



Ghazi Fabrics International Limited
Signature of Quality



1st Quarterly Report

September 30, 2019

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

Muhammad Salman Tariq

Wajeeha Haaris

Muhammad Imran Rasheed

Audit Committee

Muhammad Imran Rasheed

Chairman/ member

Rizwan Arshad

Member

Muhammad Salman Tariq

Member

Human Resource & Remuneration Committee

Muhammad Imran Rasheed

Chairman/ member

Mrs. Azra Yasmin

Member

Wajeeha Haaris

Member

Company Secretary

Majid Rehman, ACA

Chief Financial Officer

Abid Rafi

Internal Auditor

Nasir Imran Elahi, ACA

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

We are pleased to present the financial statements for the quarter ended 30th September, 2019.

Operating results

During the period under review the Company's sales were Rs. 999.608 million and the loss after tax of Rs. 86.147 million for the quarter ended September 30, 2019 as compared to a loss of Rs. 41.742 million in the corresponding period. Earning per share is Rs. (2.64) (corresponding period: Rs. 1.28)

Financial highlights

	For the Quarter Ended September 30, 2019 2018	
	R u p e e s	
Sales	999,608,234	1,099,836,549
Operating (loss)/profit	(34,991,295)	4,897,749
Loss after tax	(86,146,824)	(41,742,296)
Earning per share (EPS) Rs.	(2.64)	(1.28)

Above mentioned loss of Rs. 86.147 million as compared to a loss of Rs. 41.742 million last year is due to depressed demand of textile products. This impact is mainly attributable to the textile sector being under pressure due to reduction in exports of textile products, imposition of sales tax and also local market prices could not provide reasonable margins and predatory power prices.

Future prospects

The revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country. Yarn market seems under pressure, which may impact the future profitability of the Company. The company is trying its best to meet these challenges through improvement in product development, marketing efforts and working on energy efficiency measures. What also remains in question is whether gas will be available to Punjab based mills going forward in the winter months or not.

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..

Kamran Arshad

For and on behalf of the board

Lahore
October 30, 2019

(Mohammad Arshad Chaudhry)
Chief Executive

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم 30 ستمبر 2019 کو ختم ہونے والے تین ماہ کے مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کی فروخت 999.608 ملین روپے رہی اور بعد از ٹیکس نقصان 86.147 ملین روپے رہا ہے۔ اسی مدت کے اعداد و شمار کے مطابق بعد از ٹیکس نقصان 41.742 ملین روپے رہا۔ فی شیئر آمدنی (2.64) رہی۔ (1.28)۔ (2018)۔

	ستمبر 2019 روپے	ستمبر 2018 روپے
فروخت	999,608,234	1,099,836,549
آپریٹنگ منافع / نقصان	(34,991,295)	4,897,749
بعد از ٹیکس نقصان	(86,146,824)	(41,742,296)
فی شیئر آمدنی	(2.64)	(1.28)

مذکورہ بالا نقصان ٹیکسٹائل مصنوعات کی افروہی کی طلب کی وجہ سے گزشتہ سال 41.742 ملین روپے کے خسارے کے مقابلے میں 86.147 ملین ڈالر کا نقصان ہوا ہے۔ یہ اثر بنیادی طور پر ٹیکسٹائل کے شعبے کو ٹیکسٹائل مصنوعات کی برآمدات میں کمی، سٹریٹنگس کے نفاذ اور مقامی مارکیٹ کی قیمتوں میں مناسب مارجن اور بجلی کی قیمتوں کی فراہمی کی وجہ سے دباؤ کا سامنا کرنا پڑتا ہے۔

مستقبل کے امکانات:

گھریلو ٹیکسٹائل کی صنعت کی بحالی کا زیادہ تر انحصار ملک میں بجلی اور گیس کی مستقل دستیابی پر ہے، سوت کی مارکیٹ دباؤ میں ہے جو کمپنی کے مستقبل کے منافع کو متاثر کر سکتی ہے۔ کمپنی مصنوعات کی ترقی میں بہتری، مارکیٹنگ کی کوششوں اور توانائی کی بچت کے اقدامات پر کام کرنے کے ذریعے ان چیلنجوں کا مقابلے کرنے کی پوری کوشش کر رہی ہے، اس کے علاوہ یہ سوال بھی باقی ہے کہ آیا موسم سرما کے مہینوں میں آگے بڑھنے والی پنجاب کی بنیاد پر ملوں کو گیس دستیاب ہوگی یا نہیں۔

