



Ghazi Fabrics International Limited

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



DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the financial statements for the quarter ended 30th September, 2021.

Operating results

During the period under review the Company's gross profit was Rs. 93.894 million (corresponding period: Rs. 59.535 million) and the profit after tax of Rs. 3.682 million (corresponding period loss after tax: Rs. 42.433 million). Earning per share is Rs. 0.11 (corresponding period loss per share: Rs. 1.3).

Financial Highlights

	For The Quarter Ended September 30,	
	2021	2020
	Rupees	
Sales	1,893,866,840	1,317,631,251
Gross profit	93,894,443	59,534,756
Profit/(Loss) after tax	3,681,584	(42,433,275)
Gross profit (%)	4.96	4.52
Earnings/(Loss) per share	0.11	(1.30)

Indicative from the figures above, total sales of the company increased by nearly 43.73% as compared to corresponding period. Gross profit computed Rs. 93.894 million as compared to Rs. 59.535 million in corresponding period.

Review of Operations and Future prospects

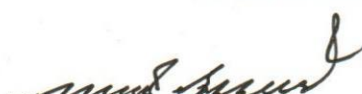
Profit after tax of the company in quarter ended September 30, 2021 is Rs.3.682 million as (corresponding period loss after tax: Rs. 42.433 million). The main reasons for the recovery of losses and profitability are cost controls and focus on efficient operations.

Our industry is facing multiple challenges both internally and globally e.g. increasing production cost and a note of caution is with respect to high energy cost along with shortage of gas, electricity and general inflationary trend. However, the management is committed towards adopting the best corporate governance policies and procedures.

Acknowledgement

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

For and on behalf of the Board


Mohammad Arshad Chaudhry
Chief Executive Officer


Kamran Arshad
Director

Lahore
October 29, 2021



Ghazi Fabrics International Limited

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



ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم 30 ستمبر 2021 کو ختم ہونے والے سہ ماہی مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کا خام منافع 93.894 ملین رہا جو پچھلے سال اسی مدت کے دوران 59.535 ملین تھا اور بعد از ٹیکس منافع 3.682 ملین رہا جو پچھلے سال اسی مدت کے مطابق نقصان 86.147 ملین روپے تھا۔ فی شیئر نفع 0.11 رہا۔ (نقصان 1.3 : 2020)

ستمبر 2020

ستمبر 2021

روپے

روپے

1,317,631,251

1,893,866,840

فروخت

59,534,756

93,894,443

خام منافع

(42,433,275)

3,681,584

بعد از ٹیکس نفع / نقصان

4.52

4.96

خام منافع %

(1.30)

0.11

فی شیئر آمدنی

مندرجہ بالا اعداد و شمار کے مطابق کمپنی کی مجموعی فروخت پچھلے سال اسی مدت کے مقابلے میں %43.73 بڑھ گئی ہے۔ اسکے علاوہ خام منافع اسی مدت کے مقابلے میں 93.894 ملین رہا جو پچھلے سال اسی مدت کے دوران 59.535 ملین تھا۔

آپریٹنگ اور مستقبل کے امکانات کا جائزہ:

30 ستمبر 2021 کو ختم ہونے والی سہ ماہی میں کمپنی کا منافع بعد از ٹیکس 3.682 ملین روپے جو پچھلے سال اسی مدت کے دوران بعد از نقصان 42.433 ملین رہا۔

نتائج کی بحالی کی بنیادی وجوہات لاگت پر کنٹرول اور موثر آپریٹنگ پرتوجہ دینا ہے

ہماری صنعت کو اندرونی اور عالمی سطح پر متعدد چیلنجز کا سامنا ہے مثلاً پیداواری لاگت بشمول توانائی کی قیمت میں اضافہ اور گیس / بجلی کی کمی اور عام مہنگائی کا رجحان۔

تاہم انتظامیہ کارپوریٹ گورننس کی بہترین پالیسیوں اور طریقہ کار کو اپنانے کے لئے پرعزم ہے

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

محمد ارشد چوہدری

چیف ایگزیکٹو

کامران ارشد

ڈائریکٹر

لاہور 29 اکتوبر 2021ء

GHAZI FABRICS INTERNATIONAL LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2021

