

Zephyr Textiles Limited

**Accounts For 1st Quarter
Ended September 30, 2018**

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Company Information

BOARD OF DIRECTORS:	Mr. Mussaid Hanif	CEO
	Mr. Burhan Muhammad Khan	
	Mr. Rana Kamal Ud Din	
	Ms. Tahniat Mussaid	Chairperson
	Ms. Sabah Burhan	
	Ms. Sarah Mussaid	
	Ms. Nuzhat Kamran	
AUDIT COMMITTEE:	Ms. Nuzhat Kamran	Chairperson/Member
	Mr. Rana Kamal Ud Din	Member
	Ms. Tahniat Mussaid	Member
CHIEF FINANCIAL OFFICER:	Mr. Naveed Aleem	
COMPANY SECRETARY:	Mr. Abdul Jabbar	
AUDITORS:	Azhar Zafar & Company	Chartered Accountants
LEGAL ADVISOR:	Cornelius Lane & Mufti	
	Advocate and Solicitors	
	Nawa-e-Waqt House, 4 Shahrah-e-Fatima Jinnah,	
	Lahore - 54000, Pakistan	
BANKERS TO THE COMPANY:	Habib Bank Limited	National Bank of Pakistan
	Allied Bank Limited	MCB Bank Limited
	Askari Bank Limited	The Bank Of Punjab
	United Bank Limited	Faysal Bank Limited
	Habib Metropolitan Bank Limited	Meezan Bank Limited
	Bank Al Habib Limited	Silk Bank Limited
MILLS:	1 km, Balloki Bhai Pheru Road	(Weaving unit & Power plant)
	Bhai Pheru.	
	Phone : 0494 - 512007-9, 513103-5	
	Fax : 0494 - 512011	
	63 km, Gulshan Adda,	(Towel Unit)
	Jumber Khurd, District Kasur.	
<hr/>		
REGISTERED & HEAD OFFICE:	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: info@zephyr.com.pk Website: www.zephyr.com.pk Phone : 042 35782905 - 15 Fax : 042 35753202	

Directors' Report to the members

Directors of Zephyr Textiles Limited are pleased to present the un-audited interim financial results for the first quarter ended September 30, 2018. These interim financial statements are presented in accordance with the requirements of the Companies Act, 2017.

Operating and Financial Results

The revenue of the Company increased by 30.77% in the quarter ended September 30, 2018 as compared to the corresponding quarter ended September 30, 2017. Profit after tax accounted for PKR 8.852 million as compared to a loss after taxes of PKR 30.952 million in the corresponding quarter ended September 30, 2017. The main reason for increase in sales revenue was an increase in export sales from USD 2.37 million in the quarter ended September 30, 2017 to USD 4.56 million in the quarter ended September 30, 2018. During the period under review 804 tons towel sold as compared to 431 tons in corresponding period last year. Local fabric sales also slightly increased from 5.18 million linear meters to 5.32 linear meters. Similarly, break-up value of Company's share increased to PKR 26.07 in the quarter under review from PKR 22.84 in the corresponding period ended September 30, 2017.

Financial Highlights Description	Quarter ended September 30, 2018	Quarter ended September 30, 2017
Description	PKR	PKR
Sales - net	1,093,884,665	836,477,802
Gross Profit	85,692,083	89,601,175
Operating Profit for the period	50,649,360	43,322,973
Financial charges	31,770,873	67,208,049
Profit /(Loss) for the period before taxation	18,878,487	(23,885,076)
Taxation current	(10,026,118)	(7,067,210)
Profit /(Loss) for the period after taxation	8,852,369	(30,952,286)
Earnings /(Loss) Per Share	0.15	(0.52)

Historically, the first quarter of the financial year has generally been tough for the textile sector due to order seasonality, but the Company achieved a substantial increase in sales due to an improved product mix. and more orders due to Chinese trade row with USA and Europe. Despite growth in sales, the gross margin of the Company decreased because of increased input costs such as fuel and power. On a positive note, The Government of Pakistan has noticed the high costs of electricity and gas and announced special reduced rates for export oriented industry to make it competitive in the international market. Furthermore, the duty draw back policy of The Government is playing a pivotal role in rejuvenating the export oriented industry especially the textile sector. We anticipate that these sound policies will play a crucial role in bolstering the competitiveness of the company. We anticipate positive financial and operational performance during the next three quarters.

