

Lahore: October 3, 2015

**For and Behalf of the Board of Directors**



**Aftab Ahmad Khan**  
Chief Executive Officer





## 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 for the year ended June 30, 2015 prepared by the Board of Directors of **GHANI AUTOMOBILE INDUSTRIES LIMITED ("the company")** to comply with the Listing Regulation of Karachi, Lahore and Islamabad Stock Exchanges 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 inquiries of the company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 procedures and risks.

Further, Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval related party transaction distinguishing between transaction carried on term equivalent to those that prevail in 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 requirement to the extent of approval of related party transactions by the Boards of Directors and placements of such transaction before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

With reference to clause (XI) "It shall be mandatory for all directors of listed Company to have certification under any directors training programme offered by the institutions (local or foreign) that meet the criteria specified by the Securities and Exchange Commission of Pakistan (SECP). From June 2012 to June 2016 at least one director on the board shall acquire the said certification".

Based on our review, with the exception of the matters described in preceding paragraph, nothing has come to our attention which causes us to believe the statement of compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in code of corporate governance as applicable to the Company for the year ended 30 June 2015.

**HASSAN FAROOQ AND COMPANY**  
(Chartered Accountants)

**ENGAGEMENT PARTNER: Farooq Hamid**

**Lahore: October 3, 2015**





## Auditors' Report to the Members

We have audited the annexed balance sheet of GHANI AUTOMOBILE INDUSTRIES LIMITED (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, statement of cash flows 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  
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;
- (ii) the expenditure incurred during the year was for the purpose of the company's business;
- (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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 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).

**HASSAN FAROOQ AND COMPANY**  
(Chartered Accountants)

**ENGAGEMENT PARTNER: Farooq Hamid**

**Lahore: October 3, 2015**

EQUITY & LIABILITIES		NOTE	June 30, 2015 Rupees	June 30, 2014 Rupees
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized Share Capital				
50,000,000 (2014: 20,000,000) ordinary shares of Rs.10 each			500,000,000	200,000,000
			500,000,000	
			(132,669,277)	200,000,000
			367,330,723	(141,437,661)
Issued, subscribed and paid up capital	4		200,000,000	
Accumulated losses				58,562,339
<b>CURRENT LIABILITIES</b>				
Short term Bank Financing	5		5,690,207	93,853,774
Interest / mark up payable			118,199	2,672,850
Loan from sponsors	6		116,880,000	170,205,000
Creditors, accrued and other liabilities	7		94,893,274	96,636,918
Provision for Taxation			1,804,262	1,243,770
			219,385,942	364,612,312
<b>CONTINGENCIES AND COMMITMENTS</b>				
	8		-	-
			586,716,665	423,174,651
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	9		35,961,902	38,254,831
Security deposits	10		907,386	667,386
Discount on issue of shares	11		150,000,000	-
Deferred tax asset	12		24,301,958	24,342,618
			211,171,246	63,264,835
<b>CURRENT ASSETS</b>				
Stores, spares and loose tools			660,064	665,012
Stock in trade	13		103,107,226	87,521,496
Trade debtors - unsecured but considered good			194,391,374	197,782,798
Advances and other receivables	14		73,337,191	63,893,621
Cash and bank balances	15		4,049,564	10,046,889
			375,545,419	359,909,816
			586,716,665	423,174,651

The annexed notes 1 to 33 form an integral part of these financial statements.

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**DIRECTOR**

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**CHIEF EXECUTIVE OFFICER**





# Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2015

	NOTE	June 30, 2015 Rupees	June 30, 2014 Rupees
Sales	16	126,664,437	124,376,978
Cost of sales	17	(148,293,570)	(116,850,937)
<b>Gross (Loss) / Profit</b>		<b>(21,629,133)</b>	7,526,041
<b>Operating expenses</b>			
Administrative expenses	18	(7,701,568)	(4,008,230)
Distribution and marketing expenses	19	(11,765,044)	(9,867,057)
Other expenses	20	(786,593)	-
		<b>(20,253,205)</b>	(13,875,287)
<b>Operating (loss )</b>		<b>(41,882,338)</b>	(6,349,246)
Other Income	21	56,064,082	11,084,572
		<b>14,181,744</b>	4,735,326
Financial charges	22	(3,568,438)	(8,779,122)
<b>Profit / (Loss) before taxation</b>		<b>10,613,306</b>	(4,043,796)
Taxation	23	(1,844,922)	-
<b>Profit/ (Loss) for the year</b>		<b>8,768,384</b>	(4,043,796)
<b>Profit / (Loss) Per Share - Basic and Dilute</b>	24	<b>0.20</b>	<b>Restated (0.20)</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER



# Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015 Rupees	June 30, 2014 Rupees
Profit / (Loss) for the year	8,768,384	(4,043,796)
Other Comprehensive Income	-	-
<b>TOTAL COMPREHENSIVE PROFIT/ (LOSS)</b>	<b>8,768,384</b>	<b>(10,574,081)</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER





# Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2015

## NET CASH FLOWS FROM OPERATING ACTIVITIES

Profit/ (loss) for the year before tax

Adjustment for :

