



Ghazi Fabrics International Limited



*Signature
of
Quality*

Annual Report 2016

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COMPANY PROFILE

Board of directors

Mrs. Azra Yasmin
Chairperson

Mohammad Arshad Chaudhry
Chief Executive/ Director

Kamran Arshad
Rizwan Arshad
Fareeha Arshad
Wajeeha Haaris
Muhammad Imran Rasheed

Audit Committee

Muhammad Imran Rasheed
Chairman/ member

Rizwan Arshad
Member

Fareeha Arshad
Member

Human Resource & Remuneration Committee

Mrs. Azra Yasmin
Chairperson/ member

Mohammad Arshad Chaudhry
Member

Wajeeha Haaris
Member

Company Secretary

Nauman Iqbal, FCA

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.

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 Fabric 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 lose 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 Ordinance 1984, 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 27th ANNUAL GENERAL MEETING.

NOTICE is hereby given that the 27th Annual General Meeting of the Shareholders of **GHAZI FABRICS INTERNATIONAL LTD.** will be held on Monday the 21st November, 2016 at 10:30 a.m. at Qasr-e-Noor, 9-E-2, Gulberg-III, Lahore to transact the following business:-

ORDINARY BUSINESS:

- 1.** To confirm the minutes of 26th Annual General Meeting of the members of the Company held on Saturday the 31st October, 2015.
- 2.** To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon...
- 3.** To appoint Auditors and fix their remuneration for the year ending June 30, 2017. The present auditors M/s. Qadeer & Co., Chartered Accountants, retire and being eligible has offered themselves for reappointment.
- 4.** To transact any other ordinary business with the permission of the Chair.

SPECIAL BUSINESS:

- 5.** To Consider and if deemed fit, pass a special resolution to amend the Articles of Association of the Company to set out the members' right to exercise their votes by electronic means.
- 6.** To seek the consent of shareholders for transmission of Annual Audited Accounts through CD/DVD/USB instead of transmitting the said accounts in hard copies in compliance with Securities and Exchange Commission of Pakistan's SRO No.470(1)/2016 dated May 31, 2016.

A statement of material facts under section 160(1)(b) of the Companies Ordinance 1984 covering the above mentioned special business is being sent to the shareholders along with a copy of this notice.

by order of the Board

LAHORE:
October 31, 2016.

(NAUMAN IQBAL)
Company Secretary

NOTES:-

- I.** Share Transfer Books of the Company will remain closed from 15th November, 2016 to 21st November, 2016 (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 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 of their latest Computerized National Identity Card Number or Passport Number if foreigner (unless it has been provided earlier) to enable the Company comply with relevant law.
- V.** Shareholders are requested to notify the change in their addresses, if any, immediately.
- VI.** In pursuance of the directions given by SECP vide SRO 787 (1)/ 2014 dated 8 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 from 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.

Statement of Material Facts under Section 160(1)(b) of The Companies Ordinance 1984.

Item No.5 of the Notice

Amendment in Articles of Association regarding E-Voting

SECP has issued The Companies (E-Voting) Regulations, 2016. These Regulations provide members with a right to vote at general meetings through electronic means, subject to satisfaction of certain conditions, including the amendment of Articles of Association so as to stipulate that in case of E-Voting both members and non-members can be appointed as proxy.

For the purpose of incorporation the facility of E-Voting in the Articles of Association of the Company, it is proposed that the following special resolution be passed to amend Articles of Association.

Resolved that

- a. Article 66 be replaced with

A member duly registered shall be entitled to be present or to vote on any question either personally or by proxy, or as proxy for another member, or to be reckoned in a quorum, at any General Meeting. In case of E-voting voters may appoint either members or non-members as proxy.

- b. Article 67 be replaced with

Votes may be cast either, personally or by proxy or electronically. Provided that no company shall vote by proxy as long as a resolution of the board of directors in accordance with Section 162 of the Ordinance is in force.

- c. The following new Article 70A be and hereby inserted after Article 70.

An instrument appointing a proxy for the purpose of E-Voting shall be in the following form, and shall be deposited in writing with the Company at its registered office or through email at the email address of the Company provided for this purpose, at least ten (10) days prior to the date of general meeting.

I/We _____ of _____ being a member of Ghazi Fabrics International Limited, holder of _____ ordinary share(s) as per registered folio/CDC investor account number _____ hereby opt for E-Voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise E-Voting as per The Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____ please send login details, password and electronic signature through email.

Further Resolved that the Chief Executive/Directors and Company Secretary be and is hereby authorized and empowered to fulfill all legal, corporate and procedural formalities to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for alteration of the Company's Articles of Association.

Further Resolved that in case of any omission or mistake if pointed out by the Commission (SECP) and any other competent authority in the aforesaid resolutions the Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in letter and spirit.

Item No.6 of the Notice

Securities and Exchange Commission of Pakistan through SRO No.470 (I)/2016 dated May 31, 2016 has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB at their registered address after approval by members. The Company shall supply hard copies of the annual audited accounts to the shareholders, on demand, at their registered addresses, free of cost, within one week of such demand. For the convenience of its members, the company shall place on its website a standard request form, for despatch of annual audited accounts in hard copy instead of sending the same through CD/DVD/USB, along with postal and email address.

DIRECTORS' REPORT

The directors of your Company are hereby present the annual report of the Company along-with the audited financial statements for the year ended June 30, 2016.

In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer 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 financial results for the year under review along-with comparative figures are presented herewith to have cursory look at the company operating performance;

	2016	2015
	R u p e e s (000)	
Sales	4,819,932	5,114,903
Gross profit	172,679	298,953
Operating profit/(loss)	(85,857)	27,871
Financial charges	(149,386)	(208,876)
(Loss)/ profit after tax	(269,364)	(182,990)
(Loss)/ earning per share (EPS) Rs.	(8.25)	(5.61)

The company has not declared dividend due to incurring of losses.

Financial and operational performance:

As the above figure show, company has posted after tax loss of Rs.269.34 million as compared to a loss of Rs.182.99 million last year.This is the result of depressed cotton yarn demand from Chinese as well as in local market.

The shortage of raw cotton during this period and relatively high prices of available stocks contributed significantly to the difficulties. Moreover, increase in minimum wages and the imposition of Universal Obligation Surcharge, Debt Servicing Surcharge and Gas Infrastructure Development Cess (GIDC) contributed significantly to the Company's loss.

The Textile sector had to face deprivation with intensified power outages and gas shortages bearing further load due to higher rates which affected the performance of sector as a whole and compelled the units to run under capacity further increase their cost of production. Due to strong regional competition and devaluation of the US Dollar, the sector could not enjoy the benefit of GSP plus status awarded in FY 2014.

Market review

Export sales of Pakistani products are declining in the stagnant global economy due to weak demand and unsold cotton stocks worldwide especially in China. Increasing shortages in power and gas supply particularly in the Punjab region along-with upsurge in overhead costs due to high fuel and power costs is adversely affecting production activities, pushing up input costs, and eroding margins.

Future prospects

In the current scenario, the revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country.

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 exporter 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. An Important sector for the local economy and future prospects for country linked with the progress of textile chain, hence, will remain in focus for all stakeholders.

The cost and availability of energy remains the biggest challenge for the company. Keeping view the energy shortage and gas outages the Company has successfully installed 9.5 MW HFO based power house during the year which will contribute successfully towards the optimal usage of Company's production capacities which would other-wise remain idle. Increase in cost of production is damaging the competitiveness of local product in the international market. The company is trying its best to meet these challenges through improvement in product development, marketing efforts and working on energy efficiency measures.

Board of Directors and Management is fully committed to make this project successful.

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 exchanges in Pakistan.

Health, Safety and Environment (HSE)

Your Company take 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.

Your Company has also obtained BCI Certification (Better Cotton Initiative) besides holding OEKO-TEX Certificate (Eco-Friendly Cotton).

