



ZEPHYR
TEXTILES LIMITED

Zephyr Textiles Limited

**Accounts For 1st Quarter
Ended September 30, 2019**

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Company Information

BOARD OF DIRECTORS:	Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Rana Kamal Ud Din Ms. Tahniat Mussaid Ms. Sabah Burhan Ms. Sarah Naviwala Ms. Nuzhat Kamran	CEO Chairpreson
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	

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, 2019. 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, 2019, the company earned a gross profit of PKR 91,289 million on sales of PKR 887.715 million compared to gross profit of PKR 85,692 million on sales of PKR 1,093,885 million for the corresponding period of previous financial year. Gross margin improved to 10.28% in current period from 7.83% in corresponding period due to the value added segment of the Company increased in the period under review. The profit after tax is PKR 5,068 million as compared to PKR 8,852 million in corresponding period last year. Net profit reduced due to stable foreign currency parity this year as compared to high foreign currency exchange rate gains last year.

Financial Highlights Description	Quarter ended September 30, 2019 (Rupees)	Quarter ended September 30, 2018 (Rupees)
Sales - net	887,715,404	1,093,884,665
Gross Profit	91,289,439	85,692,083
Operating Profit for the period	46,815,743	50,649,360
Financial charges	(33,097,004)	(31,770,873)
Profit for the period before taxation	13,718,739	18,878,487
Taxation current	(8,650,337)	(10,026,118)
Profit for the period after taxation	5,068,402	8,852,369
Earnings Per Share	0.09	0.15

The first quarters of financial years have always shown slow turnover trend in the textile industry in Pakistan. The gross margin of the Company improved although the sales volume is less than the corresponding period. These results only materialized with improved production planning, product mix and overhead control.

Due to challenges faced by textile industry including increase in raw materials costs, liquidity crunch due to blockage of sales tax refunds, duty drawback of taxes, increase in labor costs and uncertain economic conditions, the textile sector might remain sluggish in remaining period of current financial year as well. Textile sector has great potential for improvement based on timely resolving of industry issues like stuck up sales tax refunds and continuation of benefits available to the export industry in Pakistan.

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



BURHAN MUHAMMAD KHAN
DIRECTOR

Lahore
October 29, 2019

Statement of Financial Position

As at September 30, 2019 (Un-Audited)

	Note	Un-Audited Sep 30, 2019 (Rupees)	Audited June 30, 2019 (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			
59,428,729			
ordinary shares of Rs. 10 each		594,287,290	594,287,290
		677,894,418	666,742,622
UNAPPROPRIATED PROFIT			
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT			
		319,940,817	326,024,212
		1,592,122,525	1,587,054,124
LONG TERM LOANS			
		268,466,972	304,818,570
DEFERRED LIABILITIES			
		245,642,816	241,097,866
CURRENT LIABILITIES			
Short term finances - Secured		1,275,327,469	1,250,018,577
Current portion of long term liabilities		168,883,739	167,010,393
Creditors, accrued and other liabilities		656,984,619	583,332,673
Unclaimed dividend		615,769	659,831
Accrued markup		23,920,902	22,815,205
		2,125,732,498	2,023,836,679
CONTINGENCIES AND COMMITMENTS			
	4	-	-
		4,231,964,811	4,156,807,239
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment	5	1,932,170,974	1,909,707,867
Capital work in progress		34,736,548	31,075,383
		1,966,907,522	1,940,783,250
Long term advances and deposits		22,440,301	22,458,501
CURRENT ASSETS			
Stores, spares and loose tools		116,369,556	109,799,001
Stock in trade		1,047,514,826	914,618,433
Trade debts		565,107,949	712,461,961
Loans and advances		67,617,683	100,498,346
Trade deposits, prepayments and balances with statutory authorities		274,338,152	213,159,166
Other receivables		92,902,145	86,417,352
Short term investment		986,770	989,516
Cash and bank balances		77,779,907	55,621,713
		2,242,616,988	2,193,565,488
		4,231,964,811	4,156,807,239

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 1st quarter ended September 30, 2019 (Un-Audited)