Depreciation

Financial charges

Operating profit before working capital changes

(Increase) / decrease in current assets

Store, spares and loose tools

Stock in trade

Trade debtors

Advances and other receivables

Increase / (decrease) in current liabilities

Creditors, accrued and other liabilities

Operating profit after working capital changes

Financial charges paid

Taxes paid

Net cash flows from operating activities

## CASH FLOW FROM INVESTING ACTIVITIES

Acquisition of fixed assets

## NET CASH FLOWS FROM INVESTING ACTIVITIES

## CASH FLOW FROM FINANCING ACTIVITIES

Short term Borrowings - net

Share Capital - Net

Loan from sponsors

## NET CASH FLOWS FROM FINANCING ACTIVITIES

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

June 30, 2015 Rupees	June 30, 2014 Rupees
10,613,306	(4,043,796)
2,357,279	2,632,816
3,568,438	8,779,122
5,925,717	11,411,938
16,539,024	7,368,142
4,948	148,618
(15,585,730)	17,020,575
3,391,424	(6,433,207)
(10,472,050)	1,476,907
(22,661,408)	12,212,893
(1,743,644)	(4,589,383)
(7,866,028)	14,991,652
(3,185,146)	(8,102,803)
(3,393,234)	(5,841,305)
(14,444,408)	1,047,544
(64,350)	(11,100)
(64,350)	(11,100)
(88,163,567)	2,108,129
150,000,000	-
(53,325,000)	2,100,000
8,511,433	4,208,129
(5,997,325)	5,244,573
10,046,889	4,802,316
4,049,564	10,046,889

The annexed notes 1 to 33 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER



# Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital Capital	Accumulated (Loss)	Total
	-----Rupees-----		
Balance as on July 01, 2013	200,000,000	(137,393,865)	62,606,135
(Loss) for the year	-	(4,043,796)	(4,043,796)
Other Comprehensive income	-	-	-
Balance as on June 30, 2014	200,000,000	(141,437,661)	58,562,339
Issue of right shares	300,000,000	-	300,000,000
Profit for the year	-	8,768,384	8,768,384
Other Comprehensive income	-	-	-
<b>Balance as on June 30, 2015</b>	<b>500,000,000</b>	<b>(132,669,277)</b>	<b>367,330,723</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER





# Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2015

## 1 COMPANY AND ITS OPERATIONS

The company is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 in September 1987. The registered office of the company is situated at 40-L Model Town, Lahore. The shares of the company are quoted on all Stock Exchanges in Pakistan. The name of the company has been changed from Ghani Textile Limited to Ghani Automobile Industries Limited with effect from March 31, 2004. The Company is principally engaged in manufacture, assemble and trade of Automotive Vehicles of all kinds and sorts. Before 2004, the Company business was manufacture and trade of grey cloth.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan (the Commission) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Commission differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

#### 2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2014 and therefore, have been applied in preparing these financial statements:

- IAS 32 (Amendment) "Financial Instruments : Presentation". This amendment updates the application guidance to clarify some of the requirements for off setting financial assets and financial liabilities on the balance sheet. The amendment is effective for accounting periods of the Company beginning on or after July 01, 2014. The application of the amendment is not expected to have any material impact on the Company's financial statements.

Amendments to IAS 36 "Impairment of Assets": These amendments address the disclosures and clarify the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are effective for accounting periods beginning on or after January 01, 2014. The application of amendments is not expected to have any material impact on the Company's financial statements.





- Amendments to IAS 39 "Financial Instruments Recognition and Measurement" : These amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments are effective for accounting periods beginning on or after January 01, 2014. The application of amendments is not expected to have any material impact on the Company's financial statements.

- The IASB has issued Annual Improvements to IFRSs 2010-2012 Cycle

Amendments to the following standards were made which are effective for the accounting periods beginning on or after July 01, 2014:

IFRS 2 - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 13 - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38 - Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24 - Clarify how payments to entities providing management services are to be disclosed.

These amendments are not expected to have any material impact on the Company's financial statements.

- The IASB has issued Annual Improvements to IFRSs 2011-2013 Cycle

Amendments to the following standards were made which are effective for the accounting periods beginning on or after July 01, 2014:

IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52.

IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

These amendments are not expected to have any material impact on the Company's financial statements.

- IFRIC 21 Levies

This interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies. The interpretation is effective for accounting periods beginning on or after January 01, 2014. The application is not expected to have material impact on the Company's financial statements.



**2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

**2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods**

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after June 30 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

**2.3 BASIS OF PREPARATION****2.3.1 Basis of Measurement**

These financial statements have been prepared under the historical cost convention.

**2.3.2 Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

- Useful lives of property, plant and equipment
- Taxation

**2.3.3 Functional and Presentation Currency:**

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



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Accounting

These financial statements have been prepared under the accrual basis of Accounting.

#### 3.2 Property, Plant and Equipment

Property, plant and equipment except free hold land are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method over the useful life of the assets at the rates mentioned in Note 9. Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of disposal. Maintenance and normal repairs are charged to income as and when incurred. Major renewal and replacements are capitalized. Gain or loss on disposal of fixed assets is recognized in income statement.

