

Zephyr Textiles Limited
Accounts for the Nine Months Ended
March 31, 2019

BOOK POST

PRINTED MATTER

If undelivered please return to

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

Contents

| | |
|---|-----------|
| Directors' Report | 02 |
| Condensed interim statement of financial position | 03 |
| Condensed interim statement of comprehensive income | 04 |
| Condensed interim statement of cash flow | 05 |
| Condensed interim statement of changes in equity | 06 |
| Notes to the condensed interim financial information | 07 |
| Directors' Report in Urdu | 08 |

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, 2019.

Sales revenue and Gross profit of the Company increased by 22.68% and 7.03% respectively in the current nine months period ended March 31, 2019 as compared to corresponding nine months period. Net profit also increased by 86.98% as compared to corresponding period. The reasons for improved sales and profits are better marketing strategy and product mix.

| Description | March 31, 2019 Rupees | March 31, 2018 Rupees | Increase / (Decrease) By % |
|--|-----------------------------|-----------------------------|-------------------------------------|
| Sales - net | 3,446,235,664 | 2,809,169,001 | 22.68 |
| Gross Profit | 311,973,825 | 291,475,867 | 7.03 |
| Operating Profit for the period | 189,236,578 | 176,135,818 | 7.44 |
| Financial charges | 104,555,948 | 123,486,852 | (15.33) |
| Profit for the period before taxation | 84,680,630 | 52,648,966 | 60.84 |
| Taxation current | (32,300,034) | (24,634,696) | 31.12 |
| Profit for the period after taxation | 52,380,596 | 28,014,270 | 86.98 |
| Earning Per Share | 0.88 | 0.47 | 86.98 |

First quarter of current financial period was tough for the Company. 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 local & exports sales coming from value added goods, the margins are gradually improving and likely to continue in coming months as well.

The government provided RLNG at subsidized rate to the textile industry from last October. Similarly, the price of electricity has also been reduced for the export sector. These measures, taken by the Government, highly benefited the export sector in second and third quarters to make them competitive in international market and hope this benefit will continue as a long term strategy.

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 25, 2019

Condensed interim statement of financial position

As at March 31, 2019 (Un-audited)

| | Note | Un-audited March 31, 2019 (Rupees) | Audited June 30, 2018 (Rupees) |
|---|------|--|--------------------------------------|
| Equity and liabilities | | | |
| Authorized share capital | | 625,000,000 | 625,000,000 |
| Equity | | | |
| Share capital | | 594,287,290 | 594,287,290 |
| Unappropriated profit | | 634,643,669 | 595,210,555 |
| Revaluation reserve | | 334,474,165 | 351,241,048 |
| Total Equity | | 1,563,405,124 | 1,540,738,893 |
| Liabilities | | | |
| Long term financing - secured | | 340,489,708 | 416,224,442 |
| Employee benefits | | 148,867,798 | 156,053,605 |
| Deferred tax liabilities | | 89,532,776 | 86,519,195 |
| Non current liabilities | | 578,890,282 | 658,797,242 |
| Trade and other payables | | 647,969,021 | 662,788,821 |
| Accrued markup | | 31,824,154 | 21,672,114 |
| Short term borrowings - secured | | 1,211,408,181 | 1,158,696,746 |
| Unclaimed dividend | | 3,512,181 | 425,102 |
| Current portion of long term borrowings | | 164,516,674 | 164,905,244 |
| Current liabilities | | 2,059,230,209 | 2,008,488,027 |
| Contingencies and commitments | 4 | - | - |
| Total liabilities | | 4,201,525,615 | 4,208,024,162 |
| Assets | | | |
| Property plant & equipment | 6 | 1,939,620,844 | 1,981,435,617 |
| Capital work in progress | | 5,211,594 | - |
| Long term advances and deposits | | 22,548,601 | 22,498,601 |
| Non current assets | | 1,967,381,039 | 2,003,934,218 |
| Stores, spares and loose tools | | 133,740,751 | 103,588,222 |
| Stock in trade | | 1,153,653,569 | 1,069,576,465 |
| Trade debts | | 540,001,993 | 658,604,786 |
| Loans and advances | | 56,270,056 | 36,023,460 |
| Trade deposits and prepayments | | 190,454,011 | 188,087,921 |
| Other receivables | | 130,362,849 | 118,484,413 |
| Short term investments | | 975,439 | 734,124 |
| Cash and bank balances | | 28,685,908 | 28,990,553 |
| Current assets | | 2,234,144,576 | 2,204,089,944 |
| Total assets | | 4,201,525,615 | 4,208,024,162 |

