

# Zephyr Textiles Limited

Accounts for the Nine Months Ended  
March 31, 2020

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## Company Information

<b>BOARD OF DIRECTORS:</b>	Ms. Tahniat Mussaid Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Rana Kamal Ud Din Ms. Sabah Burhan Ms. Sarah Naviwala Ms. Nuzhat Kamran	Chairperson CEO
<b>AUDIT COMMITTEE:</b>	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tahniat Mussaid	Chairperson/Member Member Member
<b>CHIEF FINANCIAL OFFICER:</b>	Mr. Naveed Aleem	
<b>COMPANY SECRETARY:</b>	Mr. Abdul Jabbar	
<b>AUDITORS:</b>	Azhar Zafar & Company	Chartered Accountants
<b>LEGAL ADVISOR:</b>	Cornelius Lane & Mufti Advocate and Solicitors Nawa-e-Waqt House, 4 Shahrah-e-Fatima Jinnah, Lahore - 54000, Pakistan	
<b>BANKERS TO THE COMPANY:</b>	Habib Bank Limited Allied Bank Limited Askari Bank Limited United Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited	National Bank of Pakistan MCB Bank Limited The Bank of Punjab Faysal Bank Limited Meezan Bank Limited Silk Bank Limited
<b>MILLS:</b>	1 km, Balloki Bhai Pheru Road Bhai Pheru. Phone : 0494 - 512007-9, 513103-5 Fax : 0494 - 512011 63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(Weaving unit & Power plant)    (Towel unit)
<b>REGISTERED &amp; HEAD OFFICE:</b>	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	

**Note:** Zephyr's Company Information & Financial Statements are also available at the above website

# Directors' report to the members

## Operating and Financial Results

The Directors of Zephyr Textiles Limited take pleasure in presenting un-audited interim financial statements for the nine months ended March 31, 2020.

The Company earned a gross profit of PKR 301.17 million on sales of PKR 3,424.47 million as compared to gross profit of PKR 311.97 million on sales of PKR 3,446.24 million for the corresponding period last year. During the period under review, the Company earned a net profit of PKR 35.37 million as compared to PKR 52.38 million in corresponding period. The main reasons for decrease in gross and net margins are higher cost of production, transportation cost and higher tax rates.

Description	March 31, 2020 Rupees	March 31, 2019 Rupees	Increase/ (Decrease) %
Sales - net	3,424,472,660	3,446,235,664	(0.63)
Gross Profit	301,169,449	311,973,825	(3.46)
Operating Profit for the period	164,442,526	189,236,578	(13.10)
Financial charges	93,981,817	104,555,948	(10.11)
Profit for the period before taxation	70,460,709	84,680,630	(16.79)
Taxation current	35,091,967	32,300,034	8.64
Profit for the period after taxation	35,368,742	52,380,596	(32.48)
Earning Per Share	0.60	0.88	(31.82)

The global spread of COVID-19 pandemic from China in late December, 2019 became the night mere for the world business. The global business closed down in attempt to prevent spread of coronavirus by the end of February. Textile sector in Pakistan have also been shut down by the Government after lockdown implemented on March 24, 2020. All imports became expensive including raw material due to closure of manufacturing facilities around the world. April and May, 2020 were the slowest business months ever witnessed due to the above reasons but the world is now opening its economies after more than two months closure and the industry is now gearing up for the new financial year. The last quarter had always been remarkable for sales but this year it might not be as good as per history. The Government is taking good measures for export industry by providing loans at discounted price and recent decrease in the interest rates will favorably affect the industry as well and we hope the industry will gain its momentum soon.

At the end, the directors extend their gratitude to the employees of the company for their teamwork, commitment, integrity and professionalism.

