



ZEPHYR
TEXTILES LIMITED

Zephyr Textiles Limited

Accounts For 1st Quarter
Ended September 30, 2023

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Company Information

BOARD OF DIRECTORS:	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 Chairperson
AUDIT COMMITTEE:	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid	Chairperson/Member Member Member
HR & REMUNERATION COMMITTEE:	Ms. Nuzhat Kamran Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/Member Member Member
CHIEF FINANCIAL OFFICER:	Mr. Naveed Aleem	
COMPANY SECRETARY:	Mr. Abdul Jabbar	
AUDITORS:	BDO Ebrahim & Co.	Chartered Accountants
LEGAL ADVISOR:	Ahmad Law Firm Advocate High Court Suit No. 7, Block No. 9, Shabbir Town, Executive Suits, 2.5 Km Raiwind Road, Lahore-54000, Pakistan	
BANKERS TO THE COMPANY:	Habib 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

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)
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REGISTERED & HEAD OFFICE:	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: info@zephyr.com.pk Website: www.zephyrtextiles.com Phone : 042 35782905 - 15 Fax : 042 35753202
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Note: Zephyr's Company Information & Financial Statements are also available at the above website.

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, 2023. 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, 2023, the company earned a gross profit of PKR 382.358 million on sales of PKR 2,362.343 million compared to gross profit of PKR 209.538 million on sales of PKR 1,918.586 million for the corresponding period of previous financial year. Therefore, net profit increased by 143.04% as compared to corresponding period last year. All these positive results are because of an ideal product mix, better cost and financial controls and impactful selling and marketing strategies.

Financial Highlights Description	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees)	(Rupees)
Sales - net	2,362,342,684	1,918,586,497
Gross Profit	382,357,672	209,537,767
Operating Profit for the period	295,132,877	136,543,948
Financial charges	70,240,068	34,900,678
Profit for the period before taxation	224,892,809	101,643,270
Taxation current	23,751,929	18,882,538
Profit for the period after taxation	201,140,880	82,760,732
Earning Per Share	3.38	1.39

The global demand in 2023 was low and retailers were sitting on high inventories that further depressed new orders. Many in India, Bangladesh, and Vietnam, and some in Pakistan think that the worst is over and new orders would start landing in their production facilities. The Pakistanis are less sure because of the internal disturbances and weak economy of the country. Textile industry expect demand to pick up again by the third quarter of FY24 as global retailers reduce their inventories. They know that the first two quarters of FY24 would remain bearish. But they are highly optimistic that the demand will pick up again by the third quarter of FY24 as global retailers reduce their inventories. Trade volumes are expected to improve further in the second half of FY24 as global retailers start giving orders for their Summer/Spring 2024 collections.

The Company performed good in first quarter of FY24. Margins increased due to increase in exports revenue even after massive increase in cost of production like fuel and power and labor costs, etc. Value added segment, which also was under pressure in the corresponding period last year because of diminished demand, has contributed in growth of exports. The Company is continuously focusing on value added business segment because of high returns and started the process to switching its greige fabric business to garments business. This transformation would be met by selling greige fabric looms and cash inflows from operations. The Company is quite optimistic about this new venture that would benefit the Company in future. Apart from the above facts the future results of textile industry highly depends upon positive support from the Govt. and economic and political stability in the Country.

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

Lahore
October 26, 2023



ARBAB MUHAMMAD KHAN
EXECUTIVE DIRECTOR

Statement of Financial Position

As at September 30, 2023 (Un-Audited)

