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



Ghazi Fabrics International Limited
Signature of Quality



3rd Quarterly Report

March 31, 2018

UN-AUDITED

COMPANY PROFILE

Board of directors

Mrs. Azra Yasmin (Non-Executive Director)
Chairperson

Mohammad Arshad Chaudhry (Executive Director)
Chief Executive/ Director

Kamran Arshad (Executive Director)
Rizwan Arshad (Non-Executive Director)
Wajeeha Haaris (Non-Executive Director)

Muhammad Imran Rasheed (Independent Director)
Muhammad Salman Tariq (Non-Executive Director)

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.

DIRECTOR'S REPORT

We are pleased to present the financial statements for the nine months ended 31st March, 2018.

Operating results

During the period under review the Company's sales were recorded at Rs. 2,686.135 million and the loss after tax of Rs. 186.132 million for the nine months ended March 31, 2018 as compared to a loss of Rs. 271.930 million in the corresponding period. Earning per share is Rs. (5.70) (corresponding period: Rs. (8.33)).

Financial highlights

	For the Nine months Ended March 31,	
	2018	2017
	R u p e e s	
Sales	2,686,134,847	3,372,569,023
Operating loss	(63,053,014)	(102,387,659)
Loss after tax	(186,132,312)	(271,930,352)
Earning per share (EPS) Rs.	(5.70)	(8.33)

Above mentioned loss of Rs. 186.132 million as compared to a loss of Rs. 271.930 million last year is due to lackluster performance of cotton yarn and cotton cloth in local and international market. Exports have declined continuously during the last four years because of the high cost of doing business as compared to other countries exporting similar goods.

Future prospects

The revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country at a competitive price. Yarn market seems under pressure, which may impact the future profitability of the Company. However, the company is trying its best to meet these challenges through improvement in product development, marketing efforts and working on energy efficiency measures.

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

(Muhammad Arshad Chaudhry)
Chief Executive Officer

(Kamran Arshad)
Director

Lahore
April 23, 2018

ڈائریکٹرز رپورٹ

ہم 31 مارچ 2018ء کو ختم ہونے والے نو ماہ کے مالی گوشوارے پیش کرتے ہیں۔
آپریٹنگ نیٹج:

زیر جائزہ مدت کے دوران کمپنی کی فروخت 2,686,135 ملین رہی اور بعد از ٹیکس نقصان 186,132 ملین رہا ہے اور پچھلے سال اسی مدت کے اعداد و شمار کے مطابق بعد از ٹیکس نقصان 271,930 ملین روپے رہا۔ فی شیئر آمدنی (5.70) رہی۔ ((8.33) (2017)

2017 مارچ	2018 مارچ	
روپے	روپے	
3,372,569,023	2,686,134,847	فروخت
(102,387,659)	(63,053,014)	آپریٹنگ منافع (نقصان)
(271,930,352)	(186,132,312)	بعد از ٹیکس منافع (نقصان)
(8.33)	(5.70)	فی شیئر آمدنی

مندرجہ بالا اعداد و شمار کے مطابق کمپنی کا مزکورہ مدت کے دوران 186,132 ملین کے بعد از ٹیکس نقصان کے مقابلے میں گزشتہ سال اسی مدت میں بعد از ٹیکس 271,930 ملین کا نقصان ہوا ہے۔ یہ اثر بنیادی طور پر مقامی اور بین الاقوامی مارکیٹ میں کپاس کے دھاگے اور کپڑے کی بری کارکردگی کی وجہ سے ہے۔ دیگر مالک کی نسبت کاروبار کرنے کی لاگت بڑھنے کی وجہ سے گزشتہ چار سالوں میں برآمد میں مسلسل کمی آئی ہے۔ مستقبل کے امکانات:

ٹیکسٹائل کی صنعت کی بحالی، ملک میں بجلی اور گیس کی مسلسل فراہمی پر منحصر ہے۔ دھاگے کی مارکیٹ دباؤ میں دکھائی دیتی ہے۔ جو کمپنی کے مستقبل کے منافع پر اثر انداز ہو سکتی ہے۔ کمپنی مصنوعات کی ترقی، مارکیٹنگ کی کوششوں میں بہتری اور توانائی کی بچت کے اقدامات پر کام کر کے ان چیلنجوں کا سامنا کرنے کے لئے بہترین کوشش کر رہی ہے۔ یہ سوال ابھی بھی ہے کہ موسم سرما میں پنجاب کی ملوں کے لئے گیس دستیاب ہوگی کہ نہیں۔