The directors would like to record their appreciation for the continued commitment and hard work being carried out by the employees of the Company.

For and on behalf of the Board of Directors



MUSSAID HANIF
 Chief Executive

Lahore

October 30, 2018

Statement of Financial Position

As at September 30, 2018 (Un-Audited)

	Notes	Un-Audited Sep 30, 2018 (Rupees)	Audited June 30, 2018 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital			
62,500,000			
ordinary shares of Rs. 10 each		625,000,000	625,000,000
Issued, subscribed and paid-up share capital			
59,428,729			
ordinary shares of Rs. 10 each		594,287,290	594,287,290
ACCUMULATED PROFIT		609,651,885	595,210,555
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		345,652,087	351,241,048
		1,549,591,262	1,540,738,893
LONG TERM LOANS		385,345,918	416,224,442
DEFERRED LIABILITIES		240,666,463	242,572,800
CURRENT LIABILITIES			
Short term finances - Secured		1,138,111,567	1,158,696,746
Current portion of long term liabilities		160,392,397	164,905,244
Creditors, accrued and other liabilities		689,122,095	662,788,821
Unclaimed Dividend		425,102	425,102
Accrued Mark Up		21,649,287	21,672,114
		2,009,700,448	2,008,488,027
CONTINGENCIES AND COMMITMENTS	4	-	-
		4,185,304,091	4,208,024,162
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment	5	1,946,474,739	1,981,435,617
Capital work in progress		-	-
		1,946,474,739	1,981,435,617
Long term advances and deposits		22,498,601	22,498,601
CURRENT ASSETS			
Stores, spares and loose tools		130,598,684	103,588,222
Stock in trade		1,173,780,777	1,069,576,465
Trade debts		523,257,911	658,604,786
Loans and advances		52,864,823	35,965,460
Trade deposits, prepayments and balances with statutory authorities		200,077,447	188,742,833
Other receivables		126,854,492	117,887,501
Short term investment		731,170	734,124
Cash and bank balances		8,165,447	28,990,553
		2,216,330,751	2,204,089,944
		4,185,304,091	4,208,024,162

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

Statement of Profit & Loss Account

For the 1st Quarter ended September 30, 2018 (Un-Audited)

	Jul-Sep 2018 (Rupees)	Jul-Sep 2017 (Rupees)
SALES	1,093,884,665	836,477,802
COST OF SALES	1,008,192,582	746,869,627
GROSS PROFIT	85,692,083	89,608,175
OPERATING EXPENSES		
Distribution Costs	30,105,379	21,123,239
Administrative Cost	19,620,465	17,038,730
	49,725,844	38,161,969
	35,966,239	51,446,206
Other Operating Expenses	1,402,144	8,258,004
	34,564,095	43,188,202
Other Operating Income	16,085,265	134,771
OPERATING PROFIT	50,649,360	43,322,973
Finance Cost	31,770,873	67,208,049
PROFIT/LOSS BEFORE TAXATION	18,878,487	(23,885,076)
Taxation	10,026,118	7,067,210
PROFIT/LOSS AFTER TAXATION	8,852,369	(30,952,286)
EARNING PER SHARE-BASIC & DILUTED	0.15	(0.52)

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

Statement of Comprehensive Income

For the 1st Quarter ended September 30, 2018 (Un-Audited)

	Jul-Sep 2018 (Rupees)	Jul-Sep 2017 (Rupees)
Profit / (Loss) for the period after taxation	8,852,369	(30,952,286)
Other Comprehensive Income		
Other comprehensive income / (Loss) for the period	-	-
Total Comprehensive Income / (Loss) for the period	8,852,369	(30,952,286)

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Cash Flow

 For the 1st Quarter ended September 30, 2018 (Un-Audited)