Compliance with Code of Corporate governance

The management is fully aware of the company's obligation for compliance with as incorporated in the Listing Regulations of the Pakistan Stock Exchange and steps are been taken for its effective implementation within the allowed time frame work. The various statements, as required by the Code, are given below:

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.
5. System of internal control is sound in design, has been effectively implemented and being monitored continuously. On-going review will continue in future for further improvements in controls.
6. The Company has sound potentials 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.
10. During the year under review, four meetings of the Boards and six meeting of the Audit Committee whereas one meeting of Human Resource and Remuneration Committee were held and following were in attendance:

Sr. #	Attendance in meetings	Board	Audit Committee	HR & Remuneration Committee
1.	Mrs. Azra Yasmin	4	0	1
2.	Mohammad Arshad Chaudhry	4	0	1
3.	Kamran Arshad	4	0	0
4.	Rizwan Arshad	4	6	0
5.	Fareeha Arshad	4	6	0
6.	Wajeeha Haaris	4	0	1
7.	Muhammad Imran Rasheed	4	6	0

11. 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.

Auditors

The present auditors M/s. Qadeer & Company, Chartered Accountants retire and being eligible have offered themselves for reappointment. The Audit Committee has recommended their reappointment.

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 for their support and hope that this cooperation and supports 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

Lahore

October 24, 2016

(Mohammad Arshad Chaudhry)

Chief Executive

نمبر	نام	بورڈ	آڈٹ کمیٹی	ہیومن ریسورس اور معاوضے کی کمیٹی
۱	مسز عذرا یاسمین	04	0	01
۲	محمد ارشد چوہدری	04	0	01
۳	کامران ارشد	04	0	0
۴	رضوان ارشد	04	06	0
۵	فریہا ارشد	04	06	0
۶	وجیہا حارث	04	0	01
۷	محمد عمران رشید	04	06	0

۱۱۔ ڈائریکٹرز، چیف فائینشل آفیسر، کمپنی سیکرٹری، ان کے شریک حیات اور چھوٹے بچوں کی جانب سے شیئرز کی تجارت نہیں کی گئی سوائے اسکے جو شیئر ہولڈنگ کے نمونے میں بتایا گیا ہے۔
آڈیٹرز:

موجودہ آڈیٹرز میسرز قدیر اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس نے ریٹائر اور اہل ہونے کے ناطے خود کو دوبارہ تعیناتی کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے ان کی تعیناتی کی سفارش کی ہے۔

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۔

شیئر ہولڈنگ کا نمونہ:

30 جون 2016ء کو کمپنی کے شیئر ہولڈنگ کے نمونے کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز نے گاہکوں، بینکاروں، ریگولیٹرز 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
24 اکتوبر 2016ء

چوہدری محمد ارشد
چیف ایگزیکٹو

توانائی کی دستیابی اور قیمت کمپنی کے لئے بڑا چیلنج بنی ہوئی ہے۔ سال کے دوران توانائی کے بحران اور گیس کی بندش کو سامنے رکھتے ہوئے کمپنی نے 9.5MW کا HFO بجلی گھر کامیابی سے نصب کیا ہے جو کمپنی کی پیداواری صلاحیت کے زیادہ سے زیادہ استعمال کی طرف کامیابی میں اہم کردار ادا کرے گا، جو کہ دوسری صورت میں معطل رہتی۔ پیداواری لاگت میں اضافہ عالمی منڈی میں مقامی مصنوعات کے مقابلہ کو نقصان پہنچا رہی ہے۔

کمپنی مصنوعات کی ترقی، مارکیٹنگ کی کوششوں میں بہتری کے ذریعے اور توانائی کی بچت کے اقدامات پر کام کر کے ان چیلنجوں کا سامنا کرنے کے لئے بہترین کوشش کر رہی ہے۔ بورڈ آف ڈائریکٹرز اور انتظامیہ اس منصوبے کو کامیاب بنانے کے لئے مکمل طور پر مصروف عمل ہے۔

متعلقہ فریق:

متعلقہ فریقوں کے درمیان لین دین آرمز لینتھ پر کیا گیا ہے۔ جن کا تعین Compareable Uncontrolled Price Method سے کیا گیا ہے۔ کمپنی مکمل طور پر اور بہترین طریقوں سے ٹرانسفر پرائسنگ کے طریقوں پر عمل کرتی ہے۔ جو کہ پاکستان سٹاک ایکسچینج کے لسٹنگ کے ضابطے میں موجود ہیں۔

صحت، حفاظت 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 دفتر اور پیداواری تنصیبات میں توانائی کی استعداد کار کو بہتر بنانے کے لیے مسلسل کوشش کر رہے ہیں۔

آپ کی کمپنی کو OEKO-TEX سرٹیفکیٹ (ماحول دوست کپاس) کے علاوہ سرٹیفکیٹ BCI بھی حاصل 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 مقرر وقت میں اسکے نفاذ کے لئے مناسب اقدامات کے لئے کوشاں ہے۔

۱۔ انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اسکے معمولات، آپریشنز کے نتائج، یکیش فلو اور ایکویٹی میں تبدیلیوں کو عمدہ طریقے سے پیش کیا گیا ہے۔

۲۔ کمپنی کی جانب سے کھاتے کی موزوں بکس کا استعمال کیا گیا ہے۔

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۔

۵۔ اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی موثر ہے۔

۶۔ چلتے ہوئے کاروبار کے حوالے سے کمپنی کی قابلیت پر کسی قسم کے شبہات نہیں ہیں۔

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

۸۔ کارپوریٹ گورننس کے ضوابط 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۔

۱۰۔ سال کے دوران بورڈ آف ڈائریکٹرز کے 15 اجلاس آڈٹ کمیٹی کے 16 اجلاس اور ہیومن ریسورس اور معاوضے کی کمیٹی کا ایک اجلاس منعقد ہوا ہے انکی حاضری کی تفصیل

درج ذیل ہے:

ڈائریکٹرز رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2016ء کو ختم ہونے والے مالی سال متعلقہ کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس پیش کرتے 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 2016ء کو ختم ہونے والے سال کے لئے نظر سانی شدہ نتائج کا مختصر جائزہ پیش کرتے ہیں۔

سال 2015	سال 2016	
روپے (000)	روپے (000)	
5,114,903	4,879,932	فروخت
298,953	172,679	خام منافع
2,871	(85,857)	آپریٹنگ منافع / نقصان
(208,876)	(149,386)	سود
(182,990)	(269,364)	بعد از ٹیکس منافع
(5.61)	(8.25)	فی شیئر آمدنی

کمپنی نے نقصانات کی وجہ سے ڈیویڈنڈ کا اعلان نہیں کیا۔

مالی اور آپریٹنگ کارکردگی:

مندرجہ بالا اعداد و شمار کے مطابق کمپنی کا گزشتہ سال 182.99 ملین کے نقصان کے مقابلے میں اس سال 269.364 ملین کا نقصان ہوا ہے۔

اسکی وجہ چینی مارکیٹ میں روٹی کی طلب میں کمی ہے۔

اس مدت کے دوران خام روٹی اور دستیاب اسٹاک کی نسبتاً زیادہ قیمتوں نے مشکلات میں نمایاں اضافہ کیا۔ اسکے علاوہ کم از کم اجرت میں اضافہ، یونیورسل واجب سرچارج، قرضہ سروسنگ سرچارج اور گیس انفراسٹرکچر ڈولپمنٹ سیس کے نفاذ نے کمپنی کے نقصان میں نمایاں اضافہ کیا۔

ٹیکسٹائل کے شعبے کو شدید بجلی کی بندش اور گیس میں کمی کی محرومی کے ساتھ ساتھ اضافی قیمتوں کا بھی سامنا کرنا پڑا۔ جس نے مجموعی طور پر شعبے کی کارکردگی کو متاثر کیا اور مجبور کیا کہ یونٹ کو کم پیداواری صلاحیت پر چلایا جائے، جو پیداواری لاگت میں اضافے کا سبب بنا۔ علاقائی مقابلہ اور امریکی ڈالر کی قدر میں کمی کی وجہ سے مالی سال 2014ء میں نوازے گئے GSP پلس کے درجے سے پوری طرح فائدہ نہیں اٹھا سکے۔

مارکیٹ کا جائزہ:

پوری دنیا خاص طور پر چائینہ میں کائٹن کی کم طلب کی وجہ سے پاکستانی مصنوعات کی برآمد کو مددگار عالمی معیشت میں کم ہو رہی ہے۔ خاص طور پر پنجاب کے علاقے میں بجلی اور گیس کی فراہمی میں قلت کے ساتھ ساتھ، ایندھن اور بجلی کے اخراجات میں ان پٹ کے اخراجات میں اضافہ کیا ہے جو پیداواری سرگرمیوں کو متاثر کرنے کے علاوہ مارجن میں بھی کمی کا سبب ہے۔