The company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future year might affect the carrying amount of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

#### 3.3 Impairment of Assets

The management assesses at each balance sheet date whether there is any indication that an asset is impaired, If any such indication exists, the management estimates the recoverable amount of the asset. Impairment loss is recognized for the amount by which the carrying value of asset exceeds the recoverable amount. Impairment loss is charged to profit and loss account in the period it is recognized.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying value that should have been had the impairment loss not been recognized.

#### 3.4 Capital Work in Progress

All cost/expenditure connected with specific assets, incurred during the acquisition \ erection period are carried under this head. These are transferred to property, plant and equipment as and when assets are available for use.

#### 3.5 Stores, Spares and Loose Tools

These are valued at lower of cost and net realizable value. Cost is determined at moving average, except items in transit, which are valued at cost accumulated up to the balance sheet date. Provision is made against obsolete items.

#### 3.6 Stock in Trade

Stock of raw materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weights average cost and net realizable value. Cost of work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

#### 3.7 Trade Debts

Known bad debts are written off and provision is made for debts considered doubtful.



**3.8 Revenue Recognition**

Revenue from sales is recognized on dispatch of goods to customers and dealers when the risk and rewards of ownership are transferred to them.

**3.9 Related Party Transactions**

All transactions between the Company and a related party in respect of purchases of materials are at Comparable Uncontrolled Price Method.

**3.10 Employee Benefits****3.10.1 Defined Contribution Plan**

Defined contribution plan is a post employment benefit plan for the Company Employees

The Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the Company and its employees. Obligation for contributions to the fund are recognized as an expense in the profit and loss account when they are due.

**3.11 Taxation****3.11.1 Current**

Provision for current taxation is provided on taxable income at the current rates of taxation after taking into account tax credit and rebates available, if any.

**3.11.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of the taxable profit.

Deferred tax liability is generally recognized for all taxable temporary differences and the deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement.

**3.12 Foreign Currencies**

Transactions in foreign currencies are accounted for in Pak Rupees at the rates of exchange ruling at the date of transactions. Assets and liabilities in foreign currencies except for foreign currency balance covered by forward exchange risk cover are translated into Pak Rupee at the exchange rates prevailing at the balance sheet date. Foreign currency balance covered by forward exchange risk cover is converted at Contracted rates. Any exchange gain/ loss is charged to current year's income.

**3.13 Financial Instruments**

All other financial assets and liabilities are recognized at cost which is the fair value of the consideration received or given at the time when the company becomes a party to the contractual provisions of the instrument by following trade date accounting. Any gain or loss on subsequent measurement and derecognition is charged to income.

**3.14 Borrowing Cost**

Profit and other charges on financing are capitalized up to the date of commissioning of the respective property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit.



### 3.15 Off Setting of Financial Assets and Financial Liabilities

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

### 3.16 Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and bank balances.

### 3.17 Provisions

Provisions are recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

### 3.18 Trade and Other Payables

Liabilities for trade and other payables are carried 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.

### 3.19 Earnings Per Share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 3.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

## 4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2015 Number of Shares	June 30, 2014		June 30, 2015 Rupees	June 30, 2014 Rupees
19,250,000	19,250,000	Ordinary shares of Rs. 10 each fully paid in cash	192,500,000	192,500,000
250,000	250,000	Ordinary shares of Rs. 10 each fully paid other than cash	2,500,000	2,500,000
500,000	500,000	Ordinary shares of Rs. 10 each issued as bonus shares	5,000,000	5,000,000
30,000,000	-	Ordinary shares of Rs. 10 each fully paid in cash at discount	300,000,000	-
50,000,000	20,000,000		500,000,000	200,000,000

4.1 During the year Company has issued thirty million ordinary shares at discount of 50%. The Company has also complied with the Companies Ordinance 1984 with respect to issuance of these shares at discount.

## 5 SHORT TERM BANK FINANCING

Morabaha from  
Soneri Bank Limited  
Habib Metropolitan Bank Limited

Note	June 30, 2015 Rupees	June 30, 2014 Rupees
	-	84,986,600
5.2	5,690,207	8,867,174
	5,690,207	93,853,774





- 5.1 Aggregate un-availed short term borrowing facilities available to the Company are Rs. 4.31 million (2014: Rs 1.15 million).
- 5.2 These are secured by legal mortgage of Rs. 0.5 million and Equitable mortgage on land and building measuring 20 kanal 18 marlas valuing Rs. 34.30 million (2014: Rs. 34.30 million) and FSV is Rs. 29.16 million (2014: Rs. 29.16 million). Charge registered with SECP for Rupees 25.0 million on same assets, Lien/Pledge of 280,000 shares of M/s. Ghani Glass Limited in the name of the directors at 40.00% margin of market value. Charge on current assets of the Company registered with SECP of Rs. 15 Million. These are subject to profit at 6 months KIBOR plus 1% (2014 : six months KIBOR plus 1.00%)
- 5.3 Effective markup rate charged during the year ranges from 11.94% to 12.18% per annum (2014: 10.69% to 12.21% per annum).

## 6 LOAN FROM SPONSORS

This is interest free loan from directors. This is unsecured and terms of repayment of this loan have not yet been decided.

