



ZEPHYR
TEXTILES LIMITED

Zephyr Textiles Limited

**Accounts for the Nine Months Ended
March 31, 2024**

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Company Information

BOARD OF DIRECTORS:	Mr. Mussaid Hanif	CEO
	Mr. Arbab Muhammad Khan	
	Mr. Rana Kamal Ud Din	
	Ms. Tehniyat Mussaid	Chairperson
	Ms. Sabah Burhan	
	Ms. Sarah Naviwala Ms. Nuzhat Kamran	
AUDIT COMMITTEE:	Ms. Nuzhat Kamran	Chairperson/Member
	Mr. Rana Kamal Ud Din	Member
	Ms. Tehniyat Mussaid	Member
HR & REMUNERATION COMMITTEE:	Ms. Nuzhat Kamran	Chairperson/Member
	Mr. Arbab Muhammad Khan	Member
	Ms. Sabah Burhan	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	National Bank of Pakistan
	Allied Bank Limited	MCB Bank Limited
	Askari Bank Limited	The Bank of Punjab
	United Bank Limited	Faysal Bank Limited
	Habib Metropolitan Bank Limited	Meezan Bank Limited
	Bank Al Habib Limited	Silk Bank Limited
MILLS:	1 km, Balloki Bhai Pheru Road	(Weaving unit & Power plant)
	Bhai Pheru.	
	Phone : 0494 - 512007-9, 513103-5	
	Fax : 0494 - 512011	
63 km, Gulshan Adda,	(Towel unit)	
Jumber Khurd, District Kasur.		
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	

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

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, 2024.

The Company earned a gross profit of PKR 832.516 million on sales of PKR 5,992.082 million as compared to gross profit of PKR 660.881 million on sales of PKR 5,345.957 million for the corresponding period last year. During the period under review, the Company earned a net profit of PKR 275.015 million as compared to PKR 105.708 million in corresponding period. Financial charges increased by 78.74% as compared to the corresponding period last year.

Description	March 31, 2024 Rupees	March 31, 2023 Rupees	Increased By %
Sales - net	5,992,081,861	5,345,956,842	12.09
Gross Profit	832,516,104	660,880,891	25.97
Operating Profit for the period	558,460,612	292,104,344	91.19
Financial charges	218,705,742	122,359,691	78.74
Profit for the period before taxation	339,754,870	169,744,653	100.16
Taxation current	64,739,653	64,037,113	1.10
Profit for the period after taxation	275,015,217	105,707,540	160.17
Earning Per Share	4.63	1.78	160.11

The textile industry of Pakistan is currently tackling with the challenges like increased gas tariffs, elevated electricity cost and higher rates for the Long-Term Financing Facility (LTFF), Export Refinance Facility (ERF) and Finance Against Packing Credit (FAPC). The International Monetary Fund (IMF) expressed concerns about subsidies and pressurizing the government. Consequently, the government has discontinued the regionally competitive energy tariff (RCET) rates for the textile sector. As a result, the textile industry is struggling hard to be profitable and competitive in local and international markets. Domestic political instability and international confrontations are another business challenges will cast a dark shadow if not resolved shortly.

Considering the above discussed economic and geographic factors, Company's margins have been squeezed gradually due to high cost of raw material and other costs of production. Third quarter could get only PKR 4.966 million net profit even after 19.97% increase in net revenues. The last quarter might get the same results if the government don't announce specific remedy especially for the export sectors. The Company has devised a plan to reduce controllable costs like financial charges and energy costs. Total CAPEX of PKR 264.328 million was done through cash generated from business operations and avoided markup. Similarly, towel manufacturing unit is equipped with 830 KWH solar system whereas weaving unit will get 480 KWH solar system before end of next quarter in order to keep electricity cost bearable.

