

## DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the financial statements for the nine months ended March 31, 2020.

### Operating results

During the period under review the Company's gross profit was Rs. 211,260 million (corresponding period: Rs. 221,560 million) and the loss after tax of Rs. 136,908 million (corresponding period: Rs. 83,572 million). Loss per share is Rs. 4.20 (corresponding period: Rs. 2.56).

### Financial highlights

	For The Nine months Ended March 31,	
	2020	2019
	Rupees	
Sales	3,943,563,246	3,764,010,741
Gross profit	211,260,773	221,560,482
Loss after tax	(136,908,780)	(83,572,964)
Gross profit (%)	5.36	5.89
Earning per share –EPS- Rs.	(4.20)	(2.56)

Indicative from the figures above, total sales of the Company increased by nearly 4.77 % as compared to corresponding period. Gross profit computed Rs. 211,260 million as compared to Rs. 221,560 million in corresponding period.

### Review of Operations and Future prospects

Operations of the Company were performing reasonably well until the last ten days of the concerned quarter when the impact of the global pandemic began to be felt. Both of the local and export markets were closed, resulting in a drastic drop in sales. Further, the results of coming quarter will be highly dependent on the opening of American, European and Local markets.


Besides, most importantly government should immediately provide a substantial relief to the textile industry by reduction in electricity and gas tariff as the crude oil price has declined massively in global market.


Sooner or later this pandemic is going to be over and it is hoped that the world will recover from coronavirus (COVID-19). We pray for everyone without caste and creed.

### 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

  
Mohammd Arshad Chaudhry  
Chief Executive Officer

  
Kamran Arshad  
Director

Lahore  
April 29, 2020

## ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم 31 مارچ 2020ء کو ختم ہونے والے نو ماہ کے مالی گوشوارے پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کا خام منافع 211.260 ملین رہا جو پچھلے سال اسی مدت کے دوران 221.560 ملین رہا اور بعد از ٹیکس نقصان

136.908 ملین رہا جو پچھلے سال اسی مدت کے مطابق 83.572 ملین روپے رہا۔ فی شیئر نقصان (4.20) رہا۔ (نقصان 2.56 : 2019)

2019 مارچ	2020 مارچ	
روپے	روپے	
3,764,010,741	3,943,563,246	فروخت
221,560,482	211,260,773	خام منافع
(83,572,964)	(136,908,780)	بعد از ٹیکس / نقصان
5.89	5.36	خام منافع %
(2.56)	(4.20)	فی شیئر آمدنی

مندرجہ بالا اعداد و شمار کے مطابق کمپنی کی مجموعی فروخت پچھلے سال اسی مدت کے مقابلے میں %4.77 بڑھ گئی ہے۔ اسکے علاوہ خام منافع اسی مدت کے مقابلے میں 211.260 ملین رہا جو پچھلے سال اسی مدت کے دوران 221.560 ملین رہا۔

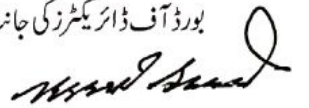
آپریٹنگ اور مستقبل کے امکانات کا جائزہ:

متعلقہ سہ ماہی کے آخری دس دن تک کمپنی کے آپریٹنگ معقول حد تک بہتر کارکردگی کا مظاہرہ کر رہے تھے جب عالمی وبائی بیماری کے اثرات محسوس ہونے لگے۔ مقامی اور برآمد دونوں مارکیٹیں بند ہو گئیں، جس کے نتیجے میں فروخت میں زبردستی کی واقع ہوئی۔ مذید یہ کہ آنے والی سہ ماہی کے نتائج کا انحصار امریکی، یورپی اور مقامی مارکیٹوں کے آغاز پر ہوگا۔ اس کے علاوہ، سب سے اہم بات یہ ہے کہ حکومت کو بجلی اور گیس کے نرخوں میں کمی کے ذریعے ٹیکسٹائل کی صنعت کو فوری طور پر کافی ریلیف فراہم کرنا چاہیے کیوں کہ عالمی منڈی میں خام تیل کی قیمت میں بڑے پیمانے پر کمی واقع ہوئی ہے۔ جلد یا بدیر یہ وبائی بیماری کا خاتمہ ہونے والا ہے اور امید ہے کہ دنیا کو کرونا وائرس (COVID-19) سے ٹھیک ہو جائے گی، ہم ذات پات اور مذہب کے بغیر ہر ایک کے لئے دعا کرتے ہیں۔

