Ghazi Fabrics International Limited

Signature of Quality



3rd Quarterly Report

March 31, 2013

UN-AUDITED

GHAZI FABRICS INTERNATIONAL LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS		
CHAIRMAN/CHIEF EXECUTIVE	Mr. Mohammad Arshad Chaudhry	
DIRECTORS	Mr. Kamran Arshad	
	Mr. Mohammad Tariq	
	Mr. Rizwan Arshad	
	Mrs. Azra Yasmin	
	Miss Fareeha Arshad	
	Miss Wajeeha Arshad	
COMPANY SECRETARY	Mr. Nauman Iqbal, ACA	
AUDIT COMMITTEE	Mr. Mohammad Tariq	Chairman
	Mr. Kamran Arshad	Member
	Miss Fareeha Arshad	Member
HR & REMUNERATION COMMITTEE	Mrs. Azra Yasmin	Chairman
	Mr. Mohammad Arshad Chaudhry	Member
	Miss Wajeeha Arshad	Member
CHIEF FINANCIAL OFFICER	Mr. Abid Rafi	
INTERNAL AUDITOR	Rao Sadat Ali	
AUDITORS	M/s. Qadeer & Co., Chartered Accountants Lahore	
SHARE REGISTRARS	M/s. Corplink (Pvt.) Ltd.	
LEGAL ADVISOR	M/s. Raja Muhammad Akram & Co., Advocates & Legal Consultants	
BANKERS	United Bank Limited Habib Bank Limited	
REGISTERED OFFICER	8-C, Block E-III, Gulberg - III, Lahore - 54660 Fax:(042) 35764032 Email: info@ghazifabrics.com Website: 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 nine months ended 31st March 2013.

Operating results

During the period under review the Company's sales were Rs. 3.86 Billion and the profit after tax of Rs. 14.44 million for the period ended March 31, 2013 as compared to a loss of Rs. 132.39 million in the corresponding period. Earning per share is Rs. 0.44 (corresponding period: Rs. (4.06))

Financial highlights

	Nine Months Ended	
	Marchr 31, 2013	***Marchr 31, 2012***
	Rupees	
Sales	3,862,297,374	3,631,537,080
Operating profit	145,956,522	17,960,599
Profit/ (loss) after tax	14,443,027	(132,396,953)
Earning per share (EPS) Rs.	0.44	(4.06)

Global economic conditions have been a little better this year than last year but the recovery is slow and fragile. In this global village, what happens in Europe, United States and China affects Asian and Pakistani Textile Industry. United States is making significant progress on its path to recovery. Similarly Chinese economy is heading up in last quarter after showing slow growth in last one and a half year. Domestic consumption of textile products in China is becoming more important driver of growth, which will directly or indirectly raise demand of raw material in Pakistan. This is the reason that yarn and greige fabric export from Pakistan to China is growing at rapid pace and we have seen this factor in last two quarters. Textile industry in Pakistan is not able to take full advantage of this emerging situation because of energy crises, political uncertainty and poor law & order situation.

Although we expect that the industry will do reasonably well during remaining part of the year. Prices of the raw material and finished goods have seems to be stabilized in order that the entire textile chain can achieve growth. Nevertheless, your directors are determined to put best of their efforts to achieve satisfactory performance

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

April 30, 2013

(Mohammad Arshad Chaudhry)

Chief Executive Officer

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013

	Notes	Unaudited March 31, 2013 Rupees	Audited June 30, 2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5.01	400,000,000	400,000,000
Issued, subscribed and paid-up capital	5.02	326,356,000	326,356,000
Accumulated loss		(341,711,616)	(372,901,772)
		(15,355,616)	(46,545,772)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		124,956,532	140,900,635
NON CURRENT LIABILITIES			
Long term financing	6	260,054,301	182,279,839
Sponsors' loan		1,036,925,512	877,964,801
Deferred liabilities		177,132,978	121,439,191
		1,474,112,792	1,181,683,831
CURRENT LIABILITIES			
Trade and other payables		434,381,856	308,891,245
Markup/ interest payables		19,859,968	18,065,503
Short term bank borrowings		1,472,640,857	765,262,914
Current portion of long term financing		139,009,266	141,494,808
Provision for taxation		31,911,174	48,460,770
		2,097,803,120	1,282,175,240
CONTINGENCIES AND COMMITMENTS	7	-	-
		3,681,516,829	2,558,213,934
NON CURRENT ASSETS			
Operating fixed assets	8	1,354,811,527	1,313,227,011
LONG TERM DEPOSIT		12,952,014	12,952,014
		1,367,763,541	1,326,179,025
CURRENT ASSETS			
Stores, spares and loose tools		104,371,674	82,589,730
Stock in trade		1,677,527,884	771,886,776
Trade debts		391,521,092	253,366,003
Loans and advances		98,983,319	82,687,317
Trade deposits and short term prepayments		1,347,566	282,264
Other receivables		26,934,695	26,162,728
Cash and bank balances		13,067,057	15,060,091
		2,313,753,288	1,232,034,909
		3,681,516,829	2,558,213,934