مستقبل کے امکانات:

موجودہ منظر نامے میں، گھریلو ٹیکسٹائل کی صنعت کی بحالی ملک میں بجلی اور گیس کی مسلسل بحالی پر منحصر ہے۔

ہم اس شعبے میں بڑھتی ہوئی اور نئی مارکیٹ کے مواقع تلاش کرتے رہیں گے۔ پاکستان دنیا میں دھاگے کا سب سے بڑے درآمد کنندہ میں سے ایک ہونے کے علاوہ چوتھا سب سے بڑا پیدا کنندہ اور کپاس کا تیسرا سب سے بڑا کنزیومر ہے۔

کپاس کے شعبے کے ساتھ ساتھ ٹیکسٹائل اور ملبوسات کی صنعت ملک کے جی ڈی پی کا 11% اور ملک کی برآمدی قیمت کا 60% ہونے کے علاوہ 35% صنعت سے وابستہ لوگوں کو روزگار مہیا کرتی ہے۔ مقامی معیشت کا اہم شعبہ ہونے کی وجہ سے ملک کا مستقبل ٹیکسٹائل کی صنعت سے جڑا ہے، اس وجہ سے تمام سٹیک ہولڈرز کے لئے توجہ کا مرکز بھی رہے گا

PATTERN OF SHAREHOLDING

As At June 30, 2016

NUMBER OF SHAREHOLDERS	H O L D I N G S		TOTAL SHARES HELD
	FROM	TO	
555	1	100	50,812
3,450	101	500	1,581,798
375	501	1,000	354,685
310	1,001	5,000	785,999
45	5,001	10,000	358,747
16	10,001	15,000	196,900
5	15,001	20,000	87,700
4	20,001	25,000	88,200
3	25,001	30,000	85,100
3	30,001	35,000	101,000
1	35,001	40,000	35,500
1	40,001	45,000	43,400
2	55,001	60,000	118,900
1	65,001	70,000	68,000
1	95,001	100,000	100,000
1	120,001	125,000	124,500
1	145,001	150,000	150,000
1	260,001	265,000	262,000
1	270,001	275,000	270,200
1	275,001	280,000	277,000
1	640,001	645,000	641,459
1	875,001	880,000	877,200
2	3,220,001	3,225,000	6,447,000
1	3,225,001	3,230,000	3,229,500
1	16,295,001	16,300,000	16,300,000
4,783			32,635,600
Categories of shareholders			Shares held
Directors, Chief Executive Officers and their spouse and minor children			16,844,000
Associated Companies, undertakings and related parties. (Parent Company)			0
NIT and ICP			12,000
Banks Development, Financial Institutions, Non Banking Financial Institutions			26,600
Insurance Companies			124,500
Modarabas and Mutual Funds			1,100
Shareholders holding 10% and more			16,300,000
General Public			
Local			9,123,304
Foreign			6,453,500
Joint Stock Companies			50,596
			0.1550%

CATEGORIES OF SHAREHOLDING

	No. of Shares	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) :		
MR. MOHAMMAD ARSHAD CHAUDHRY	16,300,000	49.9455
MRS. AZRA YASMIN	1,000	0.0031
MR. MUHAMMAD KAMRAN ARSHAD	278,000	0.8518
MISS. FAREEHA ARSHAD	1,000	0.0031
MISS. WAJEEHA ARSHAD	500	0.0015
MR. RIZWAN ARSHAD	263,000	0.8059
MR. MUHAMMAD IMRAN RASHEED	500	0.0015
Executives	3,000	0.0092
Public Sector Companies & Corporations		
Banks, Development Finance Institutions, Non Bank 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)		
MR. MOHAMMAD ARSHAD CHAUDHRY	16,300,000	49.9455
MR. ABDUL KHLIQ BALOCH	3,229,500	9.8956
MR. IBRAHIM HUSSAIN IBRAHIM ALHOSANI	3,225,000	9.8818
MR. AHMAD 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:

Name	SALE	PURCHASE
MR. MUHAMMAD KAMRAN ARSHAD (CDC)	-	240,000
MR. RIZWAN ARSHAD (CDC)		252,000

SIX YEARS FINANCIAL STATISTICAL SUMMARY

Measure of performance	2016	2015	2014	2013	2012	2011
Sales - net	4,819,932	5,114,903	5,338,764	5,381,510	4,847,590	5,767,986
Cost of sales	4,647,253	4,815,950	4,822,883	4,862,690	4,555,985	5,040,340
Gross profit	172,679	298,953	515,881	518,820	291,605	727,647
Operating profit/(Loss)	(85,857)	27,871	224,865	195,875	12,672	471,499
(Loss) / profit after tax	(269,364)	(182,990)	55,681	55,681	(161,460)	209,445
In % age terms						
Cost of sales	96.42	94.16	90.34	90.36	93.98	87.38
Operating profit/(Loss)	(1.78)	0.54	4.21	3.64	0.26	8.17
(Loss)/ profit after tax	(5.59)	(3.58)	1.04	1.03	(3.33)	3.63
Financial position						
Property, plant and equipment-net	1,605,032	1,535,324	1,456,991	1,348,336	1,313,227	1,352,372
Capital work in progress	34,210	129,013	113,381	17,726	-	1,263
Fixed assets	1,639,243	1,664,337	1,570,372	1,366,062	1,313,227	1,353,635
Current assets						
Stores, spares and loose tools	93,385	89,718	78,944	84,351	82,590	76,336
Stocks in trade	626,434	804,905	1,069,597	1,037,516	771,887	985,308
Other current assets	432,965	545,622	534,726	443,851	362,498	335,491
Cash and cash equivalent	4,156	25,007	4,452	1,617	15,060	5,273
	1,156,940	1,465,251	1,687,719	1,567,335	1,232,035	1,402,409
Current liabilities						
Short term borrowings	940,649	1,020,173	1,050,660	975,906	765,263	871,618
Current portion of long term loans	143,462	224,126	123,796	136,219	141,495	122,819
Other current liabilities	485,477	419,470	404,324	345,900	375,418	404,765
	1,569,588	1,663,769	1,578,780	1,458,025	1,282,176	1,399,202
Net working capital	(412,648)	(198,518)	108,939	109,310	(50,141)	3,207
Long term loans - excluding sponsors' loan	350,000	387,308	528,666	359,141	182,280	124,575

