



Ghazi Fabrics International Limited  
*Signature of Quality*



## *1st Quarterly Report*

*September 30, 2018*

**UN-AUDITED**

## **GHAZI FABRICS INTERNATIONAL LIMITED**

### **COMPANY PROFILE**

#### **Board of directors**

Mrs. Azra Yasmin (Non Executive Director)  
**Chairperson**

Mohammad Arshad Chaudhry (Executive Director)  
**Chief Executive/ Director**

Kamran Arshad (Executive Director)  
Rizwan Arshad ((Non Executive Director)  
Muhammad. Salman Tariq (Non Executive Director)  
Wajeeha Haaris (Non Executive Director)  
Muhammad Imran Rasheed (Independent Director)

#### **Audit Committee**

Muhammad Imran Rasheed  
**Chairman/ member**

Rizwan Arshad  
**Member**

Muhammad Salman Tariq  
**Member**

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

Mohammad Imran Rasheed  
**Chairman/Member**

Mrs. Azra Yasmin  
**Member**

Wajeeha Haaris  
**Member**

#### **Company Secretary**

Majid Rehman, ACA

#### **Chief Financial Officer**

Abid Rafi

#### **Internal Auditor**

Nasir Imran Elahi, ACA

#### **Auditors**

M/s. Qadeer & Company  
Chartered Accountants  
Lahore.

#### **Share registrar**

M/s. Corplink (Pvt.) Ltd.  
Wings Arcade, I-K, Commercial, Model Town,  
Lahore

#### **Legal Advisor**

Raja Muhammad Akram & Co.,  
Corporate Legal Consultants & Advocates  
33-C, Main Gulberg, Lahore

#### **Bankers**

United Bank Limited  
Habib Bank Limited

#### **Registered Office**

8-C, E-III, Gulberg-III, Lahore – 54660  
042-35764026-28, Fax: 042-35764032  
[www.ghazifabrics.com](http://www.ghazifabrics.com)

#### **Mills**

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



**GHAZI FABRICS INTERNATIONAL LIMITED  
DIRECTOR'S REVIEW**

Dear Shareholders,

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

**Operating results**

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

**Financial highlights**

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

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

**Future prospects**

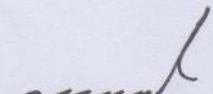
The overall economic situation of Pakistan is under severe pressure like increased prices of energy, continued economic volatility, fierce competition in international markets and rising cost of doing business over the last several years has hampered the export growth, turnover and market un-competitiveness.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

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

**Acknowledgement**

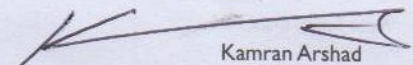
We are grateful to the management and employees of the Company for their hard-work and dedication. We also express our gratitude to our shareholders, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the Board

  
Mohammad Arshad Chaudhry  
Chief Executive Officer

Lahore

October 25, 2018

  
Kamran Arshad  
Director

**GHAZI FABRICS INTERNATIONAL LIMITED**

**ڈائریکٹر ز رپورٹ**

محترم حصص یافتگان،

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

آپریٹنگ نتائج:

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

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

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

مستقبل کے امکانات:

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

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

اعتراف:

ہم کمپنی کی انتظامیہ اور ملازمین کی انتھک محنت اور توجہ کے شکر گزار ہیں۔ ہم اپنے حصص یافتگان، بینکاروں، سپلائرز اور اپنے قابل قدر صارفین کے تعاون کا بھی شکریہ ادا کرتے ہیں جو اس مدت میں انہوں نے ہمارے ساتھ کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

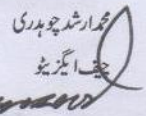


کامران ارشد

ڈائریکٹر

لاہور

25 اکتوبر 2018ء

  
محمد ارشد چوہدری  
چیف ایگزیکٹو

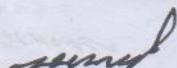




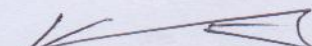
**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2018**

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

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

  
**Chief Executive**


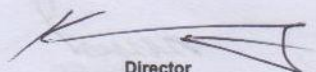
  
**Chief Financial Officer**

  
**Director**

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

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

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

  
**Chief Executive**
  
**Chief Financial Officer**
  
**Director**




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

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

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

  
Chief Executive

  
Chief Financial Officer

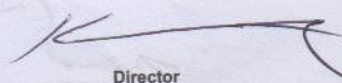
  
Director



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

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

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

  
**Chief Executive**
  
**Chief Financial Officer**
  
**Director**

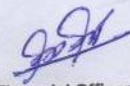


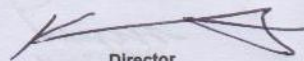


**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM STATEMENT**  
**OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Issued, Subscribed and Paid-up Share Capital	Loan from Directors	Accumulated loss	Total
	R U P E E S			
Balance as at June 30, 2017	326,356,000	1,640,727,835	(1,096,299,621)	870,784,214
Transaction with owners - loan from directors	-	70,000,000	-	70,000,000
Total comprehensive loss for the period	-	-	(82,994,308)	(82,994,308)
Balance as at September 30, 2017	326,356,000	1,710,727,835	(1,179,293,929)	857,789,906
Balance as at June 30, 2018	326,356,000	1,993,777,835	(1,263,975,167)	1,056,158,668
Transaction with owners - loan from directors	-	70,000,000	-	70,000,000
Total comprehensive loss for the period	-	-	(41,742,296)	(41,742,296)
Balance as at September 30, 2018	326,356,000	2,063,777,835	(1,305,717,463)	1,084,416,372

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

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

**1 STATUS AND ACTIVITIES**

Ghazi Fabrics International Limited ("the Company") was incorporated in Pakistan on April 30, 1989 as a Private Limited Company under the Companies Ordinance 1984 (repealed with the enactment of the Companies Act 2017); and converted into Public Limited Company on January 07, 1990. Its shares are quoted on Pakistan Stock Exchange. The main activities of the Company are textile manufacturing, production of cotton and P.C. yarn and grey cloth that are marketed both within and outside Pakistan. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore and mill is located at 46-km, Multan Road, Bhaiphero, Kasur.

