

Zephyr Textiles Limited

**Accounts for the Nine Months Ended
March 31, 2021**

Contents

Company information	02
Directors' report	03
Condensed interim statement of financial position	04
Condensed interim statement of comprehensive income	05
Condensed interim statement of cash flows	06
Condensed interim statement of changes in equity	07
Notes to the financial statements	08
Directors' report in urdu	15

Company Information

BOARD OF DIRECTORS:	Ms. Tahniat Mussaid Mr. Mussaid Hanif Mr. Arbab Muhammad Khan Mr. Rana Kamal Ud Din Ms. Sabah Burhan Ms. Sarah Naviwala Ms. Nuzhat Kamran	Chairperson CEO
AUDIT COMMITTEE:	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tahniat Mussaid	Chairperson/Member Member 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 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
MILLS:	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)
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	

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, 2021.

The Company earned a gross profit of PKR 584.89 million on sales of PKR 4,332.52 million as compared to gross profit of PKR 301.16 million on sales of PKR 3,424.47 million for the corresponding period last year. During the period under review, the Company earned a net profit of PKR 212.996 million as compared to PKR 35.36 million in corresponding period. Financial charges reduced by 20% due to vigilant financial planning whereas taxation increased by 38% due to increased minimum turnover rate.

Description	March 31, 2021 Rupees	March 31, 2020 Rupees	Increase/ (Decrease) %
Sales - net	4,332,526,664	3,424,472,660	26.52
Gross Profit	584,894,887	301,169,449	94.21
Operating Profit for the period	336,602,815	164,442,526	104.69
Financial charges	76,365,668	93,981,817	(20.14)
Profit for the period before taxation	261,546,533	70,460,709	271.19
Taxation current	48,550,303	35,091,967	38.35
Profit for the period after taxation	212,996,230	35,368,742	502.22
Earning Per Share	3.58	0.60	502.22

The Company recorded a total sales of PKR 4.33 billion with an increase of PKR 908 million as compared to same period last year. Major portion of this increase, PKR 655 million, is contributed by the value-added export segment. Although the pandemic conditions prevailing all over the world created a lot of uncertainties, the sales volumes surged in export as well as in domestic market. We have a healthy order book for rest of the financial year flowing into the first quarter of next year.

This year we have experienced the lowest cotton crop in the last three decades. The industry is forced to import a record quantity of cotton and it is expected that imports may exceed the domestic supplies. International cotton prices are also hovering around USD0.90/lb. which has driven the yarn prices to a level where the value-added sector is finding it difficult to pass on the effect to the final customers. Our Government has to make a concerted effort to revive cotton crop for a sustainable growth in textile sector.

Despite of uncertain business conditions due to pandemic, shortage of raw material and high ocean freight rates, increase in export sales contributed towards robust profit margins for the Company. The textile sector, especially export segment is running at full capacity and there is no shortage of export orders for at least next quarter. Going forward to next financial year we may find headwinds from changes in the energy pricing policies currently prevailing for export oriented sectors.

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



ARBAB MUHAMMAD KHAN
DIRECTOR

Lahore
April 28, 2021

Condensed interim Statement of Financial Position BALANCE SHEET

AS AT MARCH 31, 2021

	Notes	Un-audited March 31, 2021 (Rupees)	Audited June 30, 2020 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 625,000,000 (2017: 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 (2017: 59,428,729) ordinary shares of Rs. 10 each	3	594,287,290	594,287,290
UNAPPROPRIATED PROFIT		946,060,816	716,441,820
		1,540,348,106	1,310,729,110
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	4	285,909,021	302,531,787
LONG TERM LOANS	5	291,410,725	350,037,080
DEFERRED LIABILITIES	7	242,980,629	254,374,295
CURRENT LIABILITIES			
Short term finances - Secured	8	1,278,232,350	1,320,186,209
Current portion of long term liabilities	5	250,572,234	65,476,939
Creditors, accrued and other liabilities	9	1,002,197,925	847,224,843
Unclaimed dividend		696,751	4,859,107
Accrued Mark Up	10	15,383,827	24,103,436
		2,547,083,087	2,261,850,534
CONTINGENCIES AND COMMITMENTS			
		4,907,731,568	4,479,522,806
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment	11	2,035,229,207	1,903,439,609
Capital work in progress	12	32,696,089	63,318,407
		2,067,925,296	1,966,758,016
Long term advances and deposits	13	22,655,301	22,465,301
CURRENT ASSETS			
Stores, spares and loose tools	14	155,899,948	139,817,517
Stock in trade	15	1,318,883,609	1,103,928,987
Trade debts	16	701,888,759	708,870,453
Loans and advances	17	134,834,864	76,737,771
Trade deposits, prepayments	18	283,440,703	246,051,354
Other receivables	19	102,777,898	80,032,166
Short term investment	20	3,891,128	63,075,961
Cash and bank balances	21	115,534,062	71,785,280
		2,817,150,971	2,490,299,489
		4,907,731,568	4,479,522,806

