



Ghazi Fabrics International Limited
Signature of Quality



1st Quarterly Report

September 30, 2017

UN-AUDITED



GHAZI FABRICS INTERNATIONAL LIMITED COMPANY PROFILE

Board of directors

Mrs. Azra Yasmin
Chairperson

Mohammad Arshad Chaudhry
Chief Executive/ Director

Kamran Arshad
Rizwan Arshad
Wajeeha Haaris
Muhammad Imran Rasheed
Muhammad Salman Tariq

Audit Committee

Muhammad Imran Rasheed
Chairman/ member

Rizwan Arshad
Member

Muhammad Salman Tariq
Member

Human Resource & Remuneration Committee

Mrs. Azra Yasmin
Chairperson/ member

Mohammad Arshad Chaudhry
Member

Wajeeha Haaris
Member

Company Secretary

Majid Rehman, ACA

Chief Financial Officer

Abid Rafi

Internal Auditor

Nasir Imran Elahi, ACA

Auditors

M/s. Qadeer & Company
Chartered Accountants
Lahore.

Share registrar

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

Legal Advisor

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

Bankers

United Bank Limited
Habib Bank Limited

Registered Office

8-C, E-III, Gulberg-III, Lahore – 54660
042-35764026-28, Fax: 042-35764032
www.ghazifabrics.com

Mills

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

GHAZI FABRICS INTERNATIONAL LIMITED

DIRECTOR'S REVIEW

We are pleased to present the financial statements for the quarter ended 30th September 2017.

Operating results

During the period under review the Company's sales were Rs.820.266 million and the loss after tax of Rs. 82.994 million as compared to a loss of Rs. 122.778 million in the corresponding period. Earning per share is Rs. (2.54) (corresponding period: Rs. (3.76))

Financial highlights

	For The Quarter Ended September 30,	
	2017	2016
	R u p e e s	
Sales	820,265,568	1,232,249,374
Operating loss	(3,737,475)	(86,482,209)
Loss after tax	(82,994,308)	(122,777,803)
Earning per share (EPS) Rs.	(2.54)	(3.76)

Above mentioned loss of Rs. 82.994 million as compared to a loss of Rs. 122.778 million last year is due to depressed demand of textile products. This Impact is mainly attributable to the textile sector being under pressure due to reduction in exports of textile product and also local market prices could not provide reasonable margins and predatory power prices.

Future prospects

The revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country. Yarn market seems under pressure, which may impact the future profitability of the Company. The company is trying its best to meet these challenges through improvement in product development, marketing efforts and working on energy efficiency measures. What also remains in question is whether gas will be available to Punjab based mills going forward in the winter months or not.

Acknowledgement

The directors record their appreciation to the management and employees of the Company and also express their gratitude to our shareholder, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the board

Lahore
October 25, 2017

(Mohammad Arshad Chaudhry)
Chief Executive Officer



GHAZI FABRICS INTERNATIONAL LIMITED

ڈائریکٹرز رپورٹ

ہم 30 ستمبر 2017ء کو ختم ہونے والی سہ ماہی کے لئے تفصیلات پیش کرتے ہیں۔

آپریٹنگ نیاچ:

زیر چارہ مدت کے دوران کمپنی کی فروخت 820.266 ملین روپیہ اور بعد از ٹیکس نقصان 82.994 ملین روپیہ اور یکھلے سال اسی مدت کے اعداد و شمار کے مطابق بعد از ٹیکس نقصان 122.778 ملین روپیہ رہا۔ فی شیئر آمدنی (2.54) روپیہ۔ ((3.76): 2016)

2017 ستمبر	2016 ستمبر
روپے	روپے
820,265,568	1,232,249,374
(3,737,475)	(86,482,209)
(82,994,308)	(122,777,803)
(2.54)	(3.76)
فروخت	
آپریٹس منافع / نقصان	
بعد از ٹیکس منافع / نقصان	
فی شیئر آمدنی	

مندرجہ بالا آخری سہ ماہی کا نقصان دھاگے کی طلب میں کمی کی وجہ سے ہے۔ بھارتی دھاگے کی درآمد قیوتوں کا تعین کرنے میں اہم رکاوٹ ہے۔ ہم امید کر رہے ہیں کہ حکومت اس دھاگے کی پاکستان میں کھپت اور صنعتی اثر، جو پورے ملک کی سپنگ ملز پر پڑا ہے، کا ادراک کرے گی۔

مستقبل کے امکانات:

