

Zephyr Textiles Limited

Accounts for the Nine Months Ended
March 31, 2018

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Company Information

BOARD OF DIRECTORS:	Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Arbab Muhammad Khan Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Mussaid Ms. Nuzhat Kamran	CEO
AUDIT COMMITTEE:	Ms. Nuzhat Kamran Mr. Arbab Muhammad Khan Ms. Tehniyat 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

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, 2018.

Sales revenue and Gross profit of the Company increased by 7.33% and 8.22% respectively in the current nine months period ended March 31, 2018 as compared to corresponding nine months period. The reasons for improved sales and gross profit are better marketing strategy and product mix. Net profit decreased by 44.31% as compared to corresponding period due to notional financial expense of 36.294 million, charged in current period for winding up of non-interest bearing loan, and increased income tax rate from 1% to 1.25%.

Description	Nine Months Ended March 31,		Increased/ (Decreased) By %
	2018	(Rupees) 2017	
Sales - net	2,809,169,001	2,617,255,479	7.33
Gross Profit	291,475,867	269,347,057	8.22
Operating Profit for the period	176,135,818	156,930,208	12.24
Financial charges	123,486,852	90,064,657	37.11
Profit for the period before taxation	52,648,966	66,865,551	(21.26)
Taxation current	(24,634,696)	(16,561,968)	48.74
Profit for the period after taxation	28,014,270	50,303,583	(44.31)
Earning Per Share	0.47	0.85	(44.31)

First quarter of current financial period was tough for textile sector. However, in the second and third quarters, value added sectors improved their performance but the basic textile sector, i.e. weaving remained under pressure. The rigorous efforts of the management are becoming fruitful as the Company is gradually increasing the value-added business and keeping the cost under control. Due to larger share of sales coming from value added goods, there is a rising need for working capital. We are in the process of securing further credit lines from the banks to fulfill the needs.

The government has managed the prolonged energy shortages faced by industry located in Punjab but the cost of RLNG provided is exorbitantly high. Whereas the system gas supplied to industry located in Sindh and KP is half the price being charged to industry in Punjab. This disparity has put the industry located in Punjab at a serious disadvantage.

On a positive note, the Government has introduced export incentive scheme for textile exporters as DTLT. The purpose of the scheme is to provide performance based incentives. Also, recent devaluation of Pak Rupee and strengthening of USD and Euro has created some breathing space for the industry and some gains are now expected in the remainder of this 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



Mussaid Hanif
Chief Executive



Burhan Muhammad Khan
Director

Lahore
April 27, 2018

Condensed Interim Balance Sheet

As at March 31, 2018 (un-audited)

	Notes	Un-audited March 31, 2018 (Rupees)	Audited June 30, 2017 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 625,000,000 (2017: 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 (2017: 59,428,729)			
ordinary shares of Rs. 10 each		594,287,290	594,287,290
UNAPPROPRIATED PROFIT		512,228,216	468,969,188
		1,106,515,506	1,063,256,478
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		318,328,116	333,572,878
LONG TERM LOANS		446,642,722	544,321,881
DEFERRED LIABILITIES		228,937,639	225,127,401
CURRENT LIABILITIES			
Short term finances - Secured		1,173,562,498	981,619,285
Current portion of long term liabilities		172,480,420	199,697,029
Creditors, accrued and other liabilities		585,458,940	366,562,914
Accrued Mark Up		19,774,475	15,838,713
		1,951,276,333	1,563,717,940
CONTINGENCIES AND COMMITMENTS		-	-
		4,051,700,316	3,729,996,579
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment		1,949,400,463	1,995,529,987
Capital work in progress		4,597,418	9,701,776
	6	1,953,997,881	2,005,231,763
Long term advances and deposits		22,498,601	19,287,201
CURRENT ASSETS			
Stores, spares and loose tools		126,819,572	134,868,942
Stock in trade		1,149,992,452	904,898,922
Trade debts		487,226,504	350,241,847
Loans and advances		32,080,593	33,280,476
Trade deposits, prepayments		201,675,757	196,855,013
Other receivables		39,553,099	33,763,606
Short term investment		754,640	1,680,189
Cash and bank balances		37,101,217	49,888,620
		2,075,203,834	1,705,477,615
		4,051,700,316	3,729,996,579

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


CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Comprehensive Income

For the nine months ended March 31, 2018 (un-audited)