	Jul - Sep 2019 (Rupees)	Jul - Sep 2018 (Rupees)
SALES	887,715,404	1,093,884,665
COST OF SALES	796,425,965	1,008,192,582
GROSS PROFIT	91,289,439	85,692,083
OPERATING EXPENSES		
Distribution Costs	27,133,535	30,105,379
Administrative Cost	20,623,677	19,620,465
	47,757,212	49,725,844
	43,532,227	35,966,239
Other Operating Expenses	1,027,882	1,402,144
	42,504,345	34,564,095
Other Operating Income	4,311,398	16,085,265
OPERATING PROFIT	46,815,743	50,649,360
Finance Cost	33,097,004	31,770,873
PROFIT BEFORE TAXATION	13,718,739	18,878,487
Taxation	8,650,337	10,026,118
PROFIT AFTER TAXATION	5,068,402	8,852,369
EARNING PER SHARE-BASIC & DILUTED	0.09	0.15

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 1st quarter ended September 30, 2019 (Un-Audited)

	Jul - Sep 2019 (Rupees)	Jul - Sep 2018 (Rupees)
Profit for the period after taxation	5,068,402	8,852,369
Other Comprehensive Income:		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	5,068,402	8,852,369

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 1st quarter ended September 30, 2019 (Un-Audited)

	Jul - Sep 2019 (Rupees)	Jul - Sep 2018 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	13,718,739	18,878,487
Adjustments for:		
Depreciation	40,663,123	41,457,636
Gain on sale of fixed assets	(333,633)	(634,773)
Gain on re-measurement of short term investments	-	-
Dividends, capital gains & other (Income)/Loss	-	-
Provision for staff gratuity	8,975,142	6,892,002
Financial charges	33,097,004	31,770,873
	82,401,636	79,485,738
	96,120,375	98,364,225
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(6,570,555)	(27,010,462)
Stock in trade	(132,896,393)	(104,204,312)
Trade debts	147,354,012	135,346,875
Loans and advances	32,880,663	(16,899,363)
Trade deposits, prepayments & other receivables	(66,278,868)	(22,559,965)
	(25,511,141)	(35,327,227)
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	72,546,262	26,356,106
Cash flow from operations	143,155,496	89,393,104
Financial charges paid	(29,778,517)	(28,399,431)
Taxes paid	(10,634,861)	(10,778,121)
Gratuity paid	(1,945,424)	(6,403,070)
	(42,358,802)	(45,580,622)
Net cash flow from operating activities	(A) 100,796,694	43,812,482
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	18,200	-
Sale proceeds of fixed assets	750,000	750,000
Dividends received	-	-
Proceeds from Sale of short term investment	2,746	2,954
Fixed capital expenditure	(68,027,350)	(6,612,041)
Net cash flow from investing activities	(B) (67,256,404)	(5,859,087)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	25,308,892	(20,585,179)
Long term finances - secured	(36,690,988)	(38,193,322)
Net cash flow from financing activities	(C) (11,382,096)	(58,778,501)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C) 22,158,194	(20,825,106)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	55,621,713	28,990,553
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	77,779,907	8,165,445

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 1st quarter ended September 30, 2019 (Un-Audited)

Description	Share Capital (Rupees)	Accumulated Profit/(Loss) (Rupees)	Revaluation Surplus (Rupees)	Total Equity (Rupees)
Balance as at June 30, 2018	594,287,290	595,210,555	351,241,048	1,540,738,893
Net Profit for the period	-	8,852,369	-	8,852,369
Current year incremental depreciation - net of tax	-	5,588,961	(5,588,961)	-
Balance as at September 30, 2018	594,287,290	609,651,885	345,652,087	1,549,591,262
Balance as at June 30, 2019	594,287,290	666,742,622	326,024,212	1,587,054,124
Net Profit for the period	-	5,068,402	-	5,068,402
Current year incremental depreciation - net of tax	-	6,083,394	(6,083,394)	-
Balance as at September 30, 2019	594,287,290	677,894,418	319,940,818	1,592,122,526

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 1st quarter ended September 30, 2019 (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 245 of the Companies Ordinance, 1984.
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, 2019.

4. CONTINGENCIES AND COMMITMENTS

4.1 Commitments

Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2019 amounting to Rs. 10.748 million (June 2019 : Rs. 27.891 million).