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 اپریل 2020ء

**GHAZI FABRICS INTERNATIONAL LIMITED**

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

AS AT MARCH 31, 2020

	Note	Unaudited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	4.01	400,000,000	400,000,000
Issued, subscribed and paid-up capital	4.02	326,356,000	326,356,000
Directors' loan		2,266,150,837	2,172,277,835
Accumulated loss		(1,444,922,741)	(1,308,013,961)
		1,147,584,096	1,190,619,874
<b>NON CURRENT LIABILITIES</b>			
Long term financing	5	221,727,012	131,250,000
Deferred liabilities		209,728,577	169,441,718
		431,455,589	300,691,718
<b>CURRENT LIABILITIES</b>			
Trade and other payables		383,027,513	223,854,895
Unclaimed dividends		4,985,265	4,985,265
Markup / interest payables		25,722,763	27,597,559
Short term bank borrowings		885,880,751	1,255,862,680
Current portion of long term financing	5	87,000,000	80,550,028
Provision for taxation		115,789,453	58,672,545
		1,502,405,745	1,651,522,972
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		3,081,445,430	3,142,834,564
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	7	1,306,690,064	1,401,015,957
Capital work in progress		-	-
		1,306,690,064	1,401,015,957
Long term deposit		13,011,694	13,011,694
		1,319,701,758	1,414,027,651
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		123,733,559	131,914,262
Stock in trade		836,221,050	729,190,906
Trade debts		477,600,718	419,711,284
Loans and advances		226,740,182	244,569,386
Refunds from Government agencies		89,447,365	196,637,350
Cash and bank balances		8,000,798	6,783,725
		1,761,743,672	1,728,806,913
		3,081,445,430	3,142,834,564

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

  
Chief Executive

  
Chief Financial Officer

  
Director

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Note	Nine Months Ended		Quarter Ended	
		March 31,		March 31,	
		2020	2019	2020	2019
		Rupees		Rupees	
SALES - Net	8	3,943,563,246	3,761,010,741	1,494,954,718	1,475,997,521
COST OF SALES	9	3,732,302,473	3,542,450,259	1,376,665,951	1,390,919,664
GROSS PROFIT		211,260,773	221,560,482	118,288,767	85,077,857
SELLING AND DISTRIBUTION ADMINISTRATIVE EXPENSES		45,268,274	81,817,222	23,277,353	31,317,407
OTHER OPERATING EXPENSES		88,346,565	78,911,567	31,201,253	22,834,024
		2,818,597	2,652,302	(3,664,332)	789,744
		136,433,436	163,411,091	50,814,274	54,971,175
OPERATING PROFIT / (LOSS)		74,827,337	58,149,391	67,474,493	30,106,682
OTHER INCOME		6,039,392	24,159,086	3,868,594	3,378,305
		80,866,729	82,308,477	71,343,087	33,484,987
FINANCE COST		128,318,463	103,609,582	36,934,151	32,981,180
LOSS BEFORE TAXATION		(47,451,734)	(21,301,105)	38,073,268	(285,937)
PROVISION FOR TAXATION		89,457,046	62,271,859	52,927,408	42,492,859
LOSS AFTER TAXATION		(136,908,780)	(83,572,964)	(14,854,140)	(42,778,796)
Earnings per share - Basic		(4.20)	(2.56)	(0.46)	(1.31)

