

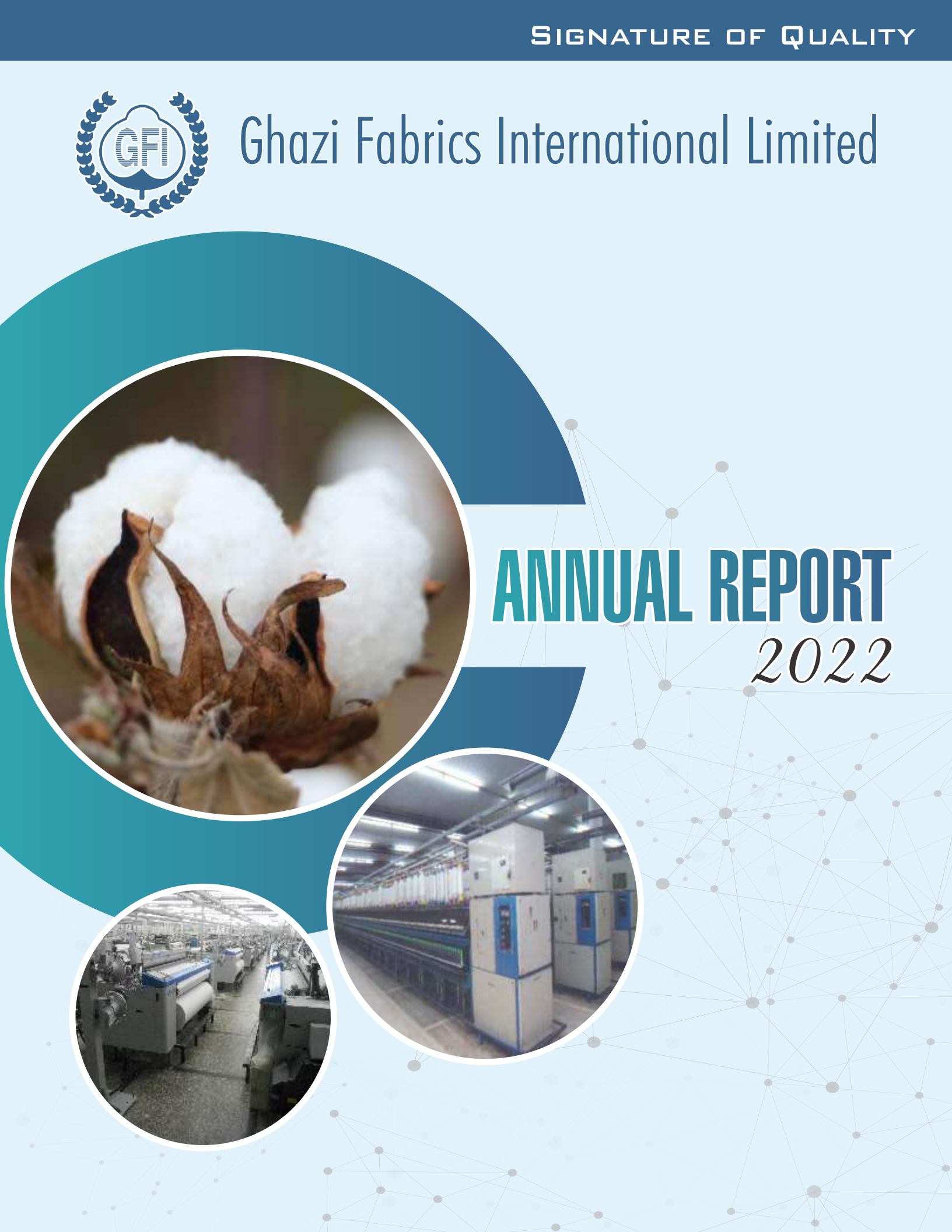


Ghazi Fabrics International Limited



ANNUAL REPORT

2022



CONTENTS

COMPANY PROFILE	2
VISION STATEMENT, MISSION STATEMENT	3
STATEMENT OF ETHICS & BUSINESS PRACTICES	4
NOTICE OF ANNUAL GENERAL MEETING	6
CHAIRPERSON'S REVIEW	8
DIRECTOR'S REPORT	10
PATTERN OF SHAREHOLDING	21
CATEGORIES OF SHAREHOLDING	22
SIX YEARS FINANCIAL STATISTICAL SUMMARY	23
FINANCIAL HIGHLIGHTS	24
STATEMENT OF VALUE ADDITION	25
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	26
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	27
AUDITOR'S REPORT TO THE MEMBERS	30
STATEMENT OF FINANCIAL POSITION	34
STATEMENT OF PROFIT OR LOSS	35
STATEMENT OF COMPREHENSIVE INCOME	36
STATEMENT OF CASH FLOWS	37
STATEMENT OF CHANGES IN EQUITY	38
NOTES TO THE FINANCIAL STATEMENTS	39
PROXY	
JAMA PUNJI	

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)
Khawaja Waheed Raza (Independent Director)
Muhammad Imran Rasheed (Independent Director)

Audit Committee

Muhammad Imran Rasheed
Chairman/ member

Rizwan Arshad
Member

Wajeeha Haaris
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 Auditors

Nasir Imran Elahi, FCA

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. Kasure.

VISION AND MISSION STATEMENT

VISION STATEMENT

A modern dynamic industrial unit, which is a true model of socially responsible and professionally managed successful business enterprise.

MISSION STATEMENT

Ghazi Fabrics International Ltd., strives to excel in the global competitive environment as the most progressive and quality-oriented company in terms of industry benchmarks, profitability and stake holders interest. To realize our mission, we firmly believe in continuous process of balancing, modernization and replacement of our technology; commitment in developing innovative products, services and human resources; and the betterment of all those involved directly or indirectly with the company.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

It is a strong belief of the management of the Company that a clear vision, a positive mission and fully spelled out code of ethics and business practices is a pre-requisite to good corporate governance.

Therefore, the Company in addition to the adherence of its mission statement shall observe the compliance of the following codes of ethics and best business practices.

I. ETHICS

Discipline

It shall be the joint and several responsibility of management and every employee of the company to maintain the discipline in the Company.

Coordination among staff

The management shall provide a conducive environment for the effective coordination among the members of the staff and management.

Conflict of interest

Management and employees of the Company are hereby committed not to engage in any activity which is against the interest of the Company. Staff members shall not conduct any personal business in the Company premises and with the use of facilities provided by the Company for official use. If any employee has a direct or indirect relationship with any organization dealing with the Company he should disclose it immediately to the Company.

Confidentiality

Management and employees of the Company are hereby committed to the confidentiality of the business information to the outsider of the Company unless it is required by a competent authority having jurisdiction to the affairs of the Company. Even if they leave the Company shall not loose the confidentiality of Company secrets.

Kick Backs/ Undue favour or unwarranted gifts

Neither employees nor member of the board of directors shall accept any personal gift, favour or kick backs from any organization dealing with the Company. In case this favour is considered to be for the purpose of the Company the same should be disclosed to the management of the Company immediately.

2. BUSINESS PRACTICES

Environment

i) Pollution free environment

The Company shall not engage in any business or production process, which does not meet the international standards of environment protection.

ii) Drugs free environment

The use of drugs shall be strictly banned in the premises of the Company and employment should not be given to any person apparently engaged in the trafficking of drugs or appears to be an addict of drugs.

Health and safety

Health and safety of all the staff and employees particularly and of the society in general is a great concern for the management of the Company and therefore the management of the Company shall take every measure to protect the health and safety of its employees.

Commitment

A bi-lateral commitment with the employees, management, shareholders, suppliers and customers shall be of prime importance in every instance. All the management and employee of the Company shall not make any commitment, the compliance of which is beyond their control and if they commit, every effort shall be made to fulfill the commitment.

Financial discipline and books of accounts

Compliance with all the approved accounting standards applicable in Pakistan and requirements of the Companies Act 2017, rules and procedures shall be followed at all time. All transactions if duly authorized shall be properly and fully recorded. All the payments made shall be for the purpose of the business of the Company. Books of accounts shall reflect a true and fair position of all the assets, liabilities and funds. Company shall maintain the integrity and reputation of the Company.

Relationship with Govt. Officials, Suppliers, Customers and Agents

Only the concerned and knowledgeable members of the relevant field of the Company shall conduct dealing with Govt. officials, suppliers, customers and agents. The dealing members shall always maintain the integrity and reputation of the Company.

Training

Training of the employees shall be an important part of business practices. The management shall take steps that training of every employee is ensured from his joining to the retirement.

Child / forced labour

Policy of the Company is not to employ child labour or forced labour directly or indirectly.

Equality policy

There is absolutely no discrimination in the Company on the basis of race, caste, national origin, religion, disability, gender or political affiliation. Corporal punishment, mental or physical coercion and verbal abuse of workers is strictly forbidden.

The management of the Company shall ensure implementation of these codes, regular monitoring, review for modification/ amendment where necessary.

NOTICE OF 33rd ANNUAL GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of GHAZI FABRICS INTERNATIONAL LIMITED will be held on Friday the October 28, 2022 at 10:30 a.m. at **The Grand Marquee 12-Babar Block, New Garden Town, Lahore.** to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of 32nd Annual General Meeting of the Company held on Thursday October 28, 2021.
2. To receive, consider and adopt the audited financial statement of the Company for the financial year ended June 30, 2022 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2023. The present auditors M/s. Qadeer & Co., Chartered Accountants, being eligible have offered themselves for reappointment. The Audit Committee and Board of Directors have also recommended M/s. Qadeer & Co., Chartered Accountants for re-appointment.
4. To transact any other ordinary business with the permission of the Chair.

by order of the Board

LAHORE:
October 07, 2022.

(Majid Rehman)
Company Secretary

NOTES:-

- I. Share Transfer Books of the Company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive).
- II. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her. Proxy Forms must be deposited at the Company's Registered Office situated at 8-C, E-III, Gulberg-III, Lahore not less than 48 hours before the time for holding the meeting.
- III. Shareholders whose shares are deposited with CDC must bring their Original Computerized National Identity Card or Passport alongwith Participant's ID number and their account number at the time of attending the meeting to prove identity and in case of proxy must enclose an attested copy of CNIC. Representatives of Corporate Members should bring the usual documents required for this purpose.
- IV. Members are requested to provide by fax or courier their latest Computerized National Identity Card Number or in case of foreigner the Passport Number (unless it has been provided earlier) to enable the Company comply with relevant laws.
- V. Shareholders are requested to promptly notify to Share registrar of the Company of any change in their addresses.
- VI. Members can also avail video conference facility. In this regard, please fill the following form and submit to registered address of the company 10 days before holding of the Annual General Meeting.

If the company receives consent from member holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

“I/WE, _____ of _____ being a member of Ghazi Fabrics International Limited, holder of _____ Ordinary Shares as per Register Folio No. _____ hereby opt for video conference facility at _____”

Signature of Member

VII. In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated 8th September 2014, those shareholders who desire to receive Annual Financial Statement in future through Email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.ghazifabrics.com and send the said form duly filled in and signed along with copy of his /her /its CNIC / Passport to the Company's registered address.

VIII. All possible safety measures shall be taken in respect of COVID-19 and relevant SOPs shall be strictly followed including checking of temperature, wearing of face masks, use of hand sanitizer and maintenance of proper social/physical distance. All members attending the meeting are requested and expected to cooperate in this respect.

IX. Uncollected Shares and Unclaimed Dividend

Shareholders who have not Claimed/collected their dividend / shares are advised to contact our Company's Registered Office situated at 8-C, E-III, Gulberg-III, Lahore immediately to collect / enquire about their unclaimed dividend / shares

X. Form of proxy is enclosed.

CHAIRPERSON'S REVIEW

I am pleased to welcome you on the 33rd Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Financial Statements for the year ended 30th June 2022 together with my review on the performance of your Company.

Company's performance

Gross profit for the financial year 2021-22 is recorded at Rs. 385.550 million as against Rs. 549.875 million in financial year 2020-21 showing a decrease of 30% approximately. Profit after tax of the Company in financial year 2021-22 is Rs. 7.624 million as compare to profit after tax of Rs. 196.556 million in year 2020-21 showing a decrease of 96%. Earnings per share is recorded at Rs. 0.23 as against earning per share of Rs. 6.02 in the financial year 2021-22.

Evaluation of board

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Ghazi Fabrics International Limited is carried out. The Board's overall performance and effectiveness has been assessed as satisfactory. The Board also identified areas of improvement in line with the best practices. The Board is aware of its role in achieving the objectives of the Company.

Board received wide-ranging agendas and supporting papers in a timely manner for its Board meetings. The Board was fully involved in the strategic planning process and in developing the vision for the Company. All Directors took part in and made contributions to the decision-making process of the Board. Board has in place comprehensive policies for all relevant areas of the Company's operations and these policies are reviewed and updated from time to time.

The Audit Committee and Human Resources & Remuneration committee met regularly to fortify the functions of the board. The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

Acknowledgement

In the closing, I wish to acknowledge the contribution of our employees towards the Company. I would like to thank our valued customers for their confidence and support. Last but not least, the credit to the Financial Institutions for their cooperation and support.

