



# Zephyr Textiles Limited

Accounts For The Nine Months  
Ended March 31, 2017



# Contents

<b>Company Information</b>	<b>02</b>
<b>Directors' Report</b>	<b>03</b>
<b>Balance Sheet</b>	<b>04</b>
<b>Profit and loss Account</b>	<b>05</b>
<b>Statement of Comprehensive Income</b>	<b>06</b>
<b>Cash Flow Statement</b>	<b>07</b>
<b>Statement of Changes in Equity</b>	<b>08</b>
<b>Notes to the Financial Information</b>	<b>09</b>

## Company information

<b>BOARD OF DIRECTORS:</b>	Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Arbab Muhammad Khan Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Mussaid Ms. Nuzhat Kamran	CEO
<b>AUDIT COMMITTEE:</b>	Ms. Tehniyat Mussaid Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/Member Member Member
<b>CHIEF FINANCIAL OFFICER:</b>	Mr. Naveed Aleem	
<b>COMPANY SECRETARY:</b>	Mr. Abdul Jabbar	
<b>AUDITORS:</b>	Azhar Zafar & Company	Chartered Accountants
<b>LEGAL ADVISOR:</b>	Cornelius Lane & Mutti Advocate and Solicitors Nawa-e-Waqt House, 4 Shahrah-e-Fatima Jinnah, Lahore - 54000, Pakistan	
<b>BANKERS TO THE COMPANY:</b>	Habib Bank Limited Allied Bank Limited Askari Bank Limited United Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited	National Bank of Pakistan NIB Bank Limited The Bank Of Punjab Faysal Bank Limited Meezan Bank Limited Silk Bank Limited
<b>MILLS:</b>	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)
<b>REGISTERED &amp; HEAD OFFICE:</b>	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: <a href="mailto:info@zephyr.com.pk">info@zephyr.com.pk</a> Website: <a href="http://www.zephyr.com.pk">www.zephyr.com.pk</a>	  Phone : 042 35782905 - 15 Fax : 042 35753202

# Directors' Report to the Members

## 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, 2017.

The Company improved its profitability in the nine months ended March 31, 2017 despite of 6.36% lower sales volume. The gross profit increased by 10.83% and earning per share improved to 0.85 per share from 0.67 per share in the corresponding period. The Company achieved these results by better management and efficient use of available resources despite the increase in minimum wages, fuel costs and raw material prices.

Description	Nine Months Ended March 31,		Increase/ (Decrease) BY %
	2017	2016 (Rupees)	
Sales - net	2,617,255,479	2,795,080,515	(6.36)
Gross Profit	269,347,057	243,037,046	10.83
Operating Profit for the period	156,930,208	151,155,478	3.82
Financial Charges	90,064,657	97,911,349	(8.01)
Profit/(Loss) for the period before taxation	66,865,551	53,244,129	25.58
Taxation current	(16,561,968)	(13,692,415)	20.96
Profit/(Loss) for the period after taxation	50,303,583	39,551,714	27.18
Earnings/(loss) per share	0.85	0.67	

The Company is implementing its policy to enter the local finished fabric market and achieved substantial growth in the period under review. This is another reason of improved profitability. Controlling financial cost is another factor for better results. We managed to repay all financial obligations after restructuring with the lenders of the Company and availed the maximum benefits from the reduced markup rates offered by The State Bank Of Pakistan.

The Company is in process of expansion and invested PKR 226.441 million in fixed assets to enhance and improve the production facility in the nine months ended March 31, 2017. Eight (8) Picanol Air Jet terry looms along with dyeing, tumbler, warping and long hemming machine have already started the production. Further sixteen (16) Picanol Air Jet terry looms along with all allied machinery are on the way and will be installed before June 30, 2017. The Company also planned to install a yarn dyeing unit in the first half of next financial year.

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



Lahore  
April 27, 2017

MUSSAID HANIF  
Chief Executive

## Condensed Interim Balance Sheet

as at March 31, 2017 (Un-Audited)

