



Ghazi Fabrics International Limited
Signature of Quality



1st Quarterly Report

September 30, 2020

UN-AUDITED



Ghazi Fabrics International Limited

COMPANY PROFILE

Board of directors

Mrs. Azra Yasmin

Chairperson

Mohammad Arshad Chaudhry

Chief Executive/ Director

Kamran Arshad

Rizwan Arshad

Khawaja Waheed Raza

Wajeeha Haaris

Muhammad Imran Rasheed

Audit Committee

Muhammad Imran Rasheed

Chairman/ member

Rizwan Arshad

Member

Khawaja Waheed Raza

Member

Human Resource & Remuneration Committee

Muhammad Imran Rasheed

Chairman/ member

Mrs. Azra Yasmin

Member

Wajeeha Haaris

Member

Company Secretary

Majid Rehman

Chief Financial Officer

Abid Rafi

Internal Auditor

Nasir Imran Elahi

Auditors

M/s. Qadeer & Company

Chartered Accountants

Lahore.

Share registrar

M/s. Corplink (Pvt.) Ltd.

Wings Arcade, I-K, Commercial, Model Town,
Lahore

Legal Advisor

Raja Muhammad Akram & Co.,

Corporate Legal Consultants & Advocates

33-C, Main Gulberg, Lahore

Bankers

United Bank Limited

Habib Bank Limited

Registered Office

8-C, E-III, Gulberg-III, Lahore – 54660

042-35764026-28, Fax: 042-35764032

www.ghazifabrics.com

Mills

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

DIRECTORS' REPORT

Dear share holders,

We are pleased to present the financial statements for the quarter ended 30th September, 2020.

Operating results

During the period under review the Company's gross profit was Rs. 59.535 million (corresponding period: Rs. 1.159 million) and the loss after tax of Rs. 42.433 million (corresponding period: Rs. 86.147 million). Loss per share is Rs. 1.30 (corresponding period: Rs. 2.64).

Financial highlights

	For the Quarter Ended September 30, 2020 2019	
	R u p e e s	
Sales	1,317,631,251	999,608,234
Gross profit	59,534,756	1,159,538
Loss after tax	(42,433,275)	(86,146,824)
Gross profit (%)	4.52	0.12
Earning per share (EPS) Rs.	(1.30)	(2.64)

Indicative from the figures above, total sales of the Company increased by nearly 31.81 % as compared to corresponding period. Gross profit computed Rs. 59.535 million as compared to Rs. 1.159 million in corresponding period.

Review of Operations and Future prospects

Despite of the global economic slackness and cutthroat competition loss after tax of the Company in quarter ended September 30, 2020 is Rs. 42.433 million as (corresponding period: Rs. 86.147 million). The main reasons for this reduction in loss are cost controls and focus on efficient operations.

The Company took strict measures to comply with all the Government provided SOP's before starting the factory. Despite the additional costs of these safety measures, the Company continues to keep the health and safety of our employees as its top priority. We will continue to adopt these measures till the Pandemic is fully eradicated.

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 shareholders, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the board

Mohammad Arshad Chaudhry
Chief Executive

Lahore
October 28, 2020

Kamran Arshad
Director

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم 30 ستمبر 2020 کو ختم ہونے والے سہ ماہی مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کا خام منافع 59.535 ملین رہا جو پچھلے سال اسی مدت کے دوران 1.159 ملین رہا اور بعد از ٹیکس نقصان 42.433 ملین رہا جو پچھلے سال اسی مدت کے مطابق 86.147 ملین روپے رہا۔ فی شیئر نقصان (1.30) رہا۔ (نقصان 2.64 : 2019)

	مارچ 2020 روپے	مارچ 2019 روپے	
فروخت	999,608,234	1,317,631,251	
خام منافع	1,159,538	59,534,756	
بعد از ٹیکس نقصان	(86,146,824)	(42,433,275)	
خام منافع %	0.12	4.52	
فی شیئر آمدنی	(2.64)	(1.30)	

مندرجہ بالا اعداد و شمار کے مطابق کمپنی کی مجموعی فروخت پچھلے سال اسی مدت کے مقابلے میں 31.81% بڑھ گئی ہے۔ اس کے علاوہ خام منافع اسی مدت کے مقابلے میں 59.535 ملین رہا جو پچھلے سال اسی مدت کے دوران 1.159 ملین رہا۔

آپریٹنگ اور مستقبل کے امکانات کا جائزہ:

