



Ghazi Fabrics International Limited
Signature of Quality



3rd Quarterly Report

March 31, 2017

UN-AUDITED

COMPANY PROFILE

Board of directors

Mrs. Azra Yasmin
Chairperson

Mohammad Arshad Chaudhry
Chief Executive/ Director

Kamran Arshad
Rizwan Arshad
Fareeha Arshad
Wajeeha Haaris
Muhammad Imran Rasheed

Audit Committee

Muhammad Imran Rasheed
Chairman/ member

Rizwan Arshad
Member

Fareeha Arshad
Member

Human Resource & Remuneration Committee

Mrs. Azra Yasmin
Chairperson/ member

Mohammad Arshad Chaudhry
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

Dear Shareholders,
We are pleased to present the financial statements for the nine months ended at March 31, 2017.

Operating results

During the period under review the Company's gross profit was Rs. 57.623 million and the loss after tax of 271.930 million as compared to a loss of Rs. 199.158 million in the corresponding period ended March 31, 2016. Loss per share is Rs. 8.33 (corresponding period: Rs. 6.10).

Financial highlights

	Nine months ended March 31	
	2017	2016
	Rupees	
Sales	3,372,569,023	3,589,482,647
Gross profit	57,623,353	103,649,908
Loss after tax	(271,930,352)	(199,158,233)
Gross profit (%)	1.71	2.89
Earning per share –EPS- Rs.	(8.33)	(6.10)

Indicative from the figures above, total sales of the Company reduced by nearly 6% as compared to corresponding period. Subsequently the gross profit reduced to 1.71% as compared to 2.89% in corresponding period. This impact is mainly attributable to the textile sector being under pressure due to reduction in exports of textile products, the predatory power prices and also the local market prices that could not provide reasonable margins.

Future prospects

The overall economic situation of Pakistan is under severe pressure like increased prices of energy, continued economic volatility, fierce competition in international markets and rising cost of doing business over the last several years has hampered the export growth, turnover and market un-competitiveness. Huge amount are also stuck up on account of tax refunds.

Bold steps, (including but not limited to) such as the formalization of textile policy, reduced tax rates for the industry, refunds of tax amounts, immediate measures for the availability of electricity and rationalization of its cost need to be taken by the Government; for they will provide the much needed support to the local industry.

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
April 21, 2017

ڈائریکٹرز رپورٹ

محترم مخلص یا فنڈنگان

ہم بھرت 31 مارچ 2017 کو ختم ہونے والے مدت کے مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج

ذریعہ مدت کے دوران کمپنی کا خام منافع 57.623 ملین روپے رہا اور بعد از ٹیکس نقصان 271.930 ملین روپے رہا جو کہ پچھلے سال اسی مدت کے دوران 199.158 ملین روپے رہا۔ رواں سال نقصان ایک حصص پر 8.33 روپے ہے جو پچھلے سال 6.10 روپے تھا۔

	2017 مارچ	2016 مارچ
	روپے	روپے
فروختگی	3,372,569,023	3,589,482,647
خام منافع	57,623,353	103,649,908
بعد از ٹیکس نقصان	(271,930,352)	(199,158,233)
خام منافع (%)	1.71	2.89
فی حصص آمدنی	(8.33)	(6.10)

مندرجہ بالا اعداد و شمار سے نشاندہی ہوتی ہے کہ کمپنی کی کل فروختگی میں پچھلے سال کی اسی مدت کے دوران 6% کمی ہوئی۔ تاہم خام منافع اسی مدت میں 2.89% کے مقابلے میں 1.71% تک کم رہا۔ یہ اثر بنیادی طور پر ٹیکسٹائل مصنوعات کی برآمدات میں کمی کی وجہ سے ٹیکسٹائل شعبے پر دباؤ سے منسوب ہے جو کہ مقامی مارکیٹ میں بھی قیمتوں کا مناسب منافع فراہم نہیں کر سکا۔ مستقبل کے امکانات