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


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

ZEPHYR TEXTILES LIMITED

Condensed Interim Statement of Comprehensive Income For the nine months ended March 31, 2021

	Un-audited For Nine Months Ended March 31,		Un-audited For Quarter Ended March 31,	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
SALES	4,332,526,664	3,424,472,660	1,415,703,142	1,285,155,198
COST OF SALES	3,747,631,777	3,123,303,211	1,183,402,051	1,186,139,671
GROSS PROFIT	584,894,887	301,169,449	232,301,091	99,015,527
OPERATING EXPENSES				
Distribution costs	142,136,721	97,774,709	60,491,368	40,642,955
Administrative	65,945,606	64,238,607	12,580,034	19,389,306
	208,082,327	162,013,316	73,071,402	60,032,261
	376,812,560	139,156,133	159,229,689	38,983,266
Other operating expenses	57,902,752	16,463,281	31,975,119	1,064,886
	318,909,808	122,692,852	127,254,570	37,918,380
OTHER OPERATING INCOME/(LOSS)	17,692,797	41,749,674	2,848,399	17,975,116
OPERATING PROFIT	336,602,605	164,442,526	130,102,969	55,893,496
FINANCE COSTS	75,056,282	93,981,817	23,073,319	28,640,244
PROFIT BEFORE TAXATION	261,546,323	70,460,709	107,029,650	27,253,252
TAXATION	48,550,093	35,091,967	15,734,473	15,459,061
PROFIT AFTER TAXATION	212,996,230	35,368,742	91,295,177	11,794,191
Other Comprehensive Income		-		-
Other comprehensive income for the period		-		-
Total Comprehensive Income for the period	212,996,230	35,368,742	91,295,177	11,794,191
EARNING PER SHARE-BASIC & DILUTED	3.58	0.60	1.54	0.20

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

G.P %	13.50%	8.79%	16.41%	7.70%
N.P %	4.92%	1.03%	6.45%	0.92%


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

ZEPHYR TEXTILES LIMITED Condensed Interim Statement of Cash flow

CASH FLOW STATEMENT

For the nine months ended March 31, 2021

For the Nine Months Ended

March 31,

2021

2020

(Rupees)

CASH FLOW FROM OPERATING ACTIVITIES

Profit for the period before taxation	261,546,323	70,460,709
Adjustments for:		
Depreciation	130,758,363	125,409,308
Gain on sale of fixed assets	(2,556,862)	(1,180,872)
Gain on re-measurement of short term investments	(1,676,776)	(29,360)
Dividends, capital gains & other (Income)/Loss	(2,052,953)	-
Provision for staff gratuity	26,925,426	26,925,426
Financial charges	75,056,282	93,981,817
	226,453,480	245,106,319
	487,999,803	315,567,028

(Increase)/Decrease in current assets

Stores, spares and loose tools	(16,082,431)	(30,859,624)
Stock in trade	(214,954,622)	(123,773,400)
Trade debts	6,981,694	44,194,528
Loans and advances	(58,097,093)	24,442,977
Short Term Investments	59,184,833	(29,361)
Trade deposits and prepayments	(55,025,620)	(76,996,051)
Other receivables	(22,745,732)	22,548,739
	(300,738,971)	(140,472,192)

(Increase)/Decrease in current liabilities

Creditors, accrued and other liabilities	154,973,082	146,152,811
--	-------------	-------------

Cash flow from operations

Financial charges paid	(76,896,016)	(88,632,913)
Taxes paid	(48,282,939)	(36,074,947)
Gratuity paid	(31,529,510)	(9,239,923)
	(156,708,465)	(133,947,783)

Net cash flow from operating activities	(A) 185,525,449	187,299,865
---	-----------------	-------------