## 7 CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
<b>7 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors		<b>79,165,703</b>	93,194,432
Advances from customers		<b>243,681</b>	234,324
Accrued expenses and other liabilities	<b>7.1</b>	<b>11,644,378</b>	483,423
Income tax deducted at source		<b>2,443,173</b>	2,114,993
Un-claimed Dividend		<b>609,746</b>	609,746
Workers profit participation fund payable		<b>569,995</b>	-
Workers welfare fund payable		<b>216,598</b>	-
		<b>94,893,274</b>	96,636,918
<b>7.1 ACCRUED AND OTHER LIABILITIES</b>			
Salaries and wages		<b>9,037,552</b>	305,923
Auditors remuneration		<b>177,500</b>	177,500
Utility expenses		<b>2,429,326</b>	-
		<b>11,644,378</b>	483,423

## 8 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

- 8.1 There is a contingent liability of Rs. 1,727,290/- (2014: Rs. 1,727,290) in respect of income tax for assessment up to assessment year 2001-2002 against order under section 50, 53 and 80D of repealed Income Tax Ordinance, 1979. The company has filed the appeals to ITAT and CIT against above orders.
- 8.2 The Punjab Employees Social Security Institution has raised a demand of Rs. 2,245,057/- (2014: Rs. 2,245,057) as less payment of contribution for the period from 1989 to 1995. The company has not acknowledged this demand and filed appeal under section 57 of the Social Security Ordinance, 1965. After remand of the case by Labour Court, appeal is now under process with Additional Commissioner, Punjab Employees Social Security Institute.
- 8.3 The Company has given bank guarantee of Rs. 729,000 (2014: Rs. 729,000/-) to WAPDA. The Company has given bank guarantee of Rs. 1,200,000/- (2014: Nil) to SNGPL.

### COMMITMENTS

- 8.4 There were no commitments as at June 30, 2015 (2014: Rs. 6,069,990/-).



# 9 PROPERTY, PLANT AND EQUIPMENT

NOTE	June 30, 2015 Rupees	June 30, 2014 Rupees
9.1	35,961,902	38,254,831

Operating assets

9.1 Reconciliation of carrying amounts at the beginning and end of the year is as follows:

	Owned									
	Freehold Land	Building on Freehold Land	Plant and Machinery	Furniture and Fixtures	Loose Tools	Electrical Equipment	Electrical Installation	Computers	Vehicles	Total Operating Assets
----- RUPEES -----										
At 30 June 2013										
Cost	14,932,180	37,832,645	14,720,519	1,429,611	1,275,576	987,383	1,561,114	827,776	1,960,129	75,526,933
Accumulated depreciation	-	(22,466,243)	(6,978,421)	(904,920)	(715,287)	(618,494)	(758,127)	(632,604)	(1,576,290)	(34,650,386)
Net book value	14,932,180	15,366,402	7,742,098	524,691	560,289	368,889	802,987	195,172	383,839	40,876,547
Year ended 30 June 2014										
Opening net book value	14,932,180	15,366,402	7,742,098	524,691	560,289	368,889	802,987	195,172	383,839	40,876,547
Additions	-	-	-	-	-	-	-	11,100	-	11,100
Depreciation	-	(1,536,640)	(774,210)	(52,469)	(56,029)	(36,889)	(40,149)	(59,662)	(76,768)	(2,632,816)
Closing net book value	14,932,180	13,829,762	6,967,888	472,222	504,260	332,000	762,838	146,610	307,071	38,254,831
At 30 June 2014										
Cost	14,932,180	37,832,645	14,720,519	1,429,611	1,275,576	987,383	1,561,114	838,876	1,960,129	75,538,033
Accumulated depreciation	-	(24,002,883)	(7,752,631)	(957,389)	(771,316)	(655,383)	(798,276)	(692,266)	(1,653,058)	(37,283,202)
Net book value	14,932,180	13,829,762	6,967,888	472,222	504,260	332,000	762,838	146,610	307,071	38,254,831
Year ended 30 June 2015										
Opening net book value	14,932,180	13,829,762	6,967,888	472,222	504,260	332,000	762,838	146,610	307,071	38,254,831
Additions	-	-	-	-	-	-	-	10,710	53,640	64,350
Depreciation	-	(1,382,976)	(696,789)	(47,222)	(50,426)	(33,200)	(38,142)	(45,322)	(63,202)	(2,357,279)
Closing net book value	14,932,180	12,446,786	6,271,099	425,000	453,834	298,800	724,696	111,998	297,509	35,961,902
At 30 June 2015										
Cost	14,932,180	37,832,645	14,720,519	1,429,611	1,275,576	987,383	1,561,114	849,586	2,013,769	75,602,383
Accumulated depreciation	-	(25,385,859)	(8,449,420)	(1,004,611)	(821,742)	(688,583)	(836,418)	(737,588)	(1,716,260)	(39,640,481)
Net book value	14,932,180	12,446,786	6,271,099	425,000	453,834	298,800	724,696	111,998	297,509	35,961,902
Depreciation rate (%)										

9.1.1 The depreciation charge for the year has been allocated as under:

	June 30, 2015 Rupees	June 30, 2014 Rupees
Cost of sales	2,333,707	2,598,881
Distribution and marketing	23,573	33,935
	2,357,279	2,632,816




**10 SECURITY DEPOSITS**

Against;  
Utilities  
Ijarah Finance

Note	June 30, 2015 Rupees	June 30, 2014 Rupees
	439,700	199,700
	467,686	467,686
	<b>907,386</b>	<b>667,386</b>

**11 DISCOUNT ON ISSUE OF SHARES**

The Company has issued thirty million ordinary shares of Rs. 10 each at 50% discount in accordance with the provision of Sec 84 and 86 of the Companies Ordinance 1984. The discount on issue of shares shall be amortize over a period of five years starting from December 2015 to December 2020.