	Jul-Sep 2018 (Rupees)	Jul-Sep 2017 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period before taxation	18,878,487	(23,885,076)
Adjustments for:		
Depreciation	41,457,636	41,032,820
Gain on sale of fixed assets	(634,773)	-
Gain on re-measurement of short term investments	-	345,293
Dividends, capital gains & other (Income)/Loss	-	(30,496)
Provision for staff gratuity	6,892,002	5,806,818
Financial charges	31,770,873	67,208,049
	79,485,738	114,362,484
	98,364,225	90,477,408
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(27,010,462)	6,730,863
Stock in trade	(104,204,312)	(41,974,472)
Trade debts	135,346,875	(1,971,716)
Loans and advances	(16,899,363)	(11,030,383)
Trade deposits, prepayments & other receivables	(22,559,965)	(6,563,315)
	(35,327,227)	(54,809,023)
(Increase)/Decrease in current liabilities		
Creditors, accrued and other liabilities	26,356,106	40,828,200
Cash flow from operations	89,393,104	76,496,585
Financial charges Paid	(28,399,431)	(30,958,147)
Taxes paid	(10,778,121)	(8,115,390)
Gratuity paid	(6,403,070)	(2,137,600)
	(45,580,622)	(41,211,137)
Net cash flow from operating activities (A)	43,812,482	35,285,448
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	-	-
Sale proceeds of fixed assets	750,000	-
Dividends received	-	30,496
Proceeds from Sale of short term investment	2,954	(1,742,928)
Fixed capital expenditure	(6,612,041)	(22,283,879)
Net cash flow from investing activities (B)	(5,859,087)	(23,996,311)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	(20,585,179)	48,644,731
Long term finances - secured	(38,193,322)	(92,764,499)
Net cash flow from financing activities (C)	(58,778,501)	(44,119,768)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(20,825,106)	(32,830,631)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	28,990,553	49,888,620
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8,165,447	17,057,987

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

Statement of Changes in Equity

For the 1st Quarter ended September 30, 2018 (Un-Audited)

Description	Share Capital (Rupees)	Accumulated Profit/(Loss) (Rupees)	Revaluation Surplus (Rupees)	Total Equity (Rupees)
Balance as at June 30, 2017	594,287,290	468,969,188	333,572,878	1,396,829,356
Net Loss for the period	-	(30,952,286)	-	(30,952,286)
Current year incremental depreciation - net of tax	-	5,980,395	(5,980,395)	-
Balance as at September 30, 2017	594,287,290	443,997,297	327,592,483	1,365,877,070
Balance as at June 30, 2018	594,287,290	595,210,555	351,241,048	1,540,738,893
Net Profit for the period	-	8,852,369	-	8,852,369
Current year incremental depreciation - net of tax	-	5,588,961	(5,588,961)	-
Balance as at September 30, 2018	594,287,290	609,651,885	345,652,087	1,549,591,262

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

Notes to the Financial Statements

For the 1st Quarter ended September 30, 2018 (Un-Audited)

- These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
- These financial statements are un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
- The accounting policies adopted for the preparation of the accounts are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2018.

4. CONTINGENCIES AND COMMITMENTS

4.1 Commitments

Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2018 amounting to Rs. 2.111 million (June 2018 : Rs. 12.944 million).

4.2 Others

There are no other significant activities since June 30, 2018 affecting financial Statements.

- Following is the cost of fixed assets that have been added / disposed off during the quarter ended:

	Un-audited September 30, 2018 (Rupees)	Audited June 30, 2018 (Rupees)
Additions in fixed assets	6,612,041	97,452,971
Deletions in fixed assets	1,030,235	860,127
Additions in capital work in progress	-	36,631,103
Transfers from capital work in progress	-	46,332,879
6. EARNING PER SHARE - BASIC		
Profit / (loss) after tax	8,852,369	103,174,825
Weighted average number of ordinary shares	59,428,729	59,428,729
Earning / (loss) per share - basic	0.15	1.74

7. DATE OF AUTHORISATION

These accounts have been approved by Board of Directors on October 30, 2018.

8. COMPARATIVE FIGURES

Have been rearranged/reclassified wherever necessary for the purpose of comparison.
Have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

ارکان کے لیے ڈائریکٹرز کی رپورٹ

زیرفٹیکسٹائل لمیٹڈ کے ڈائریکٹرز بمسرت 30 ستمبر، 2018 کو ختم ہونے والی پہلی سہ ماہی کے لیے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔ یہ عبوری مالیاتی گوشوارے کمپنی ایکٹ، 2017 کی ضروریات کے مطابق پیش کئے جاتے ہیں۔