Mrs. Azra Yasmin
Chairperson

چئیر پرسن کا جائزہ

میں آپ کی کمپنی کے 33 ویں سالانہ جنرل اجلاس میں آپ کو خوش آمدید کہتی ہوں۔ میں اپنی اور موجودہ بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی مجموعی کارکردگی برائے سال 30 جون 2022ء اور آڈیٹڈ اکاؤنٹس کا جائزہ پیش کر رہی ہوں۔

کمپنی کی کارکردگی:

مجموعی منافع 352.550 ملین روپے ہو جو پچھلے سال 549.875 ملین روپے تھا اور خالص منافع 7.624 ملین ہوا جو کہ پچھلے سال 196.556 ملین منافع کی شکل میں تھا۔ آپ کی کمپنی کارکردگی بہتر کر رہی ہے اور امید ہے کہ آنے والے سالوں میں بہتری دکھائے گی۔

بورڈ کی تشخیص:

غازی فیرکس انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی کارکردگی کا سالانہ جائزہ کوڈ آف کارپوریٹ گورننس کے تحت کیا جاتا ہے۔ آپ کا بورڈ کوڈ آف کارپوریٹ گورننس 2019، کمپنیز ایکٹ 2017 اور پی ایس ایکس توآند کی تشکیل کے طریقہ کار اور بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس کے حوالے سے باخبر ہے۔ بورڈ کی مجموعی کارکردگی اور افادیت کو تسلی بخش تشخیص کیا گیا ہے۔ بورڈ نے خود تشخیصی کے ذریعہ بہترین معلومات کے مطابق ان چیزوں کی نشاندہی کی جہاں بہتری کی گنجائش ہے۔ بورڈ حکمت عملی کی پلاننگ کے عمل اور ادارے کے نظریہ کے حصول میں مکمل طور پر شامل رہا۔

بورڈ کو اپنی بروقت میٹنگز میں جامع ایجنڈا اور مطلوبہ مواد موصول ہوئے۔ بورڈ حکمت عملی کی پلاننگ کے عمل اور ادارے کے نظریہ کے حصول میں مکمل طور پر شامل رہا۔ تمام ڈائریکٹرز نے فیصلہ سازی کے عمل میں بھی حصہ لیا۔ بورڈ نے ادارے کے تمام شعبہ جات میں جامع طریقہ کار پیش کیے ہیں جن کا وقتاً فوقتاً جائزہ لیا جاتا ہے اور ان کو بہتر بنایا جاتا ہے۔

آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریموڈیشن کمیٹی بورڈ کے امور کی موثر انجام دہی کیلئے باقاعدگی سے میٹنگ کرتی رہی ہے۔ کمپنی کا اپنا خود مختار انٹرنل آڈٹ ڈیپارٹمنٹ ہے جو اندرونی آڈٹ کے امور انجام دیتا ہے اور رسک پر مبنی آڈٹ کے طریقہ کار کی پیروی کرتا ہے۔ آڈٹ رپورٹیں بورڈ کو جائزے اور حسب ضرورت کارروائی کیلئے بھیجی جاتی ہیں۔

اعتراف خدمات:

آخر میں اپنے تمام ملازمین کی خدمات کا اعتراف کیا جاتا ہے اور اپنے صارفین، جنہوں نے ہم پر اعتماد اور تعاون کیا۔ آخری لیکن کم سے کم نہیں اس تعاون کا سہرا مالیاتی ادارے کو جاتا ہے۔

مسز عدرا یاسمین

چئیر پرسن

DIRECTORS' REPORT

The Directors are pleased to present Annual Report of your Company together with Audited Financial Statements for the year ended June 30, 2022. Figures for the previous year ended June 30, 2021 are also included for comparison.

In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive and Chief Financial Officer of the Company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

The principal activity of the company is the manufacturing of Yarn and Grey Fabrics which is sold both in local and foreign markets.

The financial results for the year along-with comparative figures are presented herewith to have cursory look at the company's operating performance;

	2022	2021
	Rupees (000)	
Sales – Net		
Local	8,118,420	5,784,863
Export	514,917	555,451
Gross profit	385,550	549,875
Operating profit / (Loss)	159,582	346,749
Financial charges	100,177	95,605
Profit / (Loss) after tax	7,624	196,556
Earning / (Loss) per share (EPS) Rs.	0.23	6.02

Financial and operational performance:

Gross profit for the financial year 2021-22 is recorded at Rs. 385.550 million as against Rs. 549.875 million in financial year 2020-21 showing a decrease of 30% approximately. Profit after tax of the Company in financial year 2021-22 is Rs. 7.624 million as compare to profit after tax of Rs. 196.556 million in year 2020-21 showing a decrease of 96%. Earning per share is recorded at Rs. 0.23 as against earning per share of Rs. 6.02 in the financial year 2021-22.

Management's policies impacted the Company's sales, profitability and liquidity as apparent from the financial highlights above. The management's rigorous efforts including but not limited to timely initiatives of cost reduction and price management curb the impact of adversities like COVID-19, inflated cost of raw material etc to a great extent. The Company has continued its practice to reduce costs wherever there is cushion available.

Covid-19 effects and measures:

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

Textile industry outlook:

The Textile sector had to face deprivation with the implication of higher exchange rate, intensified power outages and highest gas prices particularly in the Punjab region which affected the performance of the overall sector which further increased their cost of production. The power prices remained at their highest after the cut-off of locally extracted system gas by the authorities and the introduction of high priced imported Re-liquified Natural Gas (RLNG) in its place.

Due to devaluation of Pak Rupee as well as increase of raw material prices worldwide, prices of imported and

local raw material consumption remained at highest.

The Global economic issues such as the “USA/China trade war”, general perception of the expected slowdown in the world economy made this a difficult period for the Company's businesses. In addition to this, with increasing pressures from local and international competitors, it's becoming very difficult to maintain the margins.

The significant actions of large central banks include monetary stimulus and liquidity facilities to reduce systemic stress. These actions have supported confidence and contribute to limiting the amplification of the shock, thus ensuring that the economy is better placed to recover.

The electricity tariffs are significantly higher as compared to competitor countries and it is a major factor contributing to higher cost of production. The government must take immediate steps to nullify the difference to provide a level playing field to compete in the international market.

Despite of the significant importance of this sector at economic forum, its performance remained subdued on account of lackluster performance of cotton yarn and cotton cloth in the local and international market. Textile sector exports of yarn and fabric have shown declined in quantitative terms continuously during the last four years because of the high cost of doing business as compared to competitor countries and undecisive policies by the government for the industry.

It is also on part of government to take note of the continuous decline in cotton production every year. So it is the high time to take notice and an exclusive Research & Development Department must be established to evaluate and bring such seed for cotton which is as per International Standards and beneficial to grower as well. Otherwise we fear that if not done, it will be very difficult for textile industry to survive and mills may become more uncompetitive that will ultimately bring negative effect on our economy.

In our opinion, the development of new seed is a time taking task; in the meantime Government must take immediate steps to import cotton seed which is suitable to our soil. We suggest that until & unless we achieve the optimum production level, the taxes imposed on import of cotton should be lifted.

Future prospects:

The future outlook looks very challenging. The Textile business is very competitive globally and is commoditizing worldwide. Slowdown in world economic growth due to COVID-19 could impact our business.

The overall economic environment continues to remain conducive for the growth. Availability of energy supplies and improvement in law and order situation has promoted business climate. However, below target production of domestic cotton crop for season 2021-22, increasing trend in power & fuel prices may adversely affect the competitiveness of textile industry in international markets.

We will continue to explore and tap emerging and new market opportunities in the sector. Pakistan is the fourth largest producer and third largest consumer of cotton, in addition to being one of the largest exporters of cotton yarn in the world. Cotton sector along-with textile and apparel industry, account for 11 percent of the country GDP and 60 percent of the country's export value, while employing 35 percent of the industrial work force. Textile has been an important sector for the local economy and future prospects of country are linked with the progress of textile chain, hence, it will remain in focus for all stakeholders.

Beside a lot of challenges, COVID-19, and increasing competition, the Company is cautious about the future but believes that it will perform even more better in next years.

Related parties:

The transactions between the related parties were carried out at arm's length prices determined in accordance

with the comparable uncontrolled prices method. The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the stock exchange in Pakistan.

Safety, health and environment (SHE):

Our Company takes all possible measures to ensure that all our employees as well as communities within which we operate remain safe at all time. Environmental protection is a top priority on company's SHE agenda. The company ensures that its production processes are eco friendly and efficient. We constantly try and improve energy efficiencies both at production facilities and in our offices.

Additionally, the Company has many internationally recognized certifications focused on keeping the environment clean and high standards for labor welfare. Your Company has BCI Certification / Membership (Better Cotton Initiative) besides holding OEKO-TEX Certificate (Eco-Friendly Cotton).

Corporate social responsibility:

Ghazi Fabrics International Limited possesses deepest care about its people and works towards empowering people by helping them develop the skills they need to succeed in a global economy. This approach has roots in our culture and enables our sustainable progress.

We believe that the success of any business depends on the quality of human capital and therefore development of people is our priority. We have invested fair number of hours in training and wish to enhance this in future. In order to develop future leadership in different functions we have instituted management training scheme and expect that the young talent will take the organization to greater heights.

For ensuring reward based on performance and to develop high caliber people for future succession, a system of performance management is practiced in the Company. The Company also believes in providing good health, safety, work-life balance and market commensurate compensation package including employment benefit plan.

Earnings per share:

The earning per share for the Company for the year ended June 30, 2022 is Rs 0.23 per share.

Post balance sheet events:

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relates and the date of the Directors' Report.

Compliance with code of corporate governance:

The management is fully aware of the company's obligation for compliance with the Listing Regulations of the Pakistan Stock Exchange and steps are being taken for its effective implementation within the allowed time frame work. We are pleased to report that::

1. Financial statements prepared by the management represent fairly and accurately Company's state of affairs, results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
5. System of internal control being sound in design, has been effectively implemented and being monitored continuously. Emphasis is being done on control procedures to ensure that policies of the Company are adhered to and in case of any anomaly, rectification is done promptly. On-

going review will continue in future for further improvements in controls.

6. The Company has sound potential to continue as going concern.
7. Financial highlights for the last six years are annexed.
8. There has been no material departure from best practices of corporate governance.
9. Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

Board of directors:

The Board of Directors of the Company ensures transparency and good corporate governance. The Board comprises of two independent director, three non-executive directors and two executive directors (including the Chief Executive Officer).

Composition of board:

The board consists of 5 male and 2 female directors with following composition:

Independent directors	2
Other non-executive directors	3
Executive directors	2
Total number of directors	7

Following are names of persons who were directors of the Company during the year ended 30 June 2022, number of Board and Committees' meetings held during the year and status of attendance by each director is as follows:

Board of directors' meetings:

Four (4) meetings were held during the period from July 1, 2021 to June 30, 2022

Sr. #	Name of director	Attended
1	Mrs. Azra Yasmin	4
2	Mohammad Arshad Chaudhry	4
3	Kamran Arshad	4
4	Rizwan Arshad	4
5	Khawaja Waheed Raza	4
6	Wajeעה Haaris	4
7	Muhammad Imran Rasheed	4

Human resource and remuneration committee (HRRC) meetings:

One (1) meeting was held during the period from July 1, 2021 to June 30, 2022

Sr. #	Name of director	Attended
1	Mrs. Azra Yasmin	1
2	Wajeעה Haaris	1
3	Muhammad Imran Rasheed	1

Audit committee meetings

Six (6) meetings were held during the period from July 1, 2021 to June 30, 2022

Sr. #	Name of director	Attended
1	Rizwan Arshad	6
2	Wajeעה Haaris	6
3	Muhammad Imran Rasheed	6

To the best of our knowledge, directors, chief executive, CFO and Company Secretary, Company's auditors, their spouses and minor children have not undertaken any trading of company's shares.

Remuneration policy of non-executive directors:

The fee of the Non-Executive and Independent Directors of the Company is determined by the Board from time to time.

Auditors:

The present auditors of the Company M/s. Qadeer & Company, Chartered Accountants have completed the annual audit for the year ended June 30, 2022 and have issued an unqualified audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending June 30, 2023. The Audit Committee has recommended their reappointment.

Election of directors:

Election of directors was held on 28 October 2020 and a seven member Board was elected unopposed whose term of office will expire on 28 October 2023.

Board's performance evaluation:

The Board has evaluated the individual performance of Directors as per established mechanism.

CEO's performance evaluation:

During the year, the Human Resource and Remuneration Committee of the Board evaluated the performance of the CEO.

Combined pattern of CDC and physical shareholdings:

Combined pattern of CDC and physical shareholding is annexed to the directors' report.

Acknowledgement:

The Directors of your Company would like to place on record their deep appreciation for support of customers, bankers, regulators and shareholders and hope that this cooperation and support will also continue in future.

The Directors of your Company would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future as well.

