



# Ghazi Fabrics International Limited

8-C, E-III, Gulberg-III, Lahore - 54660, Pakistan



## DIRECTORS' REPORT

We are pleased to present the financial statements for the quarter ended 30<sup>th</sup> September, 2019.

### Operating results

During the period under review the Company's sales were Rs. 999.608 million and the loss after tax of Rs. 86.147 million for the quarter ended September 30, 2019 as compared to a loss of Rs. 41.742 million in the corresponding period. Earning per share is Rs. (2.64) (corresponding period: Rs. 1.28)

### Financial highlights

	For the Quarter Ended September 30,	
	2019	2018
	Rupees	
Sales	999,608,234	1,099,836,549
Operating (loss)/profit	(34,991,295)	4,897,749
Loss after tax	(86,146,824)	(41,742,296)
Earning per share (EPS) Rs.	(2.64)	(1.28)

Above mentioned loss of Rs. 86.147 million as compared to a loss of Rs.41.742 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 products and also local market prices could not provide reasonable margins and predatory power prices.

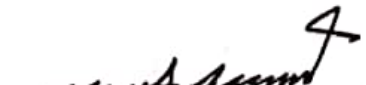
### Future prospects

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

  
(Mohammad Arshad Chaudhry)  
Chief Executive Officer

  
(Kamran Arshad)  
Director

Lahore  
October 30, 2019



# Ghazi Fabrics International Limited

8-C, E-III, Gulberg-III, Lahore - 54660, Pakistan



## ڈائریکٹر ز رپورٹ

محترم حصص یافتگان،

ہم 30 ستمبر 2019 کو ختم ہونے والے تین ماہ کے مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کی فروخت 999,608 ملین روپے رہی اور بعد از ٹیکس نقصان 86,147 ملین روپے رہا ہے۔ اسی مدت کے اعداد و شمار کے مطابق بعد از ٹیکس نقصان 41,742 ملین روپے رہا۔ فی شیئر آمدنی (2.64) ری۔ (1.28) (2018)۔

ستمبر 2018 روپے	ستمبر 2019 روپے	فروخت
1,099,836,549	999,608,234	آپریٹنگ منافع / نقصان
4,897,749	(34,991,295)	بعد از ٹیکس / نقصان
(41,742,296)	(86,146,824)	فی شیئر آمدنی
(1.28)	(2.64)	

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

مستقبل کے امکانات:

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

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

اعتراف:

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

بورڈ آف ڈائریکٹرز کی جانب سے

کامران ارشد

ڈائریکٹر

لاہور: 30 اکتوبر 2019

محمد ارشد چوہدری  
چیف ایگزیکٹو

# **GHAZI FABRICS INTERNATIONAL LIMITED**

## **CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**

**AS AT SEPTEMBER 30, 2019**

**Note**

**September 30,  
2019**

**June 30,  
2019**

**(Unaudited)**

**(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

2,171,150,837

2,172,277,835

Accumulated (loss)

(1,394,160,785)

(1,308,013,961)