FINANCIAL HIGHLIGHTS

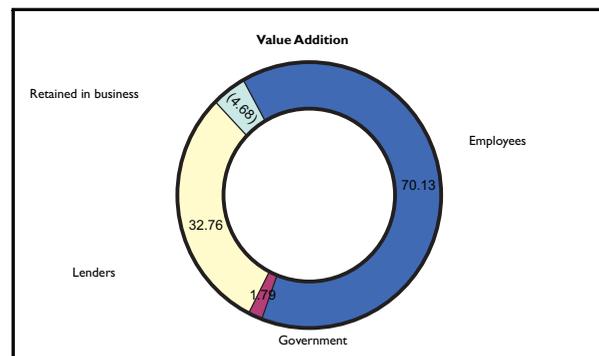
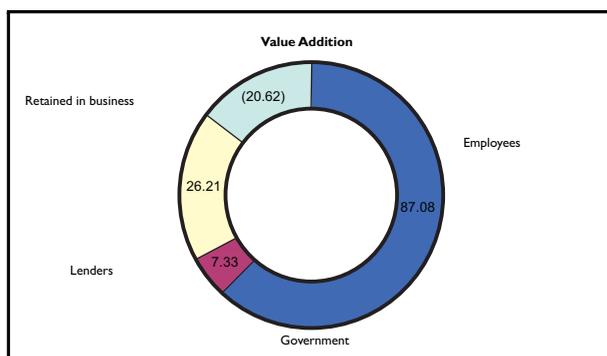
Financial Highlights		2016	2015	2014	2013	2012
					Rupees	
A. Profitability Ratios:						
Earning before interest, taxation and depreciation	Rs.	65,980,209	181,026,024	343,877,527	326,619,458	139,622,791
Earning before interest and taxation	Rs.	(85,857,366)	27,870,518	224,864,633	218,353,387	12,672,352
Profit / (Loss) before taxation and depreciation	Rs.	(83,405,422)	(27,849,953)	150,249,391	187,658,605	13,932,622
Gross profit ratio	%	3.58	5.84	9.66	9.91	6.02
Operating profit / (loss) margin to sales (net)	%	(1.78)	0.54	4.21	4.06	0.26
Net profit / (loss) margin to sales (net)	%	(5.59)	3.58	0.18	1.27	(3.33)
EBITD margin to sales (net)	%	1.37	3.54	6.44	6.07	2.88
B. Liquidity Ratios :						
Current ratio		0.74	0.88	1.07	1.07	0.9:1
Quick / Acid-test ratio		0.34	0.34	0.34	0.31	0.29:1
Cash to current liabilities	%	0.26	1.50	0.28	0.11	1.17
Cash flow from operations to sales	%	4.67	4.70	1.05	(4.13)	2.67
Working capital (Net current assets)	Rs.	(412,649,253)	(198,517,658)	108,939,322	109,310,127	(50,140,333)
Working capital turnover	Times	(11.68)	(25.77)	49.01	49.23	(96.68)
C. Activity / Turnover Ratios						
			5.98			
Debtors turnover ratio	Times	24.73	19.59	15.36	18.36	19.51
No. of days in receivables / Average collection period	Days	14.76	18.25	23.77	19.88	18.70
Inventory turnover ratio	Times	6.49	6.35	4.58	5.36	1.30
No. of days in inventory	Days	56.21	62.05	79.73	68.11	70.39
Creditors turnover ratio	Times	7.79	20.67	26	29	21
No. of days in creditors / Average payment period	Days	47	18.25	14.06	12.77	17.78
Property, plant and equipment turnover	Days	118.91	109.50	90.06	77.92	100.35
Total assets turnover	Days	225.36	223.93	206.70	174.34	200.56
D. Investment Ratios						
Basic earnings / (loss) per share	Rs.	(8.25)	(5.61)	0.29	2.09	(4.95)
Cash dividend per share	Rs.	-	-	-	-	-
E. Capital Structure Ratios						
Total liabilities to total assets	%	70.50	104.94	99.41	100.11	87.24
Interest coverage		(0.57)	0.13	1.16	1.57	0.10

STATEMENT OF VALUE ADDITION

Statement of Value addition	2016	2015
Sales	4,819,931,739	5,114,903,010
Less: Manufacturing / administration and general expenses	<u>4,259,791,132</u>	<u>4,494,735,979</u>
	560,140,607	620,167,031
Other income	<u>9,898,078</u>	<u>17,515,441</u>
Total value added	<u><u>570,038,685</u></u>	<u><u>637,682,472</u></u>
Distribution		
Employees :		
Salaries and wages	496,377,779	447,198,887
Government :		
Corporate tax	34,120,958	1,984,518
Development surcharge	7,680,697	9,457,561
	41,801,655	11,442,079
Lenders :		
Markup on loans	149,385,631	208,875,976
Retained in business:		
Depreciation	151,837,575	153,155,506
Profit / (Loss)	(269,363,955)	(182,989,976)
	(117,526,380)	(29,834,470)
	<u><u>570,038,685</u></u>	<u><u>637,682,472</u></u>

Percentage

Employees	87.08	70.13
Government	7.33	1.79
Lenders	26.21	32.76
Retained in business	(20.62)	(4.68)



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED AT JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance of listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework whereby a listed Company is managed in compliance with the best practices of good Corporate Governance.

The Company has applied the principle contained in the Code of Corporate Governance in the following manner:

- The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present board includes:

Category	Names
Independent Director	○ Mohammad Imran Rasheed
Executive Directors	○ Mohammad Arshad Chaudhry ○ Kamran Arshad
Non-Executive Directors	○ Mrs. Azra Yasmin ○ Rizwan Arshad ○ Fareeha Arshad ○ Wajeeha Haaris

The independent director meet the criteria of independence under clause 5.19.1.(b) of the Code of Corporate Governance.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, development financial institution or non-banking financial institution or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- There has been no casual vacancy in the Board during the year 2016.
- 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.
- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of CEO, other Executive and Non- Executive Directors, have been taken by the board/shareholders.
- 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 and the board met at least once in every quarter. Written notice of the board meeting along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
- The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with amendments in corporate and other laws, if any. One of our directors Mr. Rizwan Arshad has attended training session under board development series. Majority of the directors are exempted under exemption criteria of 14 years of education and 15 years of experience on the board of listed company.
- The Board has approved the appointment, remuneration and terms and conditions of employment of the CFO, Company Secretary and Head of Internal Audit.
- The Directors' report for this year has been prepared in compliance with the requirement of Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises three members, all of them are non-executive directors, including the chairman of the committee who is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises of 3 members, of whom two are non-executive directors and a chairperson of the committee is a non- executive director.
18. The Board has setup an effective internal audit function who are considered suitably qualified and experienced for the purpose and re conversant with the policies and procedures of the company.
19. 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board

Lahore

October 24, 2016

(Mohammad Arshad Chaudhry)

Chief Executive



REVIEW REPORT TO THE MEMBERS
On The Statement of Compliance with the Code of
Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **GHAZI FABRICS INTERNATIONAL LIMITED** (the Company) for the year ended June 30, 2016 to comply with the requirements of of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed. The responsibility for compliance with the Code is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As a part of our audit of 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon the recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Lahore

October 24, 2016

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN FCA

Financial Statements

For the year ended June 30, 2016



AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **GHAZI FABRICS INTERNATIONAL LIMITED** ('the Company') as at June 30, 2016 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

- (a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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, 2016 and of the Loss, total comprehensive Loss, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion Zakat deductible at source under the Zakat & Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore

October 24, 2015

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN FCA

BALANCE SHEET

AS AT JUNE 30, 2016

CAPITAL AND LIABILITIES	Note	2016	2015
		Rupees	
Share Capital and Reserves			
Authorized capital			
40,000,000 (2015 : 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	1,255,727,835	1,177,727,835
Accumulated loss		(753,437,747)	(481,505,557)
		828,646,088	1,022,578,278
Non Current Liabilities			
Long term financing	7	350,000,030	387,307,720
Deferred liabilities	8	60,906,493	68,944,910
		410,906,523	456,252,630
Current Liabilities			
Trade and other payables	9	439,316,968	392,199,200
Accrued interest / mark up	10	10,985,629	11,500,140
Short term borrowings	11	940,648,513	1,020,173,051
Current portion of long term financing	7	143,461,540	224,125,561
Provision for taxation	12	35,228,181	15,770,915
		1,569,640,831	1,663,768,867
Contingencies and Commitments	13	-	-
		2,809,193,442	3,142,599,775
ASSETS			
Non Current Assets			
Property, plant and equipment	14	1,605,032,489	1,535,323,787
Capital work in progress	15	34,210,062	129,013,034
		1,639,242,551	1,664,336,821
Long term deposits		13,011,744	13,011,744
		1,652,254,295	1,677,348,565
Current Assets			
Stores, spares and loose tools	16	93,384,579	89,717,957
Stock in trade	17	626,433,802	804,904,645
Trade debts	18	128,667,713	261,062,462
Loans and advances	19	120,113,204	154,451,342
Trade deposits and short term prepayments	20	300,000	2,010,414
Tax refunds due from the Government		183,884,120	128,097,838
Cash and bank balances	21	4,155,728	25,006,550
		1,156,939,147	1,465,251,209
		2,809,193,442	3,142,599,775

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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

		2016	2015
	Note	Rupees	
Sales - Net	22	4,819,931,739	5,114,903,010
Cost of goods sold	23	4,647,252,589	4,815,950,268
Gross Profit		172,679,150	298,952,741
Operating expenses:			
- Selling and distribution	24	150,120,384	181,344,296
- Administrative and general	25	116,360,826	104,644,562
- Other operating charges	26	1,953,384	2,608,806
		268,434,594	288,597,665
		(95,755,444)	10,355,077
Other operating income	27	9,898,078	17,515,441
(Loss) / Profit from operation		(85,857,366)	27,870,518
Finance cost	28	149,438,062	208,875,976
(Loss) / Profit before taxation		(235,295,428)	(181,005,459)
Taxation	29	34,120,958	1,984,518
(Loss) / Profit for the year		(269,416,386)	(182,989,976)
(Loss) per share - Basic	30	(8.25)	(5.61)