	Un-Audited September 30, 2023 (Rupees)	Audited June 30, 2023 (Rupees)
EQUITY AND LIABILITIES		
SHARE CAPITAL		
Authorized share capital		
62,500,000 ordinary shares of Rs. 10 each	625,000,000	625,000,000
Issued, subscribed and paid-up share capital		
59,429,725 ordinary shares of Rs. 10 each	594,297,290	594,297,290
UNAPPROPRIATED PROFIT	1,576,832,819	1,361,842,813
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	560,013,168	574,060,494
	2,731,132,477	2,529,991,597
LONG TERM LOANS	82,683,078	84,111,427
DEFERRED LIABILITIES	274,426,902	227,434,587
LEASE LIABILITIES	7,020,874	21,398,890
DEFERRED GRANT	2,990,421	2,954,005
CURRENT LIABILITIES		
Creditors, accrued and other liabilities	1,320,053,885	1,602,937,008
Contract liabilities	13,397,410	17,890,030
Accrued work-up	22,877,354	52,271,856
Short term finances - secured	1,244,657,119	1,312,657,119
Unclaimed dividend	829,907	829,907
Current portion of long term liabilities	41,689,500	34,954,650
	2,643,214,975	3,021,530,771
CONTINGENCIES AND COMMITMENTS	-	-
	5,722,268,729	5,867,411,337
ASSETS		
NON CURRENT ASSETS		
Property plant & equipment	2,427,066,198	2,420,008,614
Right of use assets	107,092,189	110,024,981
Capital work in progress	126,832,945	75,202,095
Intangible assets	2,414,182	2,719,222
	2,663,405,222	2,608,861,903
Long term deposits	25,766,724	25,602,294
CURRENT ASSETS		
Stores, spares and loose tools	274,397,010	287,019,771
Stock in trade	1,205,983,400	1,458,787,939
Loans and advances	154,228,715	-80,868,194
Trade debts	443,758,480	557,162,004
Trade deposits and prepayments	12,634,773	13,518,245
Tax refunds due from Government	486,393,951	513,962,915
Other receivables	89,497,817	85,275,158
Short term investments	178,263,990	107,975,933
Cash and bank balances	207,938,843	158,348,880
	3,033,096,781	3,232,957,140
	5,722,268,729	5,867,411,337

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Profit and Loss Account
for the 1st Quarter ended September 30, 2023 (Un-Audited)

	Jul-Sept 2023 (Rupees)	Jul-Sept 2022 (Rupees)
SALES	2,362,342,684	1,918,586,497
COST OF SALES	1,979,985,012	1,709,048,730
GROSS PROFIT	382,357,672	209,537,767
OPERATING EXPENSES		
Distribution Costs	64,576,818	88,766,019
Administrative Cost	28,915,635	27,410,510
Other Operating Expenses	42,083,079	37,269,295
	135,575,532	153,445,824
	246,782,140	56,091,943
Other Operating Income	48,350,737	80,452,005
OPERATING PROFIT	295,132,877	136,543,948
Finance Cost	70,240,068	34,900,678
PROFIT BEFORE TAXATION	224,892,809	101,643,270
Taxation	23,751,929	18,882,538
PROFIT AFTER TAXATION	201,140,880	82,760,732
EARNING PER SHARE-BASIC & DILUTED	3.38	1.39

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

for the 1st Quarter ended September 30, 2023 (Un-Audited)

	Jul-Sept 2023 (Rupees)	Jul-Sept 2022 (Rupees)
Profit for the period after taxation	201,140,880	82,760,732
Other comprehensive income		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	201,140,880	82,760,732

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Cash Flows

for the 1st Quarter ended September 30, 2023 (Un-Audited)

	Jul-Sept 2023 (Rupees)	Jul-Sept 2022 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	224,892,809	101,643,270
Adjustments for:		
Depreciation & amortization	49,477,272	47,113,912
Gain on sale of fixed assets	(1,444,661)	(3,644,049)
Dividends, capital gains & other (income)/loss	(1,214,617)	-
Provision for staff gratuity	9,296,163	14,158,603
Financial charges	70,240,068	34,900,678
	126,354,225	92,529,144
	351,247,034	194,172,414
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(13,377,241)	(10,447,409)
Stock in trade	250,804,539	7,413,096
Trade debts	113,423,523	41,371,714
Loans and advances	(73,360,337)	6,186,594
Trade deposits, prepayments & other receivables	72,106,197	(1,966,892)
	349,596,681	42,557,103
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	(253,288,892)	(90,897,438)
Cash flow from operations	447,554,823	145,832,079
Financial charges paid	(99,834,570)	(36,475,687)
Taxes paid	(30,304,590)	(22,609,992)
Gratuity paid	(20,511,335)	(6,327,789)
	(150,650,495)	(67,413,468)
Net cash flow from operating activities	(A) 296,904,328	78,418,611
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	(164,430)	-
Sale proceeds of fixed assets	750,000	5,512,775
Dividends received	1,214,617	-
Proceeds from sale of short term investment	(70,288,055)	108,901
Fixed capital expenditure	(106,434,765)	(26,698,104)
Net cash flow from investing activities	(B) (174,922,633)	(21,076,428)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	(68,000,000)	95,621,000
Long term finances - secured	(2,391,828)	(122,787,028)
Net cash flow from financing activities	(C) (70,391,828)	(27,166,028)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C) 51,589,867	30,176,155
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	156,348,976	64,697,152
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	207,938,843	94,873,307