	Notes	Un-Audited March 31, 2017 (Rupees)	Audited June 30, 2016 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital			
62,500,000 (2016: 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 (2016: 59,428,729)			
ordinary shares of Rs. 10 each		594,287,290	594,287,290
<b>UNAPPROPRIATED PROFIT</b>		437,888,916	369,712,295
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT &amp; EQUIPMENT</b>		1,032,176,206	963,999,585
<b>LONG TERM LOANS</b>		346,305,540	364,246,726
<b>DEFERRED LIABILITIES</b>		618,953,988	570,446,790
<b>CURRENT LIABILITIES</b>		231,478,846	231,621,837
Short term finances - Secured		773,789,093	710,417,398
Current portion of long term liabilities		179,770,583	176,352,671
Creditors, accrued and other liabilities		440,644,836	387,537,976
Accrued Mark Up		14,647,156	14,321,758
		1,408,851,668	1,288,629,803
<b>CONTIGENCIES AND COMMITMENTS</b>	5	-	-
		3,637,766,248	3,418,944,741
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property plant & equipment	6	1,880,085,912	1,797,515,632
Capital work in progress		31,966,625	-
Long term advances and deposits		1,912,052,537	1,797,515,632
		8,257,384	7,822,686
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		133,025,245	112,258,545
Stock in trade		927,667,947	775,086,565
Trade debts		346,281,219	446,750,654
Loans and advances		56,946,965	35,357,461
Trade deposits, prepayments		207,233,333	150,680,773
Other receivables		28,120,078	27,088,511
Short term investment		1,660,166	1,598,895
Cash and bank balances		16,521,374	64,785,019
		1,717,456,327	1,613,606,423
		3,637,766,248	3,418,944,741

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



CHIEF EXECUTIVE



DIRECTOR

# Condensed Interim Profit and Loss Account

for the nine months ended March 31, 2017 (Un-Audited)

	Un-Audited For Nine months ended March 31,		Un-Audited For quarter ended March 31,	
	2017 (Rupees)	2016 (Rupees)	2017 (Rupees)	2016 (Rupees)
<b>SALES</b>	2,617,255,479	2,795,080,515	906,024,312	1,010,002,018
<b>COST OF SALES</b>	2,347,908,422	2,552,043,469	809,358,447	916,348,518
<b>GROSS PROFIT</b>	269,347,057	243,037,046	96,665,865	93,653,500
<b>OPERATING EXPENSES</b>				
Distribution costs	60,112,545	51,267,262	23,385,634	18,290,354
Administrative	48,913,769	46,850,867	15,977,824	17,813,228
	109,026,314	98,118,129	39,363,458	36,103,582
	160,320,743	144,918,917	57,302,407	57,549,918
Other operating expenses	4,935,755	3,737,985	2,020,289	1,880,918
	155,384,988	141,180,932	55,282,118	55,669,000
<b>OTHER OPERATING INCOME/(LOSS)</b>	1,545,220	9,974,546	494,864	3,097,577
<b>OPERATING PROFIT</b>	156,930,208	151,155,478	55,776,982	58,766,577
<b>FINANCE COSTS</b>	90,064,657	97,911,349	28,132,838	30,529,448
<b>PROFIT BEFORE TAXATION</b>	66,865,551	53,244,129	27,644,144	28,237,129
<b>TAXATION</b>	16,561,968	13,692,415	5,787,661	2,626,016
<b>PROFIT AFTER TAXATION</b>	50,303,583	39,551,714	21,856,483	25,611,113
<b>EARNING PER SHARE-BASIC &amp; DILUTED</b>	0.85	0.67	0.37	0.43

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



CHIEF EXECUTIVE



DIRECTOR

## Condensed Interim Statement Of Comprehensive Income

for the nine months ended March 31, 2017 (Un-Audited)

	For Nine months ended March 31, 2017 (Rupees)		For quarter ended March 31, 2017 (Rupees)	
	2017	2016	2017	2016
Profit for the period after taxation	50,303,583	39,551,714	21,856,483	25,611,113
<b>Other Comprehensive Income</b>				
Other comprehensive income / (Loss) for the period	-	-	-	-
<b>Total Comprehensive Income / (Loss) for the period</b>	<b>50,303,583</b>	<b>39,551,714</b>	<b>21,856,483</b>	<b>25,611,113</b>

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



**Mansoor Ali**  
CHIEF EXECUTIVE



**Bala**  
DIRECTOR

# Condensed Interim Cash Flow Statement

for the nine months ended March 31, 2017 (Un-Audited)