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
	Rupees	
Profit/ (Loss) for the year	(269,416,386)	(182,989,976)
Other comprehensive income/ (Loss)		
Remeasurements of defined benefit obligation	(2,763,405)	9,348,501
Impact of deferred tax	247,601	(748,456)
	(2,515,804)	8,600,045
Total comprehensive income/ (Loss) for the year	(271,932,190)	(174,389,931)

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(235,295,428)	(181,005,459)
Adjustments for:		
- Depreciation	151,837,575	153,155,506
- Provision for W.P.P.F	-	-
- (Gain) / loss on disposal of property, plant and equipment	(497,473)	(12,063,808)
- Provision for gratuity	23,519,139	22,322,150
- Finance cost	149,438,062	208,875,976
	<u>324,297,303</u>	<u>372,289,824</u>
Operating profit before working capital changes	89,001,875	191,284,365
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(3,666,622)	(10,773,993)
- Stock in trade	178,470,843	264,692,772
- Trade debts	132,394,749	101,350,223
- Loans and advances	34,338,138	(29,081,026)
- Trade deposits and short term prepayments	1,710,414	(1,710,414)
- Other receivables	(55,786,282)	(72,460,227)
Increase / (decrease) in current liabilities:		
- Trade and other payables	47,117,768	74,799,885
	<u>334,579,008</u>	<u>326,817,220</u>
Cash generated from operations	423,580,883	518,101,585
Income tax paid / deducted	(30,715,165)	(18,674,366)
Gratuity paid	(18,021,886)	(12,835,050)
Workers profit participation fund paid	-	(5,167,049)
Finance cost paid	(149,952,573)	(240,960,273)
Net cash generated from / (used in) operating activities	<u>224,891,259</u>	<u>240,464,847</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(221,553,803)	(250,481,342)
Capital work in progress	94,802,972	(15,632,314)
Proceeds from disposal of property, plant and equipment	505,000	31,057,002
Net cash used in investing activities	<u>(126,245,831)</u>	<u>(235,056,654)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayment) of long term loans	(117,971,711)	(41,029,093)
Long term deposit	-	(59,730)
Loan from directors and others - net	78,000,000	86,722,430
Short term borrowings	(79,524,538)	(30,486,804)
Net cash generated from financing activities	<u>(119,496,249)</u>	<u>15,146,803</u>
Net increase / (decrease) in cash and cash equivalents	(20,850,822)	20,554,994
Cash and cash equivalents at the beginning of the year	25,006,550	4,451,556
Cash and cash equivalents at the end of the year	<u><u>4,155,728</u></u>	<u><u>25,006,550</u></u>

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Directors' loan	Accumulated (Loss)	Total
	Rupees			
Balance as at July 01, 2014	326,356,000	1,091,005,405	(307,115,626)	1,110,245,779
Transaction with owner loan from directors	-	86,722,430	-	86,722,430
Total comprehensive income for the year 2015	-	-	(174,389,931)	(174,389,931)
Balance as at July 01, 2015	326,356,000	1,177,727,835	(481,505,557)	1,022,578,278
Transaction with owner loan from directors	-	78,000,000	-	78,000,000
Total comprehensive income for the year 2016	-	-	(271,932,190)	(271,932,190)
Balance as at June 30, 2016	326,356,000	1,255,727,835	(753,437,747)	828,646,088

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

I REPORTING ENTITY

Ghazi Fabrics International Limited ("the Company") was incorporated in Pakistan on April 30, 1989 as a Private Limited Company and converted into Public Limited Company on January 07, 1990. Its shares are quoted on Karachi and Lahore Stock Exchanges. With effect from January 11, 2016 all stock exchanges (Karachi, Lahore & Islamabad) merged into 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of measurement

These accounts have been prepared under the historical cost convention except for certain financial instruments at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgment, estimates and assumptions

The preparation of financial statements in conformity with IASs 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 a material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of approved 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;

2.3.1 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.

2.3.2 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.

2.3.3 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.

2.3.4 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.

2.3.5 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.

2.4 Functional currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 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.

3.2 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, 2016. Charge for the current year is based on estimates provided by the actuary as at June 30, 2015. The following significant assumptions were used in the latest actuarial valuation:

	2016	2015
Discount rate	7.25%	9.75%
Expected rate of salary increase in future years	5.25%	7.75%
Average expected remaining working life time of employees	9 years	9 years
Actuarial valuation method	Projected unit credit method	

3.3 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.

3.4 Provisions

Provisions are recognised 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.

3.5 Taxation

Current

The charge for taxation for the year is based on minimum tax at the current rates of taxation after taking into account tax rebates and credits available, if any.

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, as required by IAS - 12 (Income Taxes), are recognized to the extent of potential available taxable profit against which temporary differences, unused tax losses and tax credits can be utilized.

3.6 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.

3.7 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.

3.8 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 income as and 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.

3.10 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.

3.11 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet 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 profit and loss account.

3.12 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.

3.13 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.

3.14 Cash and cash equivalents

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

3.15 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. It ceases to recognize financial assets when it loses control of contractual rights and in case of financial liability when the liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

A financial asset and financial liability is offset and the net amount is reported in the balance sheet 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.

3.16 Foreign currency translation

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 profit and loss account.

3.17 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.

3.18 Revenue recognition

- Local sales are recorded on dispatch of goods to customers.
- Export sales are recorded at the time of receipt of bill of lading.

3.19 Borrowing costs

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

3.20 Dividends

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

3.21 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.

3.22 Changes in accounting policies and disclosures

3.22.1 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2017
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

3.22.2 The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures. The Company is yet to assess the full impact of the amendments.

3.22.3 Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 9 Financial instruments

3.22.4 The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4 Determining whether an arrangement contains lease
IFRIC12 Service concession arrangements

4 CHANGE IN ACCOUNTING POLICY

4.01 All the accounting policies are applied consistently during the year

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2016	2015		2016	2015
	No. of shares			Rupees	
	32,635,600	32,635,600	Ordinary shares of Rs. 10 each fully paid in cash	326,356,000	326,356,000
			NOTE	2016	2015
				Rupees	

6 Directors' loan

Loan from directors	6.01	1,255,727,835	1,177,727,835
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6.01 These loans are accounted for under Technical Release - 32 "Accounting Directors' 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. 900 million (2015 : Rs. 900 million) with Habib Bank Limited and United Bank Limited.

7 LONG TERM FINANCING

Loan from banking companies - Secured

Habib Bank Limited:

- Term finance - III	7.01	-	15,384,612
- Term finance - IV	7.02	18,461,570	43,076,954
		18,461,570	58,461,566

United Bank Limited:

- NIDF - VI	7.03	-	9,285,000
- NIDF - VII	7.04	-	43,686,715
- NIDF - VIII	7.05	375,000,000	500,000,000
- NIDF - IX	7.06	100,000,000	
		475,000,000	552,971,715

Less: Current portion

493,461,570	611,433,281
(143,461,540)	(224,125,561)
<u>350,000,030</u>	<u>387,307,720</u>

7.01 Term finance - III

Opening balance	15,384,612	46,153,844
Payments made during the year	(15,384,612)	(30,769,232)
	<u>-</u>	<u>15,384,612</u>

Term finance - III was obtained to facilitate balancing, modernization and replacement of spinning units. The loan was payable in thirteen quarterly installments with a grace period of one year from first draw down of loan with first installment commenced from November 10, 2012. It carried mark up at three months KIBOR plus 2.50% per annum payable on quarterly basis.

7.02 Term finance - IV

Opening balance	43,076,954	67,692,338
Payments made during the year	(24,615,384)	(24,615,384)
	<u>18,461,570</u>	<u>43,076,954</u>

Term finance - IV was obtained for reprofiling of balance sheet. Loan is payable in thirteen quarterly installments with a grace period of one year from first draw down of loan with first installment commenced from December 31, 2013. It carries mark up at three months KIBOR plus 2.50% per annum payable on quarterly basis.

Loans from HBL are secured against first pari passu equitable mortgage of property plant and equipment of the Company valuing Rs. 932 million (2015 : Rs. 932 million) and personal guarantee of chief executive and a director of the Company.