**12 DEFERRED TAX ASSET**

Asset recognized

12.1	<b>24,301,958</b>	24,342,618
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**12.1** As at June 30, 2015 net deferred tax asset works out to Rs. 26.16 million (2014: Rs. 34.89 million) out of which deferred tax asset to the extent of Rs. 24.30 million (2014: Rs. 24.34 million) has been recognized in these financial statements in the view of future taxable profits. The net deferred tax asset of Rs. 24.30 million comprise of;

The deferred tax asset comprises temporary differences in relation to:

Accelerated tax depreciation	<b>(3,664,845)</b>	(4,213,104)
Current Tax	<b>1,804,262</b>	1,243,770
Asset due to foreseeable future profits	<b>26,162,541</b>	27,311,952
	<b>24,301,958</b>	24,342,618

**13 STOCK IN TRADE**

Raw material  
Work in process  
Finished stock

<b>74,336,737</b>	62,324,190
<b>13,041,079</b>	11,675,384
<b>15,729,410</b>	13,521,922
<b>103,107,226</b>	87,521,496

**14 ADVANCES AND OTHER RECEIVABLES**

Considered good

Advances:

Employees  
Suppliers  
Advance income tax  
Letters of credit  
Sales tax refundable

<b>1,162,620</b>	1,544,220
<b>39,250,834</b>	42,543,733
<b>10,611,660</b>	11,640,140
<b>7,808,830</b>	3,085,293
<b>14,503,247</b>	5,080,235
<b>73,337,191</b>	63,893,621

**15 CASH AND BANK BALANCES**

Cash in hand  
Cash at bank  
- in current accounts  
- in saving accounts

	<b>171,690</b>	916,879
	<b>2,668,439</b>	9,130,010
15.1	<b>1,209,435</b>	-
	<b>4,049,564</b>	10,046,889

**15.1** Saving account carries profit rate ranging from 6% to 8.5% (2014: Nil).


**16 SALES**

	NOTE	June 30, 2015 Rupees	June 30, 2014 Rupees
Local Sales		148,912,925	145,531,554
Less: Sales return		(88,048)	-
		148,824,877	145,531,554
Sales of spares parts		216,115	869,237
		149,040,992	146,400,791
Less: Sales tax		(22,376,555)	(22,023,813)
		126,664,437	124,376,978

**17 COST OF SALES**

Raw material consumed	17.1	131,683,163	76,492,009
Salaries, wages and benefits	17.2	14,227,048	11,410,968
Store consumed		444,333	579,816
Fuel and power		2,168,657	2,635,582
Repair and maintenance		163,280	118,540
Travelling and vehicle running		124,620	143,190
Entertainment		188,749	217,349
Communications and stationery		200,997	202,981
Freight and handling		49,520	93,650
Rent, rates and taxes		-	33,835
Depreciation	9.1.1	2,333,707	2,598,881
Other expenses		282,679	147,034
		151,866,753	94,673,835
Work in process			
Opening stock		11,675,384	8,634,951
Closing stock		(13,041,079)	(11,675,384)
		(1,365,695)	(3,040,433)
Cost of goods manufactured		150,501,058	91,633,402
Finished Stock			
Opening stock		13,521,922	38,739,457
Closing stock		(15,729,410)	(13,521,922)
		(2,207,488)	25,217,535
Cost of sales		148,293,570	116,850,937
<b>17.1 Raw Material Consumed</b>			
Opening balance		62,324,190	57,167,663
Purchases		143,695,710	81,648,536
		206,019,900	138,816,199
Closing stock		(74,336,737)	(62,324,190)
		131,683,163	76,492,009

**17.2** Salaries, Wages and other benefit include Rs. 523,092/- (2014: Rs. 488,279/-) in respect of staff retirement benefits.




**18 ADMINISTRATIVE EXPENSES**

	NOTE	June 30, 2015 Rupees	June 30, 2014 Rupees
Directors Remuneration		2,160,000	-
Staff Salaries benefits	18.1	1,345,522	995,004
Travelling and vehicle running		164,280	173,501
Entertainment		630,830	268,232
Repair and maintenance		4,800	2,700
Communications and stationery		554,641	489,662
Auditor's remuneration	18.2	177,500	177,500
Fee and Subscription		2,626,035	1,900,661
Miscellaneous expenses		37,960	970
		<b>7,701,568</b>	<b>4,008,230</b>

**18.1** Salaries, Wages and other benefit include Rs. 52,820/- (2014: Rs. 61,141/-) in respect of staff retirement benefits.

