

Zephyr Textiles Limited

Accounts for the Nine Months Ended
March 31, 2022

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. Burhan 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

Zephyr Textiles Limited

Condensed interim statement of financial position

As at March 31, 2021 (Un-audited)

	Note	Un-audited March 31, 2022 (Rupees)	Audited June 30, 2021 (Rupees)
Equity and liabilities			
Authorized share capital		625,000,000	625,000,000
Equity			
Share capital		594,287,290	594,287,290
Unappropriated profit		1,228,745,867	1,035,674,899
Surplus on revaluation of property, plant & equipment		265,901,993	281,076,200
Total equity		2,088,935,150	1,911,038,389
Liabilities			
Long term loans		105,930,061	241,674,201
Deferred liabilities		246,839,976	245,801,072
Non current liabilities		352,770,037	487,475,273
Short term finances - secured		1,272,000,000	1,268,832,350
Current portion of long term liabilities		213,653,308	258,920,223
Creditors, accrued and other liabilities		1,072,363,940	1,252,276,911
Unclaimed dividend		761,498	694,043
Accrued markup		12,161,283	21,824,137
Current liabilities		2,570,940,029	2,802,547,664
Contingencies and commitments	5	-	-
Total liabilities		5,012,645,216	5,201,061,326
Assets			
Property plant & equipment	6	2,092,989,302	2,035,549,334
Capital work in progress		28,649,428	33,093,809
Long term advances and deposits		24,792,301	22,739,301
Non current assets		2,146,431,031	2,091,382,444
Stores, spares and loose tools		124,468,947	173,818,512
Stock in trade		1,194,379,786	1,411,063,195
Trade debts		626,802,191	823,673,013
Loans and advances		294,830,886	133,825,882
Trade deposits and prepayments		364,861,770	347,015,479
Other receivables		90,897,276	137,443,759
Short term investment		1,474,908	3,965,854
Cash and bank balances		168,498,421	78,873,188
Current assets		2,866,214,185	3,109,678,882
Total assets		5,012,645,216	5,201,061,326

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, 2022 (Un-audited)

	Un-audited For nine months ended March 31,		Un-audited For quarter ended March 31,	
	2022	2021	2022	2021
	(Rupees)		(Rupees)	
Sales	5,380,565,694	4,332,526,664	1,689,211,943	1,415,703,142
Cost of sales	4,783,316,657	3,747,631,777	1,546,250,759	1,183,402,051
Gross profit	597,249,037	584,894,887	142,961,184	232,301,091
Distribution costs	217,860,157	142,136,721	76,910,941	60,491,368
Administrative	68,402,627	65,945,606	22,543,004	12,580,034
Other operating expenses	29,290,491	57,902,542	9,154,225	31,974,909
	315,553,275	265,984,869	108,608,170	105,046,311
Other operating income	57,350,691	17,692,797	12,779,588	2,848,399
Operating profit	339,046,453	336,602,815	47,132,602	130,103,179
Finance costs	76,403,098	75,056,282	22,980,539	23,073,319
Profit before taxation	262,643,355	261,546,533	24,152,063	107,029,860
Taxation	55,032,203	48,550,303	16,778,970	15,734,683
Profit after taxation	207,611,152	212,996,230	7,373,093	91,295,177
Other comprehensive income				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	207,611,152	212,996,230	7,373,093	91,295,177
Earning per share - basic & diluted	3.49	3.58	0.12	1.54

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 cash flows

For the nine months ended March 31, 2022 (Un-audited)

	Un-audited For nine months ended March 31, 2022 2021 (Rupees)	
Cash flow from operating activities		
Profit for the period before taxation	262,643,355	261,748,721
Adjustments for:		
Depreciation on property, plant and equipment	138,336,760	130,758,363
Amortization	681,219	-
Gain on sale of fixed assets	(4,172,929)	(2,556,862)
Gain on re-measurement of short term investments	(214,383)	(1,676,776)
Dividends, capital gains & other (income)/loss	(2,543,098)	(2,052,953)
Provision for staff gratuity	32,154,196	26,925,426
Financial charges	76,403,098	75,056,282
	240,644,863	226,453,480
	503,288,218	488,000,013
(Increase)/Decrease in current assets		
Stores, spares and loose tools	49,349,565	(16,082,431)
Stock in trade	216,683,409	(214,954,622)
Trade debts	196,870,822	6,981,694
Loans and advances	(161,005,004)	(58,097,093)
Short Term Investments	2,490,946	59,184,833
Trade deposits and prepayments	(16,492,268)	(56,335,216)
Other receivables	32,972,198	(22,745,732)
	320,869,668	(302,048,567)
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	(209,627,362)	154,973,082
Cash flow from operations	614,530,524	340,924,528
Financial charges paid	(69,762,109)	(75,586,630)
Taxes paid	(62,584,139)	(48,282,939)
Gratuity paid	(24,917,379)	(31,529,510)
	(157,263,627)	(155,399,079)
Net cash flow from operating activities (A)	457,266,897	185,525,449
Cash flow from investing activities		
Long term advances, deposits and deferred costs	(2,053,000)	(190,000)
Sale proceeds of fixed assets	5,163,000	5,163,000
Dividends recieved	-	-
Capital Gains/(Loss) and Income/(Loss) from Investments	2,187,756	1,676,776
Fixed capital expenditure	(193,230,786)	(228,810,329)
Net cash flow from investing activities (B)	(187,933,030)	(222,160,553)
Cash flow from financing activities		
Short term finances - secured	3,167,650	(41,953,859)
Long term finances - secured	(182,876,284)	122,337,745
Net cash flow from financing activities (C)	(179,708,634)	80,383,886
Net increase in cash and cash equivalents (A+B+C)	89,625,233	43,748,782
Cash and cash equivalents at the beginning of the period	78,873,188	71,785,280
Cash and cash equivalents at the end of the period	168,498,421	115,534,062

