



Ghazi Fabrics International Limited  
*Signature of Quality*



*1st Quarterly Report*

*September 30, 2018*

**UN-AUDITED**



## GHAZI FABRICS INTERNATIONAL LIMITED 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)

Muhammad. Salman Tariq (Non Executive Director)

Wajeeha Haaris (Non Executive Director)

Muhammad Imran Rasheed (Independent Director)

### **Audit Committee**

Muhammad Imran Rasheed

#### **Chairman/ member**

Rizwan Arshad

Member

Muhammad Salman Tariq

Member

### **Human Resource & Remuneration Committee**

Mohammad 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](http://www.ghazifabrics.com)

### **Mills**

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

## GHAZI FABRICS INTERNATIONAL LIMITED

### DIRECTOR'S REVIEW

Dear Shareholders,

We are pleased to present the financial statements for the quarter ended September 30, 2018.

#### **Operating results**

During the period under review the Company's gross profit was Rs. 58.862 million (corresponding period: Rs. 34.561 million) and the loss after tax of Rs. 41.742 million (corresponding period: Rs. 82.994 million). Loss per share is Rs. 1.28 (corresponding period: Rs. 2.54).

#### **Financial highlights**

	<i>For The Quarter Ended September 30,</i>	
	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	
Sales	1,099,836,549	820,265,568
Gross profit	58,862,170	34,561,748
Loss after tax	(41,742,296)	(82,994,308)
Gross profit (%)	5.35	4.21
Earning per share (EPS) Rs.	(1.28)	(2.54)

Indicative from the figures above, total sales of the Company increased by nearly 34.08 % as compared to corresponding period. Subsequently the gross profit increased to 70.31% as compared to corresponding period. The main reason for this reduction in loss is cost controls and focus on efficient operations.

#### **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 Officer

Kamran Arshad  
Director

Lahore

October 25, 2018

GHAZI FABRICS INTERNATIONAL LIMITED

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم 30 ستمبر 2018ء کو ختم ہونے والے تین ماہ کے مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کا خام منافع 58.862 ملین رہا جو پچھلے سال اسی مدت کے دوران 34.561 ملین رہا اور بعد از ٹیکس نقصان 41.742 ملین رہا جو پچھلے سال اسی مدت کے مطابق 82.994 ملین روپے رہا۔ فی شیئر نقصان 1.28 رہا۔ (نقصان 2.54 : (2017

2017 ستمبر	2018 ستمبر	
روپے	روپے	
820,265,568	1,099,836,549	فروخت
34,561,748	58,862,170	خام منافع
(82,994,308)	(41,742,296)	بعد از ٹیکس نقصان
4.21	5.35	خام منافع (%)
(2.54)	(1.28)	فی شیئر آمدنی

مندرجہ بالا اعداد و شمار کے مطابق کمپنی کی مجموعی فروخت پچھلے سال کی اسی مدت کے مقابلے میں %34.08 بڑھ گئی ہے۔ اسکے علاوہ خام منافع اسی مدت کے مقابلے میں %70.31 بڑھ گیا۔ نقصان میں کمی کی بنیادی وجہ لاگت میں کنٹرول اور آپریٹنگ پر توجہ مرکوز رکھنا ہے۔ مستقبل کے امکانات:

پاکستان کی مجموعی اقتصادی صورت حال انتہائی دباؤ میں ہے۔ توانائی کی بڑھتی ہوئی قیمتیں، مسلسل اقتصادی عدم استحکام، بین الاقوامی مارکیٹوں میں زبردست مقابلہ اور گزشتہ کئی سالوں میں کاروبار کی بڑھتی ہوئی قیمتیں برآمد کی ترقی، فروخت اور مارکیٹ میں مقابلے کی راہ میں رکاوٹ ہے۔ بڑا سرمایہ ٹیکس ریفرنڈم کی مد میں بھی چھنسا ہوا ہے۔

حکومت کی طرف سے بہتری کے اقدامات لینے کی ضرورت ہے۔ جن میں ٹیکسٹائل پالیسی کو بنانا، صنعت کے لئے ٹیکس کی شرح میں کمی، ٹیکس کی رقم کی واپسی، بجلی کی دستیابی کے فوری اقدامات اور اس کی لاگت کو اختتام دینا شامل ہے جو مقامی صنعت کو ضروری مدد فراہم کرے گا۔