	Note	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Rupees			
SHARE CAPITAL AND RESERVES			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paid up capital		326,356,000	326,356,000
Directors' loan		2,440,186,878	2,440,186,878
Accumulated Loss		(1,312,658,828)	(1,316,340,412)
		1,453,884,050	1,450,202,466
NON CURRENT LIABILITIES			
Long term financing	4	41,000,000	61,500,000
Deferred liabilities		111,918,412	108,236,904
		152,918,412	169,736,904
CURRENT LIABILITIES			
Trade and other payables		311,099,184	207,736,599
Unclaimed dividend		4,982,921	4,982,921
Markup/ interest payables		10,229,495	7,042,278
Short term bank borrowings		1,216,328,542	775,971,248
Current portion of long term financing	4	121,164,413	121,250,000
Provision for taxation		110,549,770	87,016,337
		1,774,354,325	1,203,999,383
CONTINGENCIES AND COMMITMENTS			
	5	-	-
TOTAL EQUITY AND LIABILITIES		3,381,156,787	2,823,938,753
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,204,534,746	1,233,010,282
Capital work in progress		72,787,380	72,482,380
Long term deposits		13,011,694	13,011,694
		1,290,333,820	1,318,504,356
CURRENT ASSETS			
Stores, spares and loose tools		183,727,444	130,878,508
Stock in trade		780,064,339	698,179,575
Trade debts		502,837,129	402,553,116
Loans and advances		528,297,215	223,595,158
Refunds from Government agencies		90,655,603	31,695,583
Cash and bank balances		5,241,237	18,532,458
		2,090,822,967	1,505,434,398
TOTAL ASSETS		3,381,156,787	2,823,938,753

The annexed notes form 1 to 12 an integral part of these condensed interim financial statements


Chief Executive


Chief Financial Officer


Director

GHAZI FABRICS INTERNATIONAL LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Note	Quarter Ended	
		September 30,	September 30,
		2021	2020
Rupees			
Sales - net		1,893,866,840	1,317,631,251
Cost of goods sold	7	1,799,972,397	1,258,096,495
Gross profit		93,894,443	59,534,756
Operating expenses:			
Selling and distribution		16,401,340	17,900,166
Administrative expenses		30,827,931	30,699,883
Other operating expenses		381,000	3,047,137
		47,610,271	51,647,186
Operating profit		46,284,172	7,887,570
Finance cost		21,982,411	24,411,681
Other operating income		2,913,256	3,548,093
Profit / (Loss) before taxation		27,215,017	(12,976,018)
Provision for taxation		23,533,433	29,457,257
Profit / (Loss) after taxation		3,681,584	(42,433,275)
Earnings / (Loss) per share - basic		0.11	(1.30)

The annexed notes form 1 to 12 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, 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
Profit / (Loss) for the period	3,681,584	(42,433,275)
Other comprehensive income	-	-
Total comprehensive Profit / (Loss) for the period	<u>3,681,584</u>	<u>(42,433,275)</u>

The annexed notes 1 to 12 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, 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	27,215,017	(12,976,018)
Adjustments for non-cash charges and other items:		
- Depreciation	28,717,446	30,324,091
- Provision for gratuity	8,600,436	8,035,606
- Disposal gain	-	(416,932.00)
- Finance cost	21,982,411	24,411,681
	59,300,293	62,354,446
Operating profit before working capital changes	86,515,310	49,378,428
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(52,848,936)	16,216,358
- Stock in trade	(81,884,764)	249,854,731
- Trade debts	(100,284,013)	32,131,453
- Loans and advances	(321,931,020)	(132,637,862)
- Refunds from Government agencies	(58,960,020)	3,754,976
Increase / (decrease) in current liabilities:		
- Trade and other payables	103,362,585	(63,105,025)
	(512,546,168)	106,214,631
Cash generated from / (used in) operations	(426,030,858)	155,593,059
Gratuity paid	(4,918,929)	(5,145,201)
Tax paid	17,228,963	(5,905,148)
Finance cost paid	(18,795,194)	(32,283,443)
Net cash from operating activities	(432,516,018)	112,259,267
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(241,910)	(7,758,640)
Disposal proceeds	-	541,667
Capital work in progress	(305,000)	(6,150,739)
Net cash used in investing activities	(546,910)	(13,367,712)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ proceeds from long term financing - net	(20,585,587)	(18,750,000)
Loan from directors and others - net	-	142,500,000
Unclaimed Dividend	-	-
Short term borrowings	440,357,294	(225,056,961)
Net cash generated from financing activities	419,771,707	(101,306,961)
Net increase / (decrease) in cash and cash equivalents	(13,291,221)	(2,415,406)
Cash and cash equivalents at the beginning of the period	18,532,458	8,591,309
Cash and cash equivalents at the end of the period	5,241,237	6,175,903

The annexed notes form 1 to 12 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, 2021**

	Issued, Subscribed and Paid-up Share Capital	Loan from Directors	Accumulated loss	Total
	R U P E E S			
Balance as at June 30, 2020	326,356,000	2,327,150,837	(1,517,837,758)	1,135,669,079
Transaction with owners - loan from directors	-	142,500,000	-	142,500,000
Total comprehensive loss for the period	-	-	(42,433,275)	(42,433,275)
Balance as at September 30, 2020	326,356,000	2,469,650,837	(1,560,271,033)	1,235,735,804
Balance as at June 30, 2021	326,356,000	2,440,186,878	(1,316,340,412)	1,450,202,466
Transaction with owners - loan from directors	-	-	-	-
Total comprehensive profit for the period	-	-	3,681,584	3,681,584
Balance as at September 30, 2021	326,356,000	2,440,186,878	(1,312,658,828)	1,453,884,050

The annexed notes form 1 to 12 an integral part of these condensed interim financial statements


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, 2021

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, 2021 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, 2021.