7.03 NIDF - VI

Opening balance	9,285,000	27,856,000
Payments made during the year	(9,285,000)	(18,571,000)
	<u>-</u>	<u>9,285,000</u>

This loan was obtained to finance import of machinery of spinning units and was repayable in seven equal half yearly installment with a grace period of one year from first draw down of loan with first installment commenced from September 2012. It carried mark up at six months KIBOR plus 1.25% per annum payable on quarterly basis.

7.04 NIDF - VII

Opening balance	43,686,715	87,373,435
Payments made during the year	(43,686,715)	(43,686,720)
	<u>-</u>	<u>43,686,715</u>

This loan was obtained to finance import of machinery of spinning unit and it represents actual withdrawn amount out of Demand Finance limit for Rs. 135 million and was repayable in twelve equal quarterly installment with a grace period of one year from first draw down of loan with first installment commenced from September 2013. It carried mark up at six months KIBOR plus 1.25% per annum payable on quarterly basis.

7.05 NIDF - VIII

Opening balance	500,000,000	423,386,757
Finance obtained/paid during the year	(125,000,000)	76,613,243
	<u>375,000,000</u>	<u>500,000,000</u>

This loan has been obtained to finance import of machinery. 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 September 2015. It carries mark up at six months KIBOR plus 1.25% per annum payable on quarterly basis.

7.06 Term Finance (NIDF)

Opening balance	-	-
Finance obtained during the year	100,000,000	-
	<u>100,000,000</u>	<u>-</u>

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

Loans from UBL are secured against first pari passu equitable mortgage of property plant and equipment of the Company valuing Rs. 1,471 million (2015: Rs. 1,471 million) and personal guarantee of chief executive and one director of the Company.

8 DEFERRED LIABILITIES

		2016	2015
		Rupees	
Deferred tax - net	8.01	12,316,996	28,616,070
Staff retirement benefits	8.02	48,589,497	40,328,839
		<u>60,906,493</u>	<u>68,944,909</u>

8.01 Deferred tax - net

Credit / (debit) balance arising in respect of:

- Accelerated tax depreciation	67,972,243	68,807,140
- Recognized losses	(49,439,265)	(36,962,280)
- Staff retirement benefits	(6,215,981)	(3,228,790)
	<u>12,316,996</u>	<u>28,616,070</u>

8.02 Staff retirement benefits

The amounts recognized in the balance sheet are as follows

Present value of defined benefit obligation	48,589,497	40,328,839
	<u>48,589,497</u>	<u>40,328,839</u>

Balance sheet liability

Opening balance	40,328,839	40,190,240
Amount recognized during the year	23,519,139	22,322,150
Remeasurements	2,763,405	(9,348,501)
	<u>66,611,383</u>	<u>53,163,889</u>
Benefits paid during the year	(18,021,886)	(12,835,050)
Closing balance	<u>48,589,497</u>	<u>40,328,839</u>

Charge for the defined benefit plan

Service cost	20,622,875	17,907,969
Interest cost	2,896,264	4,414,181
	<u>23,519,139</u>	<u>22,322,150</u>

8.03 DEFINED BENEFIT PLAN

(a) General description

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, 2016 using Project Unit Credit Method.

(b) Comparison for five years

	2016	2015	2014	2013	2012
(Rupees - 000)					
PVODBO	47,514	38,179	40,190	45,659	32,371
Experience Adjustment	2,763	(9,349)	(12,836)	9,540	(1,515)

	NOTE	2016	2015
Rupees			
9 TRADE AND OTHER PAYABLES			
Creditors for:			
- Goods supplied		344,975,753	207,620,676
- Services		16,409,230	39,870,597
Accrued liabilities		60,076,627	117,102,644
Advances from customers		11,180,095	21,764,432
Security deposits		166,000	166,000
Worker's profit participation fund	9.1		-
Unclaimed dividend		5,033,316	5,055,600
Tax deducted at source		1,475,947	619,251
		<u>439,316,968</u>	<u>392,199,200</u>
9.1 Worker's profit participation fund			
Balance at the beginning of the year		-	5,167,049
Add: Allocation for the year		-	-
Add: Interest on funds utilized in Company's business			542,366
		-	5,709,415
Less: Payment made during the year			5,709,415
		-	-
10 ACCRUED INTEREST/ MARKUP			
Long term financing		10,623,036	1,634,570
Short term borrowings		362,594	9,865,570
		<u>10,985,630</u>	<u>11,500,140</u>
11 SHORT TERM BORROWINGS - From banking companies - Secured			
Habib Bank Limited	11.1	467,702,727	475,941,383
United Bank Limited	11.2	472,945,785	544,231,667
		<u>940,648,513</u>	<u>1,020,173,051</u>
11.1 These represent utilized portion of short term finance facilities of Rs. 1,415 million (2015 : Rs. 1,415 million) available from Habib Bank Limited under mark up arrangement. These facilities carry mark up of one month KIBOR plus 1.5% per annum and one month LIBOR plus 3.5% per annum and shall expire by January 31, 2017. 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 (2015 : 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. 1,370 million (2015 : Rs. 1,370 million) available from United Bank Limited under mark up arrangement. These facilities carry mark up at 1 month KIBOR plus 1.25% - 1.30% per annum and one month LIBOR plus 3.5%. 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 (2015 : 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		15,770,915	38,172,773
Provision for the year		35,228,181	15,770,915
Payments / adjustments against advance tax		(15,770,915)	(38,172,772)
		<u>35,228,181</u>	<u>15,770,915</u>

Income tax return up to and including tax year 2015 has been filed to the tax authorities under the provision of Income Tax Ordinance, 2001.

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.865 million (2015 : Rs. 53.865 million) on account of security deposits against the consumption of natural gas.

13.2 The Company has challenged the recovery of Gas infrastructure Development Cess-GIDC and filed petition in Lahore High Court challenging the vires and legality of the levy and demand of GIDC including the retrospective effect. The Court granted stay against charging of GIDC. Since, the issue is being faced by industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that decision of the case will be in its favour. Further, it is difficult to determine the best monetary estimate as the date of applicability of said Act is in litigation.

13.3 Export bills discounted Rs. 458.466 million (2015 : Rs. 360.490 million)

13.4 Post dated cheques issued in the favour of Collector of Custom against import Rs. 17.391 million (2015 : Rs. 17.391 million)

Commitments

Commitments in respect of irrevocable letters of credit for the import of raw material and spare parts of machinery as at the balance sheet date amount to Rs. 6.5 million (2015 : Rs. 3.502 million).

14 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost				Rate %	Accumulated Depreciation			Book Value as at June 30, 2016
	As at July 01, 2015	Additions	Disposals	As at June 30, 2016		Disposals	For the year	As at June 30, 2016	
Land - freehold	81,282,448	-	-	81,282,448	-	-	-	-	81,282,448
Buildings on freehold land	306,665,734	88,666,321	-	395,332,055	5-10	173,743,017	9,281,833	183,024,851	212,307,205
Plant and machinery	2,315,784,341	124,599,842	-	2,440,384,183	10	1,064,966,803	132,105,712	1,197,072,515	1,243,311,668
Grid station and generators	18,948,857	-	-	18,948,857	10	12,174,014	677,484	12,851,499	6,097,358
Furniture and fixtures	18,069,289	-	-	18,069,289	10	11,592,500	647,679	12,240,179	5,829,110
Vehicles	74,033,758	2,236,057	(1,462,113)	74,807,702	20	40,905,548	6,661,848	46,112,810	28,694,892
Equipment	22,513,666	538,436	-	23,052,102	10	13,523,351	915,996	14,439,347	8,612,755
Electric installations	62,217,176	5,513,147	-	67,730,323	10	47,286,249	1,547,022	48,833,271	18,897,052
Rupees 2016	2,899,515,269	221,553,803	(1,462,113)	3,119,606,960		1,364,191,482	151,837,575	1,514,574,471	1,605,032,489

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

	2016	2015
Cost of sales	143,821,904	144,996,818
Administrative expenses	8,015,671	8,158,688
	151,837,575	153,155,506