1,103,346,052

1,190,619,874

### **NON CURRENT LIABILITIES**

Long term financing

4

228,250,028

131,250,000

Deferred liabilities

188,475,323

169,441,718

416,725,351

300,691,718

### **CURRENT LIABILITIES**

Trade and other payables

302,733,784

223,854,895

Unclaimed dividend

4,985,265

4,985,265

Markup/ interest payables

14,517,266

27,597,559

Short term bank borrowings

915,961,910

1,255,862,680

Current portion of long term financing

4

125,000,000

80,550,028

Provision for taxation

72,918,803

58,672,545

1,436,117,028

1,651,522,972

### **CONTINGENCIES AND COMMITMENTS**

5

-

-

### **TOTAL EQUITY AND LIABILITIES**

2,956,188,431

3,142,834,564

### **ASSETS**

#### **NON CURRENT ASSETS**

Operating fixed assets

6

1,368,959,676

1,401,015,957

Capital work in progress

-

-

Long term deposits

13,011,694

13,011,694

1,381,971,370

1,414,027,651

#### **CURRENT ASSETS**

Stores, spares and loose tools

128,454,803

131,914,262

Stock in trade

804,075,317

729,190,906

Trade debts

325,635,866

419,711,284

Loans and advances

142,466,441

244,569,386

Refunds from Government agencies

167,977,484

196,637,350

Cash and bank balances

5,607,150

6,783,725

1,574,217,061

1,728,806,913

### **TOTAL ASSETS**

2,956,188,431

3,142,834,564

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

  
Chief Executive

  
Chief Financial Officer

  
Director



**GHAZI FABRICS INTERNATIONAL LIMITED****CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Note	Quarter Ended	
		September 30,	September 30,
		2019	2018
Rupees			
Sales - net		999,608,234	1,099,836,549
Cost of goods sold	7	998,448,696	1,040,974,379
Gross (loss)/ profit		1,159,538	58,862,170
Operating expenses:			
Selling and distribution		8,021,823	24,573,797
Administrative expenses		26,551,829	27,749,177
Other operating expenses		1,577,182	1,641,447
		36,150,833	53,964,421
Operating (loss)/ profit		(34,991,295)	4,897,749
Finance cost		23,111,317	33,605,314
Other operating income		1,352,950	1,155,790
(Loss)/ profit before taxation		(56,749,662)	(27,551,775)
Provision for taxation		29,397,162	14,190,521
(Loss)/ profit after taxation		(86,146,824)	(41,742,296)
Earnings per share - basic		(2.64)	(1.28)

*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 FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30, 2019	September 30, 2018
(Loss) / profit for the period	(86,146,824)	(41,742,296)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(86,146,824)</u>	<u>(41,742,296)</u>

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

  
Chief Executive

  
Chief Financial Officer

  
Director

# **GHAZI FABRICS INTERNATIONAL LIMITED**

## **CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/ profit before taxation	(56,749,662)	(27,551,775)
Adjustments for non-cash charges and other items:		
- Depreciation	32,056,281	32,435,315
- Provision for gratuity	6,293,410	6,626,700
- Finance cost	23,111,317	33,605,314
	61,461,008	72,667,329
<b>Operating profit before working capital changes</b>	4,711,346	45,115,554
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	3,459,459	(3,319,704)
- Stock in trade	(74,884,410)	(405,354,282)
- Trade debts	94,075,418	(246,849,705)
- Loans and advances	106,050,174	114,804,753
- Refunds from Government agencies	28,659,866	(4,952,248)
Increase / (decrease) in current liabilities:		
- Trade and other payables	78,878,889	123,048,509
	236,239,396	(422,622,677)
<b>Cash generated from / (used in) operations</b>	240,950,742	(377,507,123)
Gratuity paid	(2,410,709)	(2,185,837)
Tax paid	(3,947,230)	(9,033,746)
Finance cost paid	(36,191,609)	(26,253,160)
<b>Net cash from operating activities</b>	198,401,193	(414,979,866)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	-	(37,600)
<b>Net cash used in investing activities</b>	-	(37,600)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment)/ proceeds from long term financing - net	141,450,000	(31,250,028)
Loan from directors and others - net	(1,126,998)	70,000,000
Unclaimed Dividend	-	(11,225)
Short term borrowings	(339,900,770)	354,533,108
<b>Net cash generated from financing activities</b>	(199,577,768)	393,271,855
<b>Net increase / (decrease) in cash and cash equivalents</b>	(1,176,575)	(21,745,611)
Cash and cash equivalents at the beginning of the period	6,783,725	30,450,406
<b>Cash and cash equivalents at the end of the period</b>	5,607,150	8,704,795

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  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Issued, Subscribed and Paid-up Share Capital	Loan from Directors	Accumulated loss	Total
	R U P E E S			
<b>Balance as at June 30, 2018</b>	326,356,000	1,993,777,835	(1,263,975,167)	1,056,158,668
Transaction with owners - loan from directors	-	70,000,000	-	70,000,000
Total comprehensive loss for the period	-	-	(41,742,296)	(41,742,296)
<b>Balance as at September 30, 2018</b>	326,356,000	2,063,777,835	(1,305,717,463)	1,084,416,372
<b>Balance as at June 30, 2019</b>	326,356,000	2,172,277,835	(1,308,013,961)	1,190,619,874
Transaction with owners - loan from directors	-	(1,126,998)	-	(1,126,998)
Total comprehensive loss for the period	-	-	(86,146,824)	(86,146,824)
<b>Balance as at September 30, 2019</b>	326,356,000	2,171,150,837	(1,394,160,785)	1,103,346,052

  
Chief Executive

  
Chief Financial Officer

  
Director

# GHAZI FABRICS INTERNATIONAL LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

### 1 STATUS AND ACTIVITIES

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

### 2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended September 30, 2019 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2019.

