



Ghazi Fabrics International Limited
Signature of Quality



3rd Quarterly Report

March 31, 2015

UN-AUDITED



GHAZI FABRICS INTERNATIONAL LIMITED COMPANY PROFILE

BOARD OF DIRECTORS

CHAIRPERSON

Mrs. Azra Yasmin

CHIEF EXECUTIVE

Mr. Mohammad Arshad Chaudhry

DIRECTORS

Mr. Kamran Arshad

Mr. Muhammad Imran Rasheed

Mr. Rizwan Arshad

Miss Fareeha Arshad

Mrs. Wajeeha Haaris

COMPANY SECRETARY

Mr. Nauman Iqbal, FCA

AUDIT COMMITTEE

Mr. Muhammad Imran Rasheed Chairman

Mr. Kamran Arshad Member

Miss Fareeha Arshad Member

HR & REMUNERATION COMMITTEE

Mrs. Azra Yasmin Chairperson

Mr. Mohammad Arshad Chaudhry Member

Mrs. Wajeeha Haaris Member

CHIEF FINANCIAL OFFICER

Mr. Abid Rafi

INTERNAL AUDITOR

Nasir Imran Elahi, ACA

AUDITORS

M/s. Qadeer & Co.,
Chartered Accountants
Lahore

SHARE REGISTRARS

M/s. Corplink (Pvt.) Ltd.

LEGAL ADVISOR

M/s. Raja Muhammad Akram & Co.,
Advocates & Legal Consultants

BANKERS

United Bank Limited
Habib Bank Limited

REGISTERED OFFICE

8-C, Block E-III,
Gulberg - III, Lahore - 54660
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Bhaipheru,
Distt. Kasur.

**GHAZI FABRICS INTERNATIONAL LIMITED
DIRECTOR'S REVIEW**

We are pleased to present the financial statements for the nine months ended March 31, 2015.

Operating results

During the period under review the Company's gross profit was Rs. 277.108 million and the loss after tax of Rs. 41.725 million as compared to a profit of Rs. 19.557 million in the corresponding period ended March 31, 2014. Loss per share is Rs. 1.28 (corresponding period EPS:Rs.0.60).

Financial highlights

	Nine months ended March 31	
	2015	2014
	R u p e e s	
Sales	3,775,605,181	4,141,884,351
Gross profit	277,108,365	372,989,756
(Loss)/ profit after -tax	(41,725,522)	19,557,419
(Loss)/ earning per share – EPS-Rs.	(1.28)	0.60

During the period under review the profitability of textile sector remained depressed due to factors involve in shape of high cost of fuel and power and interruption of gas and power supply. These factors depressed the improvements of the company. The prices of cotton and yarn are coming down which resulted downfall in prices of yarn & fabrics. The textile sector is fighting hard to remain competitive in local and international markets due to continuously reducing trend of cotton and yarn prices in foreign as well as local market. Moreover high prices of energy and interruption of gas and power supply has further added to the worsening situation.

Future prospects

Exports sales of Pakistani products are declining in the stagnant global economy due to weak demand and unsold cotton stocks worldwide especially in China. Notwithstanding the foregoing constraints, your director would like to assure you that every endeavor will be made to achieve the improved results for the current year.

Acknowledgement

We are grateful to the management and employees of the Company for their hard-work and dedication. We also express our gratitude to our shareholder, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the board

Lahore
April 24, 2015

(Mohammad Arshad Chaudhry)
Chief Executive



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2015

EQUITY AND LIABILITIES	Notes	Unaudited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital	5.01	400,000,000	400,000,000
Issued, subscribed and paid-up capital	5.02	326,356,000	326,356,000
Accumulated loss		(348,841,148)	(307,115,626)
		(22,485,148)	19,240,374
NON CURRENT LIABILITIES			
Long term financing	6	441,668,688	528,666,168
Sponsors' loan		1,177,727,835	1,091,005,405
Deferred liabilities		83,099,420	53,351,254
		1,702,495,944	1,673,022,827
CURRENT LIABILITIES			
Trade and other payables		344,020,839	322,566,364
Accrued interest / mark up		20,521,002	43,584,436
Short term bank borrowings		1,387,332,295	1,050,659,855
Current portion of long term financing		194,532,432	123,796,206
Provision for taxation		9,802,840	38,172,773
		1,956,209,408	1,578,779,634
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		3,636,220,204	3,271,042,835
NON CURRENT ASSETS			
Property, plant and equipment	8	1,567,148,680	1,456,991,145
Capital work in progress		3,776,880	113,380,720
Long term deposit		13,011,744	12,952,014
		1,583,937,304	1,583,323,879
CURRENT ASSETS			
Stores, spares and loose tools		82,410,643	78,943,964
Stock in trade		1,264,037,978	1,069,597,417
Trade debts		387,335,151	362,412,685
Loans and advances		246,161,088	116,375,724
Trade deposits and short term prepayments		2,010,414	300,000
Other receivables		67,984,569	55,637,611
Cash and bank balances		2,343,056	4,451,555
		2,052,282,899	1,687,718,956
		3,636,220,204	3,271,042,835

