



**Ghazi Fabrics International Limited**  
*Signature of Quality*



## *Quarterly Report*

*March 31, 2012*

**UN-AUDITED**



Ghazi Fabrics International Limited

GHAZI FABRICS INTERNATIONAL LIMITED  
COMPANY PROFILE

BOARD OF DIRECTORS

CHAIRMAN/ CHIEF EXECUTIVE  
DIRECTORS

Mr. Mohammad Arshad Chaudhry  
Mr. Kamran Arshad  
Mr. Muhammad Tariq  
Mr. Rizwan Arshad  
Mrs. Azra Yasmin  
Miss Fareeha Arshad  
Miss Wajeeha Arshad

COMPANY SECRETARY

Mr. Nauman Iqbal, ACA

AUDIT COMMITTEE

Mr. Mohammad Tariq	Chairman
Mr. Kamran Arshad	Member
Miss Fareeha Arshad	Member

CHIEF FINANCIAL OFFICER

Mr. Abid Rafi

INTERNAL AUDITOR

Rao Saadat Ali

AUDITORS

M/s. Qadeer & Company,  
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.

Phone : 042-35764026-8

Fax : 042-35764032

Email : [info@ghazifabrics.com](mailto:info@ghazifabrics.com)

Website : [www.ghazifabrics.com](http://www.ghazifabrics.com)

MILLS

46- K.M. Multan Road, Bhaipheru,  
Distt. Kasur.



GHAZI FABRICS INTERNATIONAL LIMITED  
DIRECTOR'S REVIEW

We are pleased to present the financial statements for the 3<sup>rd</sup> quarter's condensed interim financial information of the Company.

*Operating results*

During the period under review the Company's sales were Rs. 3.63 Billion and the loss after tax of Rs. 132.39 million for the period ended March 31, 2012 as compared to a profit of Rs. 240.88 million in the corresponding period. Earning per share is Rs. (4.06) (corresponding period: Rs. 7.38)

*Financial highlights*

	Nine Months Ended	
	March 31, 2012	March 31, 2011
	Rupees	
Sales	3,631,537,080	5,012,627,964
Operating profit	17,960,599	467,503,649
(Loss)/profit after tax	(132,396,953)	240,888,441
Earning per share (EPS) Rs.	(4.06)	7.38

Textile industry is going through a volatile period. Global recession along-with fragile economic condition in USA coupled with drastic decrease in cotton prices has hit the viability of textile industry.

On the spinning front the Company remains under immense selling pressure in the first half and offered their products at low rates to get rid of costly inventory. High volatility in Pakistani cotton prices caused rapid changes in the yarn prices domestically creating confusion among fabric customers as well which results in low prices in the both domestic and international markets.

*Future prospects*

Although we expect that the industry will do reasonably well during remaining part of the year but prior year performance will not be achieved. Prices of the raw material and finished goods have seems to be stabilized in order that the entire textile chain can achieve growth.

Nevertheless, your directors are determined to put best of their efforts to achieve satisfactory performance

*Acknowledgement*

The directors record their appreciation to the management and employees of the Company and also express their 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 27, 2012

(Muhammad Arshad Chaudhry)  
Chief Executive



**GHAZI FABRICS INTERNATIONAL LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2012**

	Notes	Unaudited March 31, 2012 Rupees	Audited June 30, 2011 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		(347,989,014)	(233,145,345)
		(21,633,014)	93,210,655
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		149,888,783	175,757,324
<b>NON CURRENT LIABILITIES</b>			
Long term financing	6	148,161,476	124,575,222
Director's loan		890,909,965	869,933,475
Deferred liabilities		112,585,882	106,317,201
		1,151,657,323	1,100,825,898
<b>CURRENT LIABILITIES</b>			
Trade and other payables		360,519,001	305,626,777
Markup/ interest payables		29,449,785	33,008,272
Short term bank borrowings		971,789,315	871,618,145
Current portion of long term financing		188,464,264	122,818,944
Provision for taxation		44,803,460	66,129,717
		1,595,025,824	1,399,201,855
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-	-
		2,874,938,916	2,768,995,732
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	8	1,333,228,269	1,352,372,248
Capital work in progress		5,293,276	1,262,930
		1,338,521,545	1,353,635,178
<b>LONG TERM DEPOSIT</b>		12,952,014	12,952,014
		1,351,473,559	1,366,587,192
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		104,281,319	76,335,688
Stock in trade		975,095,599	985,308,284
Trade debts		284,010,547	243,461,355
Loans and advances		64,103,389	75,701,687
Trade deposits and short term prepayments		1,428,819	1,411,319
Other receivables		82,754,013	14,916,942
Cash and bank balances		11,791,671	5,273,265
		1,523,465,357	1,402,408,540
		2,874,938,916	2,768,995,732