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

Chief Executive **Director**

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2013

	Notes	Nine Months Ended		Quarter Ended	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		Rupees		Rupees	
SALES - Net		3,862,297,374	3,631,537,081	1,329,102,418	1,098,701,845
COST OF SALES	9	3,541,265,765	3,470,367,140	1,199,920,481	1,060,688,329
GROSS PROFIT		321,031,609	161,169,941	129,181,937	38,013,516
SELLING AND DISTRIBUTION EXPENSES		111,960,969	88,458,235	35,810,575	27,222,233
ADMINISTRATIVE EXPENSES		63,114,118	54,751,105	21,515,995	18,948,924
		175,075,087	143,209,340	57,326,570	46,171,157
OPERATING PROFIT / (LOSS)		145,956,522	17,960,600	71,855,367	(8,157,641)
OTHER INCOME		10,162,209	9,191,802	5,518,352	3,253,043
		156,118,731	27,152,402	77,373,719	(4,904,598)
FINANCE COST		95,456,937	97,199,179	35,148,161	36,622,458
OTHER CHARGES		14,307,593	28,645,179	14,307,593	4,749,499
		109,764,530	125,844,358	49,455,754	41,371,957
PROFIT / (LOSS) BEFORE TAXATION		46,354,201	(98,691,956)	27,917,966	(46,276,555)
PROVISION FOR TAXATION		31,911,174	33,704,997	20,698,315	4,135,457
PROFIT / (LOSS) AFTER TAXATION		14,443,027	(132,396,952)	7,219,651	(50,412,012)
Earnings per share - Basic		**0.44**	**(4.06)**	**0.22**	**(1.54)**

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

Chief Executive **Director**

Ghazi Fabrics International Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2013

	Nine Months Ended		Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	Rupees		Rupees	
Profit / (loss) after taxation for the period	14,443,027	(132,396,952)	7,219,651	(50,412,012)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	14,443,027	(132,396,952)	7,219,651	(50,412,012)

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2013

	March 31, 2013 Rupees	March 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	46,354,201	(98,691,956)
Adjustment for:		
Depreciation	86,379,975	93,431,363
Loss on disposal of property, plant and equipment	14,307,593	9,573,489
Staff retirement benefits	9,519,865	9,277,326
Finance cost	95,456,937	97,199,179
	205,664,370	209,481,356
Cash flows before working capital changes	252,018,571	110,789,400
(Increase) / decrease in current assets		
Stores, spares and loose tools	(21,781,944)	(27,945,631)
Stock in trade	(905,641,109)	10,212,685
Trade debts	(138,155,089)	(40,549,192)
Loans and advances	(15,365,477)	(7,889,852)
Trade deposits and prepayments	(1,065,302)	(17,500)
Other receivable	(771,967)	(67,837,071)
Increase / (decrease) in current liabilities		
Trade and other payables	125,490,611	54,892,224
	(957,290,278)	(79,134,337)
Cash Inflows / (Outflows) from operations	(705,271,707)	31,655,064
Finance cost paid	(93,662,472)	(100,757,667)
Staff retirement benefits paid	(7,385,048)	(9,522,195)
Income Tax paid	(49,391,295)	(32,784,270)
Dividend Paid	-	(4,560,541)
Net cash used in operating activities	(855,710,523)	(115,969,609)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(148,615,143)	(99,716,473)
Proceeds from disposal of property, plant and equipment	6,343,058	15,855,601
Capital Work in Progress	-	(4,030,346)
Net cash used in investing activities	(142,272,085)	(87,891,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	75,288,920	89,231,573
Loan from directors and others - net	213,322,711	20,976,490
Short term borrowings- net	707,377,943	100,171,170
Net cash generated from financing activities	995,989,574	210,379,233
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,993,034)	6,518,406
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	15,060,091	5,273,265
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,067,057	11,791,671

