



COLONY TEXTILE MILLS
L I M I T E D

**Condensed Interim
FINANCIAL INFORMATION
for the first quarter ended
September 30, 2019
(un-audited)**



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COMPANY INFORMATION

Board Of Directors

Mr. Mughis A. Sheikh	(Chairman)
Mr. Fareed Mughis Sheikh	(Chief Executive Officer)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	
Mr. Muhammad Ashraf Saif	
Mr. Abdul Hakeem Khan Qasuria	
Mr. Muhammad Ikram ul Haq	

Board Committees

Audit Committee

Mr. Muhammad Ashraf Saif	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Abdul Hakeem Khan Qasuria	

HR & Remuneration Committee

Mr. Muhammad Ashraf Saif	(Chairman)
Mr. Muhammad Ikram ul Haq	
Mr. Abdul Hakeem Khan Qasuria	

Other Management Committees

Executive Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	

Technical Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Shoaib Khan	

Finance Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Atta Mohyuddin Khan	
Mr. Bilal Ahmad Khan Niazi	

Social Compliance & Human Resource Committees

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Atta Mohyuddin Khan	

Chief Financial Officer

Mr. Atta Mohyuddin Khan

Company Secretary

Mr. Muhammad Abid

Auditors

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Legal Advisor

BNR

Advocates and Corporate Counsel

Tax Advisor

Riaz Ahmad & Company
Chartered Accountants

Registered Address

M. Ismail Aiwan-e-Science Building
205 Ferozepur Road, Lahore-54600
Phone : 042-35758970-2
Fax : 042-35763247
Email : corporate@colonytextiles.com
Website: www.colonytextiles.com

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
HM House, 7 Bank Square
Lahore.
Phone: (042) 37235081-2, Fax: 042-37358817
Email : shares@hmaconsultants.com

Bankers

Bank Islami Pakistan Limited
Meezan Bank Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited
Summit Bank Limited

DIRECTORS' REVIEW

Dear Members,

The directors of your company are pleased to present the unaudited interim financial statements for the first quarter ended September 30, 2019.

The turnover of the first quarter has decreased from Rs. 4,653 million to Rs. 3,815 million as compared to the corresponding period of last year. The gross profit for the period is Rs. 43 million (2018: Rs. 352 million) and the net loss of the quarter is Rs. 225 million (2018: profit of Rs. 16 million). Loss per share for the first quarter is Rs. 0.45 as compared to the earnings per share of Rs. 0.03 of the corresponding quarter of last year.

The termination of zero-rated status, strict condition of registration, national identity card and high rate of general sales tax have created an extremely critical situation of uncertainty and deadlock which is reflected in this quarter's results. There is still a large disparity of utility costs between Punjab and other provinces of Pakistan, let alone the rest of regional players. The matters have been made worse with high interest rates and news of cotton crop failure which has resulted in cotton prices going higher and higher. Though all these factors should have resulted in increased prices in the domestic markets but due to immense uncertainty and confusion the rates and demand is under huge pressure and adversely affecting the bottom line.

Your management has successfully concluded its negotiations with Habib Bank Limited for rescheduling/restructuring of its financial liabilities.

In order to achieve vertical integration, your company has incorporated a wholly owned subsidiary "StitchRite (Private) Limited" for the manufacturing of garments.

The management of your company is doing its utmost to overcome the challenges at hand by aggressively working towards product diversification, cost control and enhance productivity.

We would like to place on record our deep appreciation for the cooperation of our banks, efforts of our executives and employees for the betterment of the company.

For and on behalf of the Board



Muhammad Ikram ul Haq
Director



Fareed Mughis Sheikh
Chief Executive Officer

Lahore
October 30, 2019

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2019

	Note	(Un-Audited) September 30, 2019 Rupees "000"	(Audited) June 30, 2019 Rupees "000"
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital	4	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' Subordinated loan		385,187	385,187
General Reserves		4,702	4,702
Unappropriated Profit		972,841	1,197,969
Surplus on remeasurement of investments		986	986
		9,519,798	9,744,926
NON CURRENT LIABILITIES			
Long term finances	5	7,711,723	7,671,381
Liabilities against assets subject to finance lease		9,345	10,787
Deferred liabilities		4,459,695	4,271,326
		12,180,763	11,953,494
CURRENT LIABILITIES			
Trade and other payables		1,147,549	1,058,672
Short term borrowings		3,181,332	3,188,296
Accrued mark up		207,978	309,783
Unclaimed dividend		94	94
Current portion of long term liabilities		612,177	640,975
Provision for taxation		324,184	277,024
		5,473,314	5,474,844
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		27,173,875	27,173,264
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	18,455,831	18,461,959
Investment property		629,886	629,886
Long term investments		191,341	191,341
Long term deposits		51,132	51,132
		19,328,190	19,334,318
CURRENT ASSETS			
Stores, spares and loose tools		332,728	397,346
Stock in trade		4,841,171	4,705,937
Trade debts		992,479	997,955
Advances, deposits and other receivables		1,643,933	1,700,403
Other financial assets		18	18
Cash and bank balances		35,356	37,287
		7,845,685	7,838,946
		27,173,875	27,173,264