خام مال کی قیمتوں میں اضافہ، علاقائی کھلاڑیوں سے مقابلے کی فضا اور بیرونی منڈیوں میں درجہ بندی کی وجہ سے منافع دباؤ کا شکار رہا ہے۔ دریں اثنا پاکستان کی مجموعی معاشی صورت حال، توانائی کی قیمتوں میں اضافہ، مسلسل اقتصادی اتار چڑھاؤ، بین الاقوامی مارکیٹ میں شدید مقابلے کی وجہ سے دباؤ میں ہے اور گزشتہ چند سالوں میں کاروبار کرنے کی بڑھتی ہوئی قیمتوں نے کاروبار باری جم، برآمدات میں اضافہ اور مارکیٹ میں مقابلہ کو متاثر کیا ہے۔ بھاری رقم بھی ٹیکس ریفرنڈ کی مد میں پھنس چکی ہیں۔ خام مال کی قیمتوں میں اضافہ اور بیرون ملک مقابلے کی فضا کو مد نظر رکھتے ہوئے انتظامیہ نے کارکردگی کو بہتر بنانے کے لئے اقدامات اٹھائے ہیں۔ انتظامیہ ان اقدامات کی بدولت توقع رکھتی ہے کہ سال کے باقی حصہ میں مثبت نتائج برآمد ہوں گے۔

خراج تحسین

ہم انتظامیہ اور کمپنی کے ملازمین کی اور ان کی محنت اور لگن کے لئے شکر گزار ہیں۔ ہم اپنے حصص یا فنڈنگان، بینکاروں، سپلائرز اور قابل قدر صارفین کا شکر یہ ادا کرتے ہیں جو اس مدت میں انہوں نے ہمارے ساتھ تعاون کیا۔

لاہور
12 اپریل 2017ء

چوہدری محمد ارشد
چیف ایگزیکٹو

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2017**

	Note	Unaudited March 31, 2017 Rupees	Audited June 30, 2016 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
Sponsors' loan		1,565,727,835	1,255,727,835
Accumulated loss		(1,025,368,096)	(753,437,747)
		866,715,739	828,646,088
NON CURRENT LIABILITIES			
Long term financing	6	251,000,038	350,000,030
Deferred liabilities		80,746,618	60,906,493
		331,746,656	410,906,523
CURRENT LIABILITIES			
Trade and other payables		373,024,703	439,316,968
Markup / interest payables		31,805,367	10,985,629
Short term bank borrowings		1,355,159,456	940,648,513
Current portion of long term financing		135,000,000	143,461,540
Provision for taxation		33,040,785	35,228,181
		1,928,030,311	1,569,640,831
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		3,126,492,706	2,809,193,442
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	8	1,490,114,104	1,605,032,489
Capital work in progress		96,242,720	34,210,062
		1,586,356,824	1,639,242,551
LONG TERM DEPOSIT			
		13,011,744	13,011,744
		1,599,368,568	1,652,254,295
CURRENT ASSETS			
Stores, spares and loose tools		121,670,199	93,384,579
Stock in trade		921,339,869	626,433,802
Trade debts		143,220,956	128,667,713
Loans and advances		104,451,460	120,113,204
Trade deposits and short term prepayments		2,128,261	300,000
Other receivables		211,483,228	183,884,120
Cash and bank balances		22,830,167	4,155,728
		1,527,124,138	1,156,939,146
		3,126,492,706	2,809,193,442

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

Note	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
	Rupees		Rupees	
SALES - Net	3,372,569,023	3,589,482,647	1,006,316,850	1,290,285,049
COST OF SALES	3,314,945,670	3,485,832,739	979,710,972	1,235,511,434
GROSS PROFIT	57,623,353	103,649,908	26,605,878	54,773,615
SELLING AND DISTRIBUTION ADMINISTRATIVE EXPENSES OTHER CHARGES	76,956,698	60,165,971	10,454,550	7,588,954
	83,054,314	76,181,212	28,687,555	15,647,206
	11,485,585	4,947,983	1,564,174	-
	171,496,597	141,295,166	40,706,279	23,236,159
OPERATING PROFIT / (LOSS)	(113,873,244)	(37,645,257)	(14,100,401)	31,537,456
OTHER INCOME	5,726,587	7,600,923	1,591,413	2,248,915
	(108,146,657)	(30,044,334)	(12,508,988)	33,786,371
FINANCE COST (LOSS) / PROFIT BEFORE TAXATION	108,236,746	129,741,708	35,012,569	68,079,969
	(216,383,403)	(159,786,042)	(47,521,557)	(34,293,598)
PROVISION FOR TAXATION	55,546,949	39,372,190	7,822,588	(284,722)
(LOSS) / PROFIT AFTER TAXATION	(271,930,352)	(199,158,233)	(55,344,145)	(34,008,876)
Earnings per share - Basic	(8.33)	(6.10)	(1.70)	(1.04)

