



Ghazi Fabrics International Limited
Signature of Quality



3rd Quarterly Report

March 31, 2019

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

Mills

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

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

Dear Shareholders,

We are pleased to present the financial statements for the nine months ended March 31, 2019.

Operating results

During the period under review the Company's gross profit was Rs. 221.560 million (corresponding period: Rs. 87.329 million) and the loss after tax of Rs. 83.572 million (corresponding period: Rs. 186.132 million). Loss per share is Rs. 2.56 (corresponding period: Rs. 5.70).

Financial highlights

	For The Nine months Ended March 31,	
	2019	2018
	Rupees	
Sales	3,764,010,741	2,686,134,847
Gross profit	221,560,482	87,329,951
Loss after tax	(83,572,964)	(186,132,312)
Gross profit (%)	5.89	3.25
Earning per share –EPS- Rs.	(2.56)	(5.70)

Indicative from the figures above, total sales of the Company increased by nearly 40.13 % as compared to corresponding period. Gross profit computed Rs. 221.560 million as compared to Rs. 87.329 million in 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
April 25, 2019

Kamran Arshad
Director

GHAZI FABRICS INTERNATIONAL LIMITED

ڈائریکٹر رپورٹ

محترم حصص یافتگان،

ہم 31 مارچ 2019 کو ختم ہونے والے نو ماہ کے مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کا خام منافع 221.560 ملین روپے رہا جو پچھلے سال اسی مدت کے دوران 87.329 ملین روپے رہا اور بعد از ٹیکس نقصان 83.572 ملین روپے رہا جو پچھلے سال اسی مدت کے مطابق 186.132 ملین روپے رہا۔ فی شیئر نقصان 2.56 رہا۔ (نقصان 5.70 : 2018)

	مارچ 2019	مارچ 2018
	روپے	روپے
فروخت	3,764,010,741	2,686,134,847
خام منافع	221,560,482	87,329,951
بعد از ٹیکس نقصان	(83,572,964)	(186,132,312)
خام منافع (%)	5.89	3.25
فی شیئر آمدنی	(2.56)	(5.70)

مندرجہ بالا اعداد و شمار کے مطابق کمپنی کی مجموعی فروخت پچھلے سال کی اسی مدت کے مقابلے میں 40.13% بڑھ گئی ہے۔ اسکے علاوہ خام منافع اسی مدت کے مقابلے میں 221.560 ملین روپے رہا جو پچھلے سال اسی مدت کے دوران 87.329 ملین روپے رہا۔ نقصان میں کمی کی بنیادی وجہ لاگت میں کنٹرول اور آپریٹنگ پر توجہ مرکوز رکھنا ہے۔

مستقبل کے امکانات:

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

ڈائریکٹر کی جانب سے
محمد ارشد چوہدری
چیف ایگزیکٹو

کامران ارشد
ڈائریکٹر

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2019


	Note	Unaudited March 31, 2019 Rupees	Audited June 30, 2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4.01	400,000,000	400,000,000
Issued, subscribed and paid-up capital	4.02	326,356,000	326,356,000
Directors' loan		2,154,777,835	1,993,777,835
Accumulated loss		(1,347,548,131)	(1,263,975,167)
		1,133,585,704	1,056,158,668
NON CURRENT LIABILITIES			
Long term financing	5	37,500,028	56,250,028
Deferred liabilities		142,473,538	111,872,926
		179,973,566	168,122,954
CURRENT LIABILITIES			
Trade and other payables		250,475,399	274,989,418
Unclaimed dividends		4,985,265	4,997,635
Markup / interest payables		24,540,270	11,185,365
Short term bank borrowings		1,205,264,211	983,332,739
Current portion of long term financing	5	57,800,000	150,000,000
Provision for taxation		35,142,727	43,570,351
		1,578,207,872	1,468,075,508
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		2,891,767,142	2,692,357,130
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	7	1,407,661,207	1,415,526,051
Capital work in progress		-	90,830,496
		1,407,661,207	1,506,356,547
Long term deposit		13,011,694	13,011,694
		1,420,672,901	1,519,368,241
CURRENT ASSETS			
Stores, spares and loose tools		137,797,598	115,609,787
Stock in trade		608,469,966	449,614,146
Trade debts		282,184,889	126,551,950
Loans and advances		249,581,614	244,281,061
Refunds from Government agencies		181,449,126	206,481,539
Cash and bank balances		11,611,048	30,450,406
		1,471,094,241	1,172,988,890
		2,891,767,142	2,692,357,130


