

# Zephyr Textiles Limited

**Accounts For the Half Year Ended  
December 31, 2020**

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## Company Information

|                                      |  |  |
|--------------------------------------|--|--|
| <b>BOARD OF DIRECTORS:</b>           | Mr. Mussaid Hanif<br>Mr. Arbab Muhammad Khan<br>Mr. Rana Kamal Ud Din<br>Ms. Tehniyat Mussaid<br>Ms. Sabah Burhan<br>Ms. Sarah Naviwala<br>Ms. Nuzhat Kamran             | CEO<br><br><br>Chairpreson   |
| <b>AUDIT COMMITTEE:</b>              | Ms. Nuzhat Kamran<br>Mr. Rana Kamal Ud Din<br>Ms. Tehniyat Mussaid   | Chairperson/Member<br>Member<br>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 & Mufti<br>Advocate and Solicitors<br>Nawa-e-Waqt House,<br>4 Shahrah-e-Fatima Jinnah,<br>Lahore - 54000, Pakistan  |  |
| <b>BANKERS TO THE COMPANY:</b>       | Habib Bank Limited<br>Allied Bank Limited<br>Askari Bank Limited<br>United Bank Limited<br>Habib Metropolitan Bank Limited<br>Bank Al Habib Limited                      | National Bank of Pakistan<br>MCB Bank Limited<br>The Bank of Punjab<br>Faysal Bank Limited<br>Meezan Bank Limited<br>Silk Bank Limited |
| <b>MILLS:</b>                        | 1 km, Balloki Bhai Pheru Road<br>Bhai Pheru.<br>Phone : 0494 - 512007-9, 513103-5<br>Fax : 0494 - 512011<br>63 km, Gulshan Adda,<br>Jumber Khurd, District Kasur.        | (Weaving unit & Power plant)<br><br><br><br><br>(Towel Unit)   |
| <b>REGISTERED &amp; HEAD OFFICE:</b> | 3rd Floor, IEP Building,<br>97 B/D-I, Gulberg III, Lahore<br>E-mail: info@zephyr.com.pk<br>Website: www.zephyr.com.pk<br>Phone : 042 35782905 - 15<br>Fax : 042 35753202 |  |

# Directors' Report to the Members

The Directors of Zephyr Textiles Limited are pleased to present the Reviewed interim financial statements for the half year ended December 31, 2020. These interim financial statements are presented in accordance with the requirements of the Companies Act, 2017.

## Operating Financial Results

During the first half year ended December 31, 2020, the Company earned a gross profit of PKR 352.59 million on sales of PKR 2,916.82 million compared to gross profit of PKR 202.15 million on sales of PKR 2,139.32 million for the corresponding period of previous financial year. During the period under review, the Company recorded a net profit of PKR 121.70 million compared to net profit of PKR 23.58 million in the corresponding period.

| Financial Highlights     | Half Year ended December 31, |                  |               | Quarter ended December 31, |                  |               |
|--------------------------|------------------------------|------------------|---------------|----------------------------|------------------|---------------|
|                          | 2020<br>(Rupees)             | 2019<br>(Rupees) | Increase<br>% | 2020<br>(Rupees)           | 2019<br>(Rupees) | Increase<br>% |
| Sales – net              | 2,916,823,522                | 2,139,317,462    | 36.34         | 1,471,067,886              | 1,251,602,058    | 17.53         |
| Gross Profit             | 352,593,796                  | 202,153,922      | 74.42         | 170,208,026                | 110,864,483      | 53.53         |
| Profit before tax        | 154,516,673                  | 43,207,457       | 257.62        | 67,043,127                 | 29,488,669       | 127.35        |
| Profit after tax         | 121,701,053                  | 23,574,551       | 416.24        | 50,261,247                 | 18,506,100       | 171.59        |
| Gross Profit (%)         | 12.09%                       | 9.45%            | 27.94         | 11.57%                     | 8.86%            | 30.62         |
| Profit after tax (%)     | 4.17%                        | 1.10%            | 278.63        | 3.42%                      | 1.48%            | 131.07        |
| Earnings per share (Rs.) | 2.05                         | 0.40             | 416.24        | 0.85                       | 0.31             | 171.59        |

The first half of current financial year has seen a robust sales increase of 36% as compared with the corresponding period of last financial year.