For and on behalf of the Board of Directors



MUSSAID HANIF  
CHIEF EXECUTIVE



BURHAN MUHAMMAD KHAN  
DIRECTOR

Lahore  
May 21, 2020

# Condensed interim statement of financial position

As at March 31, 2020 (Un-audited)

	Note	Un-Audited March 31, 2020 (Rupees)	Audited June 30, 2019 (Rupees)
<b>Equity and liabilities</b>			
Authorized share capital		625,000,000	625,000,000
<b>Equity</b>			
Share capital		594,287,290	594,287,290
Unappropriated profit		690,647,181	707,091,348
Surplus on revaluation of property, plant & equipment		307,774,029	326,024,212
<b>Total equity</b>		1,592,708,500	1,627,402,850
<b>Liabilities</b>			
Long term loans		204,089,105	304,818,570
Employees benefits		112,994,803	95,309,300
Deferred tax liabilities		138,334,262	145,788,566
<b>Non current liabilities</b>		455,418,170	545,916,436
Creditors, accrued and other liabilities		759,199,849	583,332,673
Accrued mark up		21,677,144	22,815,205
Short term finances - secured		1,341,550,819	1,250,018,577
Unclaimed dividend		4,859,107	659,831
Current portion of long term liabilities		164,516,674	167,010,393
<b>Current liabilities</b>		2,291,803,593	2,023,836,679
<b>Contingencies and commitments</b>	4	-	-
<b>Total liabilities</b>		4,339,930,263	4,197,155,965
<b>Assets</b>			
Property plant & equipment	6	1,906,176,284	1,909,707,867
Capital work in progress		41,942,022	31,075,383
Long term advances and deposits		22,515,301	22,458,501
<b>Non current assets</b>		1,970,633,607	1,963,241,751
Stores, spares and loose tools		140,658,625	109,799,001
Stock in trade		1,038,391,832	914,618,433
Trade debts		668,267,433	712,461,961
Loans and advances		76,055,369	100,498,346
Trade deposits and prepayments		283,683,893	213,159,166
Other receivables		63,868,613	126,766,078
Short term investment		1,018,877	989,516
Cash and bank balances		97,352,014	55,621,713
<b>Current assets</b>		2,369,296,656	2,233,914,214
<b>Total assets</b>		4,339,930,263	4,197,155,965

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

## Condensed interim statement of comprehensive income

For the nine months ended March 31, 2020 (Un-audited)

	Un-audited for nine months ended March 31,		Un-audited for quarter ended March 31,	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
Sales	3,424,472,660	3,446,235,664	1,285,155,198	1,152,744,240
Cost of sales	3,123,303,211	3,134,261,839	1,186,139,671	1,041,437,630
Gross profit	301,169,449	311,973,825	99,015,527	111,306,610
Distribution costs	97,774,709	93,084,320	40,642,955	32,513,389
Administrative	64,238,607	55,150,833	19,389,306	16,994,253
Other operating expenses	4,571,289	5,604,970	1,064,886	826,305
	166,584,605	153,840,123	61,097,147	50,333,947
Other operating income/(loss)	29,857,682	31,102,876	17,975,116	1,069,703
Operating profit before finance cost	164,442,526	189,236,578	55,893,496	62,042,366
Finance costs	93,981,817	104,555,948	28,640,244	36,376,452
Profit for the period before taxation	70,460,709	84,680,630	27,253,252	25,665,914
Taxation	35,091,967	32,300,034	15,459,061	11,304,851
Profit for the period after taxation	35,368,742	52,380,596	11,794,191	14,361,063
Other comprehensive income:				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	35,368,742	52,380,596	11,794,191	14,361,063
Earning per share - basic & diluted	0.60	0.88	0.20	0.24

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# Condensed interim statement of cash flows

For the nine months ended March 31, 2020 (Un-audited)