### 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, 2019.

### 4 LONG TERM FINANCING - Secured

	September 30, 2019	June 30, 2019
	Rupees	
Opening balance	211,800,028	206,250,028
Add: Acquired during the period / year	150,000,000	150,000,000
	361,800,028	356,250,028
Less: Repayment during the period / year	(8,550,000)	(144,450,000)
	353,250,028	211,800,028
Less: Current portion	(125,000,000)	(80,550,028)
	228,250,028	131,250,000

### 5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.865 million (June 30, 2019 : Rs. 53.865 million) on account of security deposits against the consumption of natural gas.
- 5.2 Post dated cheques issued in the favour of Collector of Custom against import Rs. 55.025 million. (June 30, 2019 : Rs. 55.025 million)
- 5.3 There were commitments against irrevocable letters of credit outstanding amounting to Rs.80.566 million (June 30, 2019 : Rs.16.627 million)



**6 PROPERTY, PLANT AND EQUIPMENT**

Note

September 30, 2019	June 30, 2019
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Rupees

Opening written down value	1,401,015,957	1,415,526,051
Addition during the period / year		
Land - freehold	-	-
Building on freehold land	-	-
Plant and machinery	-	118,935,967
Furniture and fittings	-	-
Vehicles	-	-
Equipment	-	165,500
Electric installation	-	-
	-	119,101,467
Book value of assets disposed off during the period / year	(32,056,281)	(133,611,561)
Depreciation for the period / year	1,368,959,676	1,401,015,957

6.1

6.1 Book value of assets disposed off  
Vehicles

Quarter Ended

September 30, 2019	September 30, 2019
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Rupees

**7 COST OF GOODS SOLD**

Raw materials and other direct materials consumed	878,421,394	698,508,025
Fabric conversion, dyeing and bleaching	733,738	4,768,050
Salaries, wages and benefits	113,568,372	97,038,327
Fuel and power	148,833,712	133,119,892
Packing material consumed	11,576,846	9,928,086
Sizing material consumed	10,801,550	10,277,939
Store and spares consumed	15,828,800	21,694,090
Insurance	74,653	1,280,530
Depreciation	30,453,467	30,813,549
Others	7,915,316	3,444,457
	1,218,207,848	1,010,872,945

7.1

Adjustment of work in process

Opening

Closing

99,490,144	80,455,585
(103,747,286)	(71,452,966)
(4,257,142)	9,002,619

Cost of goods manufactured

Adjustment of finished goods

Opening

Closing

1,213,950,706	1,019,875,564
158,592,901	290,739,445
(374,094,912)	(269,640,630)
(215,502,011)	21,098,815
998,448,696	1,040,974,379

**7.1 Raw material consumed**

Opening stock

Purchases

Closing stock

471,107,861	78,419,115
733,546,653	1,133,963,742
1,204,654,514	1,212,382,857
(326,233,120)	(513,874,832)
878,421,394	698,508,025

## 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, 2019 and September 30, 2018 respectively.

	Spinning Rs.	Weaving Rs.	Inter Segment Transactions Rs.	Consolidated Rs.
Quarter ended September 30, 2019				
Sales	675,760,272	442,480,180	(118,632,218)	999,608,234
Cost of Sales:	(688,043,633)	(429,037,281)	118,632,218	(998,448,696)
Gross profit / (loss)	(12,283,361)	13,442,899	-	1,159,538
Selling and distribution costs	(4,847,642)	(3,174,181)	-	(8,021,823)
Administrative and general expenses	(16,045,450)	(10,506,379)	-	(26,551,829)
Loss before taxation and un allocated expenses	(33,176,453)	(237,660)	-	(33,414,113)
Un-allocated expenses:				(1,577,182)
Other operating expenses				1,352,950
Other operating income				(23,111,317)
Finance cost				(56,749,662)
Loss before taxation				(29,397,162)
Taxation				(86,146,824)
Loss for the period				
Quarter ended September 30, 2018				
Sales	725,684,180	691,364,957	(317,212,588)	1,099,836,549
Cost of Sales:	(728,682,065)	(629,504,902)	317,212,588	(1,040,974,379)
Gross profit / (loss)	(2,997,885)	61,860,055	-	58,862,170
Selling and distribution costs	(6,363,538)	(18,210,259)	-	(24,573,797)
Administrative and general expenses	(18,036,965)	(9,712,212)	-	(27,749,177)
Profit / (loss) before taxation and un allocated expenses	(27,398,388)	33,937,584	-	6,539,196
Un-allocated expenses:				(1,641,447)
Other operating expenses				1,155,790
Other operating income				(33,605,314)
Finance cost				(27,551,775)
Loss before taxation				(14,190,521)
Taxation				(41,742,296)
Loss for the period				

## 9 TRANSACTIONS WITH RELATED PARTIES

Quarter Ended	
September 30, 2019	September 30, 2019
Rupees	
(1,126,998)	70,000,000

Directors' loan

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

## 10 DATE OF AUTHORIZATION FOR ISSUE

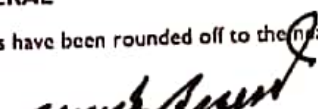
These financial statements were approved by the Board of Directors and authorised for issue on October 30, 2019.

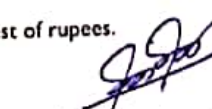
## 11 CORRESPONDING FIGURES

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