*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 ENDED MARCH 31, 2012**

	Notes	Nine Months Ended		Quarter Ended	
		March 31,	March 31,	March 31,	March 31,
		2012	2011	2012	2011
		Rupees		Rupees	
SALES - Net		3,631,537,081	5,012,627,964	1,098,701,845	1,808,628,468
COST OF SALES	9	3,470,367,140	4,428,935,616	1,060,688,329	1,547,814,318
GROSS PROFIT		161,169,941	583,692,348	38,013,517	260,814,150
SELLING AND DISTRIBUTION EXPENSES		88,458,235	67,695,825	27,222,233	23,460,551
ADMINISTRATIVE EXPENSES		54,751,105	48,492,874	18,948,924	16,165,877
		143,209,340	116,188,699	46,171,157	39,626,428
OPERATING PROFIT		17,960,600	467,503,649	(8,157,641)	221,187,723
OTHER INCOME		9,191,802	5,494,398	3,253,043	1,478,677
		27,152,402	472,998,047	(4,904,598)	222,666,400
FINANCE COST		97,199,179	132,587,964	36,622,458	60,221,363
OTHER CHARGES		28,645,179	18,042,756	4,749,499	14,847,895
		125,844,358	150,630,720	41,371,957	75,069,258
(LOSS) / PROFIT BEFORE TAXATION		(98,691,956)	322,367,327	(46,276,554)	147,597,142
PROVISION FORTAXATION		33,704,997	81,478,886	4,135,457	44,339,733
(LOSS) / PROFIT AFTER TAXATION		(132,396,952)	240,888,441	(50,412,011)	103,257,409
Earnings per share - Basic		(4.06)	7.38	(1.54)	3.16

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

**Chief Executive**

**Director**



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2012

	Nine Months Ended		Quarter Ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Rupees		Rupees	
(Loss) / Profit after taxation for the period	(132,396,952)	240,888,441	(50,412,011)	103,257,409
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(132,396,952)</u>	<u>240,888,441</u>	<u>(50,412,011)</u>	<u>103,257,409</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 ENDED MARCH 31, 2012**

	March 31, 2012 Rupees	March 31, 2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(98,691,956)	322,367,327
Adjustment for:		
Depreciation	93,431,363	92,790,309
Loss on disposal of property, plant and equipment	9,573,489	
Staff retirement benefits	9,277,326	7,898,549
Finance cost	97,199,179	132,587,964
	<u>209,481,356</u>	<u>233,276,822</u>
Cash flows before working capital changes	110,789,400	555,644,149
(Increase)/decrease in current assets		
Stores, spares and loose tools	(27,945,631)	(18,652,571)
Stock in trade	10,212,685	(658,594,236)
Trade debts	(40,549,192)	(135,137,001)
Loans and advances	(7,889,852)	(13,591,711)
Trade deposits and prepayments	(17,500)	(2,222,576)
Other receivable	(67,837,071)	(22,996,124)
Increase/(decrease) in current liabilities		
Trade and other payables	54,892,224	49,147,831
	<u>(79,134,337)</u>	<u>(802,046,388)</u>
Cash Inflows/(Outflows) from operations	31,655,064	(246,402,239)
Finance cost paid	(100,757,667)	(127,424,912)
Staff retirement benefits	(9,522,195)	(5,898,046)
Income Tax paid	(32,784,270)	(38,613,700)
Dividend Paid	(4,560,541)	(4,742,046)
Net cash used in operating activities	<u>(115,969,609)</u>	<u>(423,080,942)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(99,716,473)	(1,290,434)
Proceeds from disposal of property, plant and equipment	15,855,601	-
Capital Work in Progress	(4,030,346)	(9,782,318)
Net cash used in investing activities	<u>(87,891,218)</u>	<u>(11,072,752)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans	89,231,573	(75,768,425)
Due to related parties	20,976,490	102,722,364
Short term borrowings- net	100,171,170	398,841,865
Dividend paid	-	-
Net cash generated from financing activities	<u>210,379,233</u>	<u>425,795,804</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,518,406	(8,357,890)
<b>CASH AND CASH EQUIVALENTS</b>		
AT THE BEGINNING OF THE PERIOD	5,273,265	19,371,361
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>11,791,671</u>	<u>11,013,471</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 ENDED MARCH 31, 2012**

Issued, subscribed and paid-up	Accumulated loss	Total
R	U P E E S	

Balance as at July 01, 2010	326,356,000	(460,503,108)	(134,147,108)
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Final dividend for the year ended

June 30, 2010 @ Rs. 1per share	-	(4,742,046)	(4,742,046)
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Total comprehensive income for the period	240,888,441	240,888,441	
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Surplus on revaluation of fixed assets transferred to  
retained earnings during the period

- relating to incremental depreciation	-	11,885,143	11,885,143
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Balance as at March 31, 2011

326,356,000	(212,471,570)	113,884,430
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Balance as at July 01, 2011

326,356,000	(233,145,345)	93,210,655
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Final dividend for the year ended

June 30, 2011 @ Rs. 1per share	-	(4,560,541)	(4,560,541)
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Total comprehensive (loss) for the period	-	(132,396,952)	(132,396,952)
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Surplus on revaluation of fixed assets transferred to  
retained earnings during the period

- relating to incremental depreciation	-	10,399,476	10,399,476
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Surplus realized on disposal of property, plant and  
equipment

-	11,714,348	11,714,348
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Balance as at March 31, 2012

326,356,000	(347,989,014)	(21,633,014)
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The annexed notes form an integral part of this condensed interim financial information

Chief Executive

Director



# GAZI FABRICS INTERNATIONAL LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT

FOR THE AND THIRD QUARTER ENDED MARCH 31, 2012

## 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, 2011.

## 3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. 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 is the same as those applied in preparation of the financial statements for the year ended June 30, 2011.