The textile industry in Pakistan eased out of trauma of COVID-19 pandemic very rapidly, whereas, the global textile market was struggling hard especially in Asian countries like China, India and Bangladesh. Pakistan benefitted by this post COVID-19 scenario and major demand shifted to Pakistan from the much-affected countries due to the pandemic. Government played a pivotal role in support and uplifted the textile sector by giving subsidized fuel and power. State Bank of Pakistan allowed delayed repayments of long term loans. No doubt without its support it would have been difficult for the industry to get the momentum in such short time. As a result, Pakistan's textile exports increased by 7.79% to 7.4 billion USD in the period under review.

## Future Outlook

It is expected that the global economic activities will resume to normalcy with the availability of COVID-19 vaccines in the coming quarter. Under this assumption, the Company foresees the continuity of revenue growth. The order book is packed for next two quarters and we expect the turnover for the year around six billion Pak Rupees. The cotton production in Pakistan plunged 34% during the current season. Shortages of domestic produce led the textile sector to import cotton worth \$ 2 billion which escalated the raw material cost for the industry.

Despite a surge in demand for value added goods, the manufacturers are struggling to procure raw materials to fulfill the orders and finding it difficult to pass on the cost increase to the customers. If this bullish trend in the commodities continued, the margins of manufacturing industry will be affected adversely.

## Acknowledgement

The management would like to place on record its appreciation for the support of Board of Directors, regulatory authorities, shareholders, customers, financial institutions and hard work of the staff and workers.

## For and on behalf of the Board of Directors



MUSSAID HANIF  
CHIEF EXECUTIVE

Lahore  
February 17, 2021



ARBAB MUHAMMAD KHAN  
EXECUTIVE DIRECTOR



# Independent Auditors' Review Report to the Members on Review of Condensed Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ZEPHYR TEXTILES LIMITED** ("the Company") as at December 31, 2020 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (herein after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review. The figures of the condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2020.

## Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

CHARTERED ACCOUNTANTS  
Engagement Partner: Zafar Iqbal  
Date: February 17, 2021  
LAHORE

## Condensed interim statement of financial position

As at December 31, 2020 (Un-audited)

|   | Note | Un-Audited<br>December 31, 2020<br>(Rupees) | Audited<br>June 30, 2020<br>(Rupees) |
|---|------|---|--------------------------------------|
| <b>Equity and liabilities</b>                   |      |   |                                      |
| <b>Equity</b>                                   |      |   |                                      |
| Share capital                                   | 6    | 594,287,290                                 | 594,287,290                          |
| Unappropriated profit                           |      | 849,224,717                                 | 716,441,820                          |
| Revaluation reserve                             |      | 291,449,943                                 | 302,531,787                          |
|   |      | <b>1,734,961,950</b>                        | <b>1,613,260,897</b>                 |
| <b>Liabilities</b>                              |      |   |                                      |
| Long term financing - secured                   | 7    | 355,195,225                                 | 350,037,080                          |
| Employee benefits                               | 8    | 112,105,120                                 | 118,181,227                          |
| Deferred tax liabilities                        |      | 131,666,681                                 | 136,193,068                          |
|   |      | <b>598,967,026</b>                          | <b>604,411,375</b>                   |
| <b>Non current liabilities</b>                  |      |   |                                      |
| Trade and other payables                        | 9    | 1,028,116,467                               | 842,381,021                          |
| Contract liabilities                            |      | 12,108,766                                  | 28,947,258                           |
| Short-term borrowings                           |      | 1,278,282,350                               | 1,320,186,209                        |
| Unclaimed dividend                              |      | 696,751                                     | 4,859,107                            |
| Current portion of long term borrowings         |      | 212,680,660                                 | 65,476,939                           |
|   |      | <b>2,531,884,994</b>                        | <b>2,261,850,534</b>                 |
| <b>Current liabilities</b>                      |      |   |                                      |
| <b>Contingencies and commitments</b>            | 10   | -   | -                                    |
| <b>Total liabilities</b>                        |      | <b>4,865,813,970</b>                        | <b>4,479,522,806</b>                 |
| <b>Assets</b>                                   |      |   |                                      |
| Property plant & equipment                      | 11   | 2,015,457,015                               | 1,903,439,609                        |
| Capital work in progress                        |      | 24,788,407                                  | 63,318,407                           |
| Long term advances and deposits                 |      | 22,465,301                                  | 22,465,301                           |
|   |      | <b>2,062,710,723</b>                        | <b>1,989,223,317</b>                 |
| <b>Non current assets</b>                       |      |   |                                      |
| Stores, spares and loose tools                  |      | 149,948,373                                 | 139,817,517                          |
| Stock in trade                                  |      | 1,030,860,300                               | 1,103,928,987                        |
| Trade debts                                     |      | 933,076,414                                 | 708,870,453                          |
| Loans and advances                              | 12   | 150,567,764                                 | 76,737,771                           |
| Trade deposits, prepayments & other receivables | 13   | 391,202,588                                 | 326,083,520                          |
| Short term investments                          | 14   | 67,896,427                                  | 63,075,961                           |
| Cash and bank balances                          |      | 79,551,381                                  | 71,785,280                           |
|   |      | <b>2,803,103,247</b>                        | <b>2,490,299,489</b>                 |
| <b>Current assets</b>                           |      |   |                                      |
| <b>Total assets</b>                             |      | <b>4,865,813,970</b>                        | <b>4,479,522,806</b>                 |