	Un-audited For Nine Months Ended March 31,		Un-audited For Quarter Ended March 31,	
	2018	2017	2018	2017
	(Rupees)		(Rupees)	
SALES	2,809,169,001	2,617,255,479	1,135,426,196	906,024,312
COST OF SALES	2,517,693,134	2,347,908,422	1,000,821,767	809,358,447
GROSS PROFIT	291,475,867	269,347,057	134,604,429	96,665,865
OPERATING EXPENSES				
Distribution costs	63,516,061	60,112,545	23,708,026	23,385,634
Administrative	49,756,622	48,913,769	15,431,788	15,977,824
	113,272,683	109,026,314	39,139,814	39,363,458
	178,203,184	160,320,743	95,464,615	57,302,407
Other operating expenses	3,833,450	4,935,755	1,665,589	2,020,289
	174,369,734	155,384,988	93,799,026	55,282,118
OTHER OPERATING INCOME/(LOSS)	1,766,084	1,545,220	1,392,126	494,864
OPERATING PROFIT	176,135,818	156,930,208	95,191,152	55,776,982
FINANCE COSTS	123,486,852	90,064,657	29,377,535	28,132,838
PROFIT BEFORE TAXATION	52,648,966	66,865,551	65,813,617	27,644,144
TAXATION	24,634,696	16,561,968	10,660,107	5,787,661
PROFIT AFTER TAXATION	28,014,270	50,303,583	55,153,510	21,856,483
Other Comprehensive Income				
Other comprehensive income for the period	-	-	-	-
Total Comprehensive Income for the period	28,014,270	50,303,583	55,153,510	21,856,483
EARNING PER SHARE-BASIC & DILUTED	0.47	0.85	0.93	0.37

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Condensed Interim cash flow Statement

For the nine months ended March 31, 2018 (un-audited)

	For the Nine Months Ended March 31, 2018 (Rupees)		2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before taxation		52,648,966	66,865,551
Adjustments for:			
Depreciation		125,593,149	111,951,513
Gain on sale of fixed assets		(305,456)	-
Gain on re-measurement of short term investments		(261,782)	(61,272)
Dividends, capital gains & other (Income)/Loss		360,390	214,823
Provision for staff gratuity		18,890,943	17,526,854
Financial charges		123,486,852	90,064,657
		267,764,096	219,696,575
		320,413,062	286,562,126
(Increase)/Decrease in current assets			
Stores, spares and loose tools		8,049,370	(20,766,700)
Stock in trade		(245,093,530)	(152,581,382)
Trade debts		(136,984,657)	100,469,435
Loans and advances		1,199,883	(21,589,504)
Short Term Investments		925,549	(61,271)
Trade deposits and prepayments		(12,964,957)	(40,739,234)
Other receivables		(5,789,493)	(1,031,567)
		(390,657,835)	(136,300,223)
(Increase)/Decrease in current liabilities			
Creditors, accrued and other liabilities		214,960,264	52,781,462
Cash flow from operations			
		144,715,491	203,043,365
Financial charges paid		(70,034,979)	(60,927,067)
Taxes paid		(24,699,203)	(42,035,930)
Gratuity paid		(6,871,985)	(8,009,210)
		(101,606,167)	(110,972,207)
Net cash flow from operating activities	(A)	43,109,324	92,071,158
CASH FLOW FROM INVESTING ACTIVITIES			
Long term advances, deposits and deferred costs		(3,211,400)	(434,698)
Sale proceeds of fixed assets		-	-
Dividends recieved		102,715	1,353
Capital Gains/(Loss) and Income/(Loss) from Investments		(148,715)	61,272
Fixed capital expenditure		(73,786,838)	(226,441,497)
Net cash flow from investing activities	(B)	(77,044,238)	(226,813,570)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term finances - secured		191,943,213	63,371,695
Long term finances - secured		(170,795,702)	23,107,072
Net cash flow from financing activities	(C)	21,147,511	86,478,767
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	(12,787,403)	(48,263,645)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		49,888,620	64,785,019
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		37,101,217	16,521,374

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2018 (un-audited)

Description	Share Capital (Rupees)	Accumulated (Loss) /Profit (Rupees)	Total (Rupees)
Balance as at June 30, 2016	594,287,290	369,712,295	963,999,585
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
Balance as at March 31, 2017	594,287,290	437,888,916	1,032,176,206
Balance as at June 30, 2017	594,287,290	468,969,188	1,063,256,478
Net Profit for the period	-	28,014,270	28,014,270
Prior year adjustments	-	-	-
Current year incremental depreciation - net of tax	-	15,244,758	15,244,758
Balance as at March 31, 2018	594,287,290	512,228,216	1,106,515,506

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, 2018 (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 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, 2017.
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, 2017.

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, 2018 amounting to Rs 5.105 million (June 2017: Rs 24.482 million).

6. PROPERTY, PLANT AND EQUIPMENT

Opening book value	1,995,529,987	1,797,515,632
Additions during the period	79,578,196	427,407,745
Book value of deletions during the period	(114,544)	(74,213,545)
Depreciation charged during the period	(125,593,176)	(155,179,845)

Closing Book Value	1,949,400,463	1,995,529,987
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6.1 Cost of Additions in Property, Plant and Equipment:

Building - on freehold land	-	11,198,988
Non factory building	-	3,072,719
Plant and machinery	76,208,478	399,541,855
Furniture and fixtures	511,508	34,500
Vehicles	2,477,550	5,383,124
Electric Installations	47,010	6,057,181
Office equipments	333,650	2,119,378
	79,578,196	427,407,745

6.2 Cost of Deletions in Property, Plant and Equipment:

Plant & machinery	-	111,526,243
Vehicles	687,000	-
	687,000	111,526,243

7. CAPITAL WORK IN PROGRESS

Plant & Machinery	4,597,418	9,701,776
	4,597,418	9,701,776

8. DATE OF AUTHORIZATION

These accounts have been approved by the Board of Directors on April 27, 2018.