14.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
Mitsubishi Pajero LOQ-3559	930,700	925,057	5,643	305,000	299,357	Negotiation	Mr. Wajid Khan
Toyota Hiace LOF-3426	531,413	529,529	1,884	200,000	198,116	Negotiation	Mr. Muhammad Jamil
June 30, 2016	1,462,113	1,454,586	7,527	505,000	497,473		

	NOTE	2016	2015
		Rupees	
15 CAPITAL WORK IN PROGRESS			
Plant and machinery:			
- Opening balance		111,567,833	113,380,720
- Additions during the year		50,322,105	227,605,014
		161,889,938	340,985,734
- Transferred to property, plant and equipment		(127,679,876)	(229,417,901)
		34,210,062	111,567,833
Building			
- Opening balance		17,445,201	-
- Additions during the year		92,749,996	17,445,201
		110,195,197	17,445,201
- Transferred to property, plant and equipment		(110,195,197)	-
		-	17,445,201
		34,210,062	129,013,034
16 STORES, SPARES AND LOOSE TOOLS			
Stores	16.1	34,287,721	30,899,294
Spares	16.1	52,769,387	57,858,003
Loose tools		6,327,472	960,660
		93,384,579	89,717,957
16.1 No identifiable store and spare are held for specific capitalization.			
17 STOCK IN TRADE			
Raw material	17.1	156,084,679	285,447,661
Work in process		70,423,471	68,118,895
Finished goods		399,925,652	451,338,089
		626,433,802	804,904,645
17.1 This includes an amount of Rs. 132.115 million (2015 : Rs. 247.652 million) approximately, which is pledged against short term finances.			
18 TRADE DEBTS			
Local debts			
(Unsecured - considered good)		29,239,713	20,018,068
Foreign debts			
(Secured - considered good)		99,428,000	241,044,394
		128,667,713	261,062,462
19 LOANS AND ADVANCES			
Employees		607,000	373,622
Suppliers		42,185,048	57,382,081
Income tax deducted at source		76,846,122	79,871,407
Letters of credit		123,189	15,023,520
Other receivables		351,845	1,800,712
		120,113,204	154,451,342
20 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposit		300,000	300,000
Prepayments		-	1,710,414
		300,000	2,010,414

	NOTE	2016	2015
Rupees			
21 CASH AND BANK BALANCES			
Cash in hand		1,877,016	1,506,769
Cash with banks in current accounts		2,278,712	23,499,781
		<u>4,155,728</u>	<u>25,006,550</u>
22 SALES - NET			
Local:			
- Yarn		870,533,039	569,349,386
- Fabric		722,400,558	551,204,700
		1,592,933,597	1,120,554,086
Export:			
- Yarn		1,397,363,950	1,911,585,924
- Fabric		1,758,378,412	2,022,290,346
		3,155,742,362	3,933,876,270
Waste		71,255,780	58,483,698
Doubling income		-	792,000
Rebate on export		-	1,196,956
		<u>4,819,931,739</u>	<u>5,114,903,010</u>
23 COST OF GOODS SOLD			
Raw materials consumed	23.01	3,206,231,697	3,373,047,929
Processing charges		34,305,314	67,268,749
Salaries, wages and other benefits	23.02	420,642,045	374,152,852
Fuel and power		521,895,533	548,714,907
Packing materials consumed		81,371,115	82,521,375
Sizing materials consumed		43,127,053	36,988,253
Stores and spares consumed		96,723,712	157,783,619
Repair and maintenance		40,607,270	20,460,384
Insurance		6,717,575	9,738,286
Depreciation	14.1	143,821,904	144,996,818
Other manufacturing expenses		2,701,510	2,104,256
		<u>4,598,144,728</u>	<u>4,817,777,428</u>
Opening work in process		68,118,895	75,160,935
Closing work in process		(70,423,471)	(68,118,895)
		<u>(2,304,576)</u>	<u>7,042,040</u>
Cost of goods manufactured		4,595,840,152	4,824,819,468
Opening finished goods		451,338,089	442,468,889
Closing finished goods		(399,925,652)	(451,338,089)
		<u>51,412,437</u>	<u>(8,869,200)</u>
		<u>4,647,252,589</u>	<u>4,815,950,268</u>
23.01 Raw material consumed			
Opening stock		285,447,661	543,796,522
Purchases		3,054,475,928	3,095,363,486
Cotton cess		6,449,044	3,810,917
Cotton handling charges		15,943,743	15,524,665
		<u>3,362,316,376</u>	<u>3,658,495,590</u>
Closing stock		(156,084,679)	(285,447,661)
		<u>3,206,231,697</u>	<u>3,373,047,929</u>

23.02 Salaries, wages and benefits include Rs.14.12 million (2015 : Rs. 13.4 million) on account of staff retirement benefits.

	NOTE	2016	2015
Rupees			
24 SELLING AND DISTRIBUTION			
Salaries, wages and benefits	24.01	3,576,963	3,250,814
Export development surcharge		7,680,697	9,457,561
Commission to selling agents		38,551,840	32,984,603
Carriage and freight - export		59,667,292	111,166,663
- local		20,896,846	1,453,200
Export expenses		19,692,957	23,022,439
Others		53,789	9,016
		150,120,384	181,344,296

24.01 Salaries, wages and benefits include Rs.0.75 million (2015 : Rs. 0.71 million) on account of staff retirement benefits.

25 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and other benefits	25.1	72,158,771	69,795,221
Traveling and conveyance		1,865,023	3,162,188
Repairs and maintenance		7,791,040	1,342,140
Rent, rates and taxes		1,570,579	672,216
Printing and stationery		3,085,114	3,255,396
Insurance		2,819,415	2,937,976
Fees and subscription		1,169,835	1,814,819
Telephone and Postage		3,207,635	3,811,783
Vehicle running and maintenance		10,216,040	4,325,479
Utilities		1,448,942	2,447,033
Advertisement		-	159,880
Books and periodicals		131,111	20,993
Entertainment		2,707,779	2,667,976
Miscellaneous expenses		173,871	72,775
Depreciation	14.1	8,015,671	8,158,688
		116,360,826	104,644,563

25.1 Salaries, wages and benefits include Rs.8.65 million (2015 : Rs. 8.21 million) on account of staff retirement benefits.

26 OTHER OPERATING CHARGES

Auditors' remuneration			
- Statutory audit		1,000,000	1,000,000
- Half yearly review		95,000	95,000
- Certification charges		100,000	100,000
- Out of pocket		25,000	25,000
		1,220,000	1,220,000
Legal and professional charges		733,384	1,388,806
		1,953,384	2,608,806

27 OTHER OPERATING INCOME

Scrap sales		9,400,605	2,992,230
Gain on disposal of property, plant and equipment		497,473	12,063,808
Miscellaneous		-	2,459,403
		9,898,078	17,515,441

	NOTE	2016	2015
Rupees			
28 FINANCE COST			
Interest / mark up on:			
- Long term financing		43,709,658	82,655,774
- Short term borrowings		64,539,942	69,334,782
		108,249,600	151,990,556
Bank charges and commission		21,337,619	21,788,043
Exchange loss		19,850,843	34,555,012
Interest on Workers' profit participation fund		-	542,365
		<u>149,438,062</u>	<u>208,875,976</u>

29 TAXATION

Taxation:

- Current year		35,228,181	15,770,915
- Prior year		14,944,252	(28,492,998)
- Deferred		(16,051,475)	14,706,601
		<u>34,120,958</u>	<u>1,984,518</u>

29.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to taxable losses and application of minimum tax.

30 EARNING PER SHARE - Basic

Profit / (Loss) after taxation for the year	Rupees	(269,363,955)	(182,989,976)
Outstanding weighted average ordinary shares	No. of shares	32,635,600	32,635,600
(Loss) per share - Basic	Rupees	<u>(8.25)</u>	<u>(5.61)</u>

30.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.

31 CHIEF EXECUTIVE'S DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors		6,300,000	6,300,000
Number of persons		2	2
Executives		19,332,000	21,582,600
Number of persons		18	20

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

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

NUMBER OF EMPLOYEES

Total number of employees as at June 30,		1,777	1,979
Average number of employees during the year		1,931	2,075

32 TRANSACTIONS WITH RELATED PARTIES

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:

	2016	2015
Rupees		
Directors		
Loan obtained from directors	78,000,000	183,184,008
Payment made during the year	-	96,461,578

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

Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

33 PLANT CAPACITY AND PRODUCTION

Spinning

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	19,836,256	13,540,175

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	66,059,235	64,917,736

33.1 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.