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 changes in equity


For the nine months ended March 31, 2022 (Un-audited)

Description	Share Capital (Rupees)	Accumulated Profit (Rupees)	Revaluation Surplus (Rupees)	Total (Rupees)
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, 2021	594,287,290	946,060,816	285,909,021	1,826,257,127
Balance as at June 30, 2021	594,287,290	1,035,674,899	281,076,200	1,911,038,389
Total comprehensive income for the period	-	207,611,152	-	207,611,152
Final dividend @ Rs. 0.50 per ordinary share	-	(29,714,391)	-	(29,714,391)
Current year incremental depreciation - net of tax	-	15,174,207	(15,174,207)	-
Balance as at March 31, 2022	594,287,290	1,228,745,867	265,901,993	2,088,935,150

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, 2022 (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, 2021.
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, 2021.

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, 2022 amounting to Rs. 0.744 million (June 2021: Rs. 27.891 million)

	Un-Audited March 31, 2022 (Rupees)	Audited June 30, 2021 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	2,031,916,154	1,903,439,609
Additions during the period	197,675,167	309,130,673
Book value of deletions during the period	(1,217,221)	(2,266,222)
Depreciation charged during the period	(138,336,760)	(178,387,906)
Closing Book Value	2,090,037,340	2,031,916,154
6.1 Cost of Additions in Property, Plant and Equipment:		
Building - on freehold land	31,982,961	5,092,159
Link road	617,380	633,460
Non factory building	12,049,522	-
Plant and machinery	94,048,892	283,055,316
Furniture and fixtures	581,150	1,913,725
Vehicles	21,769,135	12,641,995
Electric installations	34,391,768	118,500
Office equipments	2,234,360	5,675,518
	197,675,168	309,130,673
6.2 Cost of Deletions in Property, Plant and Equipment:		
Plant & machinery	133,217	2,249,873
Vehicles	4,686,920	3,032,190
Office equipments	-	32,000
	4,820,137	5,314,063
7. CAPITAL WORK IN PROGRESS		
Building - on freehold land	28,262,315	33,093,809
Plant & machinery	387,113	-
	28,649,428	33,093,809

8. DATE OF AUTHORIZATION


These accounts have been approved by the Board of Directors on April 28, 2022.

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

Directors' Report

Operating financial results

The Directors of Zephyr Textiles Limited take pleasure in presenting un-audited interim financial statements for the nine months ended March 31, 2022.

The Company earned a gross profit of PKR 597.249 million on sales of PKR 5,380.566 million as compared to gross profit of PKR 584.895 million on sales of PKR 4,332.527 million for the corresponding period last year. During the period under review, the Company earned a net profit of PKR 207.611 million as compared to PKR 212.996 million in corresponding period. Financial charges increased by 1.79% due to increase in policy rate by the SBP even after repayment of long term payment of PKR 182.876 million. Taxation increased by 13.35% due to increase in sales revenue.

Description	March 31, 2022	March 31, 2021	Increased/ (Decreased) By
	Rupees	Rupees	%
Sales - net	5,380,565,694	4,332,526,664	24.19
Gross Profit	597,249,037	584,894,887	2.11
Operating Profit for the period	339,046,453	336,602,815	0.73
Financial charges	76,403,098	75,056,282	1.79
Profit for the period before taxation	262,643,355	261,546,533	0.42
Taxation current	55,032,203	48,550,303	13.35
Profit for the period after taxation	207,611,152	212,996,230	(2.53)
Earnings Per Share	3.49	3.58	(2.53)

The financial period under review can be summarized as year of high inflation, rising fuel and energy prices with political turmoil and economic uncertainty. The Company recorded low margins even after 24.19% increase in sales revenue due to high production costs. Yarn prices increased by 50% due to increased textile production despite of high yield of cotton crop in this year. The Government also changed the subsidized gas rates for export oriented textile units from USD 6 to USD 9 per MMBTU with effect from December 2021. Electricity cost also increased significantly. This massive surge in fuel and power costs absorbed the gross margin of third quarter of the period under review. High ocean freight further reduced the net margins as well. Despite the negative factors, increase in export sales and devaluation of PKR helped in maintain the profitability.