**18.2 Auditor's remuneration**

Annual audit fee	120,000	120,000
Half yearly review	45,000	45,000
Other certification	12,500	12,500
	<b>177,500</b>	<b>177,500</b>

**19 DISTRIBUTION AND MARKETING EXPENSES**

Salaries, wages and benefits	19.1	4,326,192	3,879,329
Travelling and vehicle running		2,805,944	1,654,711
Entertainment		81,688	157,154
Advertising and sales promotion		1,152,049	673,603
Rent, rates and taxes		59,000	56,800
Communications and stationery		275,070	432,416
Insurance expenses		-	236,746
Freight and handling		2,035,987	2,097,591
Depreciation	9.1.1	23,573	33,935
Other expenses		1,005,541	644,772
		<b>11,765,044</b>	<b>9,867,057</b>

**19.1** Salaries, Wages and other benefit include Rs. 250,758/- (2014: Rs. 147,465/-) in respect of staff retirement benefits.

**20 OTHER EXPENSES**

Workers Profit participation fund	569,995	-
Workers welfare fund	216,598	-
	<b>786,593</b>	<b>-</b>

**21 OTHER INCOME**

Profit on bank deposits		1,094,434	-
Reimbursement of expenses	21.1	32,627,639	11,084,572
Profit recovered from related party			
on early disposal of shares	21.2	19,171,997	-
Waiver of mark up on early payment		2,524,762	-
Scrap sales		645,250	-
		<b>56,064,082</b>	<b>11,084,572</b>

**21.1** This amount represents freight on delivery of goods charged to customers and dealers.

**21.2** During the year beneficial owners of more than 10% holding have sold their shares for less than a period of six months from the date of acquisition of shares. Gain on disposal of these shares was surrendered to the Company to comply with the requirements of sub section one of section 224 of the Companies Ordinance 1984.


**22 FINANCIAL CHARGES**

Morabaha financing  
Bank charges

June 30, 2015 Rupees	June 30, 2014 Rupees
3,483,999	8,483,577
84,439	295,545
3,568,438	8,779,122
1,804,262	(1,243,770)
40,660	1,243,770
1,844,922	-

**23 TAXATION**

Current  
For the year  
Deferred tax

June 30, 2015	June 30, 2014
8,768,384	Restated (4,043,796)
44,626,924	20,285,261
0.20	(0.20)

**24 EARNING / (LOSS) PER SHARE - Basic and Diluted**

Earning / (Loss) after tax - Rupees (Rupees)  
Weighted average number of shares (Number)  
Earning / (Loss) per share - Rupees

**25 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS**

	Chief Executive		Director		Total	
	2015	2014	2015	2014	2015	2014
	-----Rupees-----					
Basic remuneration	2,160,000	-	4,320,000	-	6,480,000	-
Numbers	01		02		3	-

**26 TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Amounts due from and due to related parties are shown under the relevant notes to financial statements. Remuneration to director is disclosed in Note 25. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of Related Party	Nature of Transaction	June 30, 2015 Rupees	June 30, 2014 Rupees
<b>Associated undertaking</b>			
Ghani Glass Ltd.	Sale of Motorcycles	43,000	-
	Payment of Utility Bills	-	20,000
Anwar Ahmad Khan (Director), Aftab Ahmad Khan (Director), Obaid Ghani Spouse and Junaid Ghani Spouse	2.913 million ordinary shares of M/S Ghani Glass Limited had been pledged against murabaha facility availed by the Company from "Sonari Bank Limited". These shares are valued at Rs. 150 million	-	150,000,000
		2015 Unites	2014 Unites
		25,000	25,000
		5,802	3,184

**27 CAPACITY AND UTILIZATION**

Production capacity  
Actual production

**Reason For Shortfall**

Actual production is lower than the maximum production capacity due to low market demand and energy crisis in the country.




**28 NUMBER OF EMPLOYEES**

Number of employees at year end.

Average Number of Employees

June 30, 2015 Rupees	June 30, 2014 Rupees
76	73
61	78

**29 PROVIDENT FUND RELATED DISCLOSURES**

The company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the unaudited financial statements of provident fund for the year ended 30 June 2014.

Size of the fund - Total Assets

Cost of investments made

Percentage of investment made

Fair value of investment

June 30, 2015 Rupees	June 30, 2014 Rupees
2,160,673	1,445,906
1,088,979	1,210,536
50%	84%
1,088,979	1,210,536

**29.1 The break-up of fair value of investments is:**

2015		2014	
Rupees	%	Rupees	%
1,088,979	100%	1,210,536	100%

Bank account

These figures are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purposes.

**30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

**30.1 FINANCIAL INSTRUMENTS BY CATEGORY**
**Financial assets:**

Security deposits

Trade debtors - unsecured but considered good

Advances and other receivables

Cash and bank balances

June 30, 2015 Rupees	June 30, 2014 Rupees
907,386	667,386
194,391,374	197,782,798
1,162,620	1,544,220
4,049,564	10,046,889
200,510,944	210,041,293
94,893,274	96,636,918
118,199	2,672,850
5,690,207	93,853,774
100,701,680	193,163,542

**30.2 Financial liabilities**

Creditors, accrued and other liabilities

Interest / markup payable

Short term Bank Financing

**31 FINANCIAL RISK MANAGEMENT****31.1 Credit Risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises potentially from trade receivables. The Company believes that it is not exposed to major concentration of credit risks.