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

  
Chief Executive

  
Chief Financial Officer

  
Director

**GHAZI FABRICS INTERNATIONAL LIMITED**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	March 31, 2020 Rupees	March 31, 2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	(47,451,734)	(21,301,105)
Adjustment for:		
Depreciation	99,561,106	98,775,893
(Gain) / Loss on disposal of fixed assets	1,577	-
Staff retirement benefits	20,978,033	15,563,765
Finance cost	128,318,463	103,609,582
	<u>248,857,602</u>	<u>217,949,240</u>
<b>Cash flows before working capital changes</b>	<b>201,405,868</b>	<b>196,648,135</b>
 (Increase)/decrease in current assets		
Stores, spares and loose tools	8,180,703	(22,187,811)
Stock in trade	(107,030,144)	(158,855,820)
Trade debts	(57,889,434)	(155,632,939)
Loans and advances	34,912,051	(5,300,553)
Refunds from Govt. Agencies	107,189,985	25,032,359
Increase/(decrease) in current liabilities		
Trade and other payables	159,172,618	(21,514,019)
	<u>144,535,779</u>	<u>(341,158,783)</u>
<b>Cash (Outflows) / Inflows from operations</b>	<b>345,941,647</b>	<b>(144,810,648)</b>
 Finance cost paid	(130,193,259)	(90,254,677)
Staff retirement benefits paid	(13,031,312)	(12,092,284)
Income tax paid	(17,082,847)	(43,570,351)
<b>Net cash used in operating activities</b>	<b>185,634,229</b>	<b>(290,727,960)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(5,450,680)	(90,910,996)
Proceeds from disposal of property, plant and equipment	213,890	-
Capital Work in Progress	-	90,830,496
Long term deposits	-	-
<b>Net cash used in investing activities</b>	<b>(5,235,213)</b>	<b>(80,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	96,926,984	(110,950,000)
Loan from directors and others-net	93,873,002	161,000,000
Unclaimed dividend	-	(12,370)
Short term borrowings- net	(369,981,929)	221,931,472
<b>Net cash generated from financing activities</b>	<b>(179,181,943)</b>	<b>271,969,102</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,217,073</b>	<b>(18,839,358)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT THE BEGINNING OF THE PERIOD</b>	<b>6,783,725</b>	<b>30,450,406</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8,000,798</b>	<b>11,611,048</b>

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

  
Chief Executive

  
Chief Financial Officer

  
Director

**GHAZI FABRICS INTERNATIONAL LIMITED**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
	Rupees		Rupees	
Loss after taxation	(136,908,780)	(83,572,964)	(14,854,140)	(42,778,796)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(136,908,780)</u>	<u>(83,572,964)</u>	<u>(14,854,140)</u>	<u>(42,778,796)</u>

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

  
Chief Executive

  
Chief Financial Officer

  
Director

**GHUZI FABRICS INTERNATIONAL LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Issued, subscribed and paid-up capital	Director's Loan	Accumulated losses	Total	
					R
Balance as at July 01, 2018	326,356,000	1,993,777,835	(1,263,975,167)	1,056,158,668	
Transaction with owner loan from directors	-	161,000,000	-	161,000,000	
Total comprehensive loss for the period	-	-	(83,572,964)	(83,572,964)	
<b>Balance as at March 31, 2019</b>	<b>326,356,000</b>	<b>2,154,777,835</b>	<b>(1,347,548,131)</b>	<b>1,133,585,704</b>	
Balance as at July 01, 2019	326,356,000	2,172,277,835	(1,308,013,961)	1,190,619,874	
Transaction with owner loan from directors	-	93,873,002	-	93,873,002	
Total comprehensive loss for the period	-	-	(136,908,780)	(136,908,780)	
<b>Balance as at March 31, 2020</b>	<b>326,356,000</b>	<b>2,266,150,837</b>	<b>(1,444,922,741)</b>	<b>1,147,584,096</b>	

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

  
Chief Executive

  
Chief Financial Officer

  
Director

**GHAZI FABRICS INTERNATIONAL LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2020**

**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 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision of and directives issued under the Companies Act, 2017.
- Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34 or IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2019.

**4 SHARE CAPITAL**

**4.01 Authorized capital**

40,000,000 (June 30, 2019 : 40,000,000) ordinary shares of Rs. 10/- each paid in cash.

March 31, 2020	June 30, 2019
Rupees	Rupees

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

32,635,600 (June 30, 2019 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash.

326,356,000	326,356,000
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**5 LONG TERM FINANCING - Secured**

Opening balance

211,800,028	206,250,028
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Add: Acquired during the period

150,000,000	150,000,000
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Less: Repayment during the period

(53,073,016)	(144,150,000)
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308,727,012	211,800,028
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Less: Current portion

(87,000,000)	(80,550,028)
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221,727,012	131,250,000
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**6 CONTINGENCIES AND COMMITMENTS**

6.01 There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2019.

6.02 Commitments against irrevocable letters of credit outstanding as at March 31, 2020 amounts to Rs. 519.91 million : (June 30, 2019 Rs. 16 627. million).