	For Nine months ended March 31,	
	2017	2016 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period before taxation</b>	66,865,551	53,244,129
<b>Adjustments for:</b>		
Depreciation	111,951,513	112,073,680
Gain on sale of fixed assets	-	(361,043)
Gain on re-measurement of short term investments	(61,272)	(54,154)
Dividends, capital gains & other (Income)/Loss	214,823	(36,188)
Provision for staff gratuity	17,526,854	15,724,809
Financial charges	90,064,657	97,911,349
	219,696,575	225,258,453
<b>(Increase)/Decrease in current assets</b>	286,562,126	278,502,582
Stores, spares and loose tools	(20,766,700)	(18,521,250)
Stock in trade	(152,581,382)	(75,718,822)
Trade debts	100,469,435	32,048,193
Loans and advances	(21,589,504)	(2,761,954)
Short Term Investments	(61,271)	(88,454)
Trade deposits and prepayments	(40,739,234)	(11,235,546)
Other receivables	(1,031,567)	(360,434)
	(136,300,223)	(76,638,267)
<b>(Increase)/Decrease in current liabilities</b>	52,781,462	25,005,608
<b>Cash flow from operations</b>	203,043,365	226,869,923
Financial charges paid	(60,927,067)	(99,026,290)
Taxes paid	(42,035,930)	(28,574,785)
Gratuity paid	(8,009,210)	(6,835,050)
	(110,972,207)	(134,436,125)
<b>Net cash flow from operating activities</b>	( A )	92,071,158
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Long term advances, deposits and deferred costs	(434,698)	-
Sale proceeds of fixed assets	-	600,000
Dividends received	1,353	5,623
Capital Gains/(Loss) and Income/(Loss) from Investments	61,272	84,719
Fixed capital expenditure	(226,441,497)	(47,914,875)
<b>Net cash flow from investing activities</b>	( B )	(226,813,570)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term finances - secured	63,371,695	43,525,760
Long term finances - secured	23,107,072	(51,691,738)
Net cash flow from financing activities	( C )	86,478,767
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS ( A+B+C )</b>	(48,263,645)	37,043,287
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	64,785,019	37,176,555
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>16,521,374</u>	<u>74,219,842</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

## Condensed Interim Statement of Changes in Equity

for the nine months ended March 31, 2017 (Un-Audited)

	Share Capital (Rupees)	Accumulated Profit / (loss) (Rupees)	Total (Rupees)
<b>Balance as at June 30, 2015</b>	<b>594,287,290</b>	<b>253,296,747</b>	<b>847,584,037</b>
Net Profit for the period	-	39,551,714	39,551,714
Prior year adjustments	-	(10,354,385)	(10,354,385)
Current year incremental depreciation - net of tax	-	19,694,097	19,694,097
<b>Balance as at March 31, 2016</b>	<b>594,287,290</b>	<b>302,188,173</b>	<b>896,475,463</b>
<b>Balance as at June 30, 2016</b>	<b>594,287,290</b>	<b>369,712,295</b>	<b>963,999,585</b>
Net Profit for the period	-	50,303,583	50,303,583
Prior year adjustments	-	(68,147)	(68,147)
Current year incremental depreciation - net of tax	-	17,941,185	17,941,185
<b>Balance as at March 31, 2017</b>	<b>594,287,290</b>	<b>437,888,916</b>	<b>1,032,176,206</b>

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



CHIEF EXECUTIVE



DIRECTOR

# Notes to the Condensed Interim Financial Statements

for the nine months ended March 31, 2017 (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 245 of the Companies Ordinance, 1984.
- 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, 2016.
- 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, 2016.

## 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, 2017 amounting to Rs. 23.262 million (June 2016: Rs. 3.743 million)

	Un-Audited March 31, 2017 (Rupees)	Audited June 30, 2016 (Rupees)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening book value	1,797,515,632	1,836,218,130
Additions during the period	195,612,871	114,888,236
Book value of deletions during the period	(1,091,078)	(2,659,048)
Depreciation charged during the period	(111,951,513)	(150,931,686)
<b>Closing Book Value</b>	<b>1,880,085,912</b>	<b>1,797,515,632</b>
<b>6.1 Cost of Additions in Property, Plant and Equipment:</b>		
Building - on freehold land	10,524,643	-
Non factory building	2,480,354	-
Plant and machinery	177,934,243	102,145,486
Furniture and fixtures	20,000	27,900
Vehicles	3,794,762	10,024,607
Electric Installations	-	1,200,354
Office equipments	858,869	1,489,889
	195,612,871	114,888,236
<b>6.2 Cost of Deletions in Property, Plant and Equipment:</b>		
Plant & machinery	1,137,999	3,373,626
Vehicles	-	1,168,655
	1,137,999	4,542,281
<b>7. CAPITAL WORK IN PROGRESS</b>		
Building	582,016	-
Plant & Machinery	31,384,609	-
	31,966,625	-

## 8. DATE OF AUTHORIZATION

These accounts have been approved by the Board of Directors on April 27, 2017.

## 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

**BOOK POST**  
PRINTED MATTER

If undelivered please return to



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](mailto:info@zephyr.com.pk)