The annexed notes from 1 to 13 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	(Un-Audited) September 30, 2019 Rupees "000"	(Un-Audited) September 30, 2018 Rupees "000"
Sales-net		3,814,915	4,652,525
Cost of sales	8	3,771,672	4,300,034
Gross profit		43,243	352,491
Operating expenses:			
Distribution cost		40,653	50,744
Administrative expenses		60,363	46,336
		101,016	97,080
Operating (Loss) / Profit		(57,773)	255,411
Finance cost		219,512	191,653
		(277,285)	63,758
Other Income	9	99,317	9,259
(Loss) / Profit before tax		(177,968)	73,017
Taxation	10	47,160	57,160
(Loss) / Profit after tax		(225,128)	15,857
(Loss) / Earnings per share-basic and diluted		(0.45)	0.03
Other Comprehensive Income			
Surplus on revaluation of fixed assets		-	6,950
Total Comprehensive (Loss) / Income		(225,128)	22,807

The notes from 1 to 13 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	(Un-Audited) September 30, 2019 Rupees "000"	(Un-Audited) September 30, 2018 Rupees "000"
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		(177,968)	73,017
Adjustments for:			
Provision for gratuity		39,000	15,000
Depreciation		214,031	211,598
Gain on restructuring from banking companies		(91,207)	-
Gain on disposal of PPE		(2,231)	(568)
Finance cost		219,512	191,653
Operating cash flows before working capital changes		201,137	490,700
(Increase) / decrease in current assets			
Stores, spares and loose tools		64,618	(7,280)
Stock in trade		(135,234)	25,000
Trade debts		5,476	(143,672)
Advances, deposits and other receivables		87,019	(58,697)
Increase / (decrease) in current liabilities			
Trade and other payables		88,877	(80,602)
		110,756	(265,251)
Cash generated from operating activities		311,893	225,449
Finance cost paid		(70,939)	(24,392)
Gratuity paid		(10,357)	(9,334)
Income tax paid		(30,193)	(89,781)
		(111,489)	(123,507)
Net cash generated from operating activities		200,404	101,942
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(209,220)	(32,121)
Proceeds from disposal of PPE		3,547	732
Net cash used in investing activities		(205,673)	(31,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained / (repaid)	5	12,264	(50,000)
Lease rentals-Net		(1,962)	(2,511)
Short term borrowings-net		(6,964)	(7,514)
Net cash generated / (used) in financing activities		3,338	(60,025)
Net cash (decrease) / increase in cash and cash equivalents during the period		(1,931)	10,528
Cash and cash equivalents at the beginning of the period		37,287	38,412
Cash and cash equivalents at the end of the period		35,356	48,940

The annexed notes from 1 to 13 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	REVENUE RESERVES							
	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	General reserves	Unappropriated profit/(loss)	Re-measurement gain/(loss)	Total
Rupees "000"							
Balance as on July 01, 2018	4,980,100	3,156,388	12,644	-	4,702	(228,300)	1,080	7,926,614
Surplus on revaluation of fixed assets	-	-	6,950	-	-	-	-	6,950
Profit for the period	-	-	-	-	-	15,857	-	15,857
Balance as at September 30, 2018	4,980,100	3,156,388	19,594	-	4,702	(212,443)	1,080	7,949,421
Balance as on July 01, 2019	4,980,100	3,156,388	19,594	385,187	4,702	1,197,969	986	9,744,926
Loss for the period	-	-	-	-	-	(225,128)	-	(225,128)
Balance as at September 30, 2019	4,980,100	3,156,388	19,594	385,187	4,702	972,841	986	9,519,798

The annexed notes from 1 to 13 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

1. THE COMPANY AND ITS OPERATIONS

Colony Textile Mills Limited is a public company limited by shares incorporated in Pakistan on January 12, 2011 under the provisions of the Companies Ordinance, 1984. The company is listed on Pakistan Stock Exchange Limited. The company's registered office is located at M. Ismail Aiwan-i-Science, Ferozpur Road, Lahore, Pakistan. The principal activity of the company is manufacturing and sale of yarn, fabrics, garments made ups and trading in real estate.

2. BASIS OF PREPARATION OF ACCOUNTS

These financial statements are unaudited and are being submitted to members as required under section 237 of the Companies Act, 2017. These have been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting) as applicable in Pakistan and notified by Securities and Exchange Commission of Pakistan (SECP).