اعتراف:

ڈائریکٹرز نے کمپنی کی انتظامیہ کی تعریف کرنے کے ساتھ ساتھ اپنے حصص یافتگان، بینکاروں، سپلائرز اور اپنے قابل قدر صارفین کے تعاون کا شکر ادا کیا جو اس مدت میں انہوں نے ہمارے ساتھ کیا۔

پورڈ آف ڈائریکٹرز کی جانب سے

کاہران ارشد

ڈائریکٹر

لاہور

23 اپریل 2018ء

محمد ارشد چوہدری

چیف ایگزیکٹو

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) BALANCE SHEET AS AT MARCH 31, 2018

	Note	Unaudited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
EQUITY AND LIABILITIES			
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
Directors' loan		1,988,727,835	1,640,727,835
Accumulated loss		(1,282,431,933)	(1,096,299,621)
		1,032,651,902	870,784,214
NON CURRENT LIABILITIES			
Long term financing	6	68,750,000	206,250,028
Deferred liabilities		92,703,299	79,612,981
		161,453,299	285,863,009
CURRENT LIABILITIES			
Trade and other payables		496,132,795	322,321,293
Markup / interest payables		19,049,599	23,650,661
Short term bank borrowings		1,038,288,255	1,203,402,811
Current portion of long term financing	6	185,500,000	175,000,000
Provision for taxation		30,297,210	31,653,468
		1,769,267,859	1,756,028,233
CONTINGENCIES AND COMMITMENTS	7	-	-
		2,963,373,060	2,912,675,456
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	8	1,450,012,180	1,556,531,939
Capital work in progress		24,716,328	1,134,100
		1,474,728,508	1,557,666,039
Long term deposit		13,011,694	13,011,744
		1,487,740,202	1,570,677,783
CURRENT ASSETS			
Stores, spares and loose tools		145,083,666	114,772,146
Stock in trade		555,300,473	749,187,822
Trade debts		415,565,495	127,992,786
Loans and advances		126,478,686	107,861,083
Refunds from Government agencies		227,151,525	235,436,160
Cash and bank balances		6,053,013	6,747,675
		1,475,632,858	1,341,997,673
		2,963,373,060	2,912,675,456

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Note	Nine Months Ended		Quarter Ended	
		March 31,		March 31,	
		2018	2017	2018	2017
		Rupees		Rupees	
SALES - Net	9	2,686,134,847	3,372,569,023	969,021,820	1,006,316,850
COST OF SALES	10	2,598,804,896	3,314,945,670	961,876,218	979,710,972
GROSS PROFIT		87,329,951	57,623,353	7,145,602	26,605,878
SELLING AND DISTRIBUTION ADMINISTRATIVE EXPENSES		68,711,167 81,671,798	76,956,698 83,054,314	26,244,912 23,115,803	10,454,550 28,687,555
OPERATING LOSS		(63,053,014)	(102,387,659)	(42,215,113)	(12,536,227)
OTHER INCOME		11,133,419 (51,919,595)	5,726,587 (96,661,072)	9,059,166 (33,155,947)	1,591,413 (10,944,814)
FINANCE COST		90,468,969	108,236,746	31,839,791	35,012,569
OTHER CHARGES		2,476,627	11,485,585	225,830	1,564,174
LOSS BEFORE TAXATION		(144,865,191)	(216,383,402)	(65,221,568)	(47,521,556)
PROVISION FOR TAXATION		41,267,121	55,546,950	5,228,936	7,822,589
LOSS AFTER TAXATION		(186,132,312)	(271,930,352)	(59,992,632)	(55,344,145)
Earnings per share - Basic		(5.70)	(8.33)	(1.84)	(1.70)

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended		Quarter Ended		
	March 31,		March 31,		
	2018	2017	2018	2017	
		Rupees		Rupees	
Loss after taxation	(186,132,312)	(271,930,352)	(59,992,632)	(55,344,145)	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive loss for the period	(186,132,312)	(271,930,352)	(59,992,632)	(55,344,145)	