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

Chief Executive **Director**

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2013

	Issued, subscribed and paid-up Share Capital	Accumulated loss	Total
	R U P E E S		
Balance as at July 01, 2011	326,356,000	(233,145,345)	93,210,655
Final dividend for the year ended June 30, 2011 @ Rs. 1per share	-	(4,560,541)	(4,560,541)
Total comprehensive (loss) for the period	-	(132,396,952)	(132,396,952)
Surplus on revaluation of fixed assets transferred to retained earnings during the period - relating to incremental depreciation	-	10,399,476	10,399,476
Surplus realized on disposal of property, plant and equipment	-	11,714,348	11,714,348
Balance as at March 31, 2012	326,356,000	(347,989,014)	(21,633,014)
Balance as at July 01, 2012	326,356,000	(372,901,772)	(46,545,772)
Total comprehensive income for the period	-	14,443,027	14,443,027
Surplus on revaluation of fixed assets transferred to retained earnings during the period - relating to incremental depreciation	-	10,373,889	10,373,889
Surplus realized on disposal of property, plant and equipment	-	6,373,241	6,373,241
Balance as at March 31, 2013	326,356,000	(341,711,616)	(15,355,616)

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

Chief Executive **Director**

GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2013

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 Karachi and Lahore 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 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard No. 34 " Interim Financial Reporting " and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2012.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30,2012.

	March 31, 2013	June 30, 2012
5 SHARE CAPITAL	**Rupees**	**Rupees**
5.01 Authorised capital		
40,000,000 (June 30, 2012: 40,000,000) ordinary shares of Rs. 10/- each paid in cash.	400,000,000	400,000,000
5.02 Issued, subscribed and paid up capital:		
32,635,600 (June 30, 2012 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash	326,356,000	326,356,000

6 LONG TERM FINANCING - Secured		
Opening balance	323,774,647	247,394,166
Add: Acquired during the period / year	176,860,760	199,199,387
Less: Repayment during the period / year	(101,571,840)	(122,818,906)
	399,063,567	323,774,647
Less: Current portion	(139,009,266)	(141,494,808)
	260,054,301	182,279,839

7 CONTINGENCIES AND COMMITMENTS

7.01 There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2012.

7.02 Commitments against irrevocable letters of credit outstanding as at balance sheet date amounts to Rs. 292.538 Million : (June 30, 2012 Rs. 149.009 Million).

		March 31, 2013 Rupees	June 30, 2012 Rupees
8 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		1,313,227,011	1,352,372,248
Addition during the period / year			
Plant and machinery		139,406,746	109,378,744
Grid station and generator		-	67,250
Furniture and fittings		111,150	582,421
Vehicles		6,279,423	1,205,312
Tools and equipment		2,291,854	788,472
Electric installation		525,970	-
		148,615,143	112,022,199
Book value of assets disposed off during the period / year	8.01	(20,650,652)	(25,566,610)
Depreciation for the period / year		(86,379,975)	(125,600,826)
		1,354,811,527	1,313,227,011
8.01 Book value of assets disposed off during the period / year			
Plant and machinery		20,439,430	25,417,025
Furniture and fittings		-	16,803
Tools and equipment		-	132,782
Vehicle		211,222	-
		20,650,652	25,566,610

	Nine Months Ended		Quarter Ended	
	March 31, 2013 Rupees	March 31, 2012 Rupees	March 31, 2013 Rupees	March 31, 2012 Rupees
9 COST OF SALES				
Raw materials and other direct materials consumed	2,625,268,538	2,763,517,965	879,329,880	810,387,660
Salaries, wages and benefits	238,273,972	191,484,316	80,453,962	64,188,589
Fuel and power	350,175,196	301,560,574	117,171,255	103,432,279
Packing material consumed	44,035,159	34,986,294	14,507,148	9,635,968
Sizing material consumed	40,672,679	46,611,661	12,626,646	13,539,357
Store and spares consumed	134,489,000	105,821,483	36,987,346	34,436,779
Insurance	4,187,646	2,566,009	3,391,226	1,009,082
Depreciation	83,742,495	90,628,423	26,539,946	33,113,626
Others	21,352,777	11,740,864	7,601,183	3,431,526
	3,542,197,462	3,548,917,589	1,178,608,593	1,073,174,866
Adjustment of work in process	(777,881)	17,306,209	(3,057,436)	(3,810,278)
Cost of goods manufactured	3,541,419,581	3,566,223,798	1,175,551,157	1,069,364,588
Adjustment of finished goods	(153,816)	(95,856,658)	24,369,324	(8,676,259)
	3,541,265,765	3,470,367,140	1,199,920,481	1,060,688,329

10 TRANSACTION WITH RELATED PARTIES

	Nine Months Ended	
	March 31, 2013	March 31, 2012
	Rupees	Rupees
Loan from Sponsors - net	158,960,711	20,976,490
Purchases of raw material	85,390,219	179,648,439
Payment for raw material	85,390,219	179,648,439

11 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 30, 2013.

12 CORRESPONDING FIGURES

12.1 Corresponding figures have been re-arranged, wherever necessary to the facilitaion of comparison.

12.2 Figures have been rounded off to nearest rupee.

Chief Executive **Director**

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