For and on behalf of the Board

Chief Executive

Director

ڈائریکٹرز، چیف فائینشل آفیسر، کمپنی سیکرٹری، ان کے شریک حیات اور چھوٹے بچوں کی جانب سے شیرز کی تجارت نہیں کی گئی سوائے اسکے جو شیر ہولڈنگ کے نمونے میں بتائی گئی ہے۔

نان ایگزیکٹو ڈائریکٹرز کی ریویو نیشن پالیسی:

کمپنی کے بورڈ اور کمیٹی اجلاس میں شرکت کے لئے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کی فیس وقت کے ساتھ بورڈ طے کرتا ہے۔
آڈیٹرز:

موجودہ آڈیٹرز میسرز قدریر اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2022 کا سالانہ آڈٹ مکمل کر لیا اور انکو ایفائیڈ آڈٹ رپورٹ جاری کی ہے۔ آڈیٹرز کمپنی کے سالانہ عام اجلاس کے اختتام پر ریٹائرڈ ہو جائیں گے اور انہوں نے اہل ہونے کی بنا پر 30 جون 2023 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے ان کی تعیناتی کی سفارش کی ہے۔

ایکشن آف ڈائریکٹرز:

28 اکتوبر 2020ء کو ڈائریکٹرز کا انتخاب منعقد کیا گیا اور سات ارکان پر مشتمل بورڈ کا انتخاب کیا گیا جن کی مدت 28 اکتوبر 2023ء میں ختم ہوگی۔

بورڈ کی کارکردگی کی جانچ پڑتال:

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی انفرادی کارکردگی کی جانچ پڑتال کو سرانجام دیا ہے۔

چیف ایگزیکٹو آفیسر کی کارکردگی کی جانچ پڑتال:

ہیومن ریسورس اور معاوضے کی کمیٹی نے چیف ایگزیکٹو آفیسر کی کارکردگی کی جانچ پڑتال کی ہے۔

شیر ہولڈنگ کا نمونہ:

کمپنی کے شیر ہولڈنگ کے نمونے کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز نے گا ہوں، بیکاروں، ریگولیشنز اور حصص یافتگان کی حمایت پر انکی تعریف کی ہے اور امید کرتے ہیں کہ مستقبل میں بھی یہ تعاون جاری رہے گا۔
آپ کی کمپنی کے ڈائریکٹرز نے کمپنی کے ایگزیکٹو، عملے کے ارکان اور کارکنوں کی طرف سے پیش کی گئی خدمات، وفاداری اور مسلسل کوششوں کی تعریف کی ہے اور امید کرتے ہیں کہ مستقبل میں بھی ایسا تعاون جاری رہے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے

لاہور

ڈائریکٹر

چیف ایگزیکٹو

02

ایگزیکٹو ڈائریکٹرز

07

ڈائریکٹرز کی کل تعداد

افراد کے نام جو 30 جون 2022 کو ختم ہوئے سال کے دوران کمپنی کے ڈائریکٹرز تھے، سال کے دوران منعقدہ بورڈ اور کمیٹیوں کی میٹنگوں کی تعداد اور ہر ڈائریکٹر کی حاضری کی حیثیت مندرجہ ذیل ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگز

یکم جولائی 2021 سے 30 جون 2022 تک چار (04) ملاقاتیں ہوئیں۔

نمبر	ڈائریکٹرز کے نام	اجلاسوں میں شرکت
۱	مسز عذرا یاسمین	4
۲	محمد ارشد چوہدری	4
۳	کامران ارشد	4
۴	رضوان ارشد	4
۵	خواجہ وحید رضا	4
۶	وجیہہ حارث	4
۷	محمد عمران رشید	4

ہیومن ریسورس اینڈ ریمو نیویشن کمیٹی (ایچ آر آر سی) کے اجلاس

یکم جولائی 2021 سے 30 جون 2022 کے دوران (1) ایک اجلاس ہوا۔

نمبر	ڈائریکٹرز کے نام	اجلاسوں میں شرکت
۱	مسز عذرا یاسمین	1
۲	وجیہہ حارث	1
۳	محمد عمران رشید	1

آڈٹ کمیٹی کے اجلاس

یکم جولائی 2021 سے 30 جون 2022 کے دوران (6) چھ اجلاس ہوئے۔

نمبر	ڈائریکٹرز کے نام	اجلاسوں میں شرکت
۱	رضوان ارشد	6
۲	وجیہہ حارث	6
۳	محمد عمران رشید	6

فی شیئر آمدنی:

30 جون 2022 کو ختم ہوئے سال کے لئے کمپنی کیلئے ہر حصص کی کمائی 0.23 روپے فی حصص ہے۔

پوسٹ بیلنس شیڈ کی سرگرمیاں:

مالی سال کے اختتام کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں جس سے ان مالی بیانات سے متعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ ہے۔

کارپوریٹ گورننس کے ضوابط کی تعمیل:

کمپنی کی انتظامیہ پاکستان سٹاک ایکسچینج کی جانب سے جاری کردہ کارپوریٹ گورننس کے ضوابط پر عمل درآمد کے حوالے سے اپنی ذمہ داریوں سے پوری طرح آگاہ ہے اور مقررہ وقت میں اسکے نفاذ کے لئے مناسب اقدامات کے لئے کوشاں ہے۔ ہمیں یہ اطلاع دیتے ہوئے خوشی ہوئی ہے کہ:

۱۔ انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اسکے معمولات، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلیوں کو عمدہ طریقے سے پیش کیا گیا ہے۔
۲۔ کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

۳۔ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی پالیسیوں کا مستقل انداز میں نفاذ کیا گیا ہے اور اکاؤنٹنگ کے تخمینوں کا دارومدار معقول اور محتاط فیصلے پر مبنی ہے۔

۴۔ مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیار کا نفاذ کیا گیا ہے جو پاکستان میں بھی رائج ہیں اور وہاں سے کسی بھی طرح کی روانگی کا مناسب طور پر سمجھا یا اور انکشاف کیا گیا ہے

۵۔ اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی موثر ہے۔ کنٹرول کے طریقہ کار پر زور دیا جا رہا ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی کی پالیسیوں پر عمل پیرا ہے اور کسی بھی قسم کی بے ضابطگی کی صورت میں اس کی اصلاح فوری طور پر کی جاتی ہے۔ قابو میں مزید بہتری کے لئے آئندہ بھی جائزہ جاری رہے گا۔

۶۔ کمپنی کے کاروبار کو رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

۷۔ سالانہ رپورٹ میں کی آپریٹنگ اور مالیاتی ڈیٹا بابت پچھلے 6 سال کو شامل کیا گیا ہے۔

۸۔ کارپوریٹ گورننس سے کسی قسم کا قابل ذکر انحراف نہیں کیا گیا۔

۹۔ مالی سال کے دوران متعلقہ فریقوں کے معاملات آڈٹ کمیٹی کی طرف سے توثیق کے بعد بورڈ کی طرف سے منظوری دی گئی ہے۔

بورڈ آف ڈائریکٹرز:

کمپنی کا بورڈ آف ڈائریکٹرز شفافیت اور اچھی کارپوریٹ گورننس کو یقینی بناتا ہے۔ بورڈ میں 2 آزاد ڈائریکٹرز، 3 نان ایگزیکٹو ڈائریکٹرز اور 2 ایگزیکٹو ڈائریکٹرز (چیف ایگزیکٹو آفیسر سمیت) شامل ہیں۔

بورڈ کی ساخت:

بورڈ میں پانچ مرد اور دو خواتین ڈائریکٹرز شامل ہیں۔

02

انڈیپنڈینٹ ڈائریکٹرز

03

نان ایگزیکٹو ڈائریکٹرز

ہم اس شعبے میں بڑھتی ہوئی اور نئی مارکیٹ کے مواقع تلاش کرتے رہیں گے۔ پاکستان دنیا میں کاٹن یا رن کے سب سے بڑے برآمد کنندہ میں سے ایک ہونے کے علاوہ کپاس کا چوتھا سب سے بڑا پروڈیوسر اور تیسرا سب سے بڑا صارف ہے۔ کپاس کے شعبے کے ساتھ ساتھ ٹیکسٹائل اور ملبوسات کی صنعت ملک کے جی ڈی پی کا %11 اور ملک کی برآمدات کا %60 ہونے کے علاوہ %35 لوگوں کو روزگار مہیا کرتی ہے۔ مقامی معیشت کا اہم شعبہ ہونے کی وجہ سے ملک کا مستقبل ٹیکسٹائل سے جڑا ہے۔ جس کی بدولت یہ شعبہ تمام سٹیک ہولڈرز کے لئے توجہ کا مرکز رہے گا۔

بہت سارے چیلنجوں، COVID-19 اور بڑھتی مسابقت کے علاوہ، کمپنی مستقبل کے بارے میں محتاط ہے لیکن اس کا ماننا ہے کہ اگلے سالوں میں یہ اور بھی بہتر کارکردگی کا مظاہرہ کرے گی۔

متعلقہ فریق:

متعلقہ فریقین کے درمیان لین دین آرمز لینتھ پر کیا گیا ہے۔ جن کا موازنہ غیر مقابل قیمتوں کے طریقہ کار سے کیا گیا ہے۔ کمپنی مکمل طور پر اور بہترین طریقوں سے ٹرانسفر پرائسنگ کے طریقوں پر عمل پیرا ہے۔ جو کہ پاکستان سٹاک ایکسچینج کے لسٹنگ کے ضابطے میں موجود ہیں۔

صحت، تحفظ اور ماحول:

آپ کی کمپنی اپنے تمام ملازمین کے ساتھ ساتھ گرد و نواح کے رہنے والے لوگوں کی حفاظت کے لئے ہر ممکن اقدامات کرتی ہے۔ ماحولیاتی تحفظ کمپنی کی اولین ترجیح ہے۔ کمپنی اس بات کو یقینی بناتی ہے کہ اس کا پیداواری عمل ماحول دوست رہے۔ ہم اپنے دفاتر اور پیداواری تنصیبات میں توانائی کی استعداد کار کو بہتر بنانے کے لیے مسلسل کوشش کر رہے ہیں۔ اضافی طور پر، کمپنی کے پاس بہت سے بین الاقوامی سطح پر تسلیم شدہ سرٹیفیکیشنز ہیں جو لیبر فلاح و بہبود کے لئے ماحول کو صاف ستھرا اور اعلیٰ معیار رکھنے پر مرکوز ہیں۔ آپ کی کمپنی کو OEKO-TEX سرٹیفیکیشن (ماحول دوست کپاس) کے علاوہ بی سی آئی سرٹیفیکیشن / ممبر شپ (بہتر کاٹن انیشی ایٹو) بھی حاصل ہے۔

کارپوریٹ سماجی ذمہ داری:

غازی فیبرکس انٹرنیشنل لمیٹڈ کے لئے اسکے لوگ بہت اہم اور لوگوں کو بااختیار بنانے کی سمت کام کرتا ہے تاکہ وہ عالمی معیشت میں کامیابی کے لئے ان کی مہارتوں کی ترقی میں مدد کر سکیں۔ یہ نقطہ نظر ہماری ثقافت کی جڑیں ہیں اور ہماری پائیدار ترقی کو قابل بناتا ہے۔ ہم سمجھتے ہیں کہ کسی بھی کاروبار کی کامیابی کا دار و مدار انسانی سرمائے کے معیار پر ہے اور اس لئے لوگوں کی ترقی ہماری ترجیح ہے۔ ہم نے تربیت میں گھنٹوں کی مناسب تعداد میں سرمایہ کاری کی ہے اور مستقبل میں اس کو بڑھانا چاہتے ہیں۔ مستقبل کی قیادت کو مختلف افعال میں ترقی دینے کے لئے ہم نے مینیجمنٹ ٹریننگ اسکیم کا آغاز کیا ہے اور توقع ہے کہ نوجوان ہنرمند تنظیم کو اونچائی پر لے جائے گا۔

کارکردگی کی بنیاد پر آجر کو یقینی بنانے اور آئندہ جانشینی کے لئے اعلیٰ صلاحیت رکھنے والے افراد کی ترقی کے لئے، کمپنی میں کارکردگی کا انتظام کرنے کا ایک نظام رائج ہے۔ کمپنی اچھی صحت، حفاظت، کام کی زندگی کے توازن اور مارکیٹ کے مطابق معاوضے کے پیکیج کو فراہم کرنے پر بھی یقین رکھتی ہے جس میں روزگار سے فائدہ اٹھانا بھی ہے۔

ٹیکسٹائل کی صنعت کا جائزہ:

ٹیکسٹائل سیکٹر کو زیادہ ڈالر ریٹ، بجلی کی شدید بندش اور گیس کی بلند ترین قیمتوں سے متاثر ہونا پڑا خاص طور پر پنجاب کے علاقے میں جس نے مجموعی سیکٹر کی کارکردگی کو متاثر کیا جس سے ان کی پیداواری لاگت میں مزید اضافہ ہوا۔ حکام بالائی طرف سے مقامی طور پر نکلنے والی گیس کی فراہمی منقطع کیے جانے اور اسکی جگہ اضافی قیمت پر درآمد شدہ مائع قدرتی گیس (آرائیل این جی) متعارف کروانے کی وجہ سے بجلی کی قیمتوں میں اضافہ ہوا۔

پاکستانی روپے کی قدر میں کمی کے ساتھ ساتھ دنیا میں خام مال کی قیمتوں میں اضافے کی وجہ سے درآمدی اور مقامی خام مال کی کھپت سب سے زیادہ رہی۔ عالمی اقتصادی مسائل جیسے "امریکہ / چین تجارتی جنگ" عالمی معیشت میں متوقع سست روی کے بارے میں عمومی تاثر سے کمپنی کے کاروبار کے لئے یہ بین الاقوامی حریفوں کے بڑھتے ہوئے دباؤ کے ساتھ، مارجن برقرار رکھنا بھی بہت مشکل ہوتا جا رہا ہے۔ بڑے مرکزی بینکوں کے اہم اقدامات میں نظامی دباؤ کو کم کرنے کے لئے مالیاتی محرک اور لیکویڈیٹی سہولیات شامل ہیں۔

ہمارے توانائی اخراجات ہمارے حریف ممالک کے مقابلے میں کافی زیادہ ہیں جو کہ ہماری زیادہ پیداواری لاگت کی بنیادی وجہ ہے۔ حکومت کو اس پہلو میں بہتری کے لئے فوری اقدامات کرنے چاہئیں تاکہ ہم عالمی منڈی میں مقابلہ کر سکیں۔

اقتصادی فورم پر اس شعبے کی نمایاں اہمیت کے باوجود مقامی اور بین الاقوامی سطح پر سوتی دھاگے اور سوتی کپڑے کی ناقص کارکردگی کی وجہ سے اس کی کارکردگی کمزور رہی۔ ٹیکسٹائل سیکٹر کی سوت اور تانے بانے کی برآمدات گذشتہ چار سالوں کے دوران مسلسل مقداری لحاظ سے کم ہوئی ہیں کیونکہ حریف ممالک کے مقابلے میں کاروبار کرنے کی زیادہ قیمت اور صنعت کے لئے حکومت کی ناقص پالیسیاں ہیں۔