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


Mansoor Ali

CHIEF EXECUTIVE


Daniel J. Albers

CHIEF FINANCIAL OFFICER


Balwant Singh

DIRECTOR

Condensed interim statement of comprehensive income

For the nine months ended March 31, 2019 (Un-audited)

| Note | Un-audited For Nine Months Ended March 31, 2019 | | Un-audited For Quater Ended March 31, 2019 | |
|--|--|---------------|---|---------------|
| | (Rupees) | 2018 | (Rupees) | 2018 |
| Sales - net | 3,446,235,664 | 2,809,169,001 | 1,152,744,240 | 1,135,426,196 |
| Cost of sales | 3,134,261,839 | 2,517,693,134 | 1,041,437,630 | 1,000,821,767 |
| Gross profit | 311,973,825 | 291,475,867 | 111,306,610 | 134,604,429 |
| Distribution cost | 93,084,320 | 63,516,061 | 32,513,389 | 23,708,026 |
| Administrative expenses | 55,150,833 | 49,756,622 | 16,994,253 | 15,431,788 |
| Other operating expenses | 5,604,970 | 3,833,450 | 826,305 | 1,665,589 |
| | 153,840,123 | 117,106,133 | 50,333,947 | 40,805,403 |
| Other income | 31,102,876 | 1,766,084 | 1,069,703 | 1,392,126 |
| Operating profit before finance cost | 189,236,578 | 176,135,818 | 62,042,366 | 95,191,152 |
| Finance cost | 104,555,948 | 123,486,852 | 36,376,452 | 29,377,535 |
| Profit for the period before taxation | 84,680,630 | 52,648,966 | 25,665,914 | 65,813,617 |
| Taxation | 32,300,034 | 24,634,696 | 11,304,851 | 10,660,107 |
| Profit for the period after taxation | 52,380,596 | 28,014,270 | 14,361,063 | 55,153,510 |
| Other comprehensive income: | | | | |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income | 52,380,596 | 28,014,270 | 14,361,063 | 55,153,510 |
| Earning per share - basic & diluted | 0.88 | 0.47 | 0.24 | 0.93 |

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


Mansoor Ali

CHIEF EXECUTIVE


Daniel J. Alford

CHIEF FINANCIAL OFFICER


Balbir Singh

DIRECTOR

Condensed interim statement of cash flow

For the nine months ended March 31, 2019 (Un-audited)

| Un-audited For Nine Months Ended March 31, | | |
|---|---------------|------------------|
| | 2019 | 2018 (Rupees) |
| Cash flow from operating activities | | |
| Profit for the period before taxation | 84,680,630 | 52,648,966 |
| Adjustments for: | | |
| Depreciation | 125,621,392 | 125,593,149 |
| Gain on sale of fixed assets | (1,251,101) | (305,456) |
| Gain on re-measurement of short term investments | 67,993 | (261,782) |
| Dividends, capital gains & other (Income)/Loss | (308) | 360,390 |
| Provision for staff gratuity | 20,676,006 | 18,890,943 |
| Financial charges | 104,555,948 | 123,486,852 |
| | 249,669,930 | 267,764,096 |
| | 334,350,560 | 320,413,062 |
| (Increase)/decrease in current assets | | |
| Stores, spares and loose tools | (30,152,529) | 8,049,370 |
| Stock in trade | (84,077,104) | (245,093,530) |
| Trade debts | 118,602,793 | (136,984,657) |
| Loans and advances | (20,246,596) | 1,199,883 |
| Short term investments | (241,315) | 925,549 |
| Trade deposits and prepayments | (9,658,244) | (12,964,957) |
| Other receivables | (11,878,436) | (5,789,493) |
| | (37,651,431) | (390,657,835) |
| Increase/(decrease) in current liabilities | | |
| Creditors, accrued and other liabilities | (56,131,923) | 214,960,264 |
| Cash flow from operation | | |
| Financial charges paid | (71,740,919) | (70,034,979) |
| Taxes paid | (32,193,687) | (24,699,203) |
| Gratuity paid | (17,662,425) | (6,871,985) |
| | (121,597,031) | (101,606,167) |
| Net cash flow from operating activities | (A) | 118,970,175 |
| Cash flow from investing activities | | |
| Long term advances, deposits and deferred costs | (50,000) | (3,211,400) |
| Sale proceeds of fixed assets | 1,512,000 | - |
| Dividends received | 308 | 102,715 |
| Capital gains/(loss) and Income/(loss) from investments | (67,993) | (148,715) |
| Fixed capital expenditure | (89,279,170) | (73,786,838) |
| Net cash flow from investing activities | (B) | (87,884,855) |
| Cash flow from financing activities | | |
| Short term finances - secured | 52,711,435 | 191,943,213 |
| Long term finances - secured | (84,101,400) | (170,795,702) |
| Net cash flow from financing activities | (C) | (31,389,965) |
| Net increase/(decrease) in cash and cash equivalents | (A+B+C) | (304,645) |
| Cash and cash equivalents at the beginning of the period | 28,990,553 | 49,888,620 |
| Cash and cash equivalents at the end of the period | (B) | 28,685,908 |
| | 37,101,217 | |