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	March 31, 2018 Rupees	March 31, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(144,865,191)	(216,383,403)
Adjustment for:		
Depreciation	106,453,634	110,064,275
(Gain) / Loss on disposal of fixed assets	(391,933)	7,011,967
Staff retirement benefits	17,462,250	18,374,327
Finance cost	90,468,969	108,236,746
	<u>213,992,920</u>	<u>243,687,315</u>
Cash flows before working capital changes	69,127,729	27,303,912
(Increase)/decrease in current assets		
Stores, spares and loose tools	(30,311,521)	(28,258,620)
Stock in trade	193,887,349	(294,906,067)
Trade debts	(287,572,709)	(14,553,243)
Loans and advances	(18,617,603)	46,991,776
Refunds from Govt. Agencies	8,284,635	(1,828,261)
Other receivables	-	(27,599,108)
Increase/(decrease) in current liabilities		
Trade and other payables	173,811,502	(66,292,265)
	<u>39,481,653</u>	<u>(386,472,787)</u>
Cash (Outflows) / Inflows from operations	108,609,382	(359,168,875)
Finance cost paid	(95,070,031)	(87,417,008)
Staff retirement benefits Paid	(15,225,793)	(23,493,466)
Income Tax paid	(31,769,515)	(64,105,113)
Net cash used in operating activities	(33,455,957)	(534,184,462)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(474,716)	(4,744,351)
Proceeds from disposal of property, plant and equipment	932,773	2,586,494
Capital Work in Progress	(23,582,228)	(62,032,658)
Long term deposits	50	-
Net cash used in investing activities	(23,124,121)	(64,190,515)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(127,000,028)	(107,461,532)
Loan from directors and others-net	348,000,000	310,000,000
Short term borrowings- net	(165,114,556)	414,510,943
Net cash generated from financing activities	55,885,416	617,049,411
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(694,662)	18,674,439
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	6,747,675	4,155,728
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,053,013	22,830,167

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Issued, subscribed and paid-up capital	Director's Loan	Accumulated losses	Total
	<i>R U P E E S</i>			
Balance as at July 01, 2016	326,356,000	1,255,727,835	(753,437,744)	828,646,091
Transaction with owner loan from directors	-	310,000,000	-	310,000,000
Total comprehensive loss for the period	-	-	(271,930,352)	(271,930,352)
Balance as at March 31, 2017	326,356,000	1,565,727,835	(1,025,368,096)	866,715,739
Balance as at July 01, 2017	326,356,000	1,640,727,835	(1,096,299,621)	870,784,214
Transaction with owner loan from directors	-	348,000,000	-	348,000,000
Total comprehensive loss for the period	-	-	(186,132,312)	(186,132,312)
Balance as at March 31, 2018	326,356,000	1,988,727,835	(1,282,431,933)	1,032,651,902

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

Chief Executive

Chief Financial Officer

Director

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

I 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 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 in and outside Pakistan. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore.

2 STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 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, 2017.

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, 2017.

	March 31, 2018 Rupees	June 30, 2017 Rupees
5 SHARE CAPITAL		
5.01 Authorized capital		
40,000,000 (June 30, 2017 : 40,000,000) ordinary shares of Rs. 10/- each paid in cash.	<u>400,000,000</u>	<u>400,000,000</u>
5.02 Issued, subscribed and paid up capital:		
32,635,600 (June 30, 2017 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash.	<u>326,356,000</u>	<u>326,356,000</u>
6 LONG TERM FINANCING - Secured		
Opening balance	381,250,028	493,461,570
Add: Acquired during the period	-	-
Less: Repayment during the period	<u>(127,000,028)</u>	<u>(112,211,542)</u>
	254,250,000	381,250,028
Less: Current portion	<u>(185,500,000)</u>	<u>(175,000,000)</u>
	<u>68,750,000</u>	<u>206,250,028</u>

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, 2017.

7.02 Commitments against irrevocable letters of credit outstanding as at March 31, 2018 amounts to Rs. Nil; (June 30, 2017 Rs. 6.5 Million).

	March 31, 2018 Rupees	June 30, 2017 Rupees
8 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	1,556,531,940	1,605,032,489
Addition during the period		
Land - freehold	-	-
Building on freehold land	474,716	641,378
Plant and machinery	-	107,856,006
Furniture and fittings	-	-
Vehicles	-	2,863,248
Equipment	-	1,181,103
Electric installation	-	-
	474,716	112,541,735
Book value of assets disposed off during the period	(540,841)	(13,579,774)
Depreciation for the period	<u>(106,453,634)</u>	<u>(147,462,511)</u>
	<u>1,450,012,180</u>	<u>1,556,531,940</u>