حکومت کی جانب سے ہر سال کپاس کی پیداوار میں ہونے والی مسلسل کمی کا بھی نوٹ کرنا ہے۔ وقت آگیا ہے کہ نوٹس لیں اور روئی کے لئے ایسے بیجوں کی جانچ پڑتال اور لانے کے لئے ایک خصوصی ریسرچ اینڈ ڈویلپمنٹ ڈیپارٹمنٹ تشکیل دیا جائے۔ جو بین الاقوامی معیار کے مطابق ہو اور کاشتکاروں کے لئے بھی فائدہ مند ہو۔ بصورت دیگر ہمیں خدشہ ہے کہ اگر ایسا نہ کیا گیا تو ٹیکسٹائل کی صنعت کے لئے زندہ رہنا بہت مشکل ہو جائے گا اور بلیس غیر مقابلہ بن سکتی ہیں جو بالآخر ہماری معیشت پر منفی اثر ڈالیں گی۔ ہماری رائے میں نئے بیج کی ترقی میں وقت درکار ہے۔ اس دوران حکومت کو کپاس کے بیج درآمد کرنے کے لئے فوری اقدامات اٹھانے چاہئیں جو ہماری مٹی کے لئے موزوں ہوں۔ ہم تجویز کرتے ہیں کہ جب تک ہم زیادہ سے زیادہ پیداوار کی سطح کو حاصل نہ کر لیں تب تک کپاس کی درآمد پر ٹیکس پابندی اٹھائی جائے۔

مستقبل کے امکانات:

مستقبل کا نظارہ بہت مشکل لگتا ہے ٹیکسٹائل کا کاروبار عالمی سطح پر بہت مسابقتی ہے اور دنیا بھر میں اجناس کو کم کر رہا ہے COVID-19 کی وجہ سے عالمی معاشی نمونوں میں ہمارے کاروبار کو متاثر کر سکتی ہے۔

مجموعی اقتصادی ماحول ترقی کے لئے سازگار رہتا ہے تو اتائی کی فراہمی اور نظم و ضبط کی صورتحال میں بہتر کاروباری آب و ہوا کو فروغ دے گی۔ تاہم سیزن 2021-22 کے موسم میں گھریلو کپاس کی فصل کے ہدف پیداوار سے نیچے بجلی اور ایندھن کی بڑھتی ہوئی قیمتوں کے رجحان سے بین الاقوامی منڈیوں میں ٹیکسٹائل انڈسٹری کی مسابقت کو بری طرح متاثر کیا جاسکتا ہے۔

تاہم، 2021-22ء میں مقامی کپاس کی ہدف سے کم پیداوار بجلی اور ایندھن کی قیمتوں میں اضافہ ہماری ٹیکسٹائل انڈسٹری کی مسابقت کو بین الاقوامی مارکیٹ میں اثر انداز کر سکتی ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022ء کو ختم ہونے والے مالی سال متعلقہ کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس پیش کرتے ہیں۔ گزشتہ مالی سال کے اعدادہ شمار تقابلی جائزے کے لئے شامل کئے گئے ہیں۔

کارپوریٹ گورننس کے کوڈ کی تعمیل کے لئے سالانہ رپورٹ کی توثیق چیف ایگزیکٹو آفیسر اور چیف فنانسیشنل آفیسر کی طرف سے کی گئی ہے جو کہ آڈٹ کمیٹی کی طرف سے منظوری کی سفارش کے بعد بورڈ آف ڈائریکٹرز کی طرف سے منظور کی گئی ہے۔ ہم 30 جون 2022ء کو ختم ہونے والے سال کے لئے نظر ثانی شدہ نتائج کا مختصر جائزہ پیش کرتے ہیں۔

2021 سال	2022 سال	
روپے (000)		
		فروخت:
5,784,863	8,118,420	مقامی
555,451	514,917	برآمدات
549,875	385,550	خام منافع
346,749	159,582	آپریشنل منافع
95,605	100,177	مالی مصارف
196,556	7,624	بعد از ٹیکس منافع
6.02	0.23	فی شیئر منافع روپے

مالی اور آپریشنل کارکردگی:

مالی سال 2020-21 میں 549.875 ملین روپے کے مقابلے میں 2021-22 کے لئے مجموعی منافع 385.550 ملین روپے ریکارڈ کیا گیا ہے جو کہ تقریباً 30 فیصد کم بنتا ہے۔ مالی سال 2020-21 میں ٹیکس کے بعد منافع 196.556 ملین روپے کے مقابلے میں سال 2021-22 میں ٹیکس کے بعد منافع 7.624 ملین روپے ہے۔ جو کہ تقریباً 96 فیصد کم بنتا ہے۔ مالی سال 2021-22 میں 6.02 روپے فی حصص آمدنی کے مقابلے میں 0.23 فیصد فی حصص آمدنی دکھارہا ہے مینجمنٹ کی پالیسیوں نے کمپنی کی فروخت، استحکام اور لیکویڈیٹی کو متاثر کیا۔ جیسا کہ اوپر کی مالی جھلکیوں سے ظاہر ہوتا ہے۔ مینجمنٹ کی سخت کوششوں بشمول لاگت میں کمی اور پرائس مینجمنٹ کے بروقت اقدامات تک محدود نہیں بلکہ COVID-19 جیسی مشکلات کے اثرات کو روکتی ہیں۔ اور خام مال کی بڑھتی ہوئی قیمت وغیرہ کو کافی حد تک روکتی ہیں، کمپنی میں جہاں تک کسٹن دستیاب ہے وہاں اخراجات کو کم کرنے کے لئے اپنی پریکٹس جاری رکھی ہے،

COVID-19 کے اثرات اور پیمانے:

کمپنی حکومت کی فراہم کردہ SOP کی تعمیل کے لئے سخت اقدامات اٹھاتی ہے۔ 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 وبائی بیماری کا مکمل خاتمہ نہیں ہو جاتا۔

PATTERN OF SHAREHOLDING

As At June 30, 2022

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
546	1	100	48,687
3,343	101	500	1,531,353
404	501	1,000	375,606
334	1,001	5,000	842,801
59	5,001	10,000	461,652
26	10,001	15,000	328,001
10	15,001	20,000	195,500
8	20,001	25,000	181,200
6	25,001	30,000	169,600
2	30,001	35,000	70,000
2	35,001	40,000	71,000
1	45,001	50,000	50,000
2	50,001	55,000	106,500
1	60,001	65,000	62,500
2	75,001	80,000	156,000
1	95,001	100,000	97,500
1	120,001	125,000	124,500
1	145,001	150,000	150,000
1	155,001	160,000	157,000
1	260,001	265,000	262,000
1	335,001	340,000	338,500
1	1,615,001	1,620,000	1,617,600
1	2,490,001	2,495,000	2,491,100
2	3,220,001	3,225,000	6,447,000
1	16,295,001	16,300,000	16,300,000
4,757			32,635,600

2.3 Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	20,707,700	63.4513%
Associated Companies, undertakings and related parties (Parent Company)	0	0.0000%
NIT and ICP	11,500	0.0352%
Banks, Development Financial Institutions, Non Banking Financial Institutions.	26,600	0.0815%
Insurance Companies	124,500	0.3815%
Modarabas and Mutual Funds	1,100	0.0034%
Shareholders holding 10% or more	16,300,000	49.9455%
General Public		
a. Local	5,253,099	16.0962%
b. Foreign	6,447,000	19.7545%
Others (to be specified)		
1- Joint Stock Companies	64,101	0.1964%

CATEGORIES OF SHAREHOLDING

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MOHAMMAD ARSHAD CHAUDHRY	16,300,000	49.9455
2	MRS. AZRA YASMIN	1,000	0.0031
3	MR. MUHAMMAD KAMRAN ARSHAD	1,617,600	4.9566
4	KHAWAJA WAHEED RAZA (CDC)	35,000	0.1072
5	MISS. WAJEEHA ARSHAD	500	0.0015
6	MR. RIZWAN ARSHAD	2,753,100	8.4359
7	MR. MUHAMMAD IMRAN RASHEED	500	0.0015
Executives:		3,000	0.0092
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		152,200	0.4664
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MR. MOHAMMAD ARSHAD CHAUDHRY	16,300,000	49.9455
2	MR. RIZWAN ARASHAD	2,753,100	8.4359
3	MR. IBRAHIM HUSSAIN IBRAHIM ALHOSANI	3,225,000	9.8818
4	MR. AHMED YUSUF ALI	3,222,000	9.8727

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
	Nil	-	-

SIX YEARS FINANCIAL STATISTICAL SUMMARY

Measure of performance	2022	2021	2020	2019	2018	2017
..... Rupees in Thousand						
Sales - net	8,633,337	6,340,314	4,703,859	5,418,786	3,797,059	4,255,717
Cost of sales	8,247,787	5,790,439	4,566,155	5,033,977	3,571,402	4,174,942
Gross profit	385,550	549,875	137,704	384,809	225,657	80,775
Operating profit/(Loss)	159,582	346,749	(31,852)	206,985	18,329	(153,405)
(Loss) / profit after tax	7,624	196,556	(223,595)	(51,444)	(175,202)	(334,189)
In % age terms						
Cost of sales	95.53	91.33	97.07	92.90	94.06	98.10
Operating profit/(Loss)	1.85	5.47	(0.68)	3.82	0.48	(3.60)
(Loss)/ profit after tax	0.09	3.10	(4.75)	(0.95)	(4.61)	(7.85)
Financial position						
Property, plant and equipment-net	1,249,993	1,233,010	1,321,561	1,401,016	1,415,526	1,556,532
Capital work in progress	34,073	72,482	-	-	90,830	1,134
Fixed assets	1,284,066	1,305,493	1,321,561	1,401,016	1,506,356	1,557,666
Current assets						
Stores, spares and loose tools	129,769	130,879	122,871	131,914	115,609	114,772
Stocks in trade	1,049,717	698,180	990,238	729,191	449,614	749,188
Other current assets	973,134	657,844	520,088	860,918	577,315	471,290
Cash and cash equivalent	5,314	18,532	8,591	6,784	30,450	6,748
	2,157,934	1,505,435	1,641,788	1,728,807	1,172,988	1,341,998
Current liabilities						
Short term borrowings	1,014,605	775,971	1,037,670	1,255,863	983,332	1,203,403
Current portion of long term loans	94,500	121,250	119,750	80,550	150,000	175,000
Other current liabilities	626,332	306,778	386,240	315,110	334,743	377,625
	1,735,437	1,203,999	1,543,660	1,651,523	1,468,075	1,756,028
Net working capital	422,497	301,436	98,128	77,284	(295,087)	(414,030)
Long term loans - excluding sponsors' loan	-	61,500	162,250	131,250	56,250	206,250

FINANCIAL HIGHLIGHTS

Financial Highlights	2022	2021	2020	2019	2018	2017
Rupees.....					
A. Profitability Ratios:						
Earning before interest, taxation and depreciation	Rs. 277,940,606	468,974,052	95,489,077	340,596,271	160,223,452	(5,942,434)
Earning before interest and taxation	Rs. 159,582,302	346,749,150	(31,851,713)	206,984,710	18,328,741	(153,404,945)
Profit / (Loss) before taxation and depreciation	Rs. 177,763,929	373,369,064	(77,566,805)	195,562,579	40,194,263	(146,082,104)
Gross profit ratio	% 4.47	8.67	2.93	7.10	5.94	1.90
Operating profit / (loss) margin to sales (net)	% 1.85	5.47	(0.68)	3.82	0.48	(3.60)
Net profit / (loss) margin to sales (net)	% 0.09	3.10	(4.75)	(0.95)	(4.88)	(7.85)
EBITD margin to sales (net)	% 3.22	7.40	2.03	6.29	4.22	(0.14)
B. Liquidity Ratios :						
Current ratio	% 1.24	1.25	1.06	1.05	0.80	0.76
Quick / Acid-test ratio	% 0.64	0.67	0.42	0.61	0.25	0.27
Cash to current liabilities	% 0.003	0.02	0.01	0.004	2.07	0.38
Cash flow from operations to sales	% (0.04)	-	0.03	(0.12)	8.95	(6.42)
Working capital (Net current assets)	Rs. 422,496,628	301,435,015	98,127,442	77,283,941	(295,086,622)	(414,030,560)
Working capital turnover	Times 20.43	21.03	47.94	70.12	(12.87)	(0.10)
C. Activity / Turnover Ratios						
Debtors turnover ratio	Times 15.65	15.75	14.38	12.91	30.00	33.25
No. of days in receivables / Average collection period	Days 20.17	21.00	28.98	18.40	12.17	10.98
Inventory turnover ratio	Times 9.44	6.86	5.31	8.54	6.32	5.57
No. of days in inventory	Days 36.95	48.60	66.71	39.70	57.77	65.50
Creditors turnover ratio	Times 25.52	21.86	18.98	25.03	11.72	9.62
No. of days in creditors / Average payment period	Days 11.77	11.32	14.78	11.54	31.14	37.94
Property, plant and equipment turnover	Days 52.85	70.98	102.55	94.37	136.07	133.50
Total assets turnover	Days 146.07	162.57	230.95	211.70	258.81	249.81
D. Investment Ratios						
Basic earnings / (loss) per share	Rs. 0.23	6.02	(6.85)	(1.58)	(5.37)	(10.24)
Cash dividend per share	Rs. -	0.75	-	-	-	-
E. Capital Structure Ratios						
Total liabilities to total assets	% 52.15	48.65	61.84	62.12	61.15	70.10
Interest coverage	Times 1.59	3.63	(0.18)	1.43	0.15	(1.09)

STATEMENT OF VALUE ADDITION

Statement of Value addition

	2022	2021
Sales	8,633,337,465	6,340,313,774
Less: Manufacturing / administration and general expenses	<u>(7,732,992,169)</u>	<u>(5,304,991,891)</u>
	900,345,296	1,035,321,883
Other income	<u>24,037,885</u>	<u>16,226,200</u>
Total value added	<u><u>924,383,181</u></u>	<u><u>1,051,548,083</u></u>