30 ستمبر 2020 کو ختم ہونے والی سہ ماہی میں عالمی معاشی سست روی اور گلا کاٹنے مقابلے کے باوجود کمپنی کا نقصان بعد از ٹیکس 42.433 ملین روپے جو پچھلے سال اسی مدت کے دوران 86.147 ملین رہا۔ اس نقصان میں کمی کی بنیادی وجہ لاگت پر قابو رکھنا اور موثر کاموں پر توجہ دینا ہے۔

کمپنی نے مل شروع کرنے سے پہلے حکومت کی فراہم کردہ SOP کی تعمیل کے لئے سخت اقدامات اٹھائے تھے۔ ان حفاظتی اقدامات کے اضافی اخراجات کے باوجود کمپنی ہمارے ملازمین کی صحت اور حفاظت کو اپنی اولین ترجیح کے طور پر برقرار رکھے گی۔ ہم ان اقدامات کو اپناتے رہیں گے جب تک کہ وہ اپنی بیماری کا مکمل خاتمہ نہیں ہو جاتا۔

اعتراف:

ہم کمپنی کی انتظامیہ اور ملازمین کی انتھک محنت اور توجہ کے شکر گزار ہیں۔ ہم اپنے حصص یافتگان، بینکاروں، سپلائرز اور اپنے قابل قدر صارفین کے تعاون کا بھی شکریہ ادا کرتے ہیں جو اس مدت میں انہوں نے ہمارے ساتھ کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

کامران ارشد
ڈائریکٹر
لاہور

28 اکتوبر 2020ء

چوہدری محمد ارشد
چیف ایگزیکٹو

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
SHARE CAPITAL AND RESERVES			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paidup capital		326,356,000	326,356,000
Directors' loan		2,469,650,837	2,327,150,837
Accumulated (loss)		(1,560,271,033)	(1,517,837,758)
		1,235,735,804	1,135,669,079
NON CURRENT LIABILITIES			
Long term financing	4	135,500,000	162,250,000
Deferred liabilities		148,259,981	134,780,613
		283,759,981	297,030,613
CURRENT LIABILITIES			
Trade and other payables		235,458,012	298,563,037
Unclaimed dividend		4,982,921	4,982,921
Markup/ interest payables		7,105,278	14,977,040
Short term bank borrowings		812,612,805	1,037,669,766
Current portion of long term financing	4	127,750,000	119,750,000
Provision for taxation		86,585,702	67,717,408
		1,274,494,718	1,543,660,172
CONTINGENCIES AND COMMITMENTS			
	5	-	-
TOTAL EQUITY AND LIABILITIES			
		2,793,990,503	2,976,359,864
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,298,870,370	1,321,560,556
Capital work in progress		6,150,739	-
Long term deposits		13,011,694	13,011,694
		1,318,032,803	1,334,572,250
CURRENT ASSETS			
Stores, spares and loose tools		106,654,508	122,870,866
Stock in trade		740,383,161	990,237,892
Trade debts		295,002,250	327,133,703
Loans and advances		257,296,548	118,753,538
Refunds from Government agencies		70,445,330	74,200,306
Cash and bank balances		6,175,903	8,591,309
		1,475,957,700	1,641,787,614
TOTAL ASSETS			
		2,793,990,503	2,976,359,864