	Un-audited For nine months ended March 31,	
	2020 (Rupees)	2019 (Rupees)
<b>Cash flow from operating activities</b>		
Profit for the period before taxation	70,460,709	84,680,630
Adjustments for:		
Depreciation	125,409,308	125,621,392
Gain on sale of fixed assets	(1,180,872)	(1,251,101)
Gain loss on re-measurement of short term investments	(29,360)	67,993
Dividends, capital gains & other (income)/loss	-	(308)
Provision for staff gratuity	26,925,426	20,676,006
Financial charges	93,981,817	104,555,948
	245,106,319	249,669,930
	315,567,028	334,350,560
<b>Increase/(decrease) in current assets</b>		
Stores, spares and loose tools	(30,859,624)	(30,152,529)
Stock in trade	(123,773,400)	(84,077,104)
Trade debts	44,194,528	118,602,793
Loans and advances	24,442,977	(20,246,596)
Short Term Investments	(29,361)	(241,315)
Trade deposits and prepayments	(76,996,051)	(9,658,244)
Other receivables	22,548,739	(11,878,436)
	(140,472,192)	(37,651,431)
<b>(Increase)/decrease in current liabilities</b>		
Creditors, accrued and other liabilities	146,152,811	(56,131,923)
<b>Cash flow from operations</b>	321,247,648	240,567,206
Financial charges paid	(88,632,913)	(71,740,919)
Taxes paid	(36,074,947)	(32,193,687)
Gratuity paid	(9,239,923)	(17,662,425)
	(133,947,783)	(121,597,031)
<b>Net cash flow from operating activities (A)</b>	187,299,865	118,970,175
<b>Cash flow from investing activities</b>		
Long term advances, deposits and deferred costs	(56,800)	(50,000)
Sale proceeds of fixed assets	2,691,541	1,512,000
Dividends received	-	308
Capital gains/(loss) and income/(loss) from investments	29,360	(67,993)
Fixed capital expenditure	(130,382,139)	(89,279,170)
<b>Net cash flow from investing activities (B)</b>	(127,718,038)	(87,884,855)
<b>Cash flow from financing activities</b>		
Short term finances - secured	91,532,242	52,711,435
Long term finances - secured	(109,383,768)	(84,101,400)
<b>Net cash flow from financing activities (C)</b>	(17,851,526)	(31,389,965)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	41,730,301	(304,645)
Cash and cash equivalents at the beginning of the period	55,621,713	28,990,553
<b>Cash and cash equivalents at the end of the period</b>	97,352,014	28,685,908

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

## Condensed interim statement of changes in equity

For the nine months ended March 31, 2020 (Un-audited)

Description	Share Capital (Rupees)	Accumulated Profit/(Loss) (Rupees)	Revaluation Surplus (Rupees)	Total Equity (Rupees)
Balance as at June 30, 2018	594,287,290	595,210,555	351,241,048	1,540,738,893
Total comprehensive income for the period	-	52,380,596	-	52,380,596
Final dividend @ Rs. 0.5 per ordinary share	-	(29,714,365)	-	(29,714,365)
Current year incremental depreciation - net of tax	-	16,766,883	(16,766,883)	-
Balance as at March 31, 2019	594,287,290	634,643,669	334,474,165	1,563,405,124
Balance as at June 30, 2019	594,287,290	707,091,348	326,024,212	1,627,402,850
Total comprehensive income for the period	-	35,368,742	-	35,368,742
Prior year adjustment	-	(40,348,726)	-	(40,348,726)
Final dividend @ Rs. 0.5 per ordinary share	-	(29,714,365)	-	(29,714,365)
Current year incremental depreciation - net of tax	-	18,250,182	(18,250,182)	-
Balance as at March 31, 2020	594,287,290	690,647,181	307,774,030	1,592,708,501

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



# Notes to the condensed interim financial statement

For the nine months ended March 31, 2020 (Un-audited)

- These accounts have been prepared in accordance with the requirements of International Accounting standard No. 34 "Interim Financial Reporting".
- The accounts 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, 2019.
- Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the annual financial statements for the year ended June 30, 2019.

## 5. Contingencies and commitments

### 5.1 Contingencies

There has been no significant change in contingencies since the last reviewed financial statements.

### 5.2 Commitments

Commitments against irrevocable letters of credit for import of raw material as at March 31, 2020 amounting to Rs. 0.744 million (June 2019: Rs. 27.891 million)

	Un-audited March 31, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
6. Property, plant and equipment		
Opening book value	1,909,707,867	1,981,435,617
Additions during the period	123,415,123	100,141,561
Book value of deletions during the period	(1,537,398)	(2,442,643)
Depreciation charged during the period	(125,409,308)	(169,426,668)
Closing book value	1,906,176,284	1,909,707,867
6.1 Cost of additions in property, plant and equipment:		
Building - on freehold land	-	372,800
Plant and machinery	102,995,765	83,392,906
Furniture and fixtures	1,068,200	924,450
Vehicles	13,856,910	11,083,110
Electric installations	1,475,099	673,400
Office equipments	4,019,149	3,694,895
	123,415,123	100,141,561
6.2 Cost of deletions in property, plant and equipment:		
Plant & machinery	-	2,000,000
Vehicles	2,534,623	3,958,745
Electric installations	1,300,000	-
Office equipments	65,000	-
	3,899,623	5,958,745
7. Capital work in progress		
Building - on freehold land	17,928,449	13,802,742
Plant & machinery	24,013,573	17,272,641
	41,942,022	31,075,383
8. Date of authorization		
These accounts have been approved by the Board of Directors on May 21, 2020.		
9. General		
- Figures have been rounded off to the nearest rupee.		
- Comparative figures have been rearranged/reclassified wherever necessary for the purpose of comparison.		