Distribution

Employees :

Salaries and wages	645,292,484	581,288,318
--------------------	-------------	-------------

Government :

Corporate tax	51,781,342	54,588,112
Development surcharge	1,150,091	1,285,713
	52,931,433	55,873,825

Lenders :

Financial institution (Markup, Bank charges)	100,176,677	95,604,988
--	-------------	------------

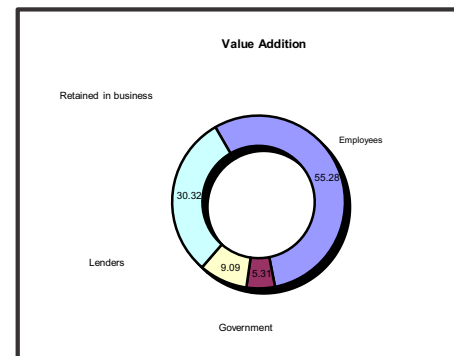
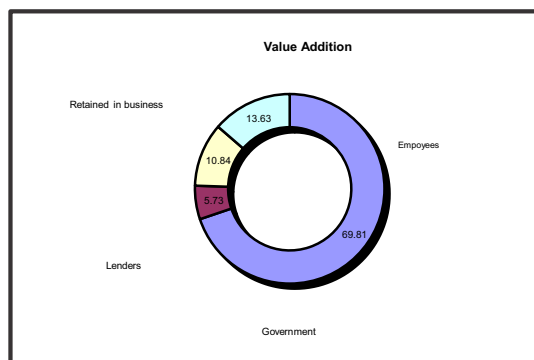
Retained in business:

Depreciation	118,358,304	122,224,903
Profit / (Loss)	7,624,283	196,556,050
	125,982,587	318,780,952

<u><u>924,383,181</u></u>	<u><u>1,051,548,083</u></u>
---------------------------	-----------------------------

Percentage

Employees	69.81	55.28
Government	5.73	5.31
Lenders	10.84	9.09
Retained in business	13.63	30.32





QADEER & COMPANY
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GHAZI FABRICS INTERNATIONAL LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **GHAZI FABRICS INTERNATIONAL LIMITED** (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Lahore

September 30, 2022

QADEER AND COMPANY
CHARTERED ACCOUNTANTS

UDIN: CR2022100902lgd8r9x1

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company: GHAZI FABRICS INTERNATIONAL LIMITED

Year ending: JUNE 30, 2022

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: 05
 - b. Female: 02

2. The composition of board is as follows:

Category	Names
Independent Director	<ul style="list-style-type: none"> ● Muhammad Imran Rasheed ● Khawaja Waheed Raza
Non-Executive Directors	<ul style="list-style-type: none"> ● Rizwan Arshad
Executive Directors	<ul style="list-style-type: none"> ● Mohammad Arshad Chaudhry ● Kamran Arshad
Female Directors	<ul style="list-style-type: none"> ● Mrs. Azra Yasmin ● Wajeeha Haaris

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of the Directors of the Company are exempted/certified from the requirement of Directors' Training program.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee**
 1. Mr. Muhammad Imran Rasheed – Chairman/Member
 2. Mr. Rizwan Arshad – Member
 3. Mrs. Wajeeha Harris – Member
 - b) **HR and Remuneration Committee**
 1. Mr. Muhammad Imran Rasheed – Chairman/Member
 2. Mrs. Azra Yasmin – Member
 3. Mrs. Wajeeha Harris – Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee was as per following:
- | | | |
|----|-------------------------------|-----|
| a) | Audit Committee | (6) |
| b) | HR and Remuneration Committee | (1) |
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations have been complied with.
19. N.A.

Chief Executive

Chairperson

Lahore

September 30, 2022

Financial Statements

For the year ended June 30, 2022



INDEPENDENT AUDITOR'S REPORT

To The Members Of Ghazi Fabrics International Limited Report On The Audit Of The Financial Statements

Opinion

We have audited the annexed financial statements of **GHAZI FABRICS INTERNATIONAL LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- The statement of financial position, the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Abdul Rahman.

Lahore
September 30, 2022

QADEER AND COMPANY
CHARTERED ACCOUNTANTS

32 UDIN: [AR20221009080g1mQ5wB](https://www.icaag.org/UDIN/AR20221009080g1mQ5wB)

This Page is intentionally left blank

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

EQUITY AND LIABILITIES	Note	2022	2021
		Rupees	
Share Capital and Reserves			
Authorized capital 40,000,000 (2021: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital	5	326,356,000	326,356,000
Directors' loan	6	2,639,686,878	2,440,186,878
Accumulated loss		(1,312,693,982)	(1,316,340,412)
		1,653,348,896	1,450,202,466
Non Current Liabilities			
Long term financing	7	-	61,500,000
Deferred liabilities	8	66,225,578	108,236,904
		66,225,578	169,736,904
Current Liabilities			
Trade and other payables	9	492,658,444	207,736,599
Unclaimed dividend		6,051,753	4,982,921
Accrued interest / mark up	10	21,752,504	7,042,278
Short term borrowings	11	1,014,605,464	775,971,248
Current portion of long term financing	7	94,500,000	121,250,000
Provision for taxation - net	12	105,869,292	87,016,337
		1,735,437,457	1,203,999,383
Contingencies and Commitments	13	-	-
		3,455,011,931	2,823,938,753
ASSETS			
Non Current Assets			
Property, plant and equipment	14	1,249,993,307	1,233,010,281
Capital work in progress	15	34,072,846	72,482,380
		1,284,066,153	1,305,492,661
Long term deposits	16	13,011,694	13,011,694
		1,297,077,847	1,318,504,355
Current Assets			
Stores, spares and loose tools	17	129,768,809	130,878,508
Stock in trade	18	1,049,716,571	698,179,575
Trade debts	19	551,526,143	402,553,116
Loans and advances	20	256,166,484	223,595,158
Tax refunds/ rebate due from the Government	21	165,441,627	31,695,583
Cash and bank balances	22	5,314,451	18,532,458
		2,157,934,085	1,505,434,398
		3,455,011,931	2,823,938,753

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees	
Sales - Net	23	8,633,337,465	6,340,313,774
Less: Cost of goods sold	24	8,247,787,341	5,790,439,214
Gross Profit		385,550,124	549,874,560
Less: Operating expenses:			
- Selling and distribution	25	103,520,695	71,817,762
- Administrative and general	26	139,247,409	122,026,500
- Other operating charges	27	7,237,603	25,507,348
		250,005,707	219,351,610
		135,544,417	330,522,950
Other operating income	28	24,037,885	16,226,200
Operating profit / (loss)		159,582,302	346,749,150
Less: Finance cost	29	100,176,677	95,604,988
Profit / (loss) before taxation		59,405,625	251,144,162
Less: Taxation	30	51,781,342	54,588,112
Profit / (loss) after taxation		7,624,283	196,556,050
Earnings / (Loss) per share - Basic and diluted	31	0.23	6.02

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	Rupees	
Profit / (loss) for the year	7,624,283	196,556,050
<u>Other comprehensive income / (Loss)</u>		
Remeasurements of defined benefit obligation	216,089	6,566,001
Impact of deferred tax	(57,392)	(1,624,705)
	158,697	4,941,296
Total comprehensive income/ (Loss) for the year	7,782,980	201,497,346

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		59,405,625	251,144,162
Adjustments for:			
- Depreciation	14.01	118,358,304	122,224,903
- (Gain) / loss on disposal of property, plant and equipment		(848,702)	(2,357,147)
- Provision for WPPF		3,235,862	13,398,555
- Provision for WWF		2,075,741	3,428,377
- Provision for staff retirement benefits	8.06	36,129,796	32,719,834
- Exchange gain		(10,500,116)	-
- Finance cost		100,176,677	95,604,988
		248,627,562	265,019,510
Operating profit before working capital changes		308,033,187	516,163,672
(Increase) / decrease in current assets:			
- Stores, spares and loose tools		1,109,699	(8,007,642)
- Stock in trade		(351,536,996)	292,058,317
- Trade debts		(138,472,911)	(75,419,413)
- Loans and advances		(32,571,328)	(104,566,938)
- Tax refunds/ rebate due from the Government		(123,818,301)	7,890,508
Increase / (decrease) in current liabilities:			
- Trade and other payables		279,610,242	(107,653,372)
		(365,679,595)	4,301,460
Cash generated from operations		(57,646,408)	520,465,132
Income tax paid / deducted		(102,935,908)	(33,172,926)
Gratuity paid		(17,902,647)	(22,098,970)
Finance cost paid		(85,466,451)	(103,539,750)
Net cash generated from operating activities		(263,951,414)	361,653,486
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(135,392,627)	(34,442,480)
Capital work in progress		38,409,534	(72,482,380)
Proceeds from disposal of property, plant and equipment		900,000	3,125,000
Net cash used in investing activities		(96,083,093)	(103,799,860)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds / (repayment) of long term loans - net	7	(88,250,000)	(99,250,000)
Increase in directors and sponsors loan	34.01	199,500,000	113,036,041
Unclaimed dividend		(3,067,718)	-
Short term borrowings		238,634,216	(261,698,518)
Net cash (used in) / generated from financing activities		346,816,500	(247,912,477)
Net increase in cash and cash equivalents		(13,218,007)	9,941,149
Cash and cash equivalents at the beginning of the year		18,532,458	8,591,309
Cash and cash equivalents at the end of the year	22	5,314,451	18,532,458

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

37

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	Issued, Subscribed and Paid up Capital	Directors' loan	Accumulated Loss	T total
	Rupees			
Balance as at June 30, 2020	326,356,000	2,327,150,837	(1,517,837,758)	1,135,669,079
<i>Transaction with owner-loan from directors</i>	-	113,036,041	-	113,036,041
Total comprehensive income for the year ended June 30, 2021	-	-	201,497,346	201,497,346
Profit after taxation for the year	-	-	196,556,050	196,556,050
Other comprehensive income for the year	-	-	4,941,296	4,941,296
Balance as at June 30, 2021	326,356,000	2,440,186,878	(1,316,340,412)	1,450,202,466
<i>Transaction with owner-loan from directors</i>	-	199,500,000	-	199,500,000
<i>Transaction with owner - Dividend 2021</i>	-	-	(4,136,550)	(4,136,550)
Total comprehensive income for the year ended June 30, 2022	-	-	7,782,980	7,782,980
Profit after taxation for the year	-	-	7,624,283	7,624,283
Other comprehensive income for the year	-	-	158,697	158,697
Balance as at June 30, 2022	326,356,000	2,639,686,878	(1,312,693,982)	1,653,348,896

The annexed notes from 1 to 41 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 REPORTING ENTITY

- 1.01** 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 Limited. 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

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) 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 provisions of and directives issued under the Companies Act 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

2.2 Initial application of a standard, amendment or an interpretation to an existing standard New standards, amendments to the accounting and reporting standards as applicable in Pakistan

2.2.1 Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2022

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.3 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.5 Judgment, estimates and assumptions

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources, actual results may differ from the estimates. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have any material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of accounting and reporting standards as applicable in Pakistan that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows;

2.5.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.5.2 Recoverable amount of assets/ cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.3 Fair value of financial instruments having no active market

Fair value of financial instruments having no active market is determined using discounted cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

2.5.4 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.5.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.6 Functional and presentation currency

Items included in the financial statements are prepared using the currency of the primary economic environment in which the company operates i.e. Pakistan Rupees which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

3.01 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.02 Employee benefits - Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at June 30, 2022. Charge for the current year is based on estimates provided by the actuary as at June 30, 2022.

All actuarial gains and losses (i.e. remeasurements) are recognized in 'other comprehensive income' as they occur.

3.03 Borrowings

These are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

3.04 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.05 Taxation

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher; and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessment made / finalized during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, are recognized to the extent of potential available taxable profit against which temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

3.06 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.07 Trade and other receivables

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

3.08 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation less impairment loss (if any) except freehold land that is stated at cost. Cost of property, plant and equipment consists of historical cost and other directly attributable costs incurred to bring the assets to their working condition.

Depreciation on property, plant and equipment has been provided by using the reducing balance method at the rates specified in Note 14. Full month depreciation is charged in the month of addition while no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as expense when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the profit and loss account.

3.09 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

3.10 Impairment

Carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the statement of profit or loss.

3.11 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

Provision for obsolete and slow moving stores and spares is based on management's estimate.

3.12 Stock in trade

These are valued at lower of cost or net realizable value except waste which is valued at net realizable value determined at average selling price.

Cost is determined as follows:

Raw materials	-	At weighted average cost.
Work in process	-	At annual average material cost plus appropriate manufacturing costs.
Finished goods	-	At average manufacturing cost.
Wastes	-	At net realizable value.

Net realizable value signifies the estimated selling price at which goods in stock could be currently sold less any further costs that would be incurred to complete the sale.

Costs in relation to work in process and finished goods represent annual average costs which consist of prime costs and appropriate manufacturing overheads.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand and cash with banks in current accounts.

3.14 Financial instruments**Financial assets**

The Company classifies its financial assets in the following categories: at fair value through statement of profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through statement of profit or loss:

- (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Foreign currency translation and transactions

'Assets and liabilities in foreign currency are stated in Pak Rupees at the rates of exchange ruling on the balance sheet date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated into Pak Rupees (functional and presentation) at the exchange rate prevailing on the date of transaction. All exchange differences are included in the statement of profit or loss.

3.16 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

3.17 Revenue recognition

Revenue from local sale of goods be recognised at the point in time when control of goods is transferred to the customer, which is when the goods are dispatched to the customer and invoices are generated.