The annexed notes from 1 to 13 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 AND NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
	Rupees		Rupees	
(Loss) / Profit after taxation	(271,930,352)	(199,158,233)	(55,344,145)	(34,008,876)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(271,930,352)</u>	<u>(199,158,233)</u>	<u>(55,344,145)</u>	<u>(34,008,876)</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	March 31, 2017	March 31, 2016
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(216,383,403)	(159,786,042)
Adjustment for:		
Depreciation	110,064,275	112,289,815
Loss/ (Gain) on disposal of fixed assets	7,011,967	(497,473)
Staff retirement benefits	18,374,327	9,500,000
Finance cost	108,236,746	129,741,708
	<u>243,687,315</u>	<u>251,034,050</u>
Cash flows before working capital changes	27,303,912	91,248,008
(Increase)/decrease in current assets		
Stores, spares and loose tools	(28,285,620)	(44,333,963)
Stock in trade	(294,906,067)	162,905,533
Trade debts	(14,553,243)	(54,872,766)
Loans and advances	46,991,776	(20,280,274)
Trade deposits and prepayments	(1,828,261)	1,108,539
Other receivable	(27,599,108)	7,300,221
Increase/(decrease) in current liabilities	135,000,000	
Trade and other payables	(66,292,265)	50,109,340
	<u>(386,472,787)</u>	<u>101,936,630</u>
Cash (Outflows)/Inflows from operations	(359,168,875)	193,184,638
Finance cost paid	(87,417,008)	(108,795,080)
Staff retirement benefits Paid	(23,493,466)	(13,333,579)
Income Tax paid	(64,105,113)	(30,715,166)
Net cash used in operating activities	<u>(534,184,462)</u>	<u>40,340,812</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(4,744,351)	(117,771,590)
Proceeds from disposal of property, plant and equipment	2,586,494	505,000
Capital Work in Progress	(62,032,658)	26,911,282
Long term deposits	-	-
Net cash generated from investing activities	<u>(64,190,515)</u>	<u>(90,355,308)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(107,461,532)	(69,646,191)
Loan from directors and others-net	310,000,000	127,000,000
Short term borrowings- net	414,510,943	(27,020,700)
Net cash generated from financing activities	<u>617,049,411</u>	<u>30,333,109</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,674,439	(19,681,387)
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	4,155,728	25,006,550
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>22,830,167</u>	<u>5,325,163</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive

Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

	Issued, subscribed and paid-up capital	Accumulated losses	Directors' Loan	Total
	R U P E E S			
Balance as at July 01, 2015	326,356,000	(481,505,557)	1,177,727,835	1,022,578,278
Transaction with owner loan from directors	-	-	127,000,000	127,000,000
Total comprehensive income for the period	-	(199,158,233)	-	(199,158,233)
Balance as at March 31, 2016	326,356,000	(680,663,790)	1,304,727,835	950,420,045
Balance as at July 01, 2016	326,356,000	(753,437,744)	1,255,727,835	828,646,091
Transaction with owner loan from directors	-	-	310,000,000	310,000,000
Total comprehensive income for the period	-	(271,930,352)	-	(271,930,352)
Balance as at March 31, 2017	326,356,000	(1,025,368,096)	1,565,727,835	866,715,739

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive

Director

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

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 Pakistan Stock Exchange. The main activities of the Company are textile manufacturing, production of cotton & PC. yarn and grey cloth that are marketed in and

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and have 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, 2016.

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, 2016.

	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
5 SHARE CAPITAL		
5.01 Authorized capital		
40,000,000 (June 30, 2016 : 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, 2016 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash.	326,356,000	326,356,000
6 LONGTERM FINANCING - Secured		
Opening balance	493,461,578	611,433,281
Add: Acquired during the period/ year	-	100,000,000
Less: Repayment during the period/year	(107,461,540)	(217,971,711)
	386,000,038	493,461,570
Less: Current portion	(135,000,000)	(143,461,540)
	251,000,038	350,000,030
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, 2016.		
7.02 Commitments against irrevocable letters of credit outstanding as at March 31, 2017 amounts to Rs. Nil : (June 30, 2016 Rs. 6.5 Million).		