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 29, 2024



Arbab Muhammad Khan
Director

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2024**

	Notes	Unaudited March 31, 2024 (Rupees)	Audited June 30, 2023 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital		625,000,000	625,000,000
Issued, subscribed and paid-up share capital	3	594,287,290	594,287,290
Unappropriated profit		1,668,686,104	1,361,643,813
Surplus on revaluation of property, plant & equipment	4	491,039,285	574,060,494
		2,754,012,679	2,529,991,597
NON CURRENT LIABILITIES			
Long term loans	5	56,908,678	64,111,427
Lease liabilities		3,888,697	21,388,890
Deferred liabilities	7	212,767,159	227,434,587
Deferred grant		2,545,041	2,954,065
		276,109,575	315,888,969
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	9	1,552,429,095	1,602,937,009
Contract liabilities		60,274,678	17,880,030
Mark-up accrued		28,780,639	52,271,856
Short term borrowings	8	1,372,000,000	1,312,657,119
Taxation - net		-	7,486,163
Unclaimed dividend		829,907	829,907
Current portion of deferred grand		890,764	999,837
Current portion of lease liability		23,333,333	23,333,328
Current portion of long term financing	5	10,621,680	10,621,685
		3,049,160,096	3,029,016,934
CONTINGENCIES AND COMMITMENTS			
		6,079,282,350	5,874,897,500
ASSETS			
NON CURRENT ASSETS			
Property plant and equipment			
Operating fixed assets	11	2,434,201,386	2,420,908,614
Right of use assets		101,226,635	110,024,981
Capital work in progress	12	61,782,117	75,202,086
		2,597,210,138	2,606,135,681
Intangible assets		1,810,096	2,716,222
Long term advances and deposits	13	25,926,811	25,602,294
		2,624,947,045	2,634,454,197
CURRENT ASSETS			
Stores, spares and loose tools	14	224,600,298	261,019,771
Stock in trade	15	1,780,935,858	1,456,787,939
Loans and advances	17	80,374,352	80,868,194
Trade debts	16	559,177,375	557,182,004
Trade deposits, prepayments	18	25,825,307	13,516,245
Tax refunds due from Government		274,539,003	521,469,078
Other receivables	19	178,531,401	85,275,163
Short term investment	20	199,237,152	107,975,933
Cash and bank balances	21	131,114,559	156,348,976
		3,454,335,305	3,240,443,303
		6,079,282,350	5,874,897,500

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Un-audited For Nine Months Ended March 31,		Un-audited For Quarter Ended March 31,	
	2024	2023	2024	2023
	(Rupees)		(Rupees)	
SALES	5,992,081,861	5,345,956,842	2,016,363,436	1,684,166,372
COST OF SALES	5,159,565,757	4,685,075,951	1,769,709,700	1,437,103,746
GROSS PROFIT	832,516,104	660,880,891	246,653,736	247,062,626
Other income	257,672,178	141,905,745	81,547,126	97,343,936
Distribution costs	358,693,642	323,737,683	148,168,811	90,200,238
Administrative expenses	102,402,458	82,325,093	34,122,859	26,862,336
Other operating expenses	70,631,570	104,619,516	49,192,272	85,171,522
	558,460,612	292,104,344	96,716,920	142,172,466
Finance Costs	218,705,742	122,359,691	71,293,176	43,003,617
PROFIT BEFORE TAXATION	339,754,870	169,744,653	25,423,744	99,168,849
Taxation	64,739,653	64,037,113	20,457,441	17,140,818
PROFIT AFTER TAXATION	275,015,217	105,707,540	4,966,303	82,028,031
OTHER COMPREHENSIVE INCOME				
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME	275,015,217	105,707,540	4,966,303	82,028,031
EARNING PER SHARE-BASIC & DILUTED	4.63	1.78	0.08	1.38