Export sales are recorded at the time of receipt of bill of lading.

Export rebate and Duty Drawbacks are accrued on the basis of actual export proceeds realized.

3.18 Borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

3.19 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.20 Earning per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4 CHANGE IN ACCOUNTING POLICY

All the significant accounting policies are applied consistently during the year.

	Note	2022	2021
		Rupees	
5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
32,635,600 (2020: 32,635,600) Ordinary shares of Rs. 10 each fully paid in cash		326,356,000	326,356,000
5.01 The Shareholders' rights and privileges are governed through The Companies Act, 2017 and the rules and regulations made thereunder; the Company's Memorandum and Articles of Association and there is no specific shareholder's agreement executed for voting rights, board selection, right of first refusal and block voting.			
6 DIRECTORS' LOAN			
Loan from directors	6.01	2,639,686,878	2,440,186,878
6.01 These loans are accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.			
6.02 This loan has been provided by the chief executive and other directors of the Company for the repayment of long term loans and capital expenditure of the Company. The loan is unsecured and interest free. The terms of repayment have yet not been finalized due to the subordination loan agreement of Rs. 1,500 million each (2021 :Rs. 1,500 million) with Habib Bank Limited and United Bank Limited.			

		2022	2021
	Note	Rupees	
7 LONG TERM FINANCING			
Loan from banking companies - Secured			
United Bank Limited:			
- NIDF - IX	7.01	-	6,250,000
- NIDF - III	7.02	12,500,000	62,500,000
		12,500,000	68,750,000
Habib Bank Limited:			
- Term Finance	7.04	82,000,000	114,000,000
		94,500,000	182,750,000
Less: Current portion		(94,500,000)	(121,250,000)
		-	61,500,000
7.01 Term Finance (NIDF IX)			
Opening balance		6,250,000	37,500,000
Payments made during the year		(6,250,000)	(31,250,000)
		-	6,250,000

This loan has been obtained for reprofiling of balance sheet of the company. It is repayable in sixteen equal quarterly installments with a grace period of eighteen months from first draw down of loan with first installment due in December 2017. It carries mark up at three months KIBOR plus 1.25% per annum payable on quarterly basis. It has been expired on 21.09.2021.

7.02 Term Finance (NIDF III)			
Opening balance		62,500,000	112,500,000
Payments made during the year		(50,000,000)	(50,000,000)
		12,500,000	62,500,000

This loan has been obtained for reprofiling of balance sheet of the company. It is repayable in twelve equal quarterly installments from first draw down of loan with first installment due in September 2019. It carries mark up at three months KIBOR plus 1.85% per annum payable on quarterly basis.

7.03	Loan from UBL are secured against first pari passu equitable mortgage of property, plant and equipment of the Company valuing Rs. 1,471 million (2021: Rs. 1,471 million) and personal guarantee of chief executive and two directors of the Company.		
7.04 HBL-Term Finance			
Opening balance		114,000,000	132,000,000
Payments made during the year		(32,000,000)	(18,000,000)
		82,000,000	114,000,000

This loan has been obtained for reprofiling of balance sheet of the company. It is repayable in sixteen quarterly installments from first draw down of loan. It carries mark up at three months KIBOR plus 1.5% per annum payable on quarterly basis.

Loan from HBL are secured against first pari passu charge on fixed assets of the Company valuing Rs. 932 million and personal guarantee of chief executive and one director of the Company.

		2022	2021
	Note	Rupees	
8 DEFERRED LIABILITIES			
Deferred tax - net	8.01	(20,090,550)	39,931,836
Staff retirement benefits	8.03	86,316,128	68,305,068
		66,225,578	108,236,904
8.01 Deferred tax - net			
Taxable temporary differences / (Deductible temporary differences) balance arising in respect of:			
- Accelerated tax depreciation		174,415,412	165,029,452
- Minimum tax		(171,602,151)	(108,196,070)
- Staff retirement benefits		(22,903,811)	(16,901,546)
		(20,090,550)	39,931,836

8.02 The movement in temporary differences are as follows:

	Rupees						
	Balance as at June 30, 2020	Recognised in Profit or Loss	Recognised in other comprehensive Income	Balance as at June 30, 2021	Recognised in Profit or Loss	Recognised in other comprehensive Income	Balance as at June 30, 2022
Deferred tax debits:							
Minimum tax	(70,891,197)	(37,304,873)	-	(108,196,070)	(63,406,081)	-	(171,602,151)
Staff retirement benefits	(14,070,772)	(4,455,479)	1,624,705	(16,901,546)	(6,059,657)	57,392	(22,903,811)
	(84,961,969)	(41,760,352)	1,624,705	(125,097,616)	(69,465,738)	57,392	(194,505,962)
Deferred tax credits:							
Accelerated depreciation	155,492,377	9,537,075	-	165,029,452	9,385,960	-	174,415,412
Depreciation allowance							
	155,492,377	9,537,075	-	165,029,452	9,385,960	-	174,415,412
	70,530,408	(32,223,277)	1,624,705	39,931,836	(60,079,778)	57,392	(20,090,550)

- 8.3 The company has not recognized deferred tax asset on minimum tax amounting to Rs. 65.03 million (2021: Rs. 91.8 Million) due to uncertainty of adjustments in future periods using Prudence.

8.04 Staff retirement benefits:

	2022	2021
	Rupees	
Statement of financial position		
<i>Present value of defined benefit obligation</i>	86,316,128	68,305,068
<i>plus payables</i>	-	-
Balance Sheet Liability/(asset)	86,316,128	68,305,068

8.05 Changes in Present Value of Defined Benefit Obligations

Present Value of Defined Benefit Obligations	68,305,068	64,250,205
Current Service Cost	30,194,422	28,197,773
Past Service Cost	-	-
Interest cost on defined benefit obligations	5,935,374	4,522,061
Benefits due but not paid (Payable)	-	-
Benefits Paid	(17,902,647)	(22,098,970)
Gains and losses arising on plan settlements	-	-
Remeasurements :		
Actuarial (gain)/losses from changes in demographic assumptions	-	-
Actuarial (gain)/losses from changes in financial assumptions	74,652	28,541
Experience adjustments	(290,741)	(6,594,542)
Present Value of Defined Benefit Obligations	86,316,128	68,305,068

8.06 Expenses to be Charged to P&L

Current service cost	30,194,422	28,197,773
Past service cost	-	-
Gains and losses arising on plan settlements	-	-
Interest cost on defined benefit obligation	5,935,374	4,522,061
Expense chargeable to P&L	36,129,796	32,719,834

8.07 Total Remeasurement Chargeable to other Comprehensive Income

Remeasurement of plan obligation :		
Actuarial (gain)/losses from changes in demographic assumptions	-	-
Actuarial (gain)/losses from changes in financial assumptions	74,652	28,541
Expectation adjustments	(290,741)	(6,594,542)
Total remeasurements chargeable in OCI	(216,089)	(6,566,001)

	2022	2021
	Rupees	
8.08 Changes in Net Liability		
Balance sheet liability/(assets)	68,305,068	64,250,205
Expense chargeable to P&L	36,129,796	32,719,834
Remeasurements chargeable in other comprehensive income	(216,089)	(6,566,001)
Benefits Paid	(17,902,647)	(22,098,970)
Benefits Payable transferred to short term liability	-	-
Balance sheet liability/(assets)	86,316,128	68,305,068

8.09 Significant Actuarial Assumptions

Discount rate used for interest Cost in P&L charge	10.00%	8.50%
Discount rate used for year end obligation	13.25%	10.00%
Salary increase used for year end obligation		
Salary Increase FY 2022	N/A	8.00%
Salary Increase FY 2023	11.25%	8.00%
Salary Increase FY 2024	11.25%	8.00%
Salary Increase FY 2025	11.25%	8.00%
Salary Increase FY 2026	11.25%	8.00%
Salary Increase FY 2027	11.25%	8.00%
Salary Increase FY 2028 onward	11.25%	8.00%
Next salary is increased at	01-Jan-23	01-Jan-22
Mortality Rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	Setback 1 year
Withdrawal Rates	Age based	Age based
Retirement Assumptions	Age 60	Age 60

8.10 The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried on as at June 30, 2022, using Project Unit Credit Method.

8.11 Estimated Expenses to be Charged to P&L in FY 2023

	Rupees
Current service cost	41,620,490
Interest cost on defined benefit obligation	8,246,367
Amount chargeable to P&L	49,866,857

8.12 Year End Sensitivity Analysis on Defined Benefit Obligation

	Rupees
Discount Rate + 100 bps	85,096,485
Discount Rate - 100 bps	87,580,770
Salary Increase + 100 bps	87,592,246
Salary Increase - 100 bps	85,063,903

8.13 Expected Benefit Payment for the Next 10 years and Beyond

	Rupees
FY 2023	48,158,788
FY 2024	44,890,350
FY 2025	34,859,324
FY 2026	25,428,266
FY 2027	18,131,880
FY 2028	12,547,859
FY 2029	8,530,332
FY 2030	5,784,818
FY 2031	3,806,946
FY 2032	2,491,832
FY 2033 Onwards	4,624,781

8.14 Risk associated with the scheme

Final Salary Risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic Risks

Mortality risk: The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk: The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2022	2021
	Rupees	
9 TRADE AND OTHER PAYABLES		
Creditors for:		
- Goods supplied	267,103,897	98,950,150
- Services	131,275,772	34,541,318
Accrued liabilities	54,071,327	41,410,759
Advances from customers - unsecured	7,398,014	14,370,313
Security deposits	9.01 171,000	171,000
Tax deducted at source	9,908,353	1,466,127
Workers' Profit Participation Fund Payable	17,225,963	13,398,555
Workers' Welfare Fund Payable	5,504,118	3,428,377
	<u>492,658,444</u>	<u>207,736,599</u>
9.01	It represents security received from mill canteen contractors, shops etc. and is kept in separate bank account.	
10 ACCRUED INTEREST/ MARKUP		
Long term financing	2,963,280	3,723,335
Short term borrowings	18,789,224	3,318,943
	<u>21,752,504</u>	<u>7,042,278</u>
11 SHORT TERM BORROWINGS - From banking companies - Secured		
Habib Bank Limited - Secured	11.01 678,419,873	552,869,573
United Bank Limited- Secured	11.02 336,185,591	223,101,675
	<u>1,014,605,464</u>	<u>775,971,248</u>
11.1	These represent utilized portion of short term finance facilities of Rs. 791 million (2021: Rs. 865 million) (including Letter of Guarantee Facility of Rs. 91.0 million (2021: Rs. 91 million) as mentioned in contingencies noted below) under mark up arrangement. These facilities carry mark up of one month KIBOR plus 1.5% per annum. It is renewed on 29th April 2022 and valid for one year. These short term borrowings along with long term financing are secured by first pari passu equitable mortgage charge on property, plant and equipment of the Company valuing Rs. 932 million (2021: Rs. 932 million), pledge of cotton and polyester bales, lien on import documents / export contracts and personal guarantee of the chief executive and director of the Company.	
11.2	These represent utilized portion of short term finance facilities of Rs. 870 million (2021 : Rs. 720 million) available from United Bank Limited under mark up arrangement. These facilities carry mark up at 1 month KIBOR plus 1.5% per annum. These borrowings along with long term financing are secured by first pari passu charge on present and future fixed assets of the Company premises valuing Rs. 1,471 million (2021 : Rs. 1,471 million), pledge of cotton and polyester bales, lien on import documents / export contracts and personal guarantee of the chief executive and director of the Company.	
12 PROVISION FOR TAXATION - Net		
Opening balance	87,016,337	67,717,408
Provision for the year	105,869,291	87,016,336
Payments / adjustments against advance tax	(87,016,336)	(67,717,407)
	<u>105,869,292</u>	<u>87,016,337</u>

Income tax return up to and including tax year 2021 has been filed to the tax authorities under the provision of Income Tax Ordinance, 2001.