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	Notes	Nine Months Ended		Quarter Ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		Rupees		Rupees	
SALES - Net		3,775,605,181	4,141,884,351	1,287,552,838	1,357,101,014
COST OF SALES	9	<u>3,498,496,816</u>	<u>3,768,894,595</u>	<u>1,196,930,182</u>	<u>1,224,393,789</u>
GROSS PROFIT		277,108,365	372,989,756	90,622,656	132,707,225
SELLING AND DISTRIBUTION EXPENSES		107,888,677	110,646,572	42,327,993	37,733,168
ADMINISTRATIVE EXPENSES		77,384,826	82,981,772	22,133,409	30,097,804
		185,273,504	193,628,344	64,461,402	67,830,972
OPERATING PROFIT / (LOSS)		<u>91,834,861</u>	<u>179,361,413</u>	<u>26,161,254</u>	<u>64,876,253</u>
OTHER INCOME		18,314,462	13,181,742	1,742,344	(2,144,615)
		110,149,323	192,543,155	27,903,598	62,731,638
FINANCE COST		133,812,124	134,437,464	48,284,726	55,192,065
OTHER CHARGES		13,375,229	12,818,821	13,375,229	12,818,821
		147,187,353	147,256,285	61,659,955	68,010,886
(LOSS) / PROFIT BEFORE TAXATION		<u>(37,038,029)</u>	<u>45,286,870</u>	<u>(33,756,357)</u>	<u>(5,279,248)</u>
PROVISION FOR TAXATION		4,687,493	25,729,451	13,937,675	13,048,809
(LOSS) / PROFIT AFTER TAXATION		<u>(41,725,522)</u>	<u>19,557,419</u>	<u>(47,694,032)</u>	<u>(18,328,057)</u>
Earnings per share - Basic		<u>(1.28)</u>	<u>0.60</u>	<u>(1.46)</u>	<u>(0.56)</u>

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	<u>Rupees</u>		<u>Rupees</u>	
(Loss) / profit after taxation for the period	(41,725,522)	19,557,419	(47,694,032)	(18,328,057)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(41,725,522)</u>	<u>19,557,419</u>	<u>(47,694,032)</u>	<u>(18,328,057)</u>

The annexed notes form an integral part of this condensed interim financial information

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	March 31, 2015 Rupees	March 31, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(37,038,029)	45,286,870
Adjustment for:		
Depreciation	113,379,839	84,948,373
Gain on disposal of property, plant and equipment	(11,684,059)	(6,832,374)
Staff retirement benefits	14,586,883	10,373,963
Finance cost	133,812,124	134,437,464
	<u>250,094,786</u>	<u>222,927,426</u>
Cash flows before working capital changes	213,056,757	268,214,296
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,466,678)	33,130
Stock in trade	(194,440,561)	(530,477,485)
Trade debts	(24,922,466)	(134,889,214)
Loans and advances	(129,785,364)	(77,785,640)
Trade deposits and prepayments	(1,710,414)	539,026
Other receivable	(12,346,958)	(18,951,376)
Increase / (decrease) in current liabilities		
Trade and other payables	21,454,475	47,829,604
	<u>(345,217,966)</u>	<u>(713,701,956)</u>
Cash Inflows / (Outflows) from operations	(132,161,209)	(445,487,660)
Finance cost paid	(156,875,558)	(110,361,920)
Staff retirement benefits paid	(8,216,369)	(9,634,653)
Income Tax paid	(9,679,775)	(32,777,783)
Net cash used in operating activities	(306,932,910)	(598,262,016)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(242,485,317)	(49,950,751)
Proceeds from disposal of property, plant and equipment	30,632,002	15,738,204
Capital Work in Progress	109,603,840	(386,909,867)
Long term deposits	(59,730)	-
Net cash used in investing activities	(102,309,205)	(421,122,415)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(16,261,254)	282,541,145
Loan from directors and others - net	86,722,430	65,955,991
Short term borrowings- net	336,672,440	699,492,363
Net cash generated from financing activities	407,133,616	1,047,989,499
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,108,499)	28,605,069
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	4,451,555	1,616,789
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>2,343,056</u>	<u>30,221,858</u>

The annexed notes form an integral part of this condensed interim financial information