ٹیکسٹائل کی صنعت کی بحالی، ملک میں بجلی اور گیس کی مسلسل تبدیلی پر منحصر ہے۔ دھاگے کی مارکیٹ دباؤ میں دکھائی دیتی ہے۔ جو کمپنی کے مستقبل کے منافع پر اثر انداز ہو سکتی ہے۔ کمپنی مصنوعات کی ترقی، مارکیٹنگ کی کوششوں میں بہتری اور توانائی کی بچت کے اقدامات پر کام کر کے ان چیلنجوں کا سامنا کرنے کے لئے بہترین کوشش کر رہی ہے۔ یہ سوال ابھی بھی ہے کہ موسم سرما میں پنجاب کی ملوں کے لئے گیس دستیاب ہوگی کہ نہیں۔

اعتراف:

ڈائریکٹرز نے کمپنی کی انتظامیہ کی تعریف کرنے کے ساتھ ساتھ اپنے حصص یافتگان، بینکاروں، سپلائرز اور اپنے قابل قدر صارفین کا شکریہ ادا کیا جو اس مدت میں انہوں نے ہمارے ساتھ کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

لاہور

25 اکتوبر 2017ء

چوہدری محمد ارشد

چیف ایگزیکٹو



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2017

	Note	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
Rupees			
SHARE CAPITAL AND RESERVES			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paidup capital		326,356,000	326,356,000
Directors' loan		1,710,727,835	1,640,727,835
Accumulated (loss)		(1,179,293,930)	(1,096,299,621)
		857,789,905	870,784,214
NON CURRENT LIABILITIES			
Long term financing	4	168,750,000	206,250,028
Deferred liabilities		122,230,505	79,612,981
		290,980,505	285,863,009
CURRENT LIABILITIES			
Trade and other payables		346,005,338	322,321,293
Markup/ interest payables		26,312,672	23,650,661
Short term bank borrowings		1,082,088,958	1,203,402,811
Current portion of long term financing		181,250,000	175,000,000
Provision for taxation		40,753,947	31,653,468
		1,676,410,915	1,756,028,233
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		2,825,181,325	2,912,675,456
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,521,053,987	1,556,531,939
Capital work in progress		1,134,100	1,134,100
Long term deposits		13,011,694	13,011,744
		1,535,199,781	1,570,677,783
CURRENT ASSETS			
Stores, spares and loose tools		109,232,993	114,772,146
Stock in trade		587,045,619	749,187,822
Trade debts		283,965,111	127,992,786
Loans and advances		117,375,437	107,861,083
Refunds from Government agencies		187,660,642	235,436,160
Cash and bank balances		4,701,742	6,747,675
		1,289,981,544	1,341,997,673
TOTAL ASSETS		2,825,181,325	2,912,675,456

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

Chief Executive

Chief Financial Officer

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended	
		September 30, 2017	September 30, 2016
		Rupees	
Sales - net		820,265,568	1,232,249,374
Cost of goods sold	7	785,703,820	1,283,581,473
Gross (loss)/ profit		34,561,748	(51,332,099)
Operating expenses:			
Selling and distribution		13,305,454	9,063,190
Administrative expenses		24,396,914	25,802,617
Other operating expenses		596,855	284,304
		38,299,224	35,150,110
Operating (loss)/ profit		(3,737,475)	(86,482,209)
Finance cost		30,463,964	23,026,312
Other operating income		834,605	2,231,069
(Loss)/ profit before taxation		(33,366,834)	(107,277,453)
Provision for taxation		49,627,473	15,500,350
(Loss)/ profit after taxation		(82,994,308)	(122,777,803)
Earnings per share - basic		(2.54)	(3.76)

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

Chief Executive

Chief Financial Officer

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended	
	September 30, 2017	September 30, 2016
(Loss) / profit for the period	(82,994,308)	(122,777,803)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(82,994,308)</u>	<u>(122,777,803)</u>