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

mansoor
CHIEF EXECUTIVE

David Adams
CHIEF FINANCIAL OFFICER

B. J.
DIRECTOR

Condensed interim statement of changes in equity

For the nine months ended March 31, 2019 (Un-audited)

| Description | Share capital (Rupees) | Accumulated (loss)/profit (Rupees) | Revaluation surplus (Rupees) | Total (Rupees) |
|--|---------------------------|--|------------------------------------|----------------------|
| Balance as at June 30, 2017 | 594,287,290 | 468,969,188 | 333,572,878 | 1,396,829,356 |
| Total comprehensive income for the period | - | 28,014,270 | - | 28,014,270 |
| Current period incremental depreciation - net of tax | - | 15,244,758 | (15,244,758) | - |
| Balance as at March 31, 2017 | 594,287,290 | 512,228,216 | 318,328,120 | 1,424,843,626 |
| Balance as at June 30, 2018 | 594,287,290 | 595,210,555 | 351,241,048 | 1,540,738,893 |
| Total comprehensive income for the period | - | 52,380,596 | - | 52,380,596 |
| Final dividend paid @ Rs. 0.5 per outstanding share | - | (29,714,365) | - | (29,714,365) |
| Current period incremental depreciation - net of tax | - | 16,766,883 | (16,766,883) | - |
| Balance as at March 31, 2019 | 594,287,290 | 634,643,669 | 334,474,165 | 1,228,930,959 |

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


Mansal
CHIEF EXECUTIVE


Dinesh
CHIEF FINANCIAL OFFICER


Balaji
DIRECTOR

Notes to the condensed interim financial information

For the nine months ended March 31, 2019 (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, 2018.
- 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, 2018.

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, 2019 amounting to Rs. 10.589 million (June 2018: Rs. 12.944 million)

| | Un-audited March 31, 2019 (Rupees) | Audited June 30, 2018 (Rupees) |
|---|---|---|
| 6 Property, plant and equipment | | |
| Opening written down value | 1,981,435,617 | 1,995,529,987 |
| Additions during the period | 84,067,576 | 97,452,971 |
| Revaluation surplus | - | 57,589,620 |
| Book value of deletions during the period | (260,957) | (230,129) |
| Depreciation charge for the period | (125,621,392) | (168,906,832) |
| Closing book value | 1,939,620,844 | 1,981,435,617 |

6.1 Cost of additions in property, plant and equipment:

| | | |
|-----------------------------|-------------------|-------------------|
| Building - on freehold land | - | - |
| Non factory building | - | - |
| Plant and machinery | 75,376,181 | 92,132,115 |
| Furniture and fixtures | 712,800 | 1,107,333 |
| Vehicles | 5,350,100 | 2,591,550 |
| Electric installation | 562,400 | 164,010 |
| Office equipments | 2,066,095 | 1,457,963 |
| | 84,067,576 | 97,452,971 |

6.2 Cost of deletions in property, plant and equipment:

| | | |
|-------------------|------------------|----------------|
| Vehicles | 2,066,095 | 687,000 |
| Office equipments | - | 173,127 |
| | 2,066,095 | 860,127 |

7 Capital work in progress

| | | |
|-------------------|------------------|---|
| Plant & Machinery | 5,211,594 | - |
| | 5,211,594 | |

8 Date of authorization

These accounts have been approved by the Board of Directors on April 25, 2019.

9 Capital work in progress

- Figures have been rounded off to the nearest rupee.
- Comparative figures have been rearranged/reclassified wherever necessary for the purpose of comparison.