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

30 اکتوبر 2019ء

چوہدری محمد ارشد
چیف ایگزیکٹو

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (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		2,171,150,837	2,172,277,835
Accumulated (loss)		(1,394,160,785)	(1,308,013,961)
		1,103,346,052	1,190,619,874
NON CURRENT LIABILITIES			
Long term financing	4	228,250,028	131,250,000
Deferred liabilities		188,475,323	169,441,718
		416,725,351	300,691,718
CURRENT LIABILITIES			
Trade and other payables		302,733,784	223,854,895
Unclaimed dividend		4,985,265	4,985,265
Markup/ interest payables		14,517,266	27,597,559
Short term bank borrowings		915,961,910	1,255,862,680
Current portion of long term financing	4	125,000,000	80,550,028
Provision for taxation		72,918,803	58,672,545
		1,436,117,028	1,651,522,972
CONTINGENCIES AND COMMITMENTS			
	5	-	-
TOTAL EQUITY AND LIABILITIES			
		2,956,188,431	3,142,834,564
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,368,959,676	1,401,015,957
Capital work in progress		-	-
Long term deposits		13,011,694	13,011,694
		1,381,971,370	1,414,027,651
CURRENT ASSETS			
Stores, spares and loose tools		128,454,803	131,914,262
Stock in trade		804,075,317	729,190,906
Trade debts		325,635,866	419,711,284
Loans and advances		142,466,441	244,569,386
Refunds from Government agencies		167,977,484	196,637,350
Cash and bank balances		5,607,150	6,783,725
		1,574,217,061	1,728,806,913
TOTAL ASSETS			
		2,956,188,431	3,142,834,564

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter Ended	
		September 30, 2019	September 30, 2018
Rupees			
Sales - net		999,608,234	1,099,836,549
Cost of goods sold	7	998,448,696	1,040,974,379
Gross (loss)/ profit		1,159,538	58,862,170
Operating expenses:			
Selling and distribution		8,021,823	24,573,797
Administrative expenses		26,551,829	27,749,177
Other operating expenses		1,577,182	1,641,447
		36,150,833	53,964,421
Operating (loss)/ profit		(34,991,295)	4,897,749
Finance cost		23,111,317	33,605,314
Other operating income		1,352,950	1,155,790
(Loss)/ profit before taxation		(56,749,662)	(27,551,775)
Provision for taxation		29,397,162	14,190,521
(Loss)/ profit after taxation		(86,146,824)	(41,742,296)
Earnings per share - basic		(2.64)	(1.28)

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30, 2019	September 30, 2018
(Loss) / profit for the period	(86,146,824)	(41,742,296)
Other comprehensive income	-	-
Total comprehensive loss for the period	(86,146,824)	(41,742,296)

The annexed notes form an integral part of these condensed financial statements.

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(56,749,662)	(27,551,775)
Adjustments for non-cash charges and other items:		
- Depreciation	32,056,281	32,435,315
- Provision for gratuity	6,293,410	6,626,700
- Finance cost	23,111,317	33,605,314
	<u>61,461,008</u>	<u>72,667,329</u>
Operating profit before working capital changes	4,711,346	45,115,554
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	3,459,459	(3,319,704)
- Stock in trade	(74,884,410)	(405,354,282)
- Trade debts	94,075,418	(246,849,705)
- Loans and advances	106,050,174	114,804,753
- Refunds from Government agencies	28,659,866	(4,952,248)
Increase / (decrease) in current liabilities:		
- Trade and other payables	78,878,889	123,048,509
	<u>236,239,396</u>	<u>(422,622,677)</u>
Cash generated from / (used in) operations	240,950,742	(377,507,123)
Gratuity paid	(2,410,709)	(2,185,837)
Tax paid	(3,947,230)	(9,033,746)
Finance cost paid	(36,191,609)	(26,253,160)
Net cash from operating activities	198,401,193	(414,979,866)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	-	(37,600)
Net cash used in investing activities	-	(37,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ proceeds from long term financing - net	141,450,000	(31,250,028)
Loan from directors and others - net	(1,126,998)	70,000,000
Unclaimed Dividend	-	(11,225)
Short term borrowings	(339,900,770)	354,533,108
Net cash generated from financing activities	(199,577,768)	393,271,855
Net increase / (decrease) in cash and cash equivalents	(1,176,575)	(21,745,611)
Cash and cash equivalents at the beginning of the period	6,783,725	30,450,406
Cash and cash equivalents at the end of the period	<u>5,607,150</u>	<u>8,704,795</u>

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

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY**
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	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, 2018	326,356,000	1,993,777,835	(1,263,975,167)	1,056,158,668
Transaction with owners - loan from directors	-	70,000,000	-	70,000,000
Total comprehensive loss for the period	-	-	(41,742,296)	(41,742,296)
Balance as at September 30, 2018	326,356,000	2,063,777,835	(1,305,717,463)	1,084,416,372
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

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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, Bhaiphero, Kasur.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended September 30, 2019 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, 2019.