4.2 Others

There are no other significant activities since June 30, 2019 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, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
Additions in fixed assets	64,366,185	100,141,561
Deletions in fixed assets	2,232,190	5,958,745
Additions in capital work in progress	50,336,394	74,671,500
Transfers from capital work in progress	46,675,229	43,596,117
6. EARNING PER SHARE - BASIC		
Profit after tax	5,068,402	117,838,469
Weighted average number of ordinary shares	59,428,729	59,428,729
Earning per share - basic	0.09	1.98

7. DATE OF AUTHORIZATION

These accounts have been approved by the Board of Directors on October 29, 2019.

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

زیف ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز ازراہ مسرت 30 ستمبر 2019ء کو اختتام پذیر پہلی سہ ماہی کے لئے غیر بڑا تال 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 2019ء کو اختتام پذیر سہ ماہی کے دوران کمپنی نے 887,715,404 ملین روپے کی فروخت پر 91,289,439 ملین روپے مجموعی منافع حاصل کیا جو کہ گذشتہ برس اسی مدت کے دوران 1,093,885,885 ملین روپے کی فروخت پر 85,692,083 ملین روپے تھا۔ مجموعی مارجن زیر جائزہ مدت میں کمپنی کے اضافی سیگمنٹ کی وجہ سے متعلقہ مدت میں 7.83 فی صد سے 10.28 فی صد بہتر ہوا۔ گذشتہ برس متعلقہ مدت میں 8.852 روپے نفع علاوہ ٹیکس کے مقابلہ میں زیر جائزہ مدت کے دوران نفع علاوہ ٹیکس 5.068 ملین روپے رہا۔ گذشتہ برس بھاری کرنسی آپٹیمائزیشن کے مقابلہ میں اس برس مستحکم غیر ملکی کرنسی مبادلہ کی وجہ سے خالص منافع میں کمی واقع ہوئی ہے۔

نمایاں مالیاتی تفصیل	2019 (روپے)	اختتام پذیر سہ ماہی 30 ستمبر 2018 (روپے)
خالص فروخت	887,715,404	1,093,884,665
مجموعی منافع	91,289,439	85,692,083
رواں مدت کے لیے عملی منافع	46,815,743	50,649,360
مالیاتی اخراجات	(33,097,004)	(31,770,873)
نفع/(نقصان) قبل از ٹیکس	13,718,739	18,878,487
موجودہ ٹیکس	(8,650,337)	(10,026,118)
نفع/(نقصان) بعد از ٹیکس	5,068,402	8,852,369
فی شخص آمدنی/(خسارہ)	0.09	0.15

مالیاتی سالوں کی پہلی سہ ماہیوں نے ہمیشہ پاکستان میں ٹیکسٹائل انڈسٹری میں سست روی کا رجحان دکھایا ہے۔ کمپنی کے مجموعی مارجن میں بہتری آئی اگرچہ فروخت کا حجم گذشتہ برس کے مقابلہ میں کم تھا۔ یہ نتائج بہتر پیداواری منصوبہ بندی، پروڈکٹ کس اور اخراجات کو کنٹرول کرنے سے بہتر ہوئے ہیں۔

ٹیکسٹائل انڈسٹری کو خام مال کی لاگت میں اضافہ، سیلز ٹیکس واپسی کی بندش کی وجہ سے لیکویڈٹی، بحران، ٹیکسز کا ڈیوٹی ڈرا بیک، مزدوری میں اضافہ اور غیر یقینی معاشی صورت حال جیسے درپیش مسائل کی وجہ سے موجودہ مالیاتی سال کے بقیہ دورانہ میں بھی ٹیکسٹائل کا شعبہ بحران کا شکار رہ سکتا ہے۔ بندش شدہ سیلز ٹیکس ری فنڈز اور پاکستان میں برآمدی صنعت کو دستیاب سہولیات کے تسلسل جیسے صنعتی مسائل کے بروقت حل ہونے سے ٹیکسٹائل کے شعبہ میں بہتری کی بہت زیادہ صلاحیت ہے۔

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

محمد
محترم برہان محمد خان
ڈائریکٹر

ansair
محترم مسعود حنیف
چیف ایگزیکٹو
لاہور
29 اکتوبر 2019

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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