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

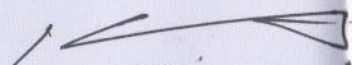
GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

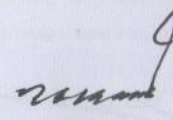
	Note	Nine Months Ended March 31, 2019 Rupees		Quarter Ended March 31, 2019 Rupees	
		2019	2018	2019	2018
SALES - Net					
	8	3,764,010,741	2,686,134,847	1,475,997,521	969,021,820
COST OF SALES					
	9	3,542,450,259	2,598,804,896	1,390,919,664	961,876,218
GROSS PROFIT					
		221,560,482	87,329,951	85,077,857	7,145,602
SELLING AND DISTRIBUTION ADMINISTRATIVE EXPENSES OTHER OPERATING EXPENSES					
		81,817,222	68,711,167	31,347,407	26,244,912
		78,941,567	81,671,798	22,834,024	23,115,803
		2,652,302	2,476,627	789,744	225,830
		163,411,091	152,859,592	54,971,175	49,586,545
OPERATING PROFIT / (LOSS)					
		58,149,391	(65,529,641)	30,106,682	(42,440,943)
OTHER INCOME					
		24,159,086	11,133,419	3,378,305	9,059,166
		82,308,477	(54,396,222)	33,484,987	(33,381,777)
FINANCE COST					
		103,609,582	90,468,969	32,981,180	31,839,791
LOSS BEFORE TAXATION					
		(21,301,105)	(144,865,191)	(285,937)	(65,221,568)
PROVISION FOR TAXATION					
		62,271,859	41,267,121	42,492,859	5,228,936
LOSS AFTER TAXATION					
		(83,572,964)	(186,132,312)	(42,778,796)	(70,450,504)
Earnings per share - Basic					
		(2.56)	(5.70)	(1.31)	(2.16)

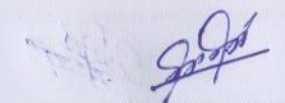
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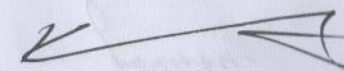

Chief Executive


Chief Financial Officer


Director


Chief Executive


Chief Financial Officer


Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019


	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	Rupees		Rupees	
Loss after taxation	(83,572,964)	(186,132,312)	(42,778,796)	(70,450,504)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(83,572,964)</u>	<u>(186,132,312)</u>	<u>(42,778,796)</u>	<u>(70,450,504)</u>

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

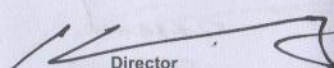
GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

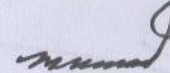
	March 31, 2019	March 31, 2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	(21,301,105)	(144,865,191)
Adjustment for:		
Depreciation	98,775,893	106,453,634
(Gain) / Loss on disposal of fixed assets	-	(391,933)
Staff retirement benefits	15,563,765	17,462,250
Finance cost	103,609,582	90,468,969
	<u>217,949,240</u>	<u>213,992,920</u>
Cash flows before working capital changes	<u>196,648,135</u>	<u>69,127,729</u>
(Increase)/decrease in current assets		
Stores, spares and loose tools	(22,187,811)	(30,311,521)
Stock in trade	(158,855,820)	193,887,349
Trade debts	(155,632,939)	(287,572,709)
Loans and advances	(5,300,553)	(18,617,603)
Refunds from Govt. Agencies	25,032,359	8,284,635
Increase/(decrease) in current liabilities		
Trade and other payables	(24,514,019)	173,811,502
	<u>(341,458,783)</u>	<u>39,481,653</u>
Cash (Outflows) / Inflows from operations	<u>(144,810,648)</u>	<u>108,609,382</u>
Finance cost paid	(90,254,677)	(95,070,031)
Staff retirement benefits paid	(12,092,284)	(15,225,793)
Income tax paid	(43,570,351)	(31,769,515)
Net cash used in operating activities	<u>(290,727,960)</u>	<u>(33,455,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(90,910,996)	(474,716)
Proceeds from disposal of property, plant and equipment	-	932,773
Capital work in progress	90,830,496	(23,582,228)
Long term deposits	-	50
Net cash used in investing activities	<u>(80,500)</u>	<u>(23,124,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(110,950,000)	(127,000,028)
Loan from directors and others-net	161,000,000	348,000,000
Unclaimed dividend	(12,370)	-
Short term borrowings- net	221,931,472	(165,114,556)
Net cash generated from financing activities	<u>271,969,102</u>	<u>55,885,416</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(18,839,358)</u>	<u>(694,662)</u>
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	<u>30,450,406</u>	<u>6,747,675</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>11,611,048</u>	<u>6,053,013</u>

