



**ZEPHYR**  
TEXTILES LIMITED

# Zephyr Textiles Limited

Accounts For the 1<sup>st</sup> Quarter  
Ended September 30, 2020

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## Company Information

<b>BOARD OF DIRECTORS:</b>	Mr. Mussaid Hanif Mr. Arbab Muhammad Khan Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Naviwala Ms. Nuzhat Kamran	CEO  Chairpreson
<b>AUDIT COMMITTEE:</b>	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tehniyat 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	

## Directors' Report to the Members

Directors of Zephyr Textiles Limited are pleased to present the un-audited interim financial statements for the first quarter ended September 30, 2020. These interim financial statements are presented in accordance with the requirements of the Companies Act, 2017.

### Operating and Financial Results

During the quarter ended September 30, 2020, the company earned a gross profit of PKR 182.386 million on sales of PKR 1445.756 million compared to gross profit of PKR 91.289 million on sales of PKR 887.715 million for the corresponding period of previous financial year. Gross margin improved to 12.62% in current period from 10.28% in corresponding period mainly due to the increased turnover especially exports in the period under review. The profit after tax is PKR 71.440 million as compared to PKR 5.068 million in corresponding period last year.

Financial Highlights Description	Quarter ended September 30, 2020 (Rupees)	Quarter ended September 30, 2019 (Rupees)
Sales - net	1,445,755,636	887,715,404
Gross profit	182,385,770	91,289,439
Operating profit for the period	114,149,311	46,815,743
Financial charges	(26,675,764)	(33,097,004)
Profit for the period before taxation	87,473,547	13,718,739
Taxation current	(16,033,740)	(8,650,337)
Profit for the period after taxation	71,439,807	5,068,402
Earnings per share	1.20	0.09

There is a sharp incline in textile business in first quarter of current financial period after the COVID-19 situation improved around the world particularly in Pakistan. All pending orders of last quarter of previous financial period dispatched in the first quarter of current financial period which resulted in big turnover and good margins in the period under review. Other positive factors include low financial costs, subsidized gas and electricity rates and quick processing of sales tax refunds. All these factors, along with intelligent allocation of resources by the management, made the Company to record good performance.

Overall economic situation of the country is stable and continuously improving at low pace. We foresee a good export business in coming period of current financial year and this might be a good year for textile industry if the pandemic situation further improves.

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



ARBAB MUHAMMAD KHAN  
EXECUTIVE DIRECTOR

Lahore  
October 28, 2020

## Statement of Financial Position

As at September 30, 2020 (Un-Audited)

	Note	Un-Audited Sep 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital			
62,500,000 ordinary shares of Rs. 10 each		<b>625,000,000</b>	625,000,000
Issued, subscribed and paid-up share capital			
59,428,729 ordinary shares of Rs. 10 each		<b>594,287,290</b>	594,287,290
<b>UNAPPROPRIATED PROFIT</b>		<b>793,422,549</b>	716,441,820
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT &amp; EQUIPMENT</b>		<b>296,990,865</b>	302,531,787
		<b>1,684,700,704</b>	1,613,260,897
<b>LONG TERM LOANS</b>		<b>326,103,395</b>	350,037,080
<b>DEFERRED LIABILITIES</b>		<b>244,568,484</b>	254,374,295
<b>CURRENT LIABILITIES</b>			
Short term finances - secured		<b>1,299,640,990</b>	1,320,186,209
Current portion of long term liabilities		<b>170,522,483</b>	65,476,939
Creditors, accrued and other liabilities		<b>929,250,777</b>	847,224,843
Unclaimed dividend		<b>4,859,107</b>	4,859,107
Accrued mark up		<b>18,535,915</b>	24,103,436
		<b>2,422,809,272</b>	2,261,850,534
<b>CONTINGENCIES AND COMMITMENTS</b>	4	-	-
		<b>4,678,181,855</b>	4,479,522,806
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property plant & equipment	5	<b>1,924,953,530</b>	1,903,439,609
Capital work in progress		<b>55,108,806</b>	63,318,407
		<b>1,980,062,336</b>	1,966,758,016
Long term advances and deposits		<b>22,465,301</b>	22,465,301
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<b>136,422,227</b>	139,817,517
Stock in trade		<b>1,090,442,762</b>	1,103,928,987
Trade debts		<b>790,543,833</b>	708,870,453
Loans and advances		<b>98,865,235</b>	76,737,771
Trade deposits, prepayments and balances with statutory authorities		<b>254,960,151</b>	246,051,354
Other receivables		<b>125,401,008</b>	80,032,166
Short term investment		<b>115,175,961</b>	63,075,961
Cash and bank balances		<b>63,843,041</b>	71,785,280
		<b>2,675,654,218</b>	2,490,299,489
		<b>4,678,181,855</b>	4,479,522,806

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 and Loss Account

For the 1<sup>st</sup> quarter ended September 30, 2020 (Un-Audited)