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

for the 1st Quarter ended September 30, 2023 (Un-Audited)

Description	Share Capital (Rupees)	Revaluation Surplus (Rupees)	Accumulated Profit/(Loss) (Rupees)	Total Equity (Rupees)
Balance as at June 30, 2022 - restated	594,287,290	368,175,679	1,132,575,078	2,095,038,047
Net Profit for the period	-	-	82,760,732	82,760,732
Current year incremental depreciation - net of tax	-	(5,058,069)	5,058,069	-
Balance as at September 30, 2022 - restated	594,287,290	363,117,610	1,220,393,879	2,177,798,779
Balance as at June 30, 2023	594,287,290	574,060,494	1,361,643,813	2,528,991,597
Net Profit for the period	-	-	201,140,880	201,140,880
Current year incremental depreciation - net of tax	-	(14,047,326)	14,047,326	-
Balance as at September 30, 2023	594,287,290	560,013,168	1,576,832,019	2,731,132,477

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the Accounts

for the 1st Quarter ended September 30, 2023 (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, 2023.

4. Contingencies and Commitments

4.1 Commitments

Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2023 amounting to Rs.52,649 million (June 2023 : Rs.85,347 million)

4.2 Others

There are no other significant activities since June 30, 2023 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, 2023 (Rupees)	Audited June 30, 2023 (Rupees)
Additions in fixed assets	54,804,206	332,681,039
Deletions in fixed assets	2,097,735	27,839,438
Additions in capital work in progress	44,282,559	119,891,795
Transfers from capital work in progress	-	85,441,585

6. EARNING PER SHARE - BASIC

Profit after tax	201,140,880	82,760,732
Weighted average number of ordinary shares	59,428,729	59,428,729
Earning per share - basic	3.38	1.38

7. DATE OF AUTHORISATION

These accounts have been approved by Board of Directors on October 26, 2023.

8. COMPARATIVE FIGURES

Have been rearranged/reclassified wherever necessary for the purpose of comparison.
Have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

اراکین کے لیے ڈائریکٹرز کی رپورٹ

زیر نیکسٹا ٹیکسٹائلز کے ڈائریکٹرز کے لیے 30 ستمبر 2023ء کو اختتام پذیر سرمایہ کے لیے غیر آؤٹ شدہ عبوری مالیاتی گوشوارے پیش کرنا، باعث فخر و امتیاز ہے۔
عملی اور مالیاتی نتائج

30 ستمبر 2023ء کو اختتام پذیر سرمایہ کے دوران کمپنی نے 2,362,343,343 ملین روپے کی فروخت پر 382,358,358 ملین روپے کا مجموعی منافع حاصل کیا جو کہ گذشتہ برس، اسی مدت کے مقابل میں 1,918,586,586 ملین روپے کی فروخت پر 209,538,538 ملین روپے تھا۔ لہذا گزشتہ برس کی اسی مدت کے مقابلے میں خالص منافع میں 143,04,143,04 فیصد کا اضافہ ہوا۔ یہ تمام مثبت نتائج، ایک مثالی مصنوعات آئیڈیز، بہتر لاگت، مالیاتی کنٹرول اور موثر فروخت اور بہترین مارکیٹنگ حکمت عملیوں کی وجہ سے ممکن ہوئے۔