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, 2019.

	September 30, 2019	June 30, 2019
	Rupees	
4 LONG TERM FINANCING - Secured		
Opening balance	211,800,028	206,250,028
Add: Acquired during the period / year	150,000,000	150,000,000
	361,800,028	356,250,028
Less: Repayment during the period /year	(8,550,000)	(144,450,000)
	353,250,028	211,800,028
Less: Current portion	(125,000,000)	(80,550,028)
	228,250,028	131,250,000

5 CONTINGENCIES AND COMMITMENTS

5.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.865 million (June 30, 2019 : Rs. 53.865 million) on account of security deposits against the consumption of natural gas.

5.2 Post dated cheques issued in the favour of Collector of Custom against import Rs. 55.025 million. (June 30, 2019 : Rs. 55.025 million)

5.3 There were commitments against irrevocable letters of credit outstanding amounting to Rs.80.566 million (June 30, 2019 : Rs.16.627 million)

6 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2019	June 30, 2019
Note	Rupees	
Opening written down value	1,401,015,957	1,415,526,051
Addition during the period / year		
Land - freehold	-	-
Building on freehold land	-	118,935,967
Plant and machinery	-	-
Furniture and fittings	-	-
Vehicles	-	-
Equipment	-	165,500
Electric installation	-	-
	-	119,101,467
Book value of assets disposed off during the period / year	-	-
Depreciation for the period / year	(32,056,281)	(133,611,561)
	<u>1,368,959,676</u>	<u>1,401,015,957</u>

6.1 Book value of assets disposed off
Vehicles

-	-
-	-
Quarter Ended	
September 30, 2019	September 30, 2018

7 COST OF GOODS SOLD

Raw materials and other direct materials consumed	7.1	878,421,394	698,508,025
Fabric conversion, dyeing and bleaching		733,738	4,768,050
Salaries, wages and benefits		113,568,372	97,038,327
Fuel and power		148,833,712	133,119,892
Packing material consumed		11,576,846	9,928,086
Sizing material consumed		10,801,550	10,277,939
Store and spares consumed		15,828,800	21,694,090
Insurance		74,653	1,280,530
Depreciation		30,453,467	30,813,549
Others		7,915,316	3,444,457
		<u>1,218,207,848</u>	<u>1,010,872,945</u>

Adjustment of work in process
Opening

99,490,144	80,455,585
(103,747,286)	(71,452,966)
(4,257,142)	9,002,619

Cost of goods manufactured

1,213,950,706	1,019,875,564
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Adjustment of finished goods

Opening

158,592,901	290,739,445
(374,094,912)	(269,640,630)
(215,502,011)	21,098,815

Closing

<u>998,448,696</u>	<u>1,040,974,379</u>
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7.1 Raw material consumed

Opening stock

471,107,861	78,419,115
733,546,653	1,133,963,742

Purchases

1,204,654,514	1,212,382,857
(326,233,120)	(513,874,832)

Closing stock

<u>878,421,394</u>	<u>698,508,025</u>
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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, 2019 and September 30, 2018 respectively.

	Spinning Rs.	Weaving Rs.	Inter Segment Transactions Rs.	Consolidated Rs.
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)
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>

Quarter ended September 30, 2018				
Sales	725,684,180	691,364,957	(317,212,588)	1,099,836,549
Cost of Sales:	(728,682,065)	(629,504,902)	317,212,588	(1,040,974,379)
Gross profit / (loss)	(2,997,885)	61,860,055	-	58,862,170
Selling and distribution costs	(6,363,538)	(18,210,259)	-	(24,573,797)
Administrative and general expenses	(18,036,965)	(9,712,212)	-	(27,749,177)
Profit / (loss) before taxation and un allocated expenses	(27,398,388)	33,937,584	-	6,539,196
Un-allocated expenses:				
Other operating expenses				(1,641,447)
Other operating income				1,155,790
Finance cost				(33,605,314)
Loss before taxation				(27,551,775)
Taxation				(14,190,521)
Loss for the period				<u>(41,742,296)</u>

9 TRANSACTIONS WITH RELATED PARTIES

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	
Directors' loan	(1,126,998)	70,000,000
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 30, 2019.

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.

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Website: www.ghazifabrics.com

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