7 OPERATING FIXED ASSETS

	March 31, 2020 Rupees	June 30, 2019 Rupees
Opening written down value	1,401,015,957	1,415,526,051
Addition during the period		
Land - freehold	-	-
Building on freehold land	-	-
Plant and machinery	-	118,935,967
Furniture and fittings	-	165,500
Vehicles	5,450,680	-
Equipment	-	-
Electric installation	-	-
	5,450,680	119,101,467
Book value of assets disposed off during the period	(215,467)	-
Depreciation for the period	(99,561,406)	(133,611,561)
	<u>1,306,690,064</u>	<u>1,401,015,957</u>

	Unaudited Nine Months Ended		Unaudited Quarter Ended	
	March 31, 2020 Rupees	March 31, 2019 Rupees	March 31, 2020 Rupees	March 31, 2019 Rupees
8 SALES-NET				
Sales	3,942,142,004	3,762,904,901	1,493,533,476	1,475,758,413
Rebate	1,421,242	1,105,840	1,421,242	239,108
	<u>3,943,563,246</u>	<u>3,764,010,741</u>	<u>1,494,954,718</u>	<u>1,475,997,521</u>

9 COST OF SALES

Raw material consumed	2,810,001,908	2,607,613,811	992,982,786	1,037,836,873
Fabric conversion, dyeing and bleaching	961,151	12,135,136	50,600	3,913,361
Salaries, wages and benefits	371,842,193	301,353,801	127,236,207	100,723,758
Fuel and power	465,563,855	400,893,729	154,647,297	155,065,023
Packing material consumed	40,981,499	32,167,201	14,703,130	13,816,177
Sizing material consumed	35,848,422	43,608,153	13,206,792	28,191,462
Store and spares consumed	72,938,054	59,735,449	28,431,455	14,142,531
Insurance	4,322,816	3,849,772	1,824,895	1,288,711
Repair and maintenance	15,625,957	8,860,675	5,524,581	3,061,195
Depreciation	94,820,101	93,837,098	34,706,034	32,477,915
	<u>3,912,905,956</u>	<u>3,564,054,825</u>	<u>1,373,313,777</u>	<u>1,390,547,006</u>
Adjustment of work in process	(57,609,751)	(21,528,601)	(59,469,885)	(13,464,561)
Cost of goods manufactured	3,855,296,205	3,542,526,224	1,313,843,892	1,377,082,445
Adjustment of finished goods	(122,993,732)	(75,965)	62,822,059	13,837,219
	<u>3,732,302,473</u>	<u>3,542,450,259</u>	<u>1,376,665,951</u>	<u>1,390,919,664</u>

10 TRANSACTION WITH RELATED PARTIES

	Nine Months Ended	
	March 31, 2020 Rupees	March 31, 2019 Rupees
Receipt / (Repayment) of Sponsors' loan - net	<u>93,873,002</u>	<u>161,000,000</u>

## 11 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the nine months ended March 31, 2020 and March 31, 2019

	Spinning	Weaving	Inter - segment Transactions	Consolidated
<b>Amount (Rupees)</b>				
<b>March 31, 2020</b>				
Sales	2,344,149,629	1,952,697,509	(353,583,892)	3,943,563,246
Cost of Sales:	(2,274,932,087)	(1,810,954,277)	353,583,892	(3,732,302,473)
Gross profit	69,517,542	141,743,232	-	211,260,773
Selling and distribution costs	(24,697,592)	(20,570,682)	-	(45,268,274)
Administrative and general expenses	(48,200,368)	(40,146,197)	-	(88,346,565)
Profit before taxation & un-allocated expenses	(3,380,418)	81,026,352	-	77,645,934
Un-allocated expenses:				
Other operating expenses				(2,818,597)
Other operating income				6,039,392
Finance cost				(128,318,463)
Loss before taxation				(47,451,734)
Taxation				(89,457,046)
<b>Net loss for the period</b>				<b>(136,908,780)</b>

	<b>Amount (Rupees)</b>			
	<b>March 31, 2019</b>			
Sales	2,365,478,175	2,116,533,279	(718,000,713)	3,764,010,741
Cost of Sales:	(2,272,249,755)	(1,988,201,217)	718,000,713	(3,542,450,259)
Gross profit / (Loss)	93,228,420	128,332,062	-	221,560,482
Selling and distribution costs	(43,636,029)	(38,181,193)	-	(81,817,222)
Administrative and general expenses	(42,102,340)	(36,839,227)	-	(78,941,567)
Profit / (loss) before taxation & un-allocated expenses	7,490,051	53,311,641	-	60,801,693
Un-allocated expenses:				
Other operating expenses				(2,652,302)
Other operating income				24,159,086
Finance cost				(103,609,582)
Loss before taxation				(21,301,105)
Taxation				(62,271,859)
<b>Net loss for the period</b>				<b>(83,572,964)</b>

## 12 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on April 29, 2020.

## 13 CORRESPONDING FIGURES

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

13.2 Figures have been rounded off to the nearest rupee

  
Chief Executive

  
Chief Financial Officer

  
Director