Mansoor
CHIEF EXECUTIVE

Dawn D'Aluisio
CHIEF FINANCIAL OFFICER

B. Kumar
DIRECTOR

ارکان کے لیے ڈائریکٹر کی رپورٹ

مالی اور عملی کارکردگی کے نتائج

زیفر ٹیکسٹائل لیمیٹڈ کے ڈائریکٹر زخوشی سے 31 مارچ 2019 کو ختم ہونے والی تیسرا سہہ ماہی کے لیے غیر آٹھ شدہ عبوری مالی گوشوارے پیش کرتے ہیں۔

گزشتہ سال اسی نو ماہ کی مدت کے مقابلے میں 31 مارچ 2019 کو ختم ہونے والے موجودہ نو ماہ کے عرصہ میں سیز آمدی اور کمپنی کے گل منافع میں بالترتیب 22.68 فیصد اور 7.03 فیصد کا اضافہ ہوا ہے۔ گذشتہ سال اسی مدت کے مقابلے میں کمپنی کے خالص منافع میں بھی 86.98 فیصد کا اضافہ ہوا ہے۔ فروخت میں اضافہ کی وجہات بہترین مارکیٹنگ حکمت عملی اور مصنوعات مرکب ہیں

| مالی ایجیٹ کی تفصیل | سہہ ماہی 31 مارچ | | مالی اضافہ/ (کمی) |
|---------------------|------------------|----------------------|--------------------|
| | 2018 (روپے) | 2019 (روپے) | |
| خالص فروخت | 2,809,169,001 | 3,446,235,664 | کل منافع |
| کل منافع | 291,475,867 | 311,973,825 | آپریٹنگ منافع |
| آپریٹنگ منافع | 176,135,818 | 189,236,578 | مالی اخراجات |
| مالی اخراجات | (15,33) | 104,555,948 | ٹکیں سے پہلے منافع |
| ٹکیں سے پہلے منافع | 52,648,966 | 84,680,630 | موجودہ ٹکیں |
| موجودہ ٹکیں | (24,634,696) | (32,300,034) | ٹکیں کے بعد منافع |
| ٹکیں کے بعد منافع | 28,014,270 | 52,380,596 | فی حصہ آمدی |
| فی حصہ آمدی | 0.47 | 0.88 | |

موجودہ مالی مدت کی پہلی سہہ ماہی کمپنی کے لیے مشکل تھی۔ تاہم دوسری سہہ ماہیوں میں اضافی مصنوعات کے شعبوں نے اپنی کارکردگی کو بہتر بنایا، لیکن ٹیکسٹائل کا بنیادی شعبہ، جیسے کہ ویونگ بدستور دباؤ میں ہے۔ کمپنی انتظامیہ کی سخت کوشی شر آور ثابت ہو رہی ہیں، جس کی وجہ سے کمپنی اپنے اضافی مصنوعات کے کاروبار میں بذریعہ اضافہ کر رہی ہے اور پیداواری لائلگت کو اپنے کنٹرول میں رکھنے میں کامیاب رہی ہے۔ مقامی اور برآمداتی فروخت کا ذیادہ حصہ اضافی مصنوعات کے سامان کی فروخت سے حاصل ہوتا ہے جس کی وجہ سے کمپنی کا منافع بذریعہ بہتری کی جانب گامز ہے اور امید ہے کہ یہ منافع آنے والے مہینوں میں بھی جاری رہے گا۔

گزشتہ اکتوبر سے حکومت ٹیکسٹائل کی صنعت کو آرے لیل۔ این۔ جی سبڑی شدہ نرخ پر مہیا کر رہی ہے۔ اسی طرح ٹیکسٹائل کے شعبے کے لیے بھل کی قیمت میں بھی کمی کی گئی ہے۔ دوسری اور تیسرا سہہ ماہیوں میں، حکومت کی جانب سے کیے گئے یہ اقدامات، عالمی مہینوں میں مقابلے کے لیے برآمداتی شعبے کے لیے بہت فائدہ مند ثابت ہوئے ہیں۔ اور امید ہے کہ یہ فوائد طویل مدتی حکومتی عملی کے طور پر جاری رہیں گے۔

آخر میں ڈائریکٹر، کمپنی ملازمین کے ٹیم ورک، عزم، استحکام اور پیشہ وارانہ مہارت کے لیے اُن کے شکر گزار ہیں۔

سحدھر

محترم برهان محمد خان
ڈائریکٹر

mansoor

محترم مساعد چیف
چیف ایگزیکٹو
لاہور
پاکستان 25 مارچ 2019