CASH FLOW FROM INVESTING ACTIVITIES

Long term advances, deposits and deferred costs	(190,000)	(56,800)
Sale proceeds of fixed assets	5,163,000	2,691,541
Dividends recieved	-	-
Capital Gains/(Loss) and Income/(Loss) from Investments	1,676,776	29,360
Fixed capital expenditure	(228,810,329)	(130,382,139)

Net cash flow from investing activities	(B) (222,160,553)	(127,718,038)
---	-------------------	---------------

CASH FLOW FROM FINANCING ACTIVITIES

Short term finances - secured	(41,953,859)	91,532,242
Long term finances - secured	122,337,745	(109,383,768)

Net cash flow from financing activities	(C) 80,383,886	(17,851,526)
---	----------------	--------------

NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C) 43,748,782	41,730,301
---	--------------------	------------

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	71,785,280	55,621,713
--	------------	------------

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	115,534,062	97,352,014
--	-------------	------------

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

0


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

ZEPHYR TEXTILES LIMITED

Condensed Interim Statement of Changes in Equity For the nine months ended March 31, 2021

Description	Share Capital (Rupees)	Accumulated Profit (Rupees)	Revaluation Surplus (Rupees)	Total (Rupees)
Balance as at June 30, 2019	594,287,290	666,742,622	326,024,212	1,587,054,124
Total comprehensive income for the period	-	35,368,742	-	35,368,742
Final dividend paid @ Rs. 0.5 per outstanding 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, 2019	594,287,290	690,647,181	307,774,030	1,592,708,501
Balance as at June 30, 2020	594,287,290	716,441,820	302,531,787	1,613,260,897
Total comprehensive income for the period	-	212,996,230	-	212,996,230
Current year incremental depreciation - net of tax	-	16,622,766	(16,622,766)	-
Balance as at March 31, 2020	594,287,290	946,060,816	285,909,021	1,826,257,127

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 Statements
for the nine months ended March 31, 2021 (Un-Audited)**

1. These accounts have been prepared in accordance with the requirements of International Accounting standard No. 34 "Interim Financial Reporting".
2. The accounts 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. 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, 2020.

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, 2021 amounting to Rs. 74,307 million (June 2020: Rs. 16,133 million)


	Un-Audited March 31, 2021 (Rupees)	Audited June 30, 2020 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	1,903,439,609	1,909,707,867
Additions during the period	264,827,690	182,591,848
Book value of deletions during the period	(2,279,729)	(18,873,743)
Depreciation charged during the period	(130,758,363)	(169,986,363)
Closing Book Value	2,035,229,207	1,903,439,609
6.1 Cost of Additions in Property, Plant and Equipment:		
Building - on freehold land	5,092,159	-
Link Road	633,460	-
Non factory building	-	110,000
Plant and machinery	237,059,104	161,644,790
Furniture and fixtures	684,275	1,090,300
Vehicles	12,641,995	13,856,910
Electric installations	38,500	1,475,099
Office equipments	4,136,723	4,414,749
Intangible Assets	4,541,475	-
	264,827,691	182,591,848
6.2 Cost of Deletions in Property, Plant and Equipment:		
Plant & machinery	2,249,873	20,824,492
Vehicles	3,113,170	2,534,623
Electric installations	-	1,300,000
Office equipments	32,000	65,000
	5,395,043	24,724,115
7. CAPITAL WORK IN PROGRESS		
Building - on freehold land	32,696,089	25,118,407
Plant & machinery	-	38,200,000
	32,696,089	63,318,407


8. DATE OF AUTHORIZATION

These accounts have been approved by the Board of Directors on April 28, 2021.

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

ڈائریکٹرز کی رپورٹ آپریٹنگ مالی نتائج

کمپنی کے ڈائریکٹرز بمسرت 31 مارچ 2021 کو ختم ہونے والے نو ماہ کے لئے غیر آڈٹ شدہ مالی گوشوارے پیش کرتے ہیں۔

کمپنی نے پی کے آر 4,332.52 ملین کی فروخت پر پی کے آر 584.89 ملین کا مجموعی منافع حاصل کیا جبکہ پچھلے سال کے اسی عرصے میں پی کے آر نے 3,424.47 ملین کی فروخت پر 301.16 ملین کا مجموعی منافع کیا تھا۔ زیر جائزہ مدت کے دوران ، کمپنی نے اسی مدت میں پی کے آر 35.36 ملین کے مقابلے میں پی کے آر 212.99 ملین کا خالص منافع حاصل کیا۔ بہترین معاشی منصوبہ بندی کی وجہ سے مالی اخراجات میں 20 فیصد کمی واقع ہوئی ہے جبکہ کم سے کم کاروبار کی شرح میں اضافے کی وجہ سے ٹیکسوں میں 38 فیصد اضافہ ہوا ہے۔