	Unaudited Nine Months Ended		Unaudited Quarter Ended	
	March 31, 2018 Rupees	March 31, 2017 Rupees	March 31, 2018 Rupees	March 31, 2017 Rupees
9 SALES-NET				
Sales	2,660,189,031	3,372,569,023	958,520,571	1,006,316,850
Rebate	<u>25,945,816</u>	-	<u>10,501,249</u>	-
	<u>2,686,134,847</u>	3,372,569,023	<u>969,021,820</u>	1,006,316,850

10 COST OF SALES

Raw material consumed	1,695,214,575	2,253,853,764	628,659,413	619,760,636
Fabric conversion, dyeing and bleaching	4,741,723	6,814,311	892,035	488,062
Salaries, wages and benefits	313,624,278	286,426,070	117,992,288	86,807,482
Fuel and power	387,222,058	292,479,440	159,333,818	95,800,050
Packing material consumed	32,847,193	45,511,426	15,292,668	16,319,723
Sizing material consumed	37,712,731	25,760,754	18,171,549	10,158,325
Store and spares consumed	71,118,054	88,313,474	28,355,944	44,975,822
Insurance	2,262,968	5,152,244	7,856	1,032,389
Repair and maintenance	6,136,037	9,736,030	1,166,924	2,642,993
Depreciation	101,130,952	104,155,510	35,861,695	34,374,054
	<u>2,652,010,569</u>	3,118,203,023	<u>1,005,734,190</u>	912,359,536
Adjustment of work in process	<u>(14,198,461)</u>	<u>(1,197,573)</u>	<u>(18,844,295)</u>	<u>(10,175,397)</u>
Cost of goods manufactured	2,637,812,108	3,117,005,450	986,889,895	902,184,139
Adjustment of finished goods	<u>(39,007,212)</u>	<u>(197,940,220)</u>	<u>(25,013,677)</u>	<u>(77,526,833)</u>
	<u>2,598,804,896</u>	<u>3,314,945,670</u>	<u>961,876,217</u>	<u>979,710,972</u>

	Nine Months Ended	
	March 31, 2018 Rupees	March 31, 2017 Rupees
11 TRANSACTION WITH RELATED PARTIES		
Receipt / (Repayment) of Sponsors' loan - net	348,000,000	310,000,000

12 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the nine months ended March 31, 2018 and March 31, 2017.

	Spinning	Weaving	Inter - segment Transactions	Consolidated
Amount (Rupees)				
March 31, 2018				
Sales	1,782,547,558	1,689,464,398	(785,877,109)	2,686,134,847
Cost of Sales:	<u>(1,809,282,938)</u>	<u>(1,575,399,064)</u>	<u>785,877,109</u>	<u>(2,598,804,893)</u>
Gross profit / (Loss)	(26,735,380)	114,065,334	-	87,329,954
Selling and distribution costs	13,742,233	54,968,934	-	68,711,167
Administrative and general expenses	<u>54,720,105</u>	<u>26,951,693</u>	<u>-</u>	<u>81,671,798</u>
Profit /(loss) before taxation & un-allocated expenses	41,726,958	195,985,961	-	(63,053,011)
Un-allocated expenses:				
Other operating expenses				2,476,627
Other operating income				11,133,419
Finance cost				<u>90,468,969</u>
Loss before taxation				(144,865,188)
Taxation				<u>(41,267,121)</u>
Net loss for the period				<u>(186,132,309)</u>

Amount (Rupees)				
March 31, 2017				
Sales	2,339,217,196	1,696,637,540	(663,285,713)	3,372,569,023
Cost of Sales:	<u>(2,486,209,252)</u>	<u>(1,492,022,130)</u>	<u>663,285,713</u>	<u>(3,314,945,669)</u>
Gross profit / (Loss)	(146,992,056)	204,615,410	-	57,623,353
Selling and distribution costs	(18,698,115)	(54,758,583)	-	(76,956,689)
Administrative and general expenses	<u>(55,387,833)</u>	<u>(21,127,691)</u>	<u>-</u>	<u>(83,054,314)</u>
Profit /(loss) before taxation & un-allocated expenses	(221,078,004)	128,729,135	-	(102,387,651)
Un-allocated expenses:				
Other operating expenses				(11,485,585)
Other operating income				5,726,587
Finance cost				<u>(108,236,746)</u>
Loss before taxation				(216,383,403)
Taxation				<u>(55,546,949)</u>
Net loss for the period				<u>(271,930,352)</u>

13 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on April 23, 2018.

14 CORRESPONDING FIGURES

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

14.2 Figures have been rounded off to the nearest rupee.

Chief Executive
Chief Financial Officer
Director