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UNADITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	For the Nine Months Ended	
	March 31, 2024	March 31, 2023
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	339,754,870	169,744,653
Adjustments for:		
Depreciation on property, plant and equipment	149,396,647	141,856,422
Amortization	906,138	681,219
Gain / Loss on sale of PPE	(143,463,777)	8,123,752
Gain on re-measurement of short term investments	(1,024,293)	98,295
Dividend Income	(19,226,714)	(41,312)
Capital gain from Investment	(596,220)	(890,990)
Allowance for ECL	21,579,436	15,316,376
Provision for staff gratuity	42,543,063	36,988,840
Financial charges	218,705,742	122,359,691
Net cash flow before working capital changes	268,820,022	324,492,293
(Increase)/Decrease in current assets		
Stores, spares and loose tools	36,419,473	(24,100,894)
Stock in trade	(324,147,919)	(30,023,113)
Trade debts	19,584,065	59,308,035
Loans and advances	493,842	(14,472,370)
Short Term Investments	(91,261,219)	5,063,176
Trade deposits and prepayments	(26,393,760)	(4,415,650)
Tax refunds due from the Government	249,067,569	9,463,125
Other receivables	(93,256,238)	1,115,085
	(229,494,187)	1,937,394
(Increase)/Decrease in current liabilities		
Trade and other payables	(80,902,575)	165,826,078
Contract liabilities	42,394,648	(7,718,211)
Mark-up accrued	23,491,217	(4,681,041)
Unclaimed Dividend	-	68,409
	(15,016,710)	153,495,235
Cash flow from operations	364,063,995	649,669,575
Financial charges paid	(241,433,447)	(117,396,878)
Taxes paid	(68,983,456)	(48,842,877)
Gratuity paid	(89,398,391)	(25,577,050)
	(399,815,294)	(191,816,805)
Net cash flow from operating activities	(A) (35,751,299)	457,852,770
CASH FLOW FROM INVESTING ACTIVITIES		
(Addition) to operating fixed assets	(264,327,701)	(247,283,826)
(Addition) / Deletion to capital work in progress	13,419,969	(34,279,323)
Sale proceeds of fixed assets	207,996,961	19,109,694
Dividends received	19,226,714	41,312
Long term advances, deposits and deferred costs	324,517	875,480
Net cash flow from investing activities	(B) (23,359,540)	(261,536,663)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	59,342,881	39,352,697
Long term finances - secured	(7,966,266)	(180,344,761)
Principal paid on lease liabilities	(17,500,193)	(25,234,790)
Dividend paid	-	(29,714,391)
Net cash flow from financing activities	(C) 33,876,422	(195,941,245)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C) (25,234,417)	374,862
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	131,114,559	65,072,014

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

Description	Share Capital (Rupees)	Revaluation Surplus (Rupees)	Accumulated Profit (Rupees)	Total (Rupees)
Balance as at June 30, 2022 - restated	594,287,290	368,175,679	1,132,575,078	2,095,038,047
Final dividend @ Rs. 0.50 per ordinary share	-	-	(29,714,391)	(29,714,391)
Total comprehensive income for the period	-	-	105,707,540	105,707,540
Current year incremental depreciation - net of tax	-	(6,376,461)	6,376,461	-
Balance as at March 31, 2023	594,287,290	361,799,218	1,214,944,688	2,171,031,196
Balance as at June 30, 2023	594,287,290	574,060,494	1,361,643,813	2,529,991,597
Total comprehensive income for the period	-	-	275,015,217	275,015,217
Reversal of surplus on disposal of PPE	-	(45,679,686)	-	-
Deferred tax due to rate change and disposal - Net	-	(5,314,449)	-	-
Current year incremental depreciation - net of tax	-	(32,027,074)	32,027,074	-
Balance as at March 31, 2024	594,287,290	491,039,285	1,668,686,104	2,805,006,814

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (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 237 of the Companies Act, 2017.
- 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.
- 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, 2023.

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, 2024 amounting to Rs. 49.776 million (June 2023: Rs. 85.347 million)

	Un-Audited March 31, 2024 (Rupees)	Audited June 30, 2023 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	2,420,908,614	2,049,896,162
Additions during the period	264,327,701	332,681,039
Revaluation surplus	-	248,711,073
Book value of deletions during the period	(110,436,637)	(27,839,438)
Depreciation charged during the period	(140,598,292)	(182,540,222)
Closing Book Value	2,434,201,386	2,420,908,614
6.1 Cost of Additions in Property, Plant and Equipment:		
Land - freehold	50,473,059	188,544,101
Building - on freehold land	-	73,041,972
Plant and machinery	181,809,486	42,689,147
Furniture and fixtures	132,800	672,601
Vehicles	26,641,810	6,953,910
Electric installations	2,655,600	18,870,340
Office equipments	2,614,946	1,908,968
	264,327,701	332,681,039
6.2 Cost of Deletions in Property, Plant and Equipment:		
Plant & machinery	114,798,998	40,768,397
Vehicles	1,496,840	8,613,365
	116,295,838	49,381,762
7. CAPITAL WORK IN PROGRESS		
Building - on freehold land	60,965,971	21,963,533
Plant & machinery	816,146	51,907,666
	61,782,117	73,871,199

8. DATE OF AUTHORIZATION

These accounts have been approved by the Board of Directors on April 29, 2024.