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

ارکان کے لئے ڈائریکٹرز کی رپورٹ

مالی اور عملی کارکردگی کے نتائج

زیفیر ٹیکسٹائل لمیٹڈ کے ڈائریکٹرز بمسرت مارچ 2018,31 کو ختم ہونے والی تیسری سہ ماہی کے لیے غیر آڈٹ شدہ انٹرم مالی گوشوارے کی رپورٹ پیش کرتے ہیں۔

گزشتہ نو ماہ کے عرصہ میں کمپنی کی سیلز آمدنی اور مجموعی منافع میں بتدریج 7.33 فیصد اور 8.22 فیصد کا اضافہ ہوا۔ سیلز اور مجموعی منافع میں اضافہ کی وجوہات بہتر مارکیٹنگ حکمت عملی اور مصنوعات مرکب ہیں۔ گزشتہ سال اسی مدت کے مقابلے میں موجودہ مدت میں 36,294 ملین روپے کے ایک روایتی ناگزیر خرچ کی وجہ سے کمپنی کے خالص منافع میں 44.31 فیصد کمی ہوئی ہے۔ غیر منافع بخش قرض کو ختم کرنے کے لیے یہ خرچ موجودہ مدت میں شامل کیا گیا ہے۔ اور آمدن ٹیکس کی شرح بھی 1 فیصد سے بڑھ کر 1.25 فیصد ہو گئی ہے۔

مالی اہمیت کی تفصیل	مارچ 2018,31	مارچ 2017,31	فیصد اضافہ (کمی)
خالص فروخت	2,809,169,001	2,617,225,479	7.33
کل منافع	291,475,867	269,347,057	8.22
آپریٹنگ منافع	176,135,818	156,930,208	12.24
مالی اخراجات	123,486,852	90,064,657	37.11
ٹیکس سے پہلے منافع	52,648,966	66,865,551	(21.26)
موجودہ ٹیکس	(24,634,696)	(16,561,968)	48.74
ٹیکس کے بعد منافع	28,014,270	50,303,583	(44.31)
فی حصص آمدنی	0.47	0.85	(44.31)

موجودہ مالی سال کی پہلی سہ ماہی ٹیکسٹائل سیکٹر کے لئے مشکل تھی۔ تاہم مالی مدت کی دوسری اور تیسری سہ ماہی میں اضافی مصنوعات کے شعبوں نے اپنی کارکردگی بہتر بنائی جبکہ ٹیکسٹائل کا بنیادی شعبہ جیسے کہ ویونگ۔ ابھی تک دباؤ کا شکار ہے۔ پیداواری لاگت کو کنٹرول میں رکھنے کی کمپنی انتظامیہ کی سخت کاوشیں شراور ثابت ہو رہی ہیں۔ جس کی وجہ سے کمپنی کا اضافی مصنوعات کا کاروبار بڑھ رہا ہے۔ کمپنی کی مجموعی سیلز کا بڑا حصہ اضافی مصنوعات کی فروخت ہے۔ جو کہ ورلڈ سرمائے کی بنیادی ضرورت ہے۔ اور ہم اپنی ضروریات کو پورا کرنے کے لئے بنکوں سے مزید کریڈٹ لائین حاصل کرنے کے عمل میں ہیں۔

طویل عرصے سے پنجاب میں صنعتی شعبے کو درپیش توانائی کی قلت کو حکومت نے منظم کیا ہے۔ لیکن آر۔ لیل۔ این۔ جی۔ زیادہ قیمت پر مہیا کی جارہی ہے۔ جبکہ سندھ اور کے پی کے میں واقع صنعتوں کو گیس پنجاب کے مقابلے میں آدھی قیمت میں فراہم کی جاتی ہے۔ اس تفاوت کی وجہ سے پنجاب کی صنعتوں کو ٹیکس نقصان کا سامنا ہے۔

ایک مثبت پیش رفت ہے کہ حکومت نے ٹیکسٹائل برآمد کنندگان کے لئے ڈی ڈی لیل ٹی لیل کے طور پر حوصلہ افزائی اسکیم متعارف کرائی ہے۔ اس اسکیم کا مقصد کارکردگی کی بنیاد پر حوصلہ افزائی ہے۔ اس کے علاوہ پاکستانی روپے کی قدر میں کمی، ڈالر اور یورو کی قدر میں مضبوطی نے صنعت کے لیے کچھ سانس لینے کی جگہ پیدا کی ہے۔ اور موجودہ مالی سال کے باقی حصے میں کچھ فوائد کی بھی توقع ہے۔

آخر میں ڈائریکٹرز کمپنی کے ملازمین کو ان کے ٹیم ورک عزم، استحکام اور پیشہ وارانہ مہارت دکھانے پر شکر گزار ہیں۔

لاہور

27 اپریل، 2018

مسٹر

محترم برہان محمد خان

ڈائریکٹر

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