The company has not publicized any credit terms for trading on credit. For the purpose of provision of credit the management monitors the credit exposure towards the customers taking into account the customer's financial position, past experience and other factors. The company initiates recovery process through marketing department personnel after a reasonable credit period has expired.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The company believes that it is not exposed to major concentration of credit risk.

**31.2 Market Risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of holdings of financial instruments.

**31.3 Currency Risk**

Company obtains forward cover to manage material foreign currency risk, if considered necessary. However, the company is not exposed to major currency risk exposure.

**31.5 Yield Risk**

The company manages yield risk by matching the repricing of assets and liabilities through risk management strategies.

**32 EVENTS AFTER THE BALANCE SHEET DATE**

There are no subsequent events occurring after the balance sheet date.

**33 AUTHORIZATION TO ISSUE**

**33.1** These financial statements have been authorized for issuance by the Board of Directors of the Company on October 3, 2015.

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DIRECTOR

---

CHIEF EXECUTIVE OFFICER





## Notice of Annual General Meeting

Notice is hereby given that 28<sup>th</sup> Annual General Meeting of the members of GHANI AUTOMOBILE INDUSTRIES LIMITED will be held on Friday October 30, 2015 at 11:30 a.m., at Sunfort Hotel, Liberty Market, Lahore to transact the following business:

### Ordinary Business

1. To confirm the minutes of Annual General Meeting held on October 28, 2014.
2. To receive, consider and adopt the audited annual accounts of GHANI AUTOMOBILE INDUSTRIES LIMITED for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for 2016 and fix their remuneration.  
  
The retiring auditors namely M/s. Hassan Farooq & Company., Chartered Accountants being eligible have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By order of the Board

Lahore: October 3, 2015

**Hafiz Mohammad Imran Sabir**  
Company Secretary

### Notes:

- The share transfer books of the Company will remain closed from October 23, 2015 to October 30, 2015 (both days inclusive). Members whose names appear on the register of members as at the close of business on October 22, 2015 will be entitled to attend the Annual General Meeting.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Company or not.
- The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarized certified copy of the power of attorney or authority in order to be effective must be deposited at the Share Registrar of the Company not less than 48 hours before the time for holding the meeting, and must be duly stamped, signed and witnessed.
- Members are requested to promptly notify Company's Shares Registrar M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K Commercial, Model Town, Lahore, Ph: 042-35916714, 35916719 Fax: 042-35869037 of any change in their addresses to ensure delivery of mail.
- CDC Accountholders will further have to follow the under mentioned guidelines as laid down by Circular No. 1, dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan ("SECP").

For Attending of Meeting:

- In case of individuals, the Accountholder and/or Sub-Accountholder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.



- In case of 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.

#### **For Appointing of Proxies:**

- In case of individuals, the Accountholder and/or Sub-Accountholder whose registration details are uploaded as per the CDC regulations, shall submit the proxy form as per above requirements.
- The proxy form shall be witnessed by the two persons whose name, addresses and CNIC numbers shall be mentioned on the form.
- Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or passport at the time of the meeting.
- In case of entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form of the Company.

#### **Submission of copies of CNIC (Mandatory)**

The shareholders having physical shares are once again requested to immediately send a copy of their valid computerized national identity card (CNIC) to our share registrar's office, M/s. Corplink (Pvt) Ltd, Wings arcade, 1-k, commercial, model town, Lahore for printing/insertion on dividend warrants in future.

#### **Revision of withholding tax on dividend income u/s 150 of Finance Act 2014**

It is further informed that pursuant to the provisions of Finance Act 2014, effective from July 1, 2014 a new criteria for withholding of tax on dividend income has been introduced by the FBR, as per this criteria, 'Filer' and 'Non-Filer' shareholder shall pay tax on dividend @ 12.5% and 17.5% respectively.

#### **Payment of Cash Dividend Electronically (Optional)**

The shareholders are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant)/CDC.

#### **Transmission of Annual Financial Statements through e-mail**

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787(I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through e-mail instead of receiving the same by Post are advised to give their formal consent along with their e-mail address duly signed by the shareholder along with copy of his CNIC to our share registrar's office, M/s. Corplink (Pvt) Ltd, Wings arcade, 1-k, commercial, Model Town, Lahore. Please note that giving e-mail address for receiving of Annual Financial Statements instead of the same by Post is optional, in case you do not wish to avail this facility, please ignore this notice, Financial Statement will be sent to your at your registered address.