	Jul - Sep 2020 (Rupees)	Jul - Sep 2019 (Rupees)
<b>SALES</b>	<b>1,445,755,636</b>	<b>887,715,404</b>
<b>COST OF SALES</b>	<b>1,263,369,866</b>	<b>796,425,965</b>
<b>GROSS PROFIT</b>	<b>182,385,770</b>	<b>91,289,439</b>
<b>OPERATING EXPENSES</b>		
Distribution cost	40,028,983	27,133,535
Administrative expenses	22,621,298	20,623,677
	<b>62,650,281</b>	<b>47,757,212</b>
	<b>119,735,489</b>	<b>43,532,227</b>
Other operating expenses	6,461,043	1,027,882
	<b>113,274,446</b>	<b>42,504,345</b>
Other operating income	874,865	4,311,398
<b>OPERATING PROFIT</b>	<b>114,149,311</b>	<b>46,815,743</b>
Finance cost	26,675,764	33,097,004
<b>PROFIT BEFORE TAXATION</b>	<b>87,473,547</b>	<b>13,718,739</b>
Taxation	16,033,740	8,650,337
<b>PROFIT AFTER TAXATION</b>	<b>71,439,807</b>	<b>5,068,402</b>
<b>EARNING PER SHARE-BASIC &amp; DILUTED</b>	<b>1.20</b>	<b>0.09</b>

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 1<sup>st</sup> quarter ended September 30, 2020 (Un-Audited)

	Jul - Sep 2020 (Rupees)	Jul - Sep 2019 (Rupees)
<b>Profit for the period after taxation</b>	<b>71,439,807</b>	5,068,402
<b>Other Comprehensive Income:</b>		
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>71,439,807</b>	5,068,402

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 Flows

 For the 1<sup>st</sup> quarter ended September 30, 2020 (Un-Audited)

	Jul - Sep 2020 (Rupees)	Jul - Sep 2019 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period before taxation</b>	<b>87,473,547</b>	13,718,739
<b>Adjustments for:</b>		
Depreciation	44,279,139	40,663,123
Gain on sale of fixed assets	(1,611,651)	(333,633)
Gain on re-measurement of short term investments	-	-
Dividends, capital gains & other (Income)/Loss	-	-
Provision for staff gratuity	8,154,642	8,975,142
Financial charges	26,675,764	33,097,004
	<b>77,497,894</b>	82,401,636
	<b>164,971,441</b>	96,120,375
<b>(Increase)/Decrease in current assets</b>		
Stores, spares and loose tools	3,395,290	(6,570,555)
Stock in trade	13,486,225	(132,896,393)
Trade debts	(81,673,380)	147,354,012
Loans and advances	(22,127,464)	32,880,663
Trade deposits, prepayments & other receivables	(63,838,309)	(66,278,868)
	<b>(150,757,638)</b>	(25,511,141)
<b>Increase/(Decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	87,593,455	72,546,262
<b>Cash flow from operations</b>	<b>101,807,258</b>	143,155,496
Financial charges paid	(31,475,638)	(29,778,517)
Taxes paid	(13,516,599)	(10,634,861)
Gratuity paid	(15,697,259)	(1,945,424)
	<b>(60,689,496)</b>	(42,358,802)
<b>Net cash flow from operating activities</b>	(A) <b>41,117,762</b>	100,796,694
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Long term advances, deposits and deferred costs	-	18,200
Sale proceeds of fixed assets	1,885,000	750,000
Dividends received	-	-
Short term investment	(52,100,000)	2,746
Fixed capital expenditure	(57,856,808)	(68,027,350)
<b>Net cash flow from investing activities</b>	(B) <b>(108,071,808)</b>	(67,256,404)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term finances - secured	(20,545,219)	25,308,892
Long term finances - secured	79,557,026	(36,690,988)
<b>Net cash flow from financing activities</b>	(C) <b>59,011,807</b>	(11,382,096)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(A+B+C) <b>(7,942,239)</b>	22,158,194
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>71,785,280</b>	55,621,713
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>63,843,041</b>	77,779,907

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 1<sup>st</sup> quarter ended September 30, 2020 (Un-Audited)

Description	Share Capital (Rupees)	Accumulated Profit/(Loss) (Rupees)	Revaluation Surplus (Rupees)	Total Equity (Rupees)
<b>Balance as at June 30, 2019</b>	<b>594,287,290</b>	<b>666,742,622</b>	<b>326,024,212</b>	<b>1,587,054,124</b>
Net profit for the period	-	5,068,402	-	5,068,402
Current year incremental depreciation - net of tax	-	6,083,394	(6,083,394)	-
<b>Balance as at September 30, 2019</b>	<b>594,287,290</b>	<b>677,894,418</b>	<b>319,940,818</b>	<b>1,592,122,526</b>
<b>Balance as at June 30, 2020</b>	<b>594,287,290</b>	<b>716,441,820</b>	<b>302,531,787</b>	<b>1,613,260,897</b>
Net profit for the period	-	71,439,807	-	71,439,807
Current year incremental depreciation - net of tax	-	5,540,922	(5,540,922)	-
<b>Balance as at September 30, 2020</b>	<b>594,287,290</b>	<b>793,422,549</b>	<b>296,990,865</b>	<b>1,684,700,704</b>

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 1<sup>st</sup> quarter ended September 30, 2020 (Un-Audited)

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard(IAS) 34 "Interim Financial Reporting".
2. These financial statements are un-audited and are being submitted to shareholders as required by Section 237 of the Companies Act, 2017.
3. 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, 2020.