8 PROPERTY, PLANT AND EQUIPMENT

	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
Opening written down value	1,605,032,489	1,535,323,787
Addition during the period / year		
Land - freehold	-	-
Buildings on freehold land	-	88,666,321
Plant and machinery	700,000	124,599,842
Grid station and generators	-	-
Furniture and fittings	-	-
Vehicles	2,863,248	2,236,057
Tools and equipment	1,181,103	538,436
Electric installations	5,513,147	5,513,147
	4,744,351	221,553,803
Book value of plant and machinery disposed off during the period / year	(9,598,461)	(7,527)
Depreciation for the period / year	(110,064,275)	(151,837,575)
	1,490,114,104	1,605,032,488

	Unaudited Nine Months Ended		Unaudited Quarter Ended	
	March 31, 2017 Rupees	March 31, 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
9 COST OF SALES				
Raw and other direct materials consumed	2,260,668,075	2,462,285,461	620,248,698	896,974,022
Salaries, wages and benefits	286,426,070	290,939,329	86,807,482	84,781,747
Fuel and power	292,479,440	371,644,526	95,800,050	84,231,802
Packing material consumed	45,511,426	60,418,398	16,319,723	16,358,445
Sizing material consumed	25,760,754	26,919,101	10,158,325	6,537,530
Store and spares consumed	88,313,474	130,459,161	44,975,822	74,074,735
Insurance	5,152,244	2,588,114	1,032,389	(341,817)
Depreciation	104,155,510	106,308,068	34,374,054	31,481,859
Others	9,736,030	15,184,562	2,642,993	3,826,145
	3,118,203,023	3,466,746,719	912,359,536	1,197,924,467
Adjustment of work in process	(1,197,573)	(15,271,790)	(10,175,397)	11,772,372
Cost of goods manufactured	3,117,005,450	3,451,474,929	902,184,139	1,209,696,839
Adjustment of finished goods	197,940,220	34,357,810	77,526,833	25,814,594
	3,314,945,670	3,485,832,739	979,710,972	1,235,511,433

10 TRANSACTION WITH RELATED PARTIES

	Unaudited Nine Months Ended	
	March 31, 2017	March 31, 2016
Receipt / (Repayment) of Sponsors' loan - net	310,000,000	127,000,000

11 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, 2017 and March 31, 2016.

	Spinning	Weaving	Inter - segment Transactions	Consolidated
	Amount (Rupees)			
	March 31, 2017			
Sales	2,339,217,196	1,696,637,540	(663,285,713)	3,372,569,023
Cost of Sales:	(2,486,209,252)	(1,492,022,130)	663,285,713	(3,314,945,670)
Gross profit	(146,992,056)	204,615,409	-	57,623,353
Selling and distribution costs	(18,698,115)	(54,758,583)	-	(76,956,698)
Administrative and general expenses	(55,387,833)	(21,127,691)	-	(83,054,314)
Profit before taxation and un allocated expenses	(221,078,004)	128,729,135	-	(102,387,659)
Un-allocated expenses:				
Other operating expenses				(11,485,585)
Other operating income				5,726,587
Finance cost				(108,236,746)
Profit before taxation				(216,383,403)
Taxation				(55,546,949)
Net (loss) for the period				(271,930,352)
	Amount (Rupees)			
	March 31, 2016			
Sales	2,685,424,667	1,878,161,030	(974,103,050)	3,589,482,647
Cost of Sales:	(2,614,374,554)	(1,845,561,235)	974,103,050	(3,485,832,739)
Gross profit	71,050,113	32,599,795	-	103,649,908
Selling and distribution costs	(12,740,311)	(37,978,784)	-	(60,165,971)
Administrative and general expenses	(15,818,789)	(2,376,907)	-	(76,181,212)
Profit before taxation and un allocated expenses	42,491,013	(7,755,895)	-	(32,697,274)
Un-allocated expenses:				
Other operating income				(4,947,983)
Finance Cost				7,600,923
Other charges				(129,741,708)
Profit before taxation				(159,786,042)
Taxation				(39,372,190)
Net profit for the period				(199,158,233)

12 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on April 21, 2017.

13 CORRESPONDING FIGURES

13.01 Corresponding figures have been re-arranged, wherever necessary.

13.02 Figures have been rounded off to nearest rupee.

Chief Executive

Director

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