34 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet

Long term deposits	13,011,744	13,011,744
Trade debts	128,667,713	261,062,462
Loans and advances	607,000	373,622
Cash and bank balances	4,155,728	25,006,550
	146,442,186	299,454,378

Financial liabilities as per balance sheet

Long term financing	1,605,727,865	1,789,161,116
Trade and other payables	426,660,926	369,815,517
Accrued interest/mark-up	10,933,198	11,500,140
Short term borrowings	940,648,513	1,020,173,051
	2,983,970,501	3,190,649,823

34.01 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

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

35 FINANCIAL INSTRUMENTS

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:

	2016	2015
	Rupees	
Foreign trade debts	99,428,000	241,044,394
Foreign currency short term borrowings		
- Habib Bank Limited	(297,889,895)	(297,889,895)
- United Bank Limited	(394,613,974)	(394,613,974)
Gross balance sheet exposure	(593,075,869)	(451,459,475)
Outstanding letter of credit	(3,515,542)	(3,515,542)
Net exposure	<u>(596,591,411)</u>	<u>(454,975,017)</u>

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	<u>104.29</u>	<u>101.50</u>
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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, 2016, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax loss / profit for the year have been higher / lower by Rs. 29,829,571 (2015 : 45,145,947) mainly as a result of foreign exchange losses / gains on translation of foreign debts, foreign currency borrowings.

(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. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

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

(iii) Financial liabilities

	2016	2015	2016	2015
Long term financing	Percentage		Rupees	
- Fixed rate	0.00	0.00	-	-
- instrument rate	7.90 to 8.90	10.86 to 12.68	493,461,570	611,433,281
Short term borrowings	4.08 to 7.90	3.82 to 11.93	<u>940,648,513</u>	<u>1,020,173,051</u>
			<u>1,434,110,083</u>	<u>1,631,606,332</u>
Total yield / mark up rate risk sensitivity gap			<u>(1,434,110,083)</u>	<u>(1,631,606,332)</u>

(iv) Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

(v) Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / increased loss 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 balance sheet date were outstanding for the whole year.

	Effect on Profit and Loss 1% rate	
	Increase	Decrease
As at June 30, 2016		
Cash flow sensitivity - variable rate financial liabilities	14,341,101	(14,341,101)
As at June 30, 2015		
Cash flow sensitivity - variable rate financial liabilities	16,316,063	(16,316,063)

(vi) Other price risk

Other price risk is 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 currency risk or interest rate 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 securities price risk as there is no investment in listed securities.

(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. 146,442,186 (2015 : Rs. 299,703,756), the financial assets exposed to credit risk amount to Rs. 142,286,458 (2015 : Rs. 274,697,206).

	2016	2015
	Rupees	
Local debts	29,239,713	20,018,068
Foreign debts	99,428,000	241,044,394
	128,667,713	261,062,462

The majority of foreign debtors of the company are situated in Asia, America, and Europe.

The maximum exposure to credit risk for loans and receivables at the reporting date by type of goods are:

Yarn	47,618,235	83,562,674
Fabric	80,857,550	177,110,372
Others	191,928	389,416
	128,667,713	261,062,462

The aging of loans and receivables at the reporting date was:

Past due 0-6 months	128,551,912	260,984,143
Past due 6-12 months	115,801	78,319
	128,667,713	261,062,462

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	13,011,744	13,011,744
Trade debts	128,667,713	261,062,462
Loans and advances	607,000	373,622
Sales tax refundable	55,637,611	55,637,611
Cash and bank balances	4,155,728	25,006,550
	202,079,797	355,091,989

36 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 Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

37 INFORMATION ABOUT REPORTING SEGMENT

37.1 The following table presents revenue and profit information regarding the Company's operating segments for the year ended June 30, 2016 and 2015 respectively.

	Spinning	Weaving	Inter - segment Transactions	Consolidated
2016 (Rupees)				
Sales	3,570,270,381	1,249,661,358	(1,258,794,174)	3,561,137,565
Cost of Sales:	<u>(3,858,533,579)</u>	<u>(788,719,010)</u>	<u>1,258,794,174</u>	<u>(3,388,458,415)</u>
Gross profit	(288,263,198)	460,942,348	-	172,679,150
Selling and distribution costs	(52,061,818)	(98,058,566)	-	(150,120,384)
Administrative and general expenses	<u>(68,910,838)</u>	<u>(47,449,988)</u>	-	<u>(116,360,826)</u>
Profit before taxation and un allocated expenses	(409,235,854)	315,433,795	-	(93,802,060)
Un-allocated expenses:				
Other operating expenses				(1,953,384)
Other operating income				9,898,078
Finance cost				<u>(149,385,631)</u>
Profit before taxation				(235,242,997)
Taxation				<u>(34,120,958)</u>
Net (Loss) for the year				<u>(269,363,955)</u>
2015 (Rupees)				
Sales	2,524,112,246	2,590,790,764	(1,125,734,633)	3,989,168,377
Cost of Sales:	<u>(3,512,269,424)</u>	<u>(1,303,680,845)</u>	<u>1,125,734,633</u>	<u>(3,690,215,635)</u>
Gross profit	(988,157,178)	1,287,109,919	-	298,952,741
Selling and distribution costs	(62,890,285)	(118,454,011)	-	(181,344,296)
Administrative and general expenses	<u>(61,972,270)</u>	<u>(42,672,293)</u>	-	<u>(104,644,562)</u>
Profit before taxation and un allocated expenses	(1,113,019,733)	1,125,983,615	-	12,963,883
Un-allocated expenses:				
Other operating expenses				(2,608,806)
Other operating income				17,515,441
Finance cost				<u>(208,875,976)</u>
Profit before taxation				(181,005,458)
Taxation				<u>(1,984,518)</u>
Net (Loss) for the year				<u>(182,989,976)</u>

37.2 All non current assets of the Company as at 30 June 2016 are located in Pakistan

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

38 AUTHORIZATION OF FINANCIAL STATEMENTS

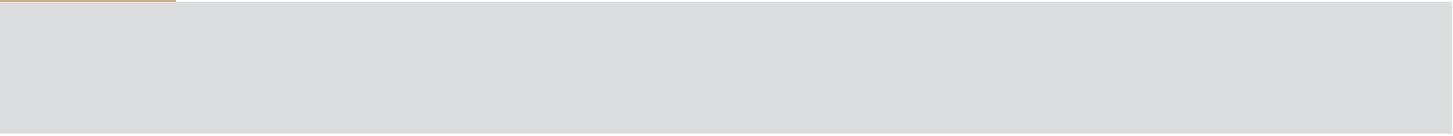
These accounts have been authorized for issue by the Board of Directors of the Company on October 24, 2016.

39 GENERAL

39.1 Figures have been rounded off to the nearest of rupees;

39.2 Corresponding figures have been rearranged / reclassified, wherever necessary, to facilitate comparison.

CHIEF EXECUTIVE**DIRECTOR**



PROXY FORM

(27th 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 27th Annual General
Meeting of the Company to be held on November 21, 2016 and/or any adjournment thereof.

As witness my/our hand this _____ day of November, 2016

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)
ستائیسویں سالانہ میٹنگ

میں / ہم

ساکن

مکتبیت رکن غازی فیبرکس انٹرنیشنل لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹر فوئیو نمبر (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ

ہولڈر اکاؤنٹ نمبر _____ پارٹسپنٹ آئی ڈی نمبر _____)

بذریعہ ہذا

محترم / محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر _____ یا (اسکی غیر موجودگی) میں محترم / محترمہ _____

ساکن _____ جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر _____ کو مورخہ 21 نومبر 2016ء (بروز سوموار) کو منعقد

ہونے والے کمپنی کے 27 ویں 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 _____ 2016ء

نام _____

پیشہ _____

پتہ _____

نوٹ:

پانچ روپے کارسیدی

ٹکٹ چسپاں کریں

۱- پراکسیاں تاکہ موثر ہو سکیں کمپنی کے رجسٹر فوئیو اور صدر دفتر میں باقاعدہ مہر، دستخط اور گواہی شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہئیں۔

۲- دستخط کمپنی سے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں۔



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

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