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, 2021.

4 LONG TERM FINANCING - Secured

	September 30, 2021	June 30, 2021
	Rupees	
Opening balance	182,750,000	282,000,000
Add: Acquired during the period / year	-	-
	182,750,000	282,000,000
Less: Repayment during the period /year	(20,585,587)	(99,250,000)
	162,164,413	182,750,000
Less: Current portion	(121,164,413)	(121,250,000)
	41,000,000	61,500,000

5 CONTINGENCIES AND COMMITMENTS

- 5.1 ICA No.3443/2020 in W.P. No.49178/2017 – Oil & Gas Regulatory Authority Vs.Ejaz Textile Mills Ltd. & Others' has been filed by OGRA before the Honourable Lahore High Court, Lahore, challenging the Judgment dated 13.12.2019.This Appeal is regarding the impugned Determinations of 02.06.2017 & 20.06.17 made by OGRA and the vires of SRO 405(I)/2015 dated 07.05.2015 and SRO 97(I)/2015 dated 30.09.2015. Ghazi Fabrics International Limited is a Respondent in the above mentioned Appeal.
- 5.2 ICA No. 73790/2019 in W.P. No. 42541/2019– Sui Northern Gas Pipelines LTD. Vs. Federation of Pakistan, etc. has been filed by SNGPL against Order dated 31.10.2019.This Appeal is regarding levy of USD 6.50/MMBTU. Ghazi Fabrics International Limited is a Respondent in the titled Appeal.
- 5.3 CPLA NO. 909/2020 - Ghazi Fabrics International Limited, etc. Vs. Federation of Pakistan & Others' has been filed before the Honourable Supreme Court of Pakistan at Islamabad, challenging the Judgment dated 20.11.2019 passed by the Honourable Lahore High Court, Lahore , in W.P. No. 60367/2019. This CPLA is regarding the impugned imposition of Quarter Tariff Adjustment for the 1st and 2nd Quarters of Financial Year 2017-2018.

- 5.4 W.P. No. 12403/2020 -Ghazi Fabrics International Limited, etc. Vs. Federation of Pakistan, etc. has been filed before Honourable Lahore High Court, Lahore ,challenging the impugned levy and recovery of arrears from January 2019 to December 2019 in the bill of January 2020 regarding Fuel Price Adjustment, Financial cost Surcharge , Neelum Jhelum Surcharge and Maximum Demand Indicator, etc.
- 5.5 W.P. No. 74315/2019 – Shahzad Textile Mills Limited, etc. Vs. Federation of Pakistan, etc. has been filed before the Honourable Lahore High Court, Lahore, challenging the base tariffs and the adjustment tariffs determined by NEPRA, notified by the Federal Government and charged by the Distribution Companies (DISCOs).
- 5.6 W.P. No. 42176/2020 – All Pakistan Textile Mills Association & Others Vs. Federation of Pakistan & Others – was filed before the Honourable Lahore High Court, Lahore, challenging the levy and demand of GIDC prior to coming into force of GIDC Act, 2015 as well as levy and demand of GIDC at the tariff applicable to captive power consumers instead of industrial consumers. The case was last fixed for hearing on 16.06.2021 and was adjourned to 27.09.2021. Ghazi Fabrics International Limited is as Petitioner in the Writ Petition.
- 5.7 W.p. No. 27881/2021 - Ghazi Fabrics International Limited, etc. Vs. Federation of Pakistan, etc. The above writ petition was filed before the Honourable Lahore High Court, Lahore, challenging the levy and demand of arrears of Difference of Gas Tariff between the industrial consumers and captive powers consumers for the period from 23.08.2013 to 31.08.2015.
- 5.8 W.P. No. 42500/2021 – Kamran Arshad, etc. Vs. Federation of Pakistan, etc. The above writ petition was filed before the Honourable Lahore High Court , Lahore challenging the Directive / Letter dated 28.01.2021 issued by SNGPL as well as the decision of CCOE dated 21.01.2021 and decision of the Federal Cabinet dated 26.01.2021. Ghazi Fabrics International Limited is Petitioner in the titled Petition.
- 5.9 Suit.No.1481-2021. This Petition has been filed against FOP/SNGPL in which the recovery of GIDC Installments has been challenged, which has been suspended by order of Honourable Sindh High Court at Karachi.
- 5.10 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 90.614 million (June 30, 2021 : Rs. 90.614 million) on account of security deposits against the consumption of natural gas.
- 5.11 Post dated cheques issued in the favour of Collector of Custom against import Rs.168.422 (2021:Rs.168.422 million)
- 5.12 Commitments in respect of irrevocable letters of credit for the import of raw material and spare parts of machinery as at the statement of financial position date amounts to Rs. 184.707 million (2021: Rs. 489.176 million).