# Pattern of Shareholding

OF SHARES HELD BY THE SHAREHOLDERS OF GHANI AUTOMOBILE INDUSTRIES LIMITED AS AT JUNE 30, 2015

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
195	1	100	6,009
668	101	500	323,137
468	501	1,000	462,989
1083	1,001	5,000	3,521,410
419	5,001	10,000	3,744,981
125	10,001	15,000	1,715,506
112	15,001	20,000	2,138,657
94	20,001	25,000	2,305,500
45	25,001	30,000	1,301,975
21	30,001	35,000	716,000
20	35,001	40,000	773,000
11	40,001	45,000	479,202
70	45,001	50,000	3,484,000
12	50,001	55,000	645,500
9	55,001	60,000	536,000
5	60,001	65,000	322,500
10	65,001	70,000	695,500
14	70,001	75,000	1,043,000
5	75,001	80,000	398,000
5	80,001	85,000	419,750
7	85,001	90,000	623,000
2	90,001	95,000	190,000
28	95,001	100,000	2,797,500
3	100,001	105,000	308,000
2	105,001	110,000	217,500
2	110,001	115,000	230,000
2	115,001	120,000	236,274
1	120,001	125,000	121,500
5	125,001	130,000	650,000
1	130,001	135,000	132,500
3	135,001	140,000	414,000
2	140,001	145,000	285,500
6	145,001	150,000	900,000
1	155,001	160,000	157,000
1	165,001	170,000	170,000
1	170,001	175,000	175,000
2	175,001	180,000	357,500
5	195,001	200,000	1,000,000
1	205,001	210,000	206,000
1	215,001	220,000	220,000
1	220,001	225,000	225,000
1	230,001	235,000	235,000
2	235,001	240,000	475,521
4	245,001	250,000	1,000,000
2	270,001	275,000	548,300
1	275,001	280,000	279,500
1	285,001	290,000	286,000
4	295,001	300,000	1,200,000
1	320,001	325,000	325,000
1	345,001	350,000	350,000
1	370,001	375,000	375,000
1	400,001	405,000	401,000
1	430,001	435,000	435,000
3	495,001	500,000	1,500,000
1	660,001	665,000	665,000
1	675,001	680,000	677,000
1	690,001	695,000	692,000
1	820,001	825,000	822,289
1	880,001	885,000	884,500
1	1,995,001	2,000,000	2,000,000
1	2,195,001	2,200,000	2,200,000
<b>3498</b>			<b>50,000,000</b>

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	219,251	0.4385%
Associated Companies, undertakings and related parties	0	0.0000%
NIT and ICP	5,000	0.0100%
Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	677,000	1.3540%
General Public		
a. Local	46,408,726	92.8175%
b. Foreign		
Others (to be specified)	2,448,023	4.8960%
Joint Stock Companies	242,000	0.4840%
Others		



# Information Under Clause XVI (J)

OF THE CODE OF CORPORATE GOVERNANCE AS ON JUNE 30, 2015

S. No.	NAME	HOLDING
<b>ASSOCIATED COMPANIES, UNDERTAKINGS &amp; RELATED PARTIES</b>		NIL
<b>MUTUAL FUNDS</b>		NIL
<b>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</b>		
1	MR. IMTIAZ AHMAD KHAN	116,524
2	MR. ANWAAR AHMAD KHAN	33,225
3	MR. AFTAB AHMAD KHAN	42,202
4	MR. JUNAID GHANI (CDC)	500
5	HAFIZ OBAID GHANI	23,000
6	MR. JUBAIR GHANI	1,250
7	MRS. REEMA ANWAAR	500
8	MRS. AYESHA AFTAB	750
9	MISS ZAHRA AFTAB	500
10	MR. AMJAQ AQEEL	500
11	MRS. RUBINA IMTIAZ. W/O IMTIAZ AHMED KHAN (CDC)	300
		<b>219,251</b>
<b>EXECUTIVES</b>		NIL
<b>PUBLIC SECTOR COMPANIES &amp; CORPORATIONS</b>		NIL
<b>BANKS, DEVELOPMENTS FINANCE INSTITUTIONS, NON BANKING FINANCIE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS &amp; PENSION FUNDS</b>		677,000
<b>SHAREHOLDERS HOLDING 5% OR MORE VOTING INTEREST IN THE LISTED COMPANY</b>		NIL

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S.No	NAME	SALE	PURCHASE	GIFTED	GIFT RECEIVED
1	MR. IMTIAZ AHMAD KHAN	4,660,000	139	-	-
2	MR. ANWAAR AHMAD KHAN	2,592,500	38	-	-
3	MR. AFTAB AHMAD KHAN	8,234,000	-	1,500,000	-
4	MR. JUNAID GHANI	234,000	-	-	-
5	HAFIZ OBAID GHANI	239,500	-	-	-
6	MR. JUBAIR GHANI	22,500	22,500	-	-
7	MRS. REEMA ANWAAR	249,500	-	-	-
8	MRS. AYESHA AFTAB	250,000	-	-	750
9	MISS ZAHRA AFTAB	-	-	750	-
10	MRS. RUBINA IMTIAZ. W/O IMTIAZ AHMED KHAN (CDC)	208,500	-	-	-





**GHANI AUTOMOBILE INDUSTRIES LIMITED**

40-L, Model Town, Lahore

**FORM OF PROXY**

Folio No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

I/WE \_\_\_\_\_

of \_\_\_\_\_

Being a member of GHANI AUTOMOBILE INDUSTRIES LIMITED \_\_\_\_\_

Here by appoint Mr. \_\_\_\_\_

of \_\_\_\_\_

failing him Mr. \_\_\_\_\_ of \_\_\_\_\_

(Being a member of the company ) as my/our proxy to attend, act and vote for me/us on my/our behalf at 28<sup>th</sup> ANNUAL GENERAL MEETING of the members of the Company to be held on Friday October 30, 2015 at 11:30 AM at Sunfort Hotel, Liberty Market, Lahore and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2015

**Witness's Signature**

Signature \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Signature and  
Revenue Stamp

**NOTES:**

Proxies, in order to be effective, by the company not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.



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