اختتام پذیر سرمایہ 30 ستمبر		نمایاں مالیاتی تفصیل
2022 (روپے)	2023 (روپے)	
1,918,586,497	2,362,342,684	خالص فروخت
209,537,767	382,357,672	مجموعی منافع
136,543,948	295,132,877	رواں مدت کے لیے عملی منافع
34,900,678	70,240,068	مالیاتی اخراجات
101,643,270	224,892,809	نفع قبل از ٹیکس
18,882,538	23,751,929	موجودہ ٹیکس
82,760,732	201,140,880	نفع بعد از ٹیکس
1.39	3.38	فی شخص آمدنی

2023ء میں عالمی مانگ کم تھی اور خورد و فروش اعلیٰ انونٹرز کے لیے بیٹھے تھے۔ جس کی وجہ سے نئے آرڈرز کے حصول میں مزید مایوسی ہوئی۔ اٹلیا، بنگلہ دیش اور بھارت نام میں بہت سے لوگ اب یہ سوچتے ہیں کہ بدترین وقت ختم ہو گیا ہے۔ اور ان کی پیراڈارمی سہولیات میں نئے آرڈرز آنا شروع ہو جائیں گے۔ نلک کی کمزور معیشت اور اندرونی طاقتاری وجہ سے پاکستانی ایک بے یقینی کی کیفیت میں مبتلا ہیں۔ نیکسٹا ٹیکسٹائلز انڈسٹری کو توقع ہے کہ مالی سال 2024ء کی تیسری سرمایہ تک میں دوبارہ اضافہ ہو جائے گا، کیونکہ عالمی خورد و فروش اپنی انونٹرز کم کر دیں گے۔ ان کو ظم ہے کہ مالی سال 2024ء کی پہلی دوسرا ہونے میں مندی کا رحمان ہے، لیکن وہ پر امید ہیں کہ مالی سال 2024ء کی تیسری سرمایہ تک طلب میں دوبارہ اضافہ ہوگا، کیونکہ اس دوران عالمی خورد و فروش اپنی انونٹرز کم کرتے ہیں۔ مالی سال 2024ء کی دوسری ششماہی میں تجارتی حجم میں مزید بہتری متوقع ہے۔ کیونکہ عالمی خورد و فروش اپنے موسم بہار/موسم گرما کے مجموعوں کے آرڈرز دینا شروع کر رہے ہیں۔

کمپنی نے مالی سال 2024ء کی پہلی سرمایہ میں شاندار کارکردگی کا مظاہرہ کیا۔ پیداواری لاگت جیسے ایندھن، بجلی اور مزدوری کی لاگت وغیرہ میں بڑے پیمانے پر اضافے کے بعد بھی برآمدات میں اضافے کی وجہ سے مارچن میں اضافہ ہوا۔ ویلیو ایڈڈ شعبہ، جو گزشتہ سال اسی غرض سے میں بھی کم مانگ کی وجہ سے واؤڈ کا شکار تھا، اس شعبہ نے بھی برآمدات کی ترقی میں اہم کردار ادا کیا ہے۔ کمپنی زیادہ منافع بخش ہونے کی وجہ سے ویلیو ایڈڈ برنس کے شعبے پر مسلسل اپنی توجہ مرکوز کیے ہوئے ہے۔ اور اس نے اپنے کورے کپڑے کے کاروبار کو کارمنس کے کاروبار میں تبدیل کرنے کا عمل شروع کر دیا ہے۔ تبدیلی کے اس عمل کو کورا کپڑا بنانے والی لومز کی فروخت اور کاروباری امور سے حاصل ہونے والی نقد رقم سے مکمل کیا جائے گا۔ کمپنی اس نئے منصوبے کے بارے میں کافی پر امید ہے۔ جس سے مستقبل میں کمپنی کو فائدہ حاصل ہوگا۔ مندرجہ بالا نتائج کے علاوہ نیکسٹا ٹیکسٹائلز انڈسٹری کے مستقبل کے نتائج کا انحصار حکومت کی جانب سے مثبت تعاون اور ملک کے سیاسی اور معاشی استحکام پر ہے۔

ڈائریکٹرز کمپنی کے ملازمین کے مسلسل عزم اور انتھک محنت کی حوصلہ افزائی کرتے ہیں۔

محمد ارباب محمد خان

ایگزیکٹو ڈائریکٹر

محمد مسعود حنیف

چیف ایگزیکٹو

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