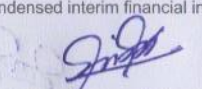
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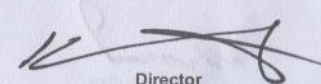

 Chief Executive


 Chief Financial Officer


 Director


 Chief Executive

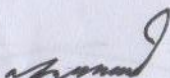

 Chief Financial Officer


 Director


GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Issued, subscribed and paid-up capital	Director's Loan	Accumulated losses	Total
	R U P E E S			
Balance as at July 01, 2017	326,356,000	1,640,727,835	(1,096,299,621)	870,784,214
Transaction with owner loan from directors	-	348,000,000	-	348,000,000
Total comprehensive loss for the period	-	-	(186,132,312)	(186,132,312)
Balance as at March 31, 2018	326,356,000	1,988,727,835	(1,282,431,933)	1,032,651,902
Balance as at July 01, 2018	326,356,000	1,993,777,835	(1,263,975,167)	1,056,158,668
Transaction with owner loan from directors	-	161,000,000	-	161,000,000
Total comprehensive loss for the period	-	-	(83,572,964)	(83,572,964)
Balance as at March 31, 2019	326,356,000	2,154,777,835	(1,347,548,131)	1,133,585,704

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


Chief Executive


Chief Financial Officer


Director

GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

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 MEASUREMENT

This condensed interim financial information of the Company for the nine month ended March 31, 2019 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 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2018.

4 SHARE CAPITAL

4.01 Authorized capital

40,000,000 (June 30, 2018 : 40,000,000) ordinary shares of Rs. 10/- each paid in cash.

March 31, 2019	June 30, 2018
Rupees	Rupees

400,000,000	400,000,000
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4.02 Issued, subscribed and paid up capital:

32,635,600 (June 30, 2018 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash.

326,356,000	326,356,000
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5 LONG TERM FINANCING

Opening balance
Add: Acquired during the period
Less: Repayment during the period

206,250,028	381,250,028
-	-
(110,950,000)	(175,000,000)
95,300,028	206,250,028

Less: Current portion

(57,800,000)	(150,000,000)
37,500,028	56,250,028

6 CONTINGENCIES AND COMMITMENTS

- 6.01 There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2018.
- 6.02 Commitments against irrevocable letters of credit outstanding as at March 31, 2019 amounts to Rs. 143.629 : (June 30, 2018 Rs. 327.756 Million).

7 OPERATING FIXED ASSETS

	March 31, 2019 Rupees	June 30, 2018 Rupees
Opening written down value	1,415,526,105	1,556,531,940
Addition during the period		
Land - freehold	-	-
Building on freehold land	-	474,716
Plant and machinery	90,830,496	867,000
Furniture and fittings	-	88,000
Vehicles	-	-
Equipment	80,500	-
Electric installation	-	-
	90,910,996	1,429,716
Book value of assets disposed off during the period	-	(540,841)
Depreciation for the period	(98,775,893)	(141,894,711)
	1,407,661,207	1,415,526,105