13. CONTINGENCIES AND COMMITMENTS

Contingencies

- 13.01** ICA No. 3443/2020 in W.P. NO. 49178/2017 - Oil & Gas Regulatory Authority Vs. Ejaz Textile Mills Ltd. & Others" has been filed by OGRA before the Honourable Lahore High Court, Lahore, challenging the Judgment dated 13.12.2019. This Appeal is regarding the impugned Determinations of 02.06.2017 and 20.06.2017 made by OGRA and the vires of SRO 405(I)/2015 dated 07.05.2015 and SRO 97(I)/2015 dated 30.09.2015. Ghazi Fabrics International Limited has been arrayed as Respondent No.41 in the above mentioned Appeal.
- 13.02** ICA No. 73790/2019 in W.P.No. 42541/2019 – Sui Northern Gas Pipelines LTD.Vs. Federation of Pakistan, etc. has been filed by SNGPL against Order dated 31.10.2019 this Appeal is regarding levy of USD 6.50/MMBTU. Ghazi Fabrics International Limited has been arrayed as Respondent No.25 in the titled Appeal.
- 13.03** CPLA NO. 909/2020 - Ghazi Fabrics International Limited, etc.Vs. Federation of Pakistan & Others" has been filed before the Honourable Supreme Court OF Pakistan at Islamabad, challenging the Judgment dated 20.11.2019 passed by the Honourable Lahore High Court, Lahore , in W.P.No. 60367/2019. This CPLA is regarding the impugned imposition of Quarter Tariff Adjustment for the 1st and 2nd Quarters of Financial Year 2017-2018. The case has been dismissed vide Judgment dated 18.04.2022.
- 13.04** W.P. NO. 12403/2020 - Ghazi Fabrics International Limited, etc.Vs. Federation of Pakistan, etc. has been filed before the Honourable Lahore High Court, Lahore, challenging the impugned levy and recovery of arrears from January 2019 to December 2019 in the Bill of January 2020 regarding Fuel Price Adjustment, Financial Cost Surcharge, Nelum Jehlum Surcharge and Maximum Demand Indicator, etc.
- 13.05** W.P.No. 74315/2019 - Shahzad Textile Mills Limited, etc Vs. Federation of Pakistan has been filed before the Honorable Lahore High Court, Lahore, challenging the base tariffs and the adjustment tariffs determined by NEPRA, notified by the Federal Government and charged by the Distribution Companies (DISCOS).
- 13.06** ICA No. 73521/2021 in W.P.No. 42176/2020- Sui Northern Gas Pipelines Limited & Another Vs. All Pakistan Textile Mills Association & Others- The subject matter ICA has been filed by the SNGPL before the Honorable Lahore High Court, Lahore, against the Judgment dated 27.09.2021 passed in WP No. 42176/2020. The writ petition was filed by APTMA challenging the levy and demand of GIDC prior to coming into force of GIDC Act, 2015 as well as levy and demand of GIDC at the tariff applicable to captive power consumers instead of industrial consumers. Ghazi Fabrics International Limited has been arrayed as Respondent No.38 in the titled ICA.
- 13.07** ICA No. 2155/2022 - Sui Northern Gas Pipelines Limited Vs. Ghazi Fabrics International Limited, etc. (Ghazi Fabrics International Limited has been arrayed as Respondent No.1). The above Intra-Court Appeal has been filed by SNGPL before the Honorable Lahore High Court, Lahore, challenging Judgment dated 22.11.2021. This appeal is regarding levy and demand of arrears of Difference of Gas Tariff between the industrial consumers and captive power consumers for the period from 23.01.2013 to 31.08.2015.
- 13.08** W.P.No. 42500/2021 – Kamran Arshad, etc.Vs. Federation of Pakistan, etc. The above writ petition was filed before the Honorable Lahore High Court, Lahore challenging the Directive/Letter dated 28.01.2021 issued by SNGPL as well as the decision of the CCOE dated 21.01.2021 and decision of the Federal Cabinet dated 26.01.2021. Ghazi Fabrics International Limited has been arrayed as Petitioner No. 2 in the titled Petition.
- 13.09** W.P.No. 67112/2021 - Ghazi Fabrics International Limited & Others Vs. Federation Of Pakistan & Others. The above writ petition has been filed before the Honourable Lahore High Court, Lahore, challenging impugned notices dated 15.10.2021 sent by Sui Northern Gas Pipelines Limited to APTMA Member textile mills demanding additional security/guarantee from them. Ghazi Fabrics International Limited has been arrayed as Petitioner No. 1 in the titled Writ Petition.
- 13.10** Suit. No. 1177-2019. Ghazi Fabrics International Limited & Others Vs. SNGPL. This Petition has been filed against SNGPL in which the Adhoc RLNG bill has been challenged, which has been restrained by order of Honourable Court.
- 13.11** Suit.No.1632-2021. Ghazi Fabrics International Limited & Others Vs. SNGPL. This Suit has been filed against SNGPL in which the recovery of GIDC has been challenged before Sindh High Court at Karachi, which has been suspended by order of Honourable Court.
- 13.12** The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 90.614 million (2021:Rs. 90.614 million) on account of security deposits against the consumption of natural gas.
- 13.13** Post dated cheques issued in the favour of Collector of Custom against import Rs. NIL (2021:Rs. 168,422/-)
- 13.14** Export bills discounted Rs. NIL (2021:75.596 million)

14 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost			Rate %	Accumulated Depreciation			Book Value as at June 30, 2022
	As at July 01, 2021	Additions / Transfer from CWIP	As at June 30, 2022		Disposals	For the year	As at June 30, 2022	
Owned								
Land - freehold	81,282,448	6,862,800	88,145,248	-	-	-	88,145,248	
Buildings on freehold land	396,448,149	-	396,448,149	5-10	9,118,528	248,024,021	148,424,128	
Plant and machinery	2,588,989,341	99,513,259	2,688,502,600	10	91,702,782	1,806,911,364	881,591,236	
Grid station and generators	87,102,384	28,485,463	115,587,847	10	6,642,826	37,909,781	77,678,066	
Furniture and fixtures	18,157,290	-	18,157,290	10	14,651,106	15,001,724	3,155,566	
Vehicles	89,794,077	241,910	87,533,990	20	45,821,387	2,450,699	35,334,113	
Equipment	24,398,705	39,195	24,437,900	10	18,467,109	19,063,535	5,374,365	
Electric installations	67,730,323	250,000	67,980,323	10	1,117,935	57,689,738	10,290,585	
Total	3,353,902,717	135,392,627	3,486,793,347		118,358,304	2,236,800,041	1,249,993,307	

Particulars	Cost			Rate %	Accumulated Depreciation			Book Value as at June 30, 2021
	As at July 01, 2020	Additions	As at June 30, 2021		Disposals	For the year	As at June 30, 2021	
Owned								
Land - freehold	81,282,448	-	81,282,448	-	-	-	81,282,448	
Buildings on freehold land	396,448,149	-	396,448,149	5-10	9,743,643	238,905,493	157,542,656	
Plant and machinery	2,588,989,341	-	2,588,989,341	10	97,086,751	1,715,208,582	873,780,759	
Grid station and generators	87,102,384	-	87,102,384	10	6,203,937	31,266,956	55,835,428	
Furniture and fixtures	18,157,290	-	18,157,290	10	389,576	14,651,106	3,506,184	
Vehicles	72,765,401	34,442,480	89,794,077	20	55,563,245	45,821,387	61,003,366	
Equipment	24,398,705	-	24,398,705	10	17,808,043	659,066	5,931,596	
Electric installations	67,730,323	-	67,730,323	10	1,239,836	56,571,803	11,158,520	
Total	3,336,872,041	34,442,480	3,353,902,717		122,224,903	2,120,892,436	1,233,010,281	

14.01 The depreciation charged for the year has been allocated as under:

	2021	2022
Cost of sales	116,113,657	112,440,389
Administrative expenses	6,111,245	5,917,915
	122,224,903	118,358,304

14.02 Disposal of Vehicles

The aggregate book value of assets disposed off does not exceeds five million rupees.

14.03 Land - freehold and building on freehold land

Particulars	Area	Location
Head office	02 Kanal 15 Marlas and 125 Square feet only/-	8-C, E-III, Gulberg III, Lahore
Factory	641 Kanal and 16 Marlas only/-	46-km, Multan Road, Bhajphero, Kasur

		2022	2021
	NOTE	Rupees	
15 CAPITAL WORK IN PROGRESS			
Plant and machinery	15.01	34,072,846	72,482,380
		<u>34,072,846</u>	<u>72,482,380</u>
15.01 Opening balance		72,482,380	-
Additions made during the year		89,839,188	72,482,380
		<u>162,321,568</u>	<u>72,482,380</u>
Capitalised		(128,248,722)	-
		<u>34,072,846</u>	<u>72,482,380</u>
16 LONG TERM DEPOSITS			
Lahore Electric Supply Company Limited - non interest bearing		12,368,620	12,368,620
Others - non interest bearing		643,074	643,074
		<u>13,011,694</u>	<u>13,011,694</u>
17 STORES, SPARES AND LOOSE TOOLS			
Stores	17.01	72,635,390	69,185,679
Spares	17.01	53,385,024	57,635,168
Loose tools		3,748,395	4,057,661
		<u>129,768,809</u>	<u>130,878,508</u>
17.01 No identifiable store and spare are held for specific capitalization.			
18 STOCK IN TRADE			
Raw material	18.01	354,896,138	340,387,836
Work in process		162,311,321	118,324,352
Finished goods		532,509,112	239,467,387
		<u>1,049,716,571</u>	<u>698,179,575</u>
18.01 This includes an amount of Rs. 129.069 million (2021: Rs. 147.879 million) approximately, which is pledged against short term finances.			
19 TRADE DEBTS			
Local debts			
(Unsecured - considered good)		453,353,737	402,553,116
Foreign debts			
(Secured - considered good)		98,172,406	-
		<u>551,526,143</u>	<u>402,553,116</u>
20 LOANS AND ADVANCES			
Employees - considered good and non interest bearing		1,187,519	1,010,647
Suppliers - considered good and non interest bearing		48,567,785	39,054,551
Tax Deductions / Payments		186,137,554	156,397,495
Letters of credit		14,911,153	23,524,062
Prepaid Expenses		5,235,699	3,481,630
Security deposit		126,773	126,773
		<u>256,166,484</u>	<u>223,595,158</u>
21 Tax refunds / rebate due from the Government			
Advance tax		14,712,978	4,785,235
Sales tax refund		150,728,649	26,910,348
		<u>165,441,627</u>	<u>31,695,583</u>
22 CASH AND BANK BALANCES			
Cash in hand		1,099,581	932,211
Cash with banks in current accounts		4,214,870	17,600,247
		<u>5,314,451</u>	<u>18,532,458</u>

23 SALES - net

		2022	2021
	NOTE	Rupees	
Local:			
- Yarn		4,329,034,169	3,190,272,594
- Fabric		3,681,522,067	2,506,247,050
	23.01	8,010,556,236	5,696,519,644
Export:			
- Yarn		-	-
- Fabric		514,546,525	555,331,673
		514,546,525	555,331,673
Waste	23.01	107,863,783	88,343,191
Rebate on export / Duty Drawback		370,921	119,266
		<u>8,633,337,465</u>	<u>6,340,313,774</u>

23.01 These were net off from sales tax including further tax amounting to Rs. 1,376,525,935/- (2021: 1,000,367,146/-).

24 COST OF GOODS SOLD

Raw materials consumed	24.01	6,783,327,290	4,189,000,929
Processing charges		1,102,868	266,560
Salaries, wages and other benefits	24.02	553,131,521	494,651,618
Fuel and power		784,601,736	663,627,614
Packing materials consumed		77,801,205	68,412,524
Sizing materials consumed		70,742,466	50,405,139
Stores and spares consumed		167,550,317	151,047,755
Repair and maintenance		27,982,104	10,544,571
Insurance		6,136,139	6,126,300
Depreciation	14.01	112,440,389	116,113,658
		8,584,816,035	5,750,196,668
Opening work in process		118,324,352	110,997,025
Closing work in process		(162,311,321)	(118,324,352)
		(43,986,969)	(7,327,327)
Cost of goods manufactured		8,540,829,066	5,742,869,341
Opening finished goods		239,467,387	287,037,260
Closing finished goods		(532,509,112)	(239,467,387)
		(293,041,725)	47,569,873
		<u>8,247,787,341</u>	<u>5,790,439,214</u>
24.01 Raw material consumed			
Opening stock		340,387,836	592,203,607
Purchases		6,785,838,534	3,926,621,969
Cotton cess		1,658,077	1,504,351
Cotton/Viscose handling charges		10,338,981	9,058,838
		7,138,223,428	4,529,388,765
Closing stock		(354,896,138)	(340,387,836)
		<u>6,783,327,290</u>	<u>4,189,000,929</u>

24.02 Salaries, wages and benefits include Rs. 21.68 million (2021 : Rs. 19.63 million) on account of staff retirement benefits.

	NOTE	2022	2021
		Rupees	
25 SELLING AND DISTRIBUTION			
Salaries, wages and benefits	25.01	4,539,779	6,118,673
Export development surcharge		1,150,091	1,285,713
Commission to selling agents		29,590,568	22,159,802
Carriage and freight		64,328,494	37,712,341
Export expenses		3,911,763	4,541,233
		<u>103,520,695</u>	<u>71,817,762</u>
25.01 Salaries, wages and benefits include Rs 1.08 million (2021 : Rs. 0.98 million) on account of staff retirement benefits.			
26 ADMINISTRATIVE AND GENERAL			
Salaries, wages and other benefits	26.01	87,621,184	80,518,027
Traveling and conveyance		443,680	1,241,662
Repairs and maintenance		11,116,115	2,242,166
Rent, rates and taxes		901,968	518,789
Printing and stationery		3,562,510	2,645,788
Insurance		1,840,740	2,230,138
Fees and subscription		4,708,795	3,868,384
Telephone and Postage		3,044,937	2,985,667
Vehicle running and maintenance		12,573,548	9,978,836
Utilities		2,997,256	2,554,793
Books and periodicals		23,546	24,646
Entertainment		3,108,150	3,002,928
Miscellaneous expenses		1,387,065	4,103,431
Depreciation	14.01	5,917,915	6,111,245
		<u>139,247,409</u>	<u>122,026,500</u>
26.01 Salaries, wages and benefits include Rs. 13.37 million (2021: Rs. 12.11 million) on account of staff retirement benefits.			
27 OTHER OPERATING CHARGES			
Auditors' remuneration			
- Statutory audit		1,400,000	1,000,000
- Half yearly review		95,000	95,000
- Certification charges		100,000	100,000
- Out of pocket		25,000	25,000
		<u>1,620,000</u>	<u>1,220,000</u>
Exchange Loss		-	6,955,416
Legal and professional charges		306,000	505,000
Workers' Profit Participation Fund		3,235,862	13,398,555
Workers' Welfare Fund		2,075,741	3,428,377
		<u>7,237,603</u>	<u>25,507,348</u>
28 OTHER OPERATING INCOME			
Scrap sales		12,606,246	13,869,053
Exchange Gain		10,500,116	-
Profit On Pls A/C		82,821	-
Gain on fixed assets disposal		848,702	2,357,147
		<u>24,037,885</u>	<u>16,226,200</u>
29 FINANCE COST			
Interest / mark up on:			
- Long term financing		14,065,496	20,761,721
- Workers' profit participation fund		591,546	-
- Short term borrowings		79,537,745	65,801,993
		<u>94,194,787</u>	<u>86,563,714</u>
Bank charges and commission		5,981,890	9,041,274
		<u>100,176,677</u>	<u>95,604,988</u>

	NOTE	2022	2021
		Rupees	
30 TAXATION			
Current tax:			
- For the year		105,869,291	87,016,336
- Prior year		5,991,829	(204,948)
		111,861,120	86,811,388
Deferred tax		(60,079,778)	(32,223,276)
		51,781,342	54,588,112

30.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to application of minimum tax and final tax for the calculation of provision of tax for the year.