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

25 اکتوبر 2018ء

محمد ارشد چوہدری

چیف ایگزیکٹو

**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2018**

	Note	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
<b>Rupees</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paidup capital		326,356,000	326,356,000
Directors' loan		2,063,777,835	1,993,777,835
Accumulated (loss)		(1,305,717,463)	(1,263,975,167)
		1,084,416,372	1,056,158,668
<b>NON CURRENT LIABILITIES</b>			
Long term financing	4	56,250,000	56,250,028
Deferred liabilities		118,029,563	111,872,926
		174,279,563	168,122,954
<b>CURRENT LIABILITIES</b>			
Trade and other payables		398,037,927	274,989,418
Unclaimed dividend		4,986,410	4,997,635
Markup/ interest payables		18,537,519	11,185,365
Short term bank borrowings		1,337,865,847	983,332,739
Current portion of long term financing	4	118,750,000	150,000,000
Provision for taxation		56,045,097	43,570,351
		1,934,222,800	1,468,075,508
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		3,192,918,735	2,692,357,130
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	6	1,383,128,336	1,415,526,051
Capital work in progress		90,830,496	90,830,496
Long term deposits		13,011,694	13,011,694
		1,486,970,526	1,519,368,241
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		118,929,491	115,609,787
Stock in trade		854,968,428	449,614,146
Trade debts		373,401,655	126,551,950
Loans and advances		138,510,053	244,281,061
Refunds from Government agencies		211,433,787	206,481,539
Cash and bank balances		8,704,795	30,450,406
		1,705,948,209	1,172,988,889
<b>TOTAL ASSETS</b>		3,192,918,735	2,692,357,130

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



**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Note	Quarter Ended	
		September 30, 2018	September 30, 2017
Rupees			
Sales - net		1,099,836,549	820,265,568
Cost of goods sold	7	<u>1,040,974,379</u>	<u>785,703,820</u>
Gross (loss)/ profit		58,862,170	34,561,748
Operating expenses:			
Selling and distribution		24,573,797	13,305,454
Administrative expenses		27,749,177	24,396,915
Other operating expenses		1,641,447	596,855
		<u>53,964,421</u>	<u>38,299,224</u>
Operating (loss)/ profit		4,897,749	(3,737,476)
Finance cost		33,605,314	30,463,964
Other operating income		1,155,790	834,605
(Loss)/ profit before taxation		<u>(27,551,775)</u>	<u>(33,366,835)</u>
Provision for taxation		14,190,521	49,627,473
(Loss)/ profit after taxation		<u>(41,742,296)</u>	<u>(82,994,308)</u>
Earnings per share - basic		<u>(1.28)</u>	<u>(2.54)</u>

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

Chief Executive

Chief Financial Officer

Director



**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

**Quarter Ended**

	<b>September 30, 2018</b>	<b>September 30, 2017</b>
(Loss) / profit for the period	(41,742,296)	(82,994,308)
Other comprehensive income	-	-
<b>Total comprehensive loss for the period</b>	<b>(41,742,296)</b>	<b>(82,994,308)</b>

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



**GAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Quarter Ended	
	September 30, 2018	September 30, 2017
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/ profit before taxation	(27,551,775)	(33,366,835)
Adjustments for non-cash charges and other items:		
- Depreciation	32,435,315	35,477,952
- Provision for gratuity	6,626,700	5,820,750
- Finance cost	33,605,314	30,463,964
	<u>72,667,329</u>	<u>71,762,666</u>
<b>Operating profit before working capital changes</b>	45,115,554	38,395,832
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(3,319,704)	5,539,153
- Stock in trade	(405,354,282)	162,142,203
- Trade debts	(246,849,705)	(155,972,325)
- Loans and advances	114,804,753	(9,514,354)
- Refunds from Government agencies	(4,952,248)	47,775,518
Increase / (decrease) in current liabilities:		
- Trade and other payables	123,048,509	23,684,045
	<u>(422,622,677)</u>	<u>73,654,240</u>
<b>Cash generated from / (used in) operations</b>	(377,507,123)	112,050,072
Gratuity paid	(2,185,837)	(3,730,221)
Tax paid	(9,033,746)	-
Finance cost paid	(26,253,160)	(27,801,875)
<b>Net cash from operating activities</b>	(414,979,866)	80,517,976
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(37,600)	-
<b>Net cash used in investing activities</b>	(37,600)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment)/ proceeds from long term financing - net	(31,250,028)	(31,250,056)
Loan from directors and others - net	70,000,000	70,000,000
Unclaimed Dividend	(11,225)	-
Short term borrowings	354,533,108	(121,313,853)
<b>Net cash generated from financing activities</b>	<u>393,271,855</u>	<u>(82,563,909)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	(21,745,611)	(2,045,933)
Cash and cash equivalents at the beginning of the period	30,450,406	6,747,675
<b>Cash and cash equivalents at the end of the period</b>	<u>8,704,795</u>	<u>4,701,742</u>

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





**GHAZI FABRICS INTERNATIONAL LIMITED  
CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UN-AUDITED)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Issued, Subscribed and Paid-up Share Capital	Loan from Directors	Accumulated loss	Total
	<b>R U P E E S</b>			
<b>Balance as at June 30, 2017</b>	326,356,000	1,640,727,835	(1,096,299,621)	870,784,214
Transaction with owners - loan from directors	-	70,000,000	-	70,000,000
Total comprehensive loss for the period	-	-	(82,994,308)	(82,994,308)
<b>Balance as at September 30, 2017</b>	<b>326,356,000</b>	<b>1,710,727,835</b>	<b>(1,179,293,929)</b>	<b>857,789,906</b>
<b>Balance as at June 30, 2018</b>	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)
<b>Balance as at September 30, 2018</b>	<b>326,356,000</b>	<b>2,063,777,835</b>	<b>(1,305,717,463)</b>	<b>1,084,416,372</b>

Chief Executive

Chief Financial Officer

Director



**GHAZI FABRICS INTERNATIONAL LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

**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, 2018 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, 2018.