3. ACCOUNTING POLICIES AND SEASONALITY OF OPERATIONS

3.1 The accounting policies and methods of computations adopted for the preparation of these accounts are the same as applied in the preparation of preceding annual published accounts of the Company.

3.2 Some operations of the Company are very much seasonal in nature such as cotton purchase which depends upon the crop season. Effect of such operations are also reflected in these financial statements.

	September 30, 2019 Rupees "000"	June 30, 2019 Rupees "000"
4. SHARE CAPITAL		
4.1 Authorized capital		
185,000,000 (2019: 185,000,000) ordinary shares of Rs. 10 each	1,850,000	1,850,000
Capital of merged companies		
345,000,000 (2019: 345,000,000) ordinary shares of Rs. 10 each	3,450,000	3,450,000
	<u>5,300,000</u>	<u>5,300,000</u>
4.2 Issued, subscribed and paid up capital		
20,000 (2019: 20,000) ordinary shares of Rs. 10 each issued as fully paid in cash shares	200	200
497,989,959 (2019: 497,989,959) fully paid ordinary shares of Rs. 10 each issued to the shareholders of amalgamated entities	4,979,900	4,979,900
	<u>4,980,100</u>	<u>4,980,100</u>

	Note	September 30, 2019 Rupees "000"	June 30, 2019 Rupees "000"
5. LONG TERM FINANCES-Secured			
Long term loans		8,281,688	8,269,424
Less: Current portion shown under current liabilities		(569,965)	(598,043)
		<u>7,711,723</u>	<u>7,671,381</u>
6. CONTINGENCIES AND COMMITMENTS			
The status of contingencies and commitments are almost same as described in the recent annual accounts.			
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	18,150,913	18,211,616
Assets subject to finance lease	7.2	117,200	118,684
Capital work in progress		187,718	131,659
		<u>18,455,831</u>	<u>18,461,959</u>
7.1 Operating fixed assets			
Opening written down value		18,211,616	18,271,454
Add: Cost of additions during the period	7.1.1	153,161	914,854
		<u>18,364,777</u>	<u>19,186,308</u>
Less: Written down value of deletions during the period		1,316	3,372
Less: Transferred to Investment Property		-	128,096
		<u>18,363,461</u>	<u>19,054,840</u>
Less: Depreciation charged during the period		212,548	843,224
		<u>18,150,913</u>	<u>18,211,616</u>
7.1.1 Cost of additions during the period			
Building on free hold land		-	21,306
Plant and machinery		150,582	492,586
Factory tools & equipment		104	1,633
Furniture & fixture		1,490	2,389
Office and other equipment		869	3,558
Vehicles		116	46,108
Transferred from leased assets		-	2,508
Transferred from CWIP		-	344,766
		<u>153,161</u>	<u>914,854</u>
7.2 Assets subject to finance lease			
Opening book value		118,684	127,438
Add: Additions / (Transfers) during the period		-	(2,508)
Less: Depreciation charged during the period		1,484	6,246
		<u>117,200</u>	<u>118,684</u>

	September 30, 2019 Rupees "000"	September 30, 2018 Rupees "000"
8. COST OF SALES		
Raw material consumed	3,773,735	2,936,091
Stores and spares consumed	187,154	149,808
Salaries, wages and benefits	478,571	312,673
Power and fuel	629,515	652,873
Insurance	19,087	12,318
Depreciation	210,557	208,050
Other factory overheads	27,191	7,931
	<u>5,325,810</u>	<u>4,279,744</u>
Adjustment of work in process		
Opening	450,135	453,260
Closing	(433,863)	(448,200)
	<u>16,272</u>	<u>5,060</u>
Cost of goods manufactured	5,342,082	4,284,804
Adjustment of finished goods		
Opening	2,090,735	3,815,935
Closing	(3,661,145)	(3,800,705)
	<u>(1,570,410)</u>	<u>15,230</u>
Real estate		
Opening	165,000	496,747
Closing	(165,000)	(496,747)
	<u>-</u>	<u>-</u>
Cost of goods sold	<u>3,771,672</u>	<u>4,300,034</u>

9. OTHER INCOME

Other income includes profit on bank deposits, exchange gains, rental income and gain arising due to restructuring of finances from banks.

10. PROVISION FOR TAXATION

Current-Minimum Taxation	47,160	57,160
	<u>47,160</u>	<u>57,160</u>

11. RELATED PARTY TRANSACTIONS

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions.

Contribution to Provident Fund Trust	6,111	5,001
	<u>6,111</u>	<u>5,001</u>

12. SEGMENT INFORMATION

12.1 The company has two reportable business segments. The following summary describes the operation in each of the company's reportable segments:

Spinning: Production of different qualities of yarn using cotton and man-made fibers.

Weaving: Production of different qualities of greige fabric using cotton and man-made fiber yarn.