6 PROPERTY, PLANT AND EQUIPMENT	Note	September 30, 2021	June 30, 2021
		Rupees	
Opening written down value		1,233,010,282	1,321,560,556
Addition during the period / year			
Land - freehold		-	-
Building on freehold land		-	-
Plant and machinery		-	-
Grid station and generators		-	-
Furniture and fittings		-	-
Vehicles		241,910	34,442,480
Equipment		-	-
Electric installation		-	-
		241,910	34,442,480
Book value of assets disposed off during the period / year	6.1	-	(767,852)
Depreciation for the period / year		(28,717,446)	(122,224,903)
		<u>1,204,534,746</u>	<u>1,233,010,282</u>
6.1 Book value of assets disposed off			
Vehicles		-	767,852
		<u>-</u>	<u>767,852</u>

7 COST OF GOODS SOLD

		Quarter Ended	
		September 30, 2021	September 30, 2020
		Rupees	
Raw materials and other direct materials consumed	7.1	1,536,119,383	919,980,346
Fabric conversion, dyeing and bleaching		93,210	-
Salaries, wages and benefits		140,049,646	113,405,716
Fuel and power		170,314,733	149,972,128
Packing material consumed		20,407,462	14,244,249
Sizing material consumed		13,691,317	10,076,129
Store and spares consumed		35,403,768	27,369,044
Insurance		1,143,865	1,468,609
Depreciation		27,281,575	28,807,886
Repair and maintenance		4,786,537	-
Others		392,041	5,495,158
		1,949,683,537	1,270,819,265
Adjustment of work in process			
Opening		118,324,352	110,997,025
Closing		(140,232,280)	(115,814,972)
		(21,907,928)	(4,817,947)
Cost of goods manufactured		1,927,775,609	1,266,001,317
Adjustment of finished goods			
Opening		239,467,387	287,037,260
Closing		(367,270,599)	(294,942,083)
		(127,803,212)	(7,904,823)
		1,799,972,397	1,258,096,495
7.1 Raw material consumed			
Opening stock		340,387,836	592,203,607
Purchases		1,468,293,007	657,402,844
		1,808,680,843	1,249,606,451
Closing stock		(272,561,460)	(329,626,105)
		1,536,119,383	919,980,346

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, 2021 and September 30, 2020 respectively.

	Spinning	Weaving	Inter Segment Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
	Quarter ended September 30, 2021			
Sales	1,056,732,621	906,030,962	(68,896,743)	1,893,866,840
Cost of Sales:	(1,011,215,098)	(857,654,043)	68,896,743	(1,799,972,397)
Gross profit	45,517,523	48,376,920	-	93,894,443
Selling and distribution costs	(8,830,320)	(7,571,020)	-	(16,401,340)
Administrative and general expenses	(16,597,455)	(14,230,476)	-	(30,827,931)
Profit before taxation and un allocated expenses	20,089,748	26,575,424	-	46,665,172
Un-allocated expenses:				
Other operating expenses				(381,000)
Other operating income				2,913,256
Finance cost				(21,982,411)
Profit before taxation				27,215,017
Taxation				(23,533,433)
Profit for the period				3,681,584

	Quarter ended September 30, 2020			
Sales	779,164,173	646,640,103	(108,173,025)	1,317,631,251
Cost of Sales:	(747,230,451)	(619,039,069)	108,173,025	(1,258,096,495)
Gross profit	31,933,722	27,601,033	-	59,534,756
Selling and distribution costs	(9,781,965)	(8,118,201)	-	(17,900,166)
Administrative and general expenses	(16,776,671)	(13,923,212)	-	(30,699,883)
Profit before taxation and un allocated expenses	5,375,086	5,559,621	-	10,934,707
Un-allocated expenses:				
Other operating expenses				(3,047,137)
Other operating income				3,548,093
Finance cost				(24,411,681)
Loss before taxation				(12,976,018)
Taxation				(29,457,257)
Loss for the period				(42,433,275)

9 TRANSACTIONS WITH RELATED PARTIES

	Quarter Ended	
	September 30, 2021	September 30, 2020
Directors' loan	-	Rupees 142,500,000

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 29, 2021.

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