#### 4. CONTINGENCIES AND COMMITMENTS

##### 4.1 Commitments

Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2020 amounting to Rs. 22.562 million (June 2020 : Rs. 16.133 million)

##### 4.2 Others

There are no other significant activities since June 30, 2020 affecting financial Statements.

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

	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
Additions in fixed assets	66,066,409	182,591,848
Deletions in fixed assets	1,944,300	24,724,115
Additions in capital work in progress	37,962,964	126,057,226
Transfers from capital work in progress	46,172,565	93,814,202
<b>6. EARNING PER SHARE - BASIC</b>		
Profit after tax	71,439,807	55,072,196
Weighted average number of ordinary shares	59,428,729	59,428,729
Earning per share - basic	1.20	0.93

#### 7. DATE OF AUTHORIZATION

These accounts have been approved by the Board of Directors on October 28, 2020.

#### 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

## اراکین کے لیے ڈائریکٹرز کی رپورٹ

زیفر ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز ازراہ مسرت 30 ستمبر 2020ء کو اختتام پذیر پہلی سہ ماہی کے لئے غیر پڑتال شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ عبوری مالیاتی گوشوارے کمپنیز ایکٹ، 2017 کی ضروریات کے مطابق پیش کیے جاتے ہیں۔

## عملی اور مالیاتی نتائج

30 ستمبر 2020ء کو اختتام پذیر سہ ماہی کے دوران کمپنی نے 1,445,756,636 ملین روپے کی فروخت پر 182,386,770 ملین روپے مجموعی منافع حاصل کیا جو کہ گذشتہ برس اسی مدت کے دوران 887,715,404 ملین روپے کی فروخت پر 91,289,439 ملین روپے تھا۔ مجموعی مارجن، زیر جائزہ مدت میں کمپنی کی فروخت، خاص طور پر برآمدات میں اضافہ کی وجہ سے متعلقہ مدت میں 10.28 فی صد سے 12.62 فی صد بہتر ہوا۔ گذشتہ برس متعلقہ مدت میں 5,068,402 ملین روپے نفع علاوہ ٹیکس کے مقابلہ میں زیر جائزہ مدت کے دوران نفع علاوہ ٹیکس 71,440,807 ملین روپے رہا۔

نمایاں مالیاتی تفصیل	2020 (روپے)	اختتام پذیر سہ ماہی 30 ستمبر 2019 (روپے)
خالص فروخت	1,445,755,636	887,715,404
مجموعی منافع	182,385,770	91,289,439
رواں مدت کے لیے عملی منافع	114,149,311	46,815,743
مالیاتی اخراجات	(26,675,764)	(33,097,004)
نفع قبل از ٹیکس	87,473,547	13,718,739
موجودہ ٹیکس	(16,033,740)	(8,650,337)
نفع بعد از ٹیکس	71,439,807	5,068,402
فی شخص آمدنی	1.20	0.09

دنیا بھر میں اور خاص طور پر پاکستان میں کرونا وائرس (Covid-19) کے بعد کی صورتحال بہتر ہونے کے باعث موجودہ مالیاتی مدت کی پہلی سہ ماہی میں ٹیکسٹائل کے کاروبار میں تیزی کا رجحان ہے۔ پچھلی مالی مدت کی آخری سہ ماہی کے تمام زیر التواء فروخت آرڈرز موجودہ مالیاتی مدت کی پہلی سہ ماہی میں بھیجے گئے، جس کا نتیجہ زیر جائزہ مدت میں ایک بڑی فروخت اور بہترین مارجن کی صورت میں سامنے آیا۔ دوسرے مثبت عوامل میں کم مالی اخراجات، بجلی اور گیس کے سبسڈی شدہ نرخ اور بیلنس ٹیکس کی واپسیوں پر فوری عملدرآمد شامل ہے۔ ان تمام عوامل کے ساتھ ساتھ، انتظامیہ کے ماہرانہ طریقے سے وسائل کو مختص کرنے کے عمل نے کمپنی کی اچھی کارکردگی کے ریکارڈ کو مزید بہتر بنایا۔

ملک کی مجموعی معاشی صورتحال مستحکم ہے اور آہستگی سے اس میں مسلسل بہتری آرہی ہے۔ ہم موجودہ مالی سال کے آنے والے عرصہ میں اچھے برآمدی کاروبار کی پیش گوئی کرتے ہیں اور اگر وہ بانی صورتحال میں مزید بہتری آئی تو ٹیکسٹائل انڈسٹری کے لیے یہ ایک اچھا سال ثابت ہوگا۔

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محترم ارباب محمد خان  
ایگزیکٹو ڈائریکٹر



محترم مسعود حنیف  
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
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