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	Quarter Ended	
		September 30, 2020	September 30, 2019
Rupees			
Sales - net		1,317,631,251	999,608,234
Cost of goods sold	7	1,258,096,495	998,448,696
Gross (loss)/ profit		59,534,756	1,159,538
Operating expenses:			
Selling and distribution		17,900,166	8,021,823
Administrative expenses		30,699,883	26,551,829
Other operating expenses		3,047,137	1,577,182
		51,647,186	36,150,833
Operating (loss)/ profit		7,887,570	(34,991,295)
Finance cost		24,411,681	23,111,317
Other operating income		3,548,093	1,352,950
(Loss)/ profit before taxation		(12,976,018)	(56,749,662)
Provision for taxation		29,457,257	29,397,162
(Loss)/ profit after taxation		(42,433,275)	(86,146,824)
Earnings per share - basic		(1.30)	(2.64)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	September 30, 2020	September 30, 2019
(Loss) / profit for the period	(42,433,275)	(86,146,824)
Other comprehensive income	-	-
Total comprehensive loss for the period	(42,433,275)	(86,146,824)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	September 30, 2020	September 30, 2019
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(12,976,018)	(56,749,662)
Adjustments for non-cash charges and other items:		
- Depreciation	30,324,091	32,056,281
- Provision for gratuity	8,035,606	6,293,410
- Disposal gain	(416,932)	-
- Finance cost	24,411,681	23,111,317
	<u>62,354,446</u>	<u>61,461,008</u>
Operating profit before working capital changes	49,378,428	4,711,346
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	16,216,358	3,459,459
- Stock in trade	249,854,731	(74,884,410)
- Trade debts	32,131,453	94,075,418
- Loans and advances	(132,637,862)	106,050,174
- Refunds from Government agencies	3,754,976	28,659,866
Increase / (decrease) in current liabilities:		
- Trade and other payables	(63,105,025)	78,878,889
	<u>106,214,631</u>	<u>236,239,396</u>
Cash generated from / (used in) operations	155,593,059	240,950,742
Gratuity paid	(5,145,201)	(2,410,709)
Tax paid	(5,905,148)	(3,947,230)
Finance cost paid	<u>(32,283,443)</u>	<u>(36,191,609)</u>
Net cash from operating activities	112,259,267	198,401,193
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(7,758,640)	-
Disposal proceeds	541,667	-
Capital work in progress	<u>(6,150,739)</u>	<u>-</u>
Net cash used in investing activities	(13,367,712)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ proceeds from long term financing - net	(18,750,000)	141,450,000
Loan from directors and others - net	142,500,000	(1,126,998)
Unclaimed Dividend	-	-
Short term borrowings	<u>(225,056,961)</u>	<u>(339,900,770)</u>
Net cash generated from financing activities	(101,306,961)	(199,577,768)
Net increase / (decrease) in cash and cash equivalents	(2,415,406)	(1,176,575)
Cash and cash equivalents at the beginning of the period	8,591,309	6,783,725
Cash and cash equivalents at the end of the period	<u>6,175,903</u>	<u>5,607,150</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Issued, Subscribed and Paid-up Share Capital	Loan from Directors	Accumulated loss	Total
	<i>R</i>	<i>U</i>	<i>P</i>	<i>E E S</i>
Balance as at June 30, 2019	326,356,000	2,172,277,835	(1,308,013,961)	1,190,619,874
Transaction with owners - loan from directors	-	(1,126,998)	-	(1,126,998)
Total comprehensive loss for the period	-	-	(86,146,824)	(86,146,824)
Balance as at September 30, 2019	326,356,000	2,171,150,837	(1,394,160,785)	1,103,346,052
Balance as at June 30, 2020	326,356,000	2,327,150,837	(1,517,837,758)	1,135,669,079
Transaction with owners - loan from directors	-	142,500,000	-	142,500,000
Total comprehensive loss for the period	-	-	(42,433,275)	(42,433,275)
Balance as at September 30, 2020	326,356,000	2,469,650,837	(1,560,271,033)	1,235,735,804

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

1 STATUS AND ACTIVITIES

Ghazi Fabrics International Limited ("the Company") was incorporated in Pakistan on April 30, 1989 as a Private Limited Company under the Companies Ordinance 1984 (repealed with the enactment of the Companies Act 2017); and converted into Public Limited Company on January 07, 1990. Its shares are quoted on Pakistan Stock Exchange. The main activities of the Company are textile manufacturing, production of cotton and P.C. yarn and grey cloth that are marketed both within and outside Pakistan. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore and mill is located at 46-km, Multan Road, Bhaiphro, Kasur.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2020.

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2020.

	September 30, 2020	June 30, 2020
	Rupees	
4 LONG TERM FINANCING - Secured		
Opening balance	282,000,000	211,800,028
Add: Acquired during the period / year	-	150,000,000
	282,000,000	361,800,028
Less: Repayment during the period /year	(18,750,000)	(79,800,028)
	263,250,000	282,000,000
Less: Current portion	(127,750,000)	(119,750,000)
	135,500,000	162,250,000

5 CONTINGENCIES AND COMMITMENTS

5.1 The Company has provided bank guarantee in favor of Sui Northern Gas Pipeline Limited amounting to Rs. 90.614 million (June 30, 2020 : Rs. 90.614 million) on account of security deposits against the consumption of natural gas.

5.2 The company has challenged the recovery of Gas Infrastructure Development Cess and filed petition challenging the demand of GIDC both at Lahore High Court and Supreme Court of Pakistan. The Lahore High Court granted stay against charging of GIDC. Since, the issue is being faced by the industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that the final decision of the case shall be in its favor. Furthermore, it is difficult to determine the exact monetary estimate as the applicability of the Gas Infrastructure Development Cess is in litigation. However the amount may range between Rs. 37~42 Million.