	Unaudited Nine Months Ended		Unaudited Quarter Ended	
	March 31, 2019 Rupees	March 31, 2018 Rupees	March 31, 2019 Rupees	March 31, 2018 Rupees
8 SALES-NET				
Sales	3,762,904,901	2,660,189,031	1,475,758,413	958,520,571
Rebate	1,105,840	25,945,816	239,108	10,501,249
	3,764,010,741	2,686,134,847	1,475,997,521	969,021,820

9 COST OF SALES

Raw material consumed	2,607,613,811	1,695,214,575	1,037,836,873	628,659,413
Fabric conversion, dyeing and bleaching	12,135,136	4,741,723	3,913,361	892,035
Salaries, wages and benefits	301,353,801	313,624,278	100,723,758	117,992,288
Fuel and power	400,893,729	387,222,058	155,065,023	159,333,818
Packing material consumed	32,167,201	32,847,193	13,846,177	15,292,668
Sizing material consumed	43,608,153	37,712,731	28,191,462	18,171,549
Store and spares consumed	59,735,449	71,118,054	14,142,531	28,355,944
Insurance	3,849,772	2,262,968	1,288,711	7,856
Repair and maintenance	8,860,675	6,136,037	3,061,195	1,166,924
Depreciation	93,837,098	101,130,952	32,477,915	35,861,695
	3,564,054,825	2,652,010,569	1,390,547,006	1,005,734,190
Adjustment of work in process	(21,528,601)	(14,198,461)	(13,464,561)	(18,844,295)
Cost of goods manufactured	3,542,526,224	2,637,812,108	1,377,082,445	986,889,895
Adjustment of finished goods	(75,965)	(39,007,212)	13,837,219	(25,013,677)
	3,542,450,259	2,598,804,896	1,390,919,664	961,876,218

10 TRANSACTION WITH RELATED PARTIES

	Nine Months Ended	
	March 31, 2019 Rupees	March 31, 2018 Rupees
Receipt / (Repayment) of Sponsors' loan - net	161,000,000	348,000,000

11 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the nine months ended March 31, 2019 and March 31, 2018.

	Spinning	Weaving	Inter - segment Transactions	Consolidated
Amount (Rupees)				
March 31, 2019				
Sales	2,365,478,175	2,069,775,374	(718,000,713)	3,764,010,741
Cost of Sales:	(2,272,249,755)	(1,988,201,217)	718,000,713	(3,542,450,259)
Gross profit / (Loss)	93,228,420	81,574,157	-	221,560,482
Selling and distribution costs	(43,636,029)	(38,181,193)	-	(81,817,222)
Administrative and general expenses	(42,102,340)	(36,839,227)	-	(78,941,567)
Profit / (loss) before taxation & un-allocated expenses	7,490,051	6,553,737	-	60,801,693
Un-allocated expenses:				
Other operating expenses				(2,652,302)
Other operating income				24,159,086
Finance cost				(103,609,582)
Loss before taxation				(21,301,105)
Taxation				(62,271,859)
Net loss for the period				(83,572,964)

Amount (Rupees)				
March 31, 2018				
Sales	1,782,547,558	1,689,464,398	(785,877,109)	2,686,134,847
Cost of Sales:	(1,809,282,938)	(1,575,399,064)	785,877,109	(2,598,804,893)
Gross profit / (Loss)	(26,735,380)	114,065,334	-	87,329,953
Selling and distribution costs	(13,742,233)	(56,968,934)	-	(68,711,167)
Administrative and general expenses	(54,720,105)	(26,951,693)	-	(81,671,798)
Profit / (loss) before taxation & un-allocated expenses	(95,197,718)	30,144,706	-	(63,053,013)
Un-allocated expenses:				
Other operating expenses				(2,476,627)
Other operating income				11,133,419
Finance cost				(90,468,969)
Loss before taxation				(144,865,191)
Taxation				(41,267,121)
Net loss for the period				(186,132,312)


12 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on April 25, 2019.

13 CORRESPONDING FIGURES

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

13.2 Figures have been rounded off to the nearest rupee.


Chief Executive


Chief Financial Officer


Director

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