**2 BASIS OF PREPARATION**

This condensed interim financial information of the Company for the quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2018.

**3 ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2018.

**4 LONG TERM FINANCING - Secured**

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

**5 CONTINGENCIES AND COMMITMENTS**

- 5.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.865 million (June 30, 2018 : Rs. 53.865 million) on account of security deposits against the consumption of natural gas.
- 5.2 Post dated cheques issued in the favour of Collector of Custom against import Rs. 47.18 million. (June 30, 2018 : Rs. 17.391 million)
- 5.3 There were commitments against irrevocable letters of credit outstanding amounting to Rs.28 million (June 30, 2018 : Rs.327.756 million)



## 6 PROPERTY, PLANT AND EQUIPMENT

Note

September 30,  
2018

June 30,  
2018

Rupees

Opening written down value  
Addition during the period / year

Land - freehold  
Building on freehold land  
Plant and machinery  
Furniture and fittings  
Vehicles  
Equipment  
Electric installation

1,415,526,051

1,556,531,939

-	-
-	474,716
-	867,000
-	88,000
-	-
37,600	-
-	-
37,600	1,429,716
-	(540,893)
(32,435,315)	(141,894,711)
<u>1,383,128,336</u>	<u>1,415,526,051</u>

Book value of assets disposed off during the period / year 6.1  
Depreciation for the period / year

6.1 Book value of assets disposed off  
Vehicles

-	540,893
-	<u>540,893</u>

Quarter Ended

September 30,  
2018

September 30,  
2017

Rupees

## 7 COST OF GOODS SOLD

Raw materials and other direct materials consumed  
Fabric conversion, dyeing and bleaching  
Salaries, wages and benefits  
Fuel and power  
Packing material consumed  
Sizing material consumed  
Store and spares consumed  
Insurance  
Depreciation  
Others

7.1

698,508,025	546,507,176
4,768,050	923,421
97,038,327	93,467,962
133,119,892	83,390,402
9,928,086	7,703,872
10,277,939	9,038,558
21,694,090	12,012,099
1,280,530	1,074,759
30,813,549	33,704,054
3,444,457	2,655,172
<u>1,010,872,945</u>	<u>790,477,475</u>

Adjustment of work in process

Opening  
Closing

80,455,585	66,181,292
(71,452,966)	(75,205,330)
<u>9,002,619</u>	<u>(9,024,038)</u>

Cost of goods manufactured  
Adjustment of finished goods

Opening  
Closing

1,019,875,564	781,453,437
290,739,445	195,695,001
(269,640,630)	(191,444,618)
21,098,815	4,250,383
<u>1,040,974,379</u>	<u>785,703,820</u>

### 7.1 Raw material consumed

Opening stock  
Purchases  
  
Closing stock

78,419,115	487,311,529
1,133,963,742	379,591,318
1,212,382,857	866,902,847
(513,874,832)	(320,395,671)
<u>698,508,025</u>	<u>546,507,176</u>



## 8 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the period ended September 30, 2018 and September 30, 2017 respectively.

	Spinning	Weaving	Inter Segment Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
Quarter ended September 30, 2018				
Sales	725,684,180	691,364,957	(317,212,588)	1,099,836,549
Cost of Sales:	(728,682,065)	(629,504,902)	317,212,588	(1,040,974,379)
Gross profit	(2,997,885)	61,860,055	-	58,862,170
Selling and distribution costs	(6,363,538)	(18,210,259)	-	(24,573,797)
Administrative and general expenses	(18,036,965)	(9,712,212)	-	(27,749,177)
Profit before taxation and un allocated expenses	(27,398,388)	33,937,584	-	6,539,196
Un-allocated expenses:				
Other operating expenses				(1,641,447)
Other operating income				1,155,790
Finance cost				(33,605,314)
Profit before taxation				(27,551,775)
Taxation				(14,190,521)
Net profit for the year				(41,742,296)
Quarter ended September 30, 2017				
Sales	493,672,133	517,390,920	(190,797,485)	820,265,568
Cost of Sales:	(549,992,674)	(426,508,631)	190,797,485	(785,703,820)
Gross profit	(56,320,541)	90,882,289	-	34,561,748
Selling and distribution costs	(6,519,672)	(6,785,782)	-	(13,305,454)
Administrative and general expenses	(11,954,488)	(12,442,427)	-	(24,396,915)
Profit before taxation and un allocated expenses	(74,794,702)	71,654,081	-	(3,140,621)
Un-allocated expenses:				
Other operating expenses				(596,855)
Other operating income				834,605
Finance cost				(30,463,964)
Profit before taxation				(33,366,835)
Taxation				(49,627,473)
Net profit for the year				(82,994,308)

## 9 TRANSACTIONS WITH RELATED PARTIES

Directors' loan 70,000,000 70,000,000

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

## 10 DATE OF AUTHORIZATION FOR ISSUE



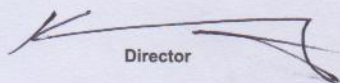
These financial statements were approved by the Board of Directors and authorised for issue on October 25, 2018.

## 11 CORRESPONDING FIGURES

Corresponding figures of these condensed interim financial statements have been re-arranged wherever necessary for the purpose of comparison

## 12 GENERAL

Figures have been rounded off to the nearest of rupees.

  
**Chief Executive**
  
**Chief Financial Officer**
  
**Director**

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