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

Chief Executive

Chief Financial Officer

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended	
	September 30, 2017	September 30, 2016
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(33,366,834)	(107,277,453)
Adjustments for non-cash charges and other items:		
- Depreciation	35,477,952	36,007,690
- loss/ (gain) on disposal of property, plant and equipment	-	284,304
- Provision for gratuity	5,820,750	-
- Finance cost	30,463,964	23,026,312
	71,762,666	59,318,306
Operating profit before working capital changes	38,395,832	(47,959,147)
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	5,539,153	(50,624,150)
- Stock in trade	162,142,203	(105,000,000)
- Trade debts	(155,972,325)	(111,489,770)
- Loans and advances	(9,514,354)	(57,217,224)
- Trade deposits and short term prepayments	-	(17,390,788)
- Sales tax refundable	47,775,518	8,093,382
Increase / (decrease) in current liabilities:		
- Trade and other payables	23,684,045	336,620,096
	73,654,240	2,991,545
Cash generated from / (used in) operations	112,050,072	(44,967,601)
Gratuity paid	(3,730,221)	(3,559,273)
Tax paid	-	-
Finance cost paid	(27,801,875)	(19,358,397)
Net cash from operating activities	80,517,976	(67,885,271)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	-	(1,039,253)
Proceeds from disposal of property, plant and equipment	-	350,000
Capital work in progress	-	(1,423,169)
Net cash used in investing activities	-	(2,112,422)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ proceeds from long term financing - net	(31,250,056)	(37,403,846)
Loan from directors and others - net	70,000,000	80,000,000
Short term borrowings	(121,313,853)	29,223,107
Net cash generated from financing activities	(82,563,909)	71,819,261
Net increase / (decrease) in cash and cash equivalents	(2,045,933)	1,821,568
Cash and cash equivalents at the beginning of the period	6,747,675	4,155,728
Cash and cash equivalents at the end of the period	4,701,742	5,977,296

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

Chief Executive

Chief Financial Officer

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Issued, Subscribed and Paid-up Share Capital	Loan from Directors	Accumulated loss
	<i>R U P E E S</i>		
Balance as at June 30, 2016	326,356,000	1,177,727,835	(753,437,747)
Transaction with owners - loan from directors	-	78,000,000	-
Profit / (loss) for the period	-	-	(122,777,803)
Balance as at September 30, 2016	326,356,000	1,255,727,835	(876,215,550)
Balance as at June 30, 2017	326,356,000	1,640,727,835	(1,096,299,623)
Transaction with owners - loan from directors	-	70,000,000	-
Loss for the period	-	-	(82,994,308)
Balance as at September 30, 2017	326,356,000	1,710,727,835	(1,179,293,930)

Chief Executive

Chief Financial Officer

Director



GHAZI FABRICS INTERNATIONAL LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

I STATUS AND ACTIVITIES

The Company was incorporated in Pakistan on April 30, 1989 as Private Limited and converted into public limited on January 07, 1990. Its shares are quoted at Karachi and Lahore Stock Exchanges. The Company is having spinning and weaving unit engaged in the manufacturing of yarn and grey cloth. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore.

2 BASIS OF PREPARATION

These financial statements are unaudited and are being submitted to share holders as required u/s 245 of Companies Ordinance, 1984. These have been prepared in accordance with the International Accounting Standard no. 34 "Interim Financial Reporting" as applicable in Pakistan and notified by Securities and Exchanges Commission of Pakistan (SECP) and shall be read in conjunction with the published audited financial statements for the year ended June 30, 2017.

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2017.

1 STATUS AND ACTIVITIES

The Company was incorporated in Pakistan on April 30, 1989 as Private Limited and converted into public limited on January 07, 1990. Its shares are quoted at Pakistan Stock Exchanges. The Company is a spinning and weaving unit engaged in the manufacturing of yarn and grey cloth. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore.

2 BASIS OF PREPARATION

These financial statements are unaudited and are being submitted to share holders as required u/s 245 of Companies Ordinance, 1984. These have been prepared in accordance with the International Accounting Standard no. 34 "Interim Financial Reporting" as applicable in Pakistan and notified by Securities and Exchanges Commission of Pakistan (SECP) and shall be read in conjunction with the published audited financial statements for the year ended June 30, 2017.

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2017.

4 LONG TERM FINANCING - Secured

	September 30, 2017	June 30, 2017
	Rupees	
Opening balance	381,250,000	493,461,570
Add: Acquired during the period / year	-	-
	381,250,000	493,461,570
Less: Repayment during the period / year	(31,250,000)	(112,211,542)
	350,000,000	381,250,028
Less: Current portion	(181,250,000)	(175,000,000)
	<u>168,750,000</u>	<u>206,250,028</u>

5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.191 million (June 30, 2017 : Rs. 53.191 million) on account of security deposits against the consumption of natural gas.
- 5.2 Post dated cheques issued in the favour of Collector of Custom against import Rs. 17.391 million. (June 30, 2017 : Rs. 58.091 million)
- 5.3 There were no commitments against irrevocable letters of credit outstanding (June 30, 2017 : Rs. 6.5 million)