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


DIRECTOR


CHIEF FINANCIAL OFFICER


زیف ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز 31 مارچ 2024 کو ختم ہونے والے نو ماہ کے لیے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرنے میں خوش محسوس کرتے ہیں۔ کمپنی نے 5,992,082 ملین روپے کی فروخت پر 832,516 ملین روپے کا مجموعی منافع حاصل کیا۔ جبکہ گذشتہ سال کے مقابلے میں اسی عرصے کے دوران کمپنی نے 5345,957 ملین روپے کی فروخت پر 660,881 ملین روپے کا مجموعی منافع حاصل کیا تھا۔ زیر جائزہ مدت کے دوران، کمپنی نے 105,708 ملین روپے کے مقابلے میں 275,015 ملین روپے کا خالص منافع حاصل کیا۔ گذشتہ سال اسی مدت کے مقابلے میں مالیاتی اخراجات میں 78.74 فیصد اضافہ ہوا ہے۔

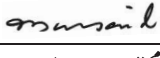
تفصیلات	31 مارچ 2024 روپے	31 مارچ 2023 روپے	اضافہ/ (کمی) فیصد
خالص فروخت	5,992,081,861	5,345,956,842	12.09
مجموعی منافع	832,516,104	660,880,891	25.97
رواں مدت کے لیے عملی منافع	558,460,612	292,104,344	91.19
مالیاتی اخراجات	218,705,724	122,359,691	78.74
نفع قبل از ٹیکس	339,754,870	169,744,653	100.16
موجودہ ٹیکس	64,739,653	64,037,113	1.10
نفع بعد از ٹیکس	275,015,217	105,707,540	160.17
فی حصص آمدنی	4.63	1.78	160.11

پاکستان کی ٹیکسٹائل انڈسٹری اس وقت گیس کے بڑھتے ہوئے ٹیرف، بجلی کی بلند قیمت، طویل مدتی مالیاتی سہولت (ایل۔ٹی۔ایف۔ایف) ایکسپورٹ ری فنانس سہولت (ای۔آر۔ایف) اور پیکیٹنگ کریڈٹ (ایف۔اے۔پی۔سی) کی بلند شرح جیسے چیلنجز سے نمٹ رہی ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے سبڈیز پر خدشات کے اظہار نے حکومت پر دباؤ بڑھا دیا ہے۔ جس کے نتیجے میں، حکومت نے ٹیکسٹائل سیکٹر کے لیے علاقائی سطح پر مسابقتی توانائی ٹیرف (آرای سی ٹی) کے نرخ معطل کر دیے ہیں۔ نتیجے کے طور پر ٹیکسٹائل کی صنعت، مقامی اور بین الاقوامی منڈیوں میں منافع بخش اور مجاز آرائی ایک اور کاروباری چیلنج ہیں۔ اگر اس مسئلے کو جلد حل نہ کیا گیا تو یہ کاروبار پر ایک گہرا سایہ چھوڑیں گے۔

مذکورہ بالا زیر بحث اقتصادی اور جغرافیائی عوامل پر غور کرتے ہوئے، حام مال کی زیادہ قیمت اور دیگر پیداواری لاگت میں اضافے کی وجہ سے کمپنی کا مارجن بتدریج سکڑ گیا ہے۔ تیسری سہ ماہی خالص آمدنی میں 19.97 فیصد اضافے کے باوجود صرف 4.966 ملین روپے خالص منافع حاصل کر سکی اگر حکومت خاص طور پر برآمدی شعبوں کے لیے اعانت کا اعلان نہیں کرتی تو سال کی آخری سہ ماہی میں بھی ایسے ہی نتائج ہو سکتے ہیں۔ کمپنی قابل کنٹرول اخراجات جیسے مالیاتی اخراجات اور توانائی کے اخراجات کو کم کرنے کا منصوبہ بنایا ہے۔ 264.328 ملین روپے کا کل (CAPCR) مکمل طور پر کاروباری امور سے حاصل ہونے والی نقد رقم سے کیا گیا ہے اور مارک اپ سے گریز کیا گیا ہے۔ اسی طرح تولیہ مینوفیکچرنگ یونٹ پر 830 کلوواٹ کا ایک سٹیشی توانائی کا ایک سٹیم نصب نصب ہے جبکہ اگلی سہ ماہی کے اختتام سے قبل ویونگ یونٹ پر بھی 480 کلوواٹ کا سٹیشی توانائی کا نظام نصب کیا جائے گا۔ تاکہ بجلی کی لاگت کو قابل برداشت رکھا جاسکے۔

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


محترم ارباب محمد خان
ڈائریکٹر


محترم مسعود حنیف
چیف ایگزیکٹو
لاہور
29 اپریل، 2024ء

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- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
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