

# Zephyr Textiles Limited

Accounts for the Nine Months Ended  
March 31, 2019

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**ZEPHYR**  
TEXTILES LIMITED

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# 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.

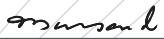
Description	March 31, 2019 Rupees	March 31, 2018 Rupees	Increase / (Decrease) By %
Sales - net	3,446,235,664	2,809,169,001	22.68
Gross Profit	311,973,825	291,475,867	7.03
Operating Profit for the period	189,236,578	176,135,818	7.44
Financial charges	104,555,948	123,486,852	(15.33)
Profit for the period 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)
<b>Equity and liabilities</b>			
Authorized share capital		625,000,000	625,000,000
<b>Equity</b>			
Share capital		594,287,290	594,287,290
Unappropriated profit		634,643,669	595,210,555
Revaluation reserve		334,474,165	351,241,048
<b>Total Equity</b>		<b>1,563,405,124</b>	<b>1,540,738,893</b>
<b>Liabilities</b>			
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
<b>Non current liabilities</b>		<b>578,890,282</b>	<b>658,797,242</b>
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
<b>Current liabilities</b>		<b>2,059,230,209</b>	<b>2,008,488,027</b>
<b>Contingencies and commitments</b>	4	-	-
<b>Total liabilities</b>		<b>4,201,525,615</b>	<b>4,208,024,162</b>
<b>Assets</b>			
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
<b>Non current assets</b>		<b>1,967,381,039</b>	<b>2,003,934,218</b>
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
<b>Current assets</b>		<b>2,234,144,576</b>	<b>2,204,089,944</b>
<b>Total assets</b>		<b>4,201,525,615</b>	<b>4,208,024,162</b>

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, 2019 (Un-audited)

Note	Un-audited For Nine Months Ended March 31,		Un-audited For Quarter Ended March 31,	
	2019 (Rupees)	2018	2019 (Rupees)	2018
<b>Sales - net</b>	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
<b>Gross profit</b>	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
<b>Operating profit before finance cost</b>	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
<b>Profit for the period before taxation</b>	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
<b>Profit for the period after taxation</b>	52,380,596	28,014,270	14,361,063	55,153,510
<b>Other comprehensive income:</b>				
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income</b>	52,380,596	28,014,270	14,361,063	55,153,510
<b>Earning per share - basic &amp; diluted</b>	0.88	0.47	0.24	0.93

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
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)	
<b>Cash flow from operating activities</b>		
<b>Profit for the period before taxation</b>	84,680,630	52,648,966
<b>Adjustments for:</b>		
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
<b>(Increase)/decrease in current assets</b>		
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)
<b>Increase/(decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	(56,131,923)	214,960,264
<b>Cash flow from operation</b>	240,567,206	144,715,491
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)
<b>Net cash flow from operating activities (A)</b>	118,970,175	43,109,324
<b>Cash flow from investing activities</b>		
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)
<b>Net cash flow from investing activities (B)</b>	(87,884,855)	(77,044,238)
<b>Cash flow from financing activities</b>		
Short term finances - secured	52,711,435	191,943,213
Long term finances - secured	(84,101,400)	(170,795,702)
<b>Net cash flow from financing activities</b>	(31,389,965)	21,147,511
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	(304,645)	(12,787,403)
Cash and cash equivalents at the beginning of the period	28,990,553	49,888,620
<b>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.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 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)
<b>Balance as at June 30, 2017</b>	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)	-
<b>Balance as at March 31, 2017</b>	594,287,290	512,228,216	318,328,120	1,424,843,626
<b>Balance as at June 30, 2018</b>	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)	-
<b>Balance as at March 31, 2019</b>	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.

  
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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)
<b>6 Property, plant and equipment</b>		
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)
<b>Closing book value</b>	<b>1,939,620,844</b>	<b>1,981,435,617</b>
<b>6.1 Cost of additions in property, plant and equipment:</b>		
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
	<b>84,067,576</b>	<b>97,452,971</b>
<b>6.2 Cost of deletions in property, plant and equipment:</b>		
Vehicles	2,066,095	687,000
Office equipments	-	173,127
	<b>2,066,095</b>	<b>860,127</b>
<b>7 Capital work in progress</b>		
Plant & Machinery	5,211,594	-
	<b>5,211,594</b>	

## 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.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## ارکان کے لیے ڈائریکٹرز کی رپورٹ مالی اور عملی کارکردگی کے نتائج

زیفر ٹیکسٹائل لمیٹڈ کے ڈائریکٹرز خوشی سے 31 مارچ 2019 کو ختم ہونے والی تیسری سہ ماہی کے لیے غیر آڈٹ 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 سیلز آمدنی اور کمپنی کے کل منافع میں بالترتیب 22.68 فیصد اور 7.03 فیصد کا اضافہ ہوا ہے۔ گزشتہ سال اسی مدت کے مقابلے میں کمپنی کے خالص منافع میں بھی 86.98 فیصد کا اضافہ ہوا ہے۔ فروخت میں بہتری اور منافع میں اضافہ کی وجوہات بہترین مارکیٹنگ حکمت عملی اور مصنوعات مرکب ہیں

مالی اہمیت کی تفصیل	سہ ماہی 31 مارچ	2018 (روپے)	2019 (روپے)	اضافہ/(کمی) فیصد
خالص فروخت	3,446,235,664	2,809,169,001	22.68	
کل منافع	311,973,825	291,475,867	7.03	
آپریٹنگ منافع	189,236,578	176,135,818	7.44	
مالی اخراجات	104,555,948	123,486,852	(15.33)	
ٹیکس سے پہلے منافع	84,680,630	52,648,966	60.84	
موجودہ ٹیکس	(32,300,034)	(24,634,696)	31.12	
ٹیکس کے بعد منافع	52,380,596	28,014,270	86.98	
فی حصص آمدنی	0.88	0.47	86.98	

موجودہ مالی مدت کی پہلی سہ ماہی کمپنی کے لیے مشکل تھی۔ تاہم دوسری اور تیسری سہ 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 کوششیں ثمر آور ثابت ہو رہی ہیں، جس کی وجہ سے کمپنی اپنے اضافی مصنوعات کے کاروبار میں بتدریج اضافہ کر رہی ہے اور پیداواری لاگت کو اپنے کنٹرول میں رکھنے میں کامیاب رہی ہے۔ مقامی اور برآمداتی فروخت کا زیادہ حصہ اضافی مصنوعات کے سامان کی فروخت سے حاصل ہوتا ہے جس کی وجہ سے کمپنی کا منافع بتدریج بہتری کی جانب گامزن ہے اور امید ہے کہ یہ منافع آنے والے مہینوں میں بھی جاری رہے گا۔

گزشتہ اکتوبر سے حکومت ٹیکسٹائل کی صنعت کو آر۔ڈیل۔این۔جی سبسڈی شدہ نرخ پر مہیا کر رہی ہے۔ اسی طرح ٹیکسٹائل کے شعبے کے لیے بجلی کی قیمت میں بھی کمی کی گئی ہے۔ دوسری اور تیسری سہ ماہیوں میں، حکومت کی جانب سے کیے گئے یہ اقدامات، عالمی منڈیوں میں مقابلے کے لیے برآمداتی شعبے کے لیے بہت فائدہ مند ثابت ہوئے ہیں۔ اور امید ہے کہ یہ فوائد طویل مدتی حکمت عملی کے طور پر جاری رہیں گے۔

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

*B. Khan*

محترم برہان محمد خان  
ڈائریکٹر

*mansail*

محترم مساعد حنیف  
چیف ایگزیکٹو

لاہور

25 اپریل، 2019