		September 30, 2017	June 30, 2017
		Rupees	
6 PROPERTY, PLANT AND EQUIPMENT	Note		
Opening written down value		1,556,531,939	1,605,032,489
Addition during the period / year			
Land - freehold		-	-
Building on freehold land		-	641,378
Plant and machinery		-	107,856,006
Furniture and fittings		-	-
Vehicles		-	2,863,248
Equipment		-	1,181,103
Electric installation		-	-
		-	112,541,735
Book value of assets disposed off during the period / year	6.1	-	(13,579,774)
Depreciation for the period / year		(35,477,952)	(147,462,511)
		<u>1,521,053,987</u>	<u>1,556,531,939</u>
6.1 Book value of assets disposed off			
Plant and machinery			13,575,043
Vehicles			4,731
		-	<u>13,579,774</u>
		September 30, 2017	September 30, 2016
		Rupees	
7 COST OF GOODS SOLD			
Raw materials and other direct materials consumed	7.1	546,507,176	962,366,135
Fabric conversion, dyeing and bleaching		923,421	5,976,507
Salaries, wages and benefits		93,467,962	135,136,793
Fuel and power		83,390,402	135,005,232
Packing material consumed		7,703,872	11,699,075
Sizing material consumed		9,038,558	15,944,842
Store and spares consumed		12,012,099	11,585,561
Insurance		1,074,759	1,764,884
Depreciation		33,704,054	32,406,921
Others		2,655,172	1,695,522
		<u>790,477,476</u>	<u>1,313,581,473</u>
Adjustment of work in process			
Opening		66,181,292	70,423,471
Closing		(75,205,330)	(75,423,471)
		<u>(9,024,038)</u>	<u>(5,000,000)</u>
Cost of goods manufactured		781,453,437	1,308,581,473
Adjustment of finished goods			
Opening		195,695,001	399,925,652
Closing		(191,444,618)	(424,925,652)
		<u>4,250,383</u>	<u>(25,000,000)</u>
		<u>785,703,820</u>	<u>1,283,581,473</u>
7.1 Raw material consumed			
Opening stock		487,311,529	156,084,679
Purchases		379,591,318	1,037,366,135
		<u>866,902,847</u>	<u>1,193,450,814</u>
Closing stock		(320,395,671)	(231,084,679)
		<u>546,507,176</u>	<u>962,366,135</u>

8 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the period ended September 30, 2017 and September 30, 2016 respectively.

	Spinning	Weaving	Inter Segment Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
Quarter ended September 30, 2017				
Sales	493,672,133	517,390,920	(190,797,485)	820,265,568
Cost of Sales:	(549,992,674)	426,508,631	190,797,485	(785,703,820)
Gross profit	(56,320,541)	90,882,289	-	34,561,748
Selling and distribution costs	(7,270,186)	(2,267,314)	-	(13,305,454)
Administrative and general expenses	(18,567,791)	(7,003,337)	-	(24,396,914)
Profit before taxation and un allocated expenses	(82,158,518)	81,611,638	-	(3,140,620)
Un-allocated expenses:				
Other operating expenses				(596,855)
Other operating income				834,605
Finance cost				(30,463,964)
Profit before taxation				(33,366,834)
Taxation				(49,627,473)
Net profit for the year				(82,994,308)
Quarter ended September 30, 2016				
Sales	698,579,497	533,669,877	(258,470,724)	1,232,249,374
Cost of Sales:	(744,477,254)	(539,104,218)	258,470,724	(1,283,581,473)
Gross profit	(45,897,757)	(5,434,341)	-	(51,332,099)
Selling and distribution costs	(7,270,186)	(2,267,314)	-	(9,063,190)
Administrative and general expenses	(18,567,791)	(7,003,337)	-	(25,802,617)
Profit before taxation and un allocated expenses	(130,654,313)	92,087,727	-	(86,197,905)
Un-allocated expenses:				
Other operating expenses				(284,304)
Other operating income				2,231,069
Finance cost				(23,026,312)
Profit before taxation				(107,277,453)
Taxation				(15,500,350)
Net profit for the year				(122,777,803)

9 TRANSACTIONS WITH RELATED PARTIES

	Rs.	Rs.
Directors' loan	70,000,000	80,000,000

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

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on October 25, 2017.

11 CORRESPONDING FIGURES

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

12 GENERAL

Figures have been rounded off to the nearest of rupees.

Chief Executive

Chief Financial Officer

Director

BOOK POST
PRINTED MATTER

(Under Certificate of Posting)

If undelivered, Please return to:

Ghazi Fabrics International Ltd.

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

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

E-Mail: info@ghazifabrics.com

Website: www.ghazifabrics.com

Mills: 46 K.M. Multan Road, Bhair Pheru, Dist Kasur.