The overall business conditions are uncertain due to upward trajectory in costs of raw material, fuel and power and high ocean freight. The Company is committed to mitigate increased fuel-

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-and power cost by adding another 474 KWH solar plant to existing 434 KWH at its towel manufacturing facility. Further the Company is in process to install another 1MW solar plant at its weaving manufacturing facility as well. This investment will help in mitigating the rising cost of energy.

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

Lahore
April 28, 2022



Arbab Muhammad Khan
Director

ڈائریکٹرز کی رپورٹ آپریٹنگ مالی نتائج

کمپنی کے ڈائریکٹرز بمسرت 31 مارچ 2022 کو ختم ہونے والے نو ماہ کے لئے غیر آڈٹ شدہ مالی گوشوارے پیش کرتے ہیں۔

کمپنی نے پی کے آر 5,380.566 ملین کی فروخت پر پی کے آر 597.249 ملین کا مجموعی منافع حاصل کیا جبکہ پچھلے سال کے اسی عرصے میں پی کے آر نے 4,332.527 ملین کی فروخت پر 584.895 ملین کا مجموعی منافع کیا تھا۔ زیر جائزہ مدت کے دوران ، کمپنی نے اسی مدت میں پی کے آر 212.996 ملین کے مقابلے میں پی کے آر 207.611 ملین کا خالص منافع حاصل کیا۔ 182.876 ملین روپے کی طویل مدتی ادائیگی کے بعد بھی اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں اضافے کی وجہ سے مالیاتی چارجز میں 1.79 فیصد اضافہ ہوا۔ سیلز ریونیو میں اضافے کی وجہ سے ٹیکس میں 13.35 فیصد اضافہ ہوا۔

تفصیل	31 مارچ ، 2022	31 مارچ ، 2021	(کم) / اضافہ فیصد
خالص فروخت	5,380,565,694	4,332,526,664	24.19
کل منافع	597,249,037	584,894,887	2.11
مدت کے لیے آپریٹنگ منافع	339,046,453	336,602,815	0.73
مالیاتی لاگت	76,403,098	75,056,282	1.79
ٹیکس سے پہلے منافع	262,643,355	261,546,533	0.42
ٹیکس	55,032,203	48,550,303	13.35
ٹیکس کے بعد منافع	207,611,152	212,996,230	(2.53)
فی حصص آمدنی	3.49	3.58	(2.53)

زیر نظر مالیاتی مدت کا خلاصہ بلند افراط زر، سیاسی بحران اور اقتصادی غیر یقینی صورتحال کے ساتھ ایندھن اور توانائی کی بڑھتی ہوئی قیمتوں کے سال کے طور پر کیا جا سکتا ہے۔ اعلی پیداواری لاگت کی وجہ سے سیلز ریونیو میں 24.19% اضافے کے بعد بھی کمپنی نے کم مارجن ریکارڈ کیا۔ رواں سال کپاس کی زیادہ پیداوار کے باوجود ٹیکسٹائل کی پیداوار میں اضافے کی وجہ سے یارن کی قیمتوں میں 50 فیصد اضافہ ہوا۔ حکومت نے ایکسپورٹ اور اینٹ ٹیکسٹائل یونٹس کے لیے سبسڈی والے گیس کے نرخوں کو USD 6

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سے 9 USD فی MMBTU کر دیا ہے جس کا اطلاق دسمبر 2021 سے ہو گا۔ بجلی کی قیمت میں بھی نمایاں اضافہ ہوا۔ ایندھن اور بجلی کے اخراجات میں اس بڑے اضافے نے زیر جائزہ مدت کی تیسری سہ ماہی کے مجموعی مارجن کو جذب کر لیا۔ زیادہ سمندری مال برداری نے خالص مارجن کو بھی کم کر دیا۔ منفی عوامل کے باوجود، برآمدی فروخت میں اضافہ اور PKR کی قدر میں کمی نے منافع کو برقرار رکھنے میں مدد کی۔

خام مال، ایندھن اور بجلی کی قیمتوں اور اونچی سمندری مال برداری کی وجہ سے مجموعی کاروباری حالات غیر یقینی ہیں۔ کمپنی اپنی تولیہ مینوفیکچرنگ سہولت میں موجودہ KWH 434 میں ایک اور KWH 474 شمسی پلانٹ شامل کر کے ایندھن اور بجلی کی بڑھتی ہوئی لاگت کو کم کرنے کے لیے پرعزم ہے۔ مزید یہ کہ کمپنی اپنی ویونگ مینوفیکچرنگ کی سہولت پر بھی 1 میگاواٹ کا ایک اور سولر پلانٹ لگانے کے عمل میں ہے۔ اس سرمایہ کاری سے توانائی کی بڑھتی ہوئی قیمت کو کم کرنے میں مدد ملے گی۔

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

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