**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, 2018.

**4 LONG TERM FINANCING - Secured**

	<b>September 30, 2018</b>	<b>June 30, 2018</b>
<b>Rupees</b>		
Opening balance	206,250,000	381,250,028
Add: Acquired during the period / year	-	-
	206,250,000	381,250,028
Less: Repayment during the period /year	(31,250,000)	(175,000,000)
	175,000,000	206,250,028
Less: Current portion	(118,750,000)	(150,000,000)
	56,250,000	56,250,028

**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, 2018 : 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. 47.18 million. (June 30, 2018 : Rs. 17.391 million)
- 5.3 There were commitments against irrevocable letters of credit outstanding amounting to Rs.28 million (June 30, 2018 : Rs.327.756 million)

**6 PROPERTY, PLANT AND EQUIPMENT**

Note

	September 30, 2018	June 30, 2018
	Rupees	
Opening written down value	1,415,526,051	1,556,531,939
Addition during the period / year		
Land - freehold	-	-
Building on freehold land	-	474,716
Plant and machinery	-	867,000
Furniture and fittings	-	88,000
Vehicles	-	-
Equipment	37,600	-
Electric installation	-	-
	37,600	1,429,716
Book value of assets disposed off during the period / year	-	(540,893)
Depreciation for the period / year	(32,435,315)	(141,894,711)
	<u>1,383,128,336</u>	<u>1,415,526,051</u>
<b>6.1 Book value of assets disposed off</b>		
Vehicles	-	540,893
	<u>-</u>	<u>540,893</u>

**7 COST OF GOODS SOLD**

	Quarter Ended	
	September 30, 2018	September 30, 2017
	Rupees	
Raw materials and other direct materials consumed	698,508,025	546,507,176
Fabric conversion, dyeing and bleaching	4,768,050	923,421
Salaries, wages and benefits	97,038,327	93,467,962
Fuel and power	133,119,892	83,390,402
Packing material consumed	9,928,086	7,703,872
Sizing material consumed	10,277,939	9,038,558
Store and spares consumed	21,694,090	12,012,099
Insurance	1,280,530	1,074,759
Depreciation	30,813,549	33,704,054
Others	3,444,457	2,655,172
	<u>1,010,872,945</u>	<u>790,477,475</u>
Adjustment of work in process		
Opening	80,455,585	66,181,292
Closing	(71,452,966)	(75,205,330)
	<u>9,002,619</u>	<u>(9,024,038)</u>
Cost of goods manufactured	1,019,875,564	781,453,437
Adjustment of finished goods		
Opening	290,739,445	195,695,001
Closing	(269,640,630)	(191,444,618)
	<u>21,098,815</u>	<u>4,250,383</u>
	<u>1,040,974,379</u>	<u>785,703,820</u>
<b>7.1 Raw material consumed</b>		
Opening stock	78,419,115	487,311,529
Purchases	1,133,963,742	379,591,318
	<u>1,212,382,857</u>	<u>866,902,847</u>
Closing stock	(513,874,832)	(320,395,671)
	<u>698,508,025</u>	<u>546,507,176</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, 2018 and September 30, 2017 respectively.

	Spinning Rs.	Weaving Rs.	Inter Segment Transactions Rs.	Consolidated Rs.
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	(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 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)
Profit before taxation				(27,551,775)
Taxation				(14,190,521)
Net profit for the year				(41,742,296)
Quarter ended September 30, 2017				
Sales	493,672,133	517,390,920	(190,797,485)	820,265,568
Cost of Sales:	(549,992,674)	(426,508,631)	190,797,485	(785,703,820)
Gross profit	(56,320,541)	90,882,289	-	34,561,748
Selling and distribution costs	(6,519,672)	(6,785,782)	-	(13,305,454)
Administrative and general expenses	(11,954,488)	(12,442,427)	-	(24,396,915)
Profit before taxation and un allocated expenses	(74,794,702)	71,654,081	-	(3,140,621)
Un-allocated expenses:				
Other operating expenses				(596,855)
Other operating income				834,605
Finance cost				(30,463,964)
Profit before taxation				(33,366,835)
Taxation				(49,627,473)
Net profit for the year				(82,994,308)

## 9 TRANSACTIONS WITH RELATED PARTIES

Directors' loan	70,000,000	70,000,000
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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 25, 2018.

## 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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