Transactions among the business segments are recorded at cost. Intersegment sales and purchases have been eliminated from the total.

12.2

Spinning		Weaving		Total-company	
September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
-----Rupees (000)-----		-----Rupees (000)-----		-----Rupees (000)-----	

Sales:

Total Sales	2,709,255	3,809,738	1,199,457	898,788	3,908,712	4,708,526
Inter segment	(93,797)	(56,001)		-	(93,797)	(56,001)
External Sales	2,615,458	3,753,737	1,199,457	898,788	3,814,915	4,652,525
Cost of sales	2,583,003	3,480,027	1,188,669	820,007	3,771,672	4,300,034
Gross profit	32,455	273,710	10,788	78,781	43,243	352,491
Distribution cost	24,392	34,521	16,261	16,223	40,653	50,744
Administration cost	36,218	32,435	24,145	13,901	60,363	46,336
	60,610	66,956	40,406	30,124	101,016	97,080
	(28,155)	206,754	(29,618)	48,657	(57,773)	255,411
Finance cost	131,707	128,408	87,805	63,245	219,512	191,653
	(159,862)	78,346	(117,423)	(14,588)	(277,285)	63,758

Unallocated income and expenses

Other income		99,317	9,259
(Loss) / Profit before tax		(177,968)	73,017
Taxation		47,160	57,160
(Loss) / Profit after tax		(225,128)	15,857
Other comprehensive income:		-	6,950
Total Comprehensive (Loss) / Income		(225,128)	22,807

13. AUTHORIZATION FOR ISSUE

These accounts have been approved and authorized for issue by the board of directors in its meeting held on October 30, 2019.



Chief Financial Officer



Director



Chief Executive Officer

ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹر ان، بخوشی پہلی سہ ماہی اختتمہ 30 ستمبر 2019ء کے غیر متفرج شدہ مالی حسابات پیش کر رہے ہیں۔

پہلی سہ ماہی کا کاروباری حجم پچھلے سال کی اسی سہ ماہی کے مقابلے میں مبلغ 4,653 ملین روپے سے کم ہو کر مبلغ 3,815 ملین روپے ہو گیا ہے۔ اس مدت کا خام منافع مبلغ 43 ملین روپے (2018: 352 ملین روپے) جبکہ بعد از ٹیکس نقصان 225 ملین روپے (2018: بعد از ٹیکس منافع 16 ملین روپے) ہے۔ اس طرح فی حصہ نقصان 0.45 روپے رہا جو کہ پچھلے سال اسی سہ ماہی میں نفع فی حصہ 0.03 روپے تھا۔

صفر درجہ کی رعایتی حیثیت ختم ہونے، رجسٹریشن کی سخت شرائط، قومی شناختی کارڈ اور سیلز ٹیکس کی بڑھتی ہوئی شرح نے نعتل اور غیر یقینی کی نگہبھر صورتحال پیدا کی ہے جو کہ سہ ماہی نتائج میں واضح ہے۔ دوسرے صوبوں کی نسبت صوبہ پنجاب میں یوٹیلیٹی اخراجات ابھی بھی بہت زیادہ ہیں اگر دیگر عوامل کو چھوڑ بھی دیا جائے۔ شرح سود میں اضافہ اور کپاس کی فصل کم پیداوار کی خبریں کپاس کی قیمت میں اضافہ کر رہی ہیں۔ اگرچہ ان تمام عناصر کی وجہ سے مقامی منڈی میں قیمتیں بڑھی ہیں مگر غیر یقینی کی صورتحال اور طلب پر دباؤ منافع پر بری طرح اثر انداز ہو رہے ہیں۔

کمپنی نے حبیب بینک لمیٹڈ کے ساتھ کامیابی سے قرضہ جات کی ری شیڈیولنگ مکمل کر لی ہے۔

عمودی انضمام کے مقصد کے تحت کمپنی نے "StitchRite (Private) Limited" کے نام سے ایک مکمل ملکیتی کمپنی گارمنٹس کے کاروبار کے لئے بنائی ہے۔

آپ کی کمپنی کی انتظامیہ ان مسائل سے بہتر طور پر نبرد آزما ہونے کے لیے انتہائی اقدامات کرنے میں مصروف عمل ہے جو لاگت کو کنٹرول کرنے اور پیداوار بڑھانے میں معاون ثابت ہوں گے۔

ہم اپنے ایگزیکٹوز اور دیگر ملازمین کی کاوشوں کا تہہ دل سے شکر گزار ہیں۔

Al. Khan ul Haq

اکرام الحق

ڈائریکٹر

فرید منیٹ شیخ

چیف ایگزیکٹو آفیسر

لاہور: 30 اکتوبر 2019

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- Financial calculator
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*Mobile apps are also available for download for android and ios devices

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COLONY TEXTILE MILLS LIMITED

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