31 EARNING PER SHARE - Basic and diluted

Profit / (Loss) after taxation for the year	Rupees	7,624,283	196,556,050
Outstanding weighted average ordinary shares	No. of shares	32,635,600	32,635,600
Earnings / (Loss) per share - Basic and diluted	Rupees	0.23	6.02

There is no diluted effect on earning per share of the company.

32 CHIEF EXECUTIVE'S, DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors remuneration	Rupees	6,300,000	6,300,000
Number of persons	Number	2	2
Executives remuneration	Rupees	5,850,000	5,220,000
Staff retirement benefit	Rupees	487,500	435,000
Number of persons	Number	3	3

32.01 No remuneration has been paid to chief executive of the Company.

32.02 No meeting fee has been paid to any director of the Company.

33 NUMBER OF EMPLOYEES

Total number of employees as at 30th June	Number	2,080	2,155
Average number of employees during the year	Number	2,118	1,999

34 TRANSACTIONS WITH RELATED PARTIES

34.1 The related parties comprise associated companies, related group companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transactions with related parties:

Directors and sponsors

Loan obtained	200,000,000	147,500,000
Loan repaid	(500,000)	(34,463,959)
Increase in directors and sponsors loan	199,500,000	113,036,041

Balances payable with related parties:

Directors and sponsors	2,639,686,878	2,440,186,878
------------------------	---------------	---------------

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

34.2 The related parties with whom the company had entered into transactions or had arrangements/ agreements in place during the year have been disclosed below along with their basis of relationship:

Name of related party	Relationship	Aggregate % of shareholding in the company
Mohammad Arshad Chaudhry	Chief Executive	49.9455
Rizwan Arshad	Director	8.4359
Miss. Wajeeha Arshad	Director	0.0015
Miss Fareeha Arshad	Director's Family Member	0.0031

35 PLANT CAPACITY AND PRODUCTION**Spinning**

		2022	2021
No. of spindles installed		51,072	51,072
No. of spindles worked		51,072	51,072
No. of shifts		3	3
Actual production of yarn converted into			
20/S count based on three shifts per day	Kgs	17,940,566	19,487,162

Weaving

No. of looms installed		192	192
No. of looms worked		192	192
No. of shifts		3	3
Actual production converted to 40 picks based on three shifts per day	Sq. meters	59,979,175	60,267,263

35.1 It is difficult to calculate precisely the production capacity of weaving and spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, width of fabric woven, spindles / looms speed, twist, maintenance of machinery, power shutdown and raw materials used etc. It also varies according to the pattern of production adopted in any particular year.

36 FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE**36.1 Financial assets as per statement of financial position - at amortized cost**

	2022	2021
	Rupees	
Long term deposits	13,011,694	13,011,694
Trade debts	551,526,143	402,553,116
Loans and advances - employees	1,187,519	1,010,647
Cash and bank balances	5,314,451	18,532,458
	571,039,807	435,107,915

36.2 Financial liabilities as per statement of financial position - at amortized cost

Long term financing	94,500,000	182,750,000
Trade and other payables	452,621,996	175,073,227
Accrued interest/mark-up	21,752,504	7,042,278
Short term borrowings	1,014,605,464	775,971,248
	1,583,479,964	1,140,836,753

36.3 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. significant increases / decreases in activity).
- changes in inputs used in valuation techniques (eg inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES IN FINANCIAL RISK MANAGEMENT**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

(a) Market risk**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to currency risk on the import of raw material and stores and spares and export of goods mainly denominated in US dollars and on foreign currency debtors and loans. The company's exposure to foreign currency risk for US dollars is as follows:

	2022	2021
	Rupees	
Foreign trade debts	98,172,406	-
Outstanding letter of credit	(402,607,305)	(489,176,346)
Net exposure	(304,434,899)	(489,176,346)
The following significant exchange rates have been applied at the reporting dates:		
USD to PKR	204.85	157.75

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At June 30, 2022, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit before taxation for the year would have been immaterial impact as a result of foreign exchange losses / gains on translation of foreign debts and outstanding foreign payments.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of interest rate exposure arises from short term and long term borrowings from banks.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

	2022	2021	2022	2021
	Percentage		Rupees	
Financial liabilities - Variable rate instruments:				
Long term financing	8.95 to 13.74	8.70 to 9.30	94,500,000	182,750,000
Short term borrowings	9.02 to 15.81	9.02 to 9.27	1,014,605,464	775,971,248
			1,109,105,464	958,721,248

Fair value sensitivity analysis for fixed rate instruments:

The company does not have any fixed rate financial assets and liabilities.

Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / increased profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is prepared assuming the amount of liabilities outstanding at the Statement of financial position date were outstanding for the whole year.

	Effect on Profit before tax 1% rate	
	Increase	Decrease
As at June 30, 2022		
Cash flow sensitivity - variable rate financial liabilities	11,091,055	(11,091,055)
As at June 30, 2021		
Cash flow sensitivity - variable rate financial liabilities	9,587,212	(9,587,212)

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 571,039,809 (2021: Rs. 435,107,915), the financial assets exposed to credit risk amount to Rs.569,852,289 (2021: Rs. 434,097,268).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2022/ 2021:

	2022	2021
Rupees		
The breakup of amount due from various trade debts were:		
Yarn	78,444,512	78,444,512
Fabric	472,344,417	323,371,390
Others	737,214	737,214
	<u>551,526,143</u>	<u>402,553,116</u>
The aging of trade debts at the reporting date was:		
Less than 12 months	551,112,784	402,139,757
More than 12 months	413,359	413,359
	<u>551,526,143</u>	<u>402,553,116</u>

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as under:

Long term deposits	13,011,694	13,011,694
Trade debts	551,526,143	402,553,116
Loan and Advances	1,187,519	1,010,647
Cash and bank balances	5,314,451	18,532,458
	<u>571,039,807</u>	<u>435,107,915</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Short Term	Long Term
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the businesses the Company maintains flexibility in funding by maintaining committed credit lines available.

The table shows analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

	2022 (Rupees)				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
Financial Liabilities					
Long term financing (from banking companies)	94,500,000	98,635,875	77,446,563	21,189,313	-
Trade and other payables	492,658,444	492,658,444	492,658,444	-	-
Unclaimed dividend	6,051,753	6,051,753	6,051,753	-	-
Accrued interest / mark-up	21,752,504	21,752,504	21,752,504	-	-
Short term borrowings	1,014,605,464	1,014,605,464	1,014,605,464	-	-
	<u>1,629,568,165</u>	<u>1,633,704,040</u>	<u>1,612,514,728</u>	<u>21,189,313</u>	<u>-</u>
	2021 (Rupees)				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
Financial Liabilities					
Long term financing (from banking companies)	182,750,000	196,961,063	74,488,563	58,220,375	64,252,125
Trade and other payables	207,736,599	207,736,599	207,736,599	-	-
Unclaimed dividend	4,982,921	4,982,921	4,982,921	-	-
Accrued interest / mark up	7,042,278	7,042,278	7,042,278	-	-
Short term borrowings	775,971,248	775,971,248	775,971,248	-	-
	<u>1,178,483,046</u>	<u>1,192,694,109</u>	<u>1,070,221,609</u>	<u>58,220,375</u>	<u>64,252,125</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at 30 June, 2022 / 2021. The rates of mark-up have been disclosed in note 07 and 11 to these financial statements.

38 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to Company's approach to capital management during the year. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios at June 30, 2022 and June 30, 2021 comes out to be:

	2022	2021
	Rupees	
Total debt	1,109,105,464	958,721,248
Less: Cash and bank balances	5,314,451	18,532,458
Net debt	1,103,791,013	940,188,790
Total equity	1,653,348,896	1,450,202,466
Capital employed	2,757,139,909	2,390,391,256
Gearing ratio	0.40	0.39

39 INFORMATION ABOUT REPORTING SEGMENT

39.1 Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors ('BOD') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. For this purposes and consistent with the internal reporting purpose, only gross profits of the below mentioned two operating segments are reviewed by the BOD and other expenses are remain unallocated including assets and liabilities of the Company which are difficult to completely segregated and reviewed because of the composite nature of the whole business.

Transactions among the business segments are recorded at reasonable arm length prices. Inter segment sales and purchases are not included in the total.

39.2 The following table presents revenue and gross profit information regarding the Company's operating segments for the year ended June 30, 2022 and 2021 respectively.

	Operating Segments			Consolidated
	Spinning	Weaving	Inter - segment Transactions	
2022 (Rupees)				
Sales	4,793,051,232	4,241,535,776	(401,249,543)	8,633,337,465
Cost of Sales:	(4,682,507,100)	(3,966,529,784)	401,249,543	(8,247,787,341)
Gross profit	110,544,132	275,005,992	-	385,550,124
Un-allocated expenses:				
Selling and distribution costs				(103,520,695)
Administrative and general expenses				(139,247,409)
Loss before taxation, finance cost and other expenses				142,782,020
Other operating expenses				(7,237,603)
Other operating income				24,037,885
Finance cost				(100,176,677)
Profit before taxation				59,405,625
Taxation				(51,781,342)
Net Profit for the year				7,624,283

	2021 (Rupees)			
Sales	3,692,228,245	3,085,126,339	(437,040,810)	6,340,313,774
Cost of Sales:	(3,245,589,200)	(2,981,890,825)	437,040,810	(5,790,439,214)
Gross profit	46,630,422	91,073,814	-	549,874,559
Un-allocated expenses:				
Selling and distribution costs				(71,817,762)
Administrative and general expenses				(122,026,500)
Loss before taxation, finance cost and other expenses				356,030,297
Other operating expenses				(25,507,348)
Other operating income				16,226,200
Finance cost				(95,604,988)
Loss before taxation				251,144,162
Taxation				(54,588,112)
Net Loss for the year				196,556,050
			2022	2021
			Rupees	

39.3 The Group's revenue from external customers by geographical locations is detailed below:

Europe / America	514,917,446	555,450,939
Pakistan	8,118,420,019	5,784,862,835
	8,633,337,465	6,340,313,774

39.4 All non current assets of the Company as at 30 June 2022 / 2021 are located in Pakistan.

39.5 None of the customers of the Company accounts for more than 10% of gross sales of the Company for the year.

40 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the board of directors of the Company in their meeting held on September 30, 2022.

41 GENERAL

41.1 Figures have been rounded off to the nearest of Pakistani rupees.

41.2 Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

PROXY FORM

(33rd ANNUAL GENERAL MEETING)

I/We _____ son/daughter/wife
of _____ of _____ being member (s)
of GHAZI FABRICS INTERNATIONAL LIMITED, holder of _____
ordinary shares of the Company, under Folio No. / Participant's ID/CDC sub account No. _____
hereby appoint _____ of _____ failing him/her _____
of _____ who is/are member(s) of GHAZI FABRICS INTERNATIONAL LIMITED
under Folio No. / Participant's ID/CDC sub-account No. _____ respectively, as my/our proxy
in my/our absence to attend and vote for me/us and on my/our behalf at the 33rd Annual General
Meeting of the Company to be held on October 28, 2022 and/or any adjournment thereof.

As witness my/our hand this _____ day of October, 2022

Signed in the presence of.

Witness _____

Name _____

Occupation _____

Address _____

Signature of
shareholder (s) on
revenue stamp
worth Rupees 5/-

The signature should agree with the
specimen registered with the Company.

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, at 8-C, E-III Gulberg III, Lahore not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he/she is a member of the Company, except that a Corporation/Company may appoint a person who is not a member.

پراکسی فارم (مختار نامہ)
تینتیسویں سالانہ میٹنگ

میں / ہم _____

ساکن _____

ہجیت رکن غازی فیبرکس انٹرنیشنل لمیٹڈ اور حلال عام حصص برطابق شیئر رجسٹر فو لیو نمبر _____ (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ

ہولڈر اکاؤنٹ نمبر _____ پارٹسپٹ آئی ڈی نمبر _____)

بذریعہ ہذا

محترم / محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے برطابق شیئر رجسٹر فو لیو نمبر _____ یا (اسکی غیر موجودگی) میں محترم / محترمہ _____

ساکن _____ جو کمپنی کا ممبر ہے برطابق شیئر رجسٹر فو لیو نمبر _____ کو مورخہ 28 اکتوبر 2022ء کو منعقد

ہونے والے کمپنی کے تینتیسویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے کے لئے اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

بطور گواہ میرے دستخط _____ آج بروز _____ بتاریخ _____ 2022ء

نام _____

پیشہ _____

پتہ _____

پانچ روپے کارسیدی

ٹکٹ چسپاں کریں

نوٹ:








- ۱۔ پراکسیاں تب تک موثر ہو سکیں گی جب کمپنی کے رجسٹرڈ دفتر میں دستخط شدہ، اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جائیں۔
- ۲۔ کوئی بھی شخص اس وقت تک پراکسی کے طور پر کام نہیں کر سکتا جب تک وہ کمپنی کا ممبر نہ ہو۔ ماسوائے کمپنی کے جو کسی دوسرے دوسرے شخص کو پراکسی مقرر کر سکتی ہے۔










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



If undelivered, Please return to:

Ghazi Fabrics International Ltd.

8-C, E-III, GULBERG - III, LAHORE 546660-PAKISTAN

Ph:(042) 35764026-28 Fax: (042) 35764032

E-Mail: info@ghazifabrics.com

Website: www.ghazifabrics.com

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