Chief Executive

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	Issued, subscribed and paid-up capital		Accumulated losses	Total
	R	U P E E S		
Balance as at July 01, 2013	326,356,000		(329,307,815)	(2,951,815)
Total comprehensive income for the period	-		19,557,419	19,557,419
Balance as at March 31, 2014	326,356,000		(309,750,396)	16,605,604
Balance as at July 01, 2014	326,356,000		(307,115,626)	19,240,374
Total comprehensive loss for the period			(41,725,522)	(41,725,522)
Balance as at March 31, 2015	326,356,000		(348,841,148)	(22,485,148)

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director

**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2015**

1 STATUS AND ACTIVITIES

The Company was incorporated in Pakistan on April 30, 1989 as Private Limited and converted into public limited on January 07, 1990. Its shares are quoted at Karachi and Lahore Stock Exchanges. The Company is a spinning and weaving unit engaged in the manufacturing of yarn and grey cloth. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2014.

	March 31, 2015 Rupees	June 30, 2014 Rupees
5 SHARE CAPITAL		
5.01 Authorised capital		
40,000,000 (June 30, 2014: 40,000,000) ordinary shares of Rs. 10/- each paid in cash.	400,000,000	400,000,000
5.02 Issued, subscribed and paid up capital:		
32,635,600 (June 30, 2014 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash	326,356,000	326,356,000
	March 31, 2015 Rupees	June 30, 2014 Rupees
6 LONG TERM FINANCING - Secured		
Opening balance	652,462,374	359,140,599
Add: Acquired during the period / year	76,613,243	423,386,757
	729,075,617	782,527,356
Less: Repayment during the period / year	(92,874,497)	(130,064,982)
	636,201,120	652,462,374
Less: Current portion	(194,532,432)	(123,796,206)
	441,668,688	528,666,168

7 CONTINGENCIES AND COMMITMENTS

7.01 There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2014.

7.02 Commitments against irrevocable letters of credit outstanding as at March 31, 2015 amounts to Rs. 58.50 Million : (June 30, 2014: Rs. 109.027 Million).

March 31,
2015
Rupees

June 30,
2014
Rupees

8 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	1,456,991,145	1,177,668,777
Addition during the period / year		
Land - freehold	-	23,386,900
Building on freehold land	7,875,021	3,459,091
Plant and machinery	234,338,301	379,194,720
Furniture and fittings	52,000	1,202,028
Vehicles	106,125	3,491,178
Equipment	113,870	1,152,674
Electric installation	-	1,466,270
	<u>242,485,317</u>	<u>413,352,861</u>
Book value of assets disposed off during the period / year	8.01 (18,947,943)	(15,017,599)
Depreciation for the period/ year	<u>(113,379,839)</u>	<u>(119,012,894)</u>
	<u><u>1,567,148,680</u></u>	<u><u>1,456,991,145</u></u>

8.01 Book value of assets disposed off during the period / year

Plant and machinery	18,947,943	15,014,082
Vehicle	-	3,517
	<u>18,947,943</u>	<u>15,017,599</u>

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rupees	Rupees	Rupees	Rupees
9 COST OF SALES				
Raw materials and other direct materials consumed	2,381,844,765	2,727,003,789	749,585,503	876,764,402
Salaries, wages and benefits	269,958,579	264,094,693	100,345,925	87,653,013
Fuel and power	397,052,413	442,753,579	122,418,239	138,597,120
Packing material consumed	58,482,429	53,982,360	19,878,264	17,132,049
Sizing material consumed	26,404,614	32,150,626	9,427,709	10,556,744
Store and spares consumed	111,071,866	102,489,472	37,648,481	34,980,326
Insurance	8,689,560	5,519,562	2,289,612	2,603,260
Depreciation	107,349,024	77,778,813	37,493,845	27,148,128
Others	17,862,043	13,978,333	12,409,327	5,506,494
	<u>3,378,715,293</u>	<u>3,719,751,227</u>	<u>1,091,496,905</u>	<u>1,200,941,536</u>
Adjustment of work in process	4,299,672	(2,837,138)	(61,684)	(489,972)
Cost of goods manufactured	3,383,014,965	3,716,914,089	1,091,435,221	1,200,451,564
Adjustment of finished goods	115,481,850	51,980,506	105,494,961	23,942,225
	<u><u>3,498,496,816</u></u>	<u><u>3,768,894,595</u></u>	<u><u>1,196,930,182</u></u>	<u><u>1,224,393,789</u></u>

10 TRANSACTION WITH RELATED PARTIES

	Nine Months Ended	
	March 31, 2015	March 31, 2014
	Rupees	Rupees
(Repayment) / Receipt of Sponsors' loan - net	86,722,430	65,955,991
Purchases of raw material	83,222,062	62,254,431
Payment for raw material	83,222,062	62,254,431

11 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 24, 2015.

12 CORRESPONDING FIGURES

12.1 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.

12.2 Figures have been rounded off to nearest rupee.

Chief Executive

Director

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