	March 31, 2012 Rupees	June 30, 2011 Rupees
5 SHARE CAPITAL		
5.01 Authorised capital 40,000,000 (June 30, 2011: 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, 2011: 32,635,600) ordinary shares of Rs. 10/- each paid in cash	326,356,000	326,356,000
6 LONG TERM FINANCING - Secured		
Opening balance	247,394,166	370,213,108
Add: Acquired during the period / year	165,000,000	-
Less: Repayment during the period / year	(75,768,427)	(122,818,942)
	336,625,739	247,394,166
Less: Current portion	(188,464,264)	(122,818,944)
	148,161,476	124,575,222



**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, 2011.
- 7.02 Commitments against irrevocable letters of credit outstanding as at balance sheet date amounts to Rs. 212.396 Million : (June 30, 2011 Rs. 65.995 Million).

**8 PROPERTY, PLANT AND EQUIPMENT**

		March 31, 2012 Rupees	June 30, 2011 Rupees
Opening written down value		1,352,372,249	1,406,573,950
Addition during the period / year			
Plant and machinery		98,962,460	-
Grid station and generator		-	79,642,917
Furniture and fittings		261,754	-
Vehicles		-	1,492,265
Tools and equipment		492,259	3,848,287
Electric installation		-	1,886,687
		99,716,473	86,870,156
Book value of assets disposed off during the period/ year	8.01	(25,429,090)	(19,155,129)
Depreciation for the period/ year		(93,431,363)	(121,916,728)
		<u>1,333,228,269</u>	<u>1,352,372,249</u>
8.01 Book value of assets disposed off during the period / year			
Plant and machinery		<u>25,429,090</u>	<u>19,155,129</u>

	Nine Months Ended		Quarter Ended	
	March 31, 2012 Rupees	March 31, 2011 Rupees	March 31, 2012 Rupees	March 31, 2011 Rupees
<b>9 COST OF SALES</b>				
Raw materials and other direct materials consumed	2,763,517,965	3,711,546,895	810,387,660	1,334,190,349
Salaries, wages and benefits	191,484,316	187,879,230	64,188,589	66,470,502
Fuel and power	301,560,574	275,810,810	103,432,279	106,507,975
Packing material consumed	34,986,294	33,163,232	9,635,968	12,044,102
Sizing material consumed	46,611,661	43,541,139	13,539,357	16,346,579
Store and spares consumed	105,821,483	87,272,055	34,436,779	24,395,449
Insurance	2,566,009	3,057,834	1,009,082	409,061
Depreciation	90,628,423	90,641,625	33,113,626	29,126,311
Others	11,740,864	7,368,933	3,431,526	2,090,691
	<u>3,548,917,589</u>	<u>4,440,281,753</u>	<u>1,073,174,866</u>	<u>1,591,581,019</u>
Opening	75,070,743	45,146,387	-	59,401,211
Closing	(57,764,534)	(60,457,282)	-	(60,457,282)
Adjustment of work in process	17,306,209	(22,209,529)	(3,810,278)	(6,898,634)
Cost of goods manufactured	<u>3,566,223,798</u>	<u>4,418,072,224</u>	<u>1,069,364,588</u>	<u>1,584,682,385</u>
Opening	331,891,019	259,714,037	-	185,763,973
Closing	(427,747,677)	(211,982,578)	-	(211,982,578)
Adjustment of finished goods	(95,856,658)	10,863,392	(8,676,259)	(36,868,067)
	<u>3,470,367,140</u>	<u>4,428,935,616</u>	<u>1,060,688,329</u>	<u>1,547,814,318</u>



		Nine Months Ended	
		March 31,	March 31,
		2012	2011
10	TRANSACTION WITH RELATED PARTIES		
	Loan from Sponsors - net	20,976,490	76,583,952
	Purchases of raw material	179,648,439	43,209
	Payment for raw material	179,648,439	-

11 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 27, 2011.

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.

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Ph:(042) 35764026-28 Fax: (042) 35764032

E-Mail: [info@ghazifabrics.com](mailto:info@ghazifabrics.com)

Website: [www.ghazifabrics.com](http://www.ghazifabrics.com)

Mills: 46 K.M. Multan Road, Bhai Pheru, Dist Kasur.