5.3 Post dated cheques issued in the favor of Collector of Custom against import Rs. 168.422 million. (June 30, 2020 : Rs. 171.822 million)

5.4 There were commitments against irrevocable letters of credit outstanding amounting to Rs. 106.674 million (June 30, 2020 : Rs.48.869 million)

6 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2020	June 30, 2020
	Rupees	
Opening written down value	1,321,560,556	1,401,015,957
Addition during the period / year		
Land - freehold	-	-
Building on freehold land	-	10,020,329
Plant and machinery	-	32,629,847
Grid station and generators	-	-
Furniture and fittings	-	-
Vehicles	7,758,640	5,236,790
Equipment	-	-
Electric installation	-	-
	7,758,640	47,886,966
Book value of assets disposed off during the period / year	(124,735)	(1,577)
Depreciation for the period / year	(30,324,091)	(127,340,790)
	<u>1,298,870,370</u>	<u>1,321,560,556</u>
6.1 Book value of assets disposed off		
Vehicles	124,735	1,577
	<u>124,735</u>	<u>1,577</u>
	Quarter Ended	
	September 30, 2020	September 30, 2019
	Rupees	
Raw materials and other direct materials consumed	919,980,346	878,421,394
Fabric conversion, dyeing and bleaching	-	733,738
Salaries, wages and benefits	113,405,716	113,568,372
Fuel and power	149,972,128	148,833,712
Packing material consumed	14,244,249	11,576,846
Sizing material consumed	10,076,129	10,801,550
Store and spares consumed	27,369,044	15,828,800
Insurance	1,468,609	74,653
Depreciation	28,807,886	30,453,467
Others	5,495,158	7,915,316
	<u>1,270,819,265</u>	<u>1,218,207,848</u>
Adjustment of work in process		
Opening	110,997,025	99,490,144
Closing	(115,814,972)	(103,747,286)
	<u>(4,817,947)</u>	<u>(4,257,142)</u>
Cost of goods manufactured	1,266,001,317	1,213,950,706
Adjustment of finished goods		
Opening	287,037,260	158,592,901
Closing	(294,942,083)	(374,094,912)
	<u>(7,904,823)</u>	<u>(215,502,011)</u>
	<u>1,258,096,495</u>	<u>998,448,696</u>
7.1 Raw material consumed		
Opening stock	592,203,607	471,107,861
Purchases	657,402,844	733,546,653
	<u>1,249,606,451</u>	<u>1,204,654,514</u>
Closing stock	(329,626,105)	(326,233,120)
	<u>919,980,346</u>	<u>878,421,394</u>

8 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the period ended September 30, 2020 and September 30, 2019 respectively.

	Spinning Rs.	Weaving Rs.	Inter Segment Transactions Rs.	Consolidated Rs.
	Quarter ended September 30, 2020			
Sales	779,164,173	646,640,103	(108,173,025)	1,317,631,251
Cost of Sales:	(747,230,451)	(619,039,069)	108,173,025	(1,258,096,495)
Gross profit / (loss)	31,933,722	27,601,034	-	59,534,756
Selling and distribution costs	(9,781,965)	(8,118,201)	-	(17,900,166)
Administrative and general expenses	(16,776,671)	(13,923,212)	-	(30,699,883)
Loss before taxation and un allocated expenses	5,375,086	5,559,621	-	10,934,707
Un-allocated expenses:				
Other operating expenses				(3,047,137)
Other operating income				3,548,093
Finance cost				(24,411,681)
Loss before taxation				(12,976,018)
Taxation				(29,457,257)
Loss for the period				<u>(42,433,275)</u>
	Quarter ended September 30, 2019			
Sales	675,760,272	442,480,180	(118,632,218)	999,608,234
Cost of Sales:	(688,043,633)	(429,037,281)	118,632,218	(998,448,696)
Gross profit / (loss)	(12,283,361)	13,442,899	-	1,159,538
Selling and distribution costs	(4,847,642)	(3,174,181)	-	(8,021,823)
Administrative and general expenses	(16,045,450)	(10,506,379)	-	(26,551,829)
Profit / (loss) before taxation and un allocated expenses	(33,176,453)	(237,660)	-	(33,414,113)
Un-allocated expenses:				
Other operating expenses				(1,577,182)
Other operating income				1,352,950
Finance cost				(23,111,317)
Loss before taxation				(56,749,662)
Taxation				(29,397,162)
Loss for the period				<u>(86,146,824)</u>

9 TRANSACTIONS WITH RELATED PARTIES

	Quarter Ended	
	September 30, 2020	September 30, 2019
	Rupees	
Directors' loan	142,500,000	(1,126,998)

There were no transactions with key management personnel other than undertaken as per terms of their employment.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on October 28, 2020.

11 CORRESPONDING FIGURES

Corresponding figures of these condensed interim financial statements have been re-arranged wherever necessary for the purpose of comparison

12 GENERAL

Figures have been rounded off to the nearest of rupees.

Chief Executive

Chief Financial Officer

Director

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E-Mail: info@ghazifabrics.com

Website: www.ghazifabrics.com

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