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

## اراکین کے لیے ڈائریکٹرز کی رپورٹ

زیر ٹیکسٹائل لمیٹڈ کے ڈائریکٹرز ازراہ مسرت 31 مارچ، 2020ء کو اختتام پذیر تیسری سہ ماہی کے لئے غیر پڑتال شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

## عملی مالیاتی نتائج

گذشتہ برس اسی مدت کے لئے 3,446.24 ملین روپے کی فروخت پر 311.97 ملین روپے مجموعی منافع کے مقابلہ میں کمپنی نے 3,424.47 ملین روپے کی فروخت پر 301.17 ملین روپے مجموعی منافع حاصل کیا۔ گذشتہ برس کی اسی مدت میں 52.38 ملین روپے کے مقابلہ میں زیر جائزہ مدت کے دوران کمپنی نے 35.37 ملین روپے خالص منافع حاصل کیا۔ مجموعی اور خالص اہداف میں کمی کی بنیادی وجوہات میں پیداواری لاگت، نقل و حمل پر لاگت اور زیادہ شرح ٹیکس شامل ہیں۔

تفصیلات	31 مارچ 2020ء روپے	31 مارچ 2019ء روپے	اضافہ/(کمی) فیصد
خالص فروخت	3,424,472,660	3,446,235,664	(0.63)
مجموعی منافع	301,169,449	311,973,825	(3.46)
رواں مدت کے لیے عملی منافع	164,442,526	189,236,578	(13.10)
مالیاتی اخراجات	93,981,817	104,555,948	(10.11)
نفع قبل از ٹیکس	70,460,709	84,680,630	(16.79)
موجودہ ٹیکس	35,091,967	32,300,034	8.64
نفع بعد از ٹیکس	35,368,742	52,380,596	(32.48)
فی حصص آمدنی	0.60	0.88	(31.82)

دسمبر 2019ء کے اواخر میں چین سے COVID-19 عالمی وبا کا پھیلاؤ دنیا بھر میں کاروباری سرگرمیوں کے لئے ایک ڈراؤنا خواب ثابت ہوا۔ فروری کے اختتام تک کورونا وائرس سے بچاؤ کی کوشش میں عالمی کاروبار کو بند کر دیا گیا۔ 24 مارچ، 2020ء کو لاگ ڈاؤن کے نفاذ کے بعد حکومت پاکستان نے ٹیکسٹائل کے شعبہ کو بھی بند کر دیا۔ دنیا بھر میں صنعتیں بند ہونے کی وجہ سے خام مال سمیت تمام درآمدات مہنگی ہو گئیں۔ مذکورہ بالا وجوہات کی بنا پر اپریل اور مئی 2020ء کاروباری سرگرمیوں کے سست ترین مہینے تھے۔ لیکن دو سے زائد ماہ کی بندش کے بعد دنیا اب اپنی معیشت کو کھول رہی ہے اور صنعت اب نئے مالیاتی سال کی جانب رواں دواں ہے۔ آخری سہ ماہی ہمیشہ ہی فروخت کے لئے انتہائی قابل ذکر رہی لیکن اس سال ماضی کے مقابلے میں یہ اچھی کارکردگی نہیں دکھائی۔ رعایتی قرضوں کی فراہمی کے ذریعے حکومت برآمدی صنعت کے لئے اچھے اقدامات کر رہی ہے۔ اور شرح سود میں حالیہ کمی صنعت پر مثبت اثرات مرتب کرے گی اور ہمیں اُمید ہے کہ جلد ہی یہ صنعت اپنی مطلوبہ رفتار حاصل کر لے گی۔

آخر میں ڈائریکٹرز، کمپنی کے ملازمین کے مسلسل عزم، ان تھک محنت اور پیشہ ورانہ صلاحیت کی حوصلہ افزائی کرتے ہیں۔

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