تفصیل	31 مارچ ، 2021	31 مارچ ، 2020	(کمی)/ اضافہ فیصد
خالص فروخت	4,332,526,664	3,424,472,660	26.52
کل منافع	584,894,887	301,169,449	94.21
ای بی آئی ٹی ڈی اے	336,602,815	164,442,526	104.69
فرسودگی	76,365,668	93,981,817	(20.14)
مالیاتی لاگت	261,546,533	70,460,709	271.19
ٹیکس سے پہلے منافع	48,550,303	35,091,967	35.38
ٹیکس کے بعد منافع	212,996,230	35,368,742	502.22
فی حصص آمدنی	3.58	0.60	502.22


کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں پی کے آر 908 ملین کے اضافے کے ساتھ مجموعی طور پر پی کے آر 4.33 ارب کی فروخت ریکارڈ کی ہے۔ اس اضافے کا زیادہ تر حصہ ، پی کے آر 655 ملین ، ویلیو ایڈڈ برآمدات کے تعاون سے ہے۔ اگرچہ پوری دنیا میں وبائی صورتحال نے بہت زیادہ غیر یقینی صورتحال پیدا کردی ہے ، تاہم برآمدات کے ساتھ ساتھ مقامی مارکیٹ میں بھی فروخت کے حجم میں اضافہ ہوا۔ ہمارے پاس باقی مالی سال اگلے سال کی پہلی سہ ماہی کے لئے بھاری تعداد میں آرڈر بک ہے۔


اس سال ہم نے پچھلی تین دہائیوں میں سب سے کم کپاس کی پیداوار کا تجربہ کیا ہے۔ یہ صنعت کپاس کی ریکارڈ مقدار میں درآمد کرنے پر مجبور ہے اور توقع کی جارہی ہے کہ درآمدات کپاس کی ملکی رسد سے کہیں زیادہ ہوسکتی ہیں۔ کپاس کی بین الاقوامی قیمتیں فی پونڈ امریکی ڈالر 0.90 کے آس پاس گھوم رہی ہیں۔ جس نے کپاس کی قیمتوں کو اس سطح تک پہنچایا ہے جہاں ویلیو ایڈڈ سیکٹر کو حتمی صارفین تک پہنچانا مشکل ہو رہا ہے۔ ہماری حکومت کو ٹیکسٹائل کے شعبے میں پائیدار نمو کیلئے کپاس کی فصل کو بحال کرنے کے لئے ٹھوس کوشش کرنا ہوگی۔

وبائی امراض کی وجہ سے غیر یقینی کاروباری حالات ، خام مال کی کمی اور بحری جہاز کے اعلیٰ نرخوں میں اضافہ کے باوجود ، برآمدی فروخت میں اضافے نے کمپنی کو مضبوط منافع کے فرق میں اہم کردار ادا کیا۔ ٹیکسٹائل سیکٹر خاص طور پر ایکسپورٹ شعبہ پوری صلاحیت سے چل رہا ہے اور کم از کم اگلی سہ ماہی میں برآمدی آرڈرز کی کوئی کمی نہیں ہے۔ اگلے مالی سال کو آگے بڑھتے ہوئے ہمیں برآمدی پر مبنی شعبوں کے لئے موجودہ توانائی کی قیمتوں میں اضافہ کی پالیسیوں میں تبدیلیوں سے سر درد بن سکتی ہیں۔

آخر میں ، ڈائریکٹرز اپنی ٹیم ورک ، عزم ، سالمیت اور پیشہ ورانہ مہارت کے لئے کمپنی کے ملازمین کا شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے


محترم ارباب محمد خان
ڈائریکٹر


محترم مسعود حنیف
چیف ایگزیکٹو
لاہور
28 اپریل ، 2021

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

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

BOOK POST

PRINTED MATTER

If undelivered please return to

ZEPHYR
TEXTILES LIMITED

Zephyr Textiles Limited
3 Floor, IEP Building, 97-B/D-1, Gulberg III,
Lahore - Pakistan

T +92 42 3578 2905
F +92 42 3575 3202
E info@zephyr.com.pk