عملی اور مالیاتی نتائج

30 ستمبر، 2018 کو ختم ہونے والی پہلی سہ ماہی میں، مقامی اور بین الاقوامی منڈیوں میں سخت مقابلے کے باوجود کمپنی کی آمدنی میں اضافہ ہوا ہے۔ جو کہ گزشتہ سہ ماہی 30 ستمبر، 2017 کے مقابلے میں 30.77 فیصد زیادہ ہے۔ بعد از ٹیکس منافع 8,852 ملین روپے حاصل کیا گیا ہے۔ جو کہ 30 ستمبر، 2017 کو ختم ہونے والی سہ ماہی میں 30.952 ملین روپے بعد از ٹیکس نقصان تھا۔ فروخت آمدنی میں اضافہ کی بنیادی وجہ 30 ستمبر، 2018 کو ختم ہونے والی سہ ماہی میں کمپنی کی برآمدات 4.56 ملین امریکی ڈالر ہیں۔ جو کہ 30 ستمبر، 2017 کو ختم ہونے والی پہلی سہ ماہی میں 2.37 ملین امریکی ڈالر تھی۔ اسی طرح زیر جائزہ سہ ماہی میں کمپنی کے فی حصص کی قیمت 26.07 روپے ہو گئی ہے۔ جو کہ اسی مدت کے دوران 30 ستمبر، 2017 کو 22.84 روپے تھی۔

نمایاں مالیاتی تفصیل	سہ ماہی ختم 2018 (روپے)	30 ستمبر 2017 (روپے)
خالص فروخت	10,93,884,665	836,477,802
کل منافع	85,692,083	89,601,175
آپریٹنگ منافع	50,649,360	43,322,973
مالیاتی اخراجات	31,770,873	67,208,049
قبل از ٹیکس منافع / (نقصان)	18,878,487	(23,885,076)
موجودہ ٹیکس	(10,026,118)	(7,067,210)
بعد از ٹیکس منافع / (نقصان)	8,852,369	(30,952,286)
فی حصص آمدنی / (نقصان)	0.15	(0.52)

تاریخی طور پر موسمیاتی ترتیب کی وجہ سے مالی سال کی پہلی سہ ماہی عموماً ٹیکسٹائل سیکٹر کے لیے مشکل ثابت ہوتی ہے۔ لیکن کمپنی نے اپنی موثر حکمت عملی نافذ کرنے کی وجہ سے اپنی فروخت میں کافی اضافہ کیا ہے۔ اور اس کے علاوہ مصنوعات مرکب میں بہتری کا رجحان ہے۔ فروخت میں ترقی کے باوجود کمپنی کے کل منافع میں کمی کی بڑی وجہ ایندین اور بجلی کی لاگت میں اضافہ ہے۔ ایک مثبت پیش رفت، حکومت پاکستان نے مڈ کی میں بجلی اور گیس کی بڑھتی ہوئی قیمتوں کا نوٹس لیتے ہوئے بین الاقوامی منڈیوں میں مقابلہ بازی کے لیے، برآمدی صنعتوں کے لیے خصوصی کم نرخوں کا اعلان کیا ہے۔ مزید برآں، برآمدی صنعتوں خصوصاً ٹیکسٹائل سیکٹر کو دوبارہ بحال کرنے میں حکومت کی ڈیوٹی ڈلایک پالیسی کا ایک اہم کردار ہے۔ ہم متوقع ہیں کہ یہ مضبوط پالیسیاں، قومی خزانے کے زرمبادلہ کے ذخائر کو بڑھانے میں اہم کردار ادا کریں گئے۔ موجودہ سہ ماہی میں مالیاتی لاگت کم ہوتی ہے۔ جو کہ پچھلی سہ ماہی میں 37.404 ملین روپے کے ایک روایتی ناگزیر خرچ کی وجہ سے کافی زیادہ تھی۔ ہم آئندہ تین سہ ماہیوں کے دوران، مثبت مالی اور عملی کارکردگی کی توقع رکھتے ہیں۔

ڈائریکٹرز، کمپنی کے ملازمین کی طرف سے کیے جانے والے مسلسل عزم اور سخت جدوجہد کی تعریف کرنا چاہیں گے۔

محمد رفیع
محترم برہان محمد خان
ڈائریکٹر

محمد رفیع
محترم مسعود حنف
چیف ایگزیکٹو

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