The annexed notes 1 to 18 form an integral part of this condensed interim financial statements.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

## Condensed interim statement of comprehensive income

For the half year ended December 31, 2020 (Un-audited)

|  | Note | Un-audited<br>for half year ended<br>December 31, |               | Un-audited<br>for quarter ended<br>December 31, |               |
|--|------|---|---------------|---|---------------|
|  |      | 2020  | 2019          | 2020  | 2019          |
|  |      | (Rupees)  |               | (Rupees)  |               |
| <b>Sales - net</b>                             |      | <b>2,916,823,522</b>                              | 2,139,317,462 | <b>1,471,067,886</b>                            | 1,251,602,058 |
| Cost of sales                                  | 15   | <b>2,564,229,726</b>                              | 1,937,163,540 | <b>1,300,859,860</b>                            | 1,140,737,575 |
| <b>Gross profit</b>                            |      | <b>352,593,796</b>                                | 202,153,922   | <b>170,208,026</b>                              | 110,864,483   |
| Other income                                   |      | <b>14,844,398</b>                                 | 11,882,566    | <b>13,969,534</b>                               | 7,571,168     |
| Distribution cost                              |      | <b>81,645,353</b>                                 | 57,131,754    | <b>41,616,370</b>                               | 29,998,219    |
| Administrative expenses                        |      | <b>53,365,572</b>                                 | 44,849,301    | <b>30,744,274</b>                               | 24,225,624    |
| Other expenses                                 |      | <b>25,927,633</b>                                 | 3,506,403     | <b>19,466,590</b>                               | 2,478,521     |
|  |      | <b>160,938,558</b>                                | 105,487,458   | <b>91,827,234</b>                               | 56,702,364    |
| Finance cost                                   |      | <b>51,982,963</b>                                 | 65,341,573    | <b>25,307,199</b>                               | 32,244,569    |
| <b>Profit for the period before taxation</b>   |      | <b>154,516,673</b>                                | 43,207,457    | <b>67,043,127</b>                               | 29,488,718    |
| Taxation                                       |      | <b>32,815,620</b>                                 | 19,632,906    | <b>16,781,880</b>                               | 10,982,569    |
| <b>Profit for the period after taxation</b>    |      | <b>121,701,053</b>                                | 23,574,551    | <b>50,261,247</b>                               | 18,506,149    |
| <b>Other comprehensive income:</b>             |      |   |               |   |               |
| Other comprehensive income - net of tax        |      | -   | -             | -   | -             |
| <b>Total comprehensive income</b>              |      | <b>121,701,053</b>                                | 23,574,551    | <b>50,261,247</b>                               | 18,506,149    |
| <b>Earning per share - basic &amp; diluted</b> |      | <b>2.05</b>                                       | 0.40          | <b>0.85</b>                                     | 0.31          |

The annexed notes 1 to 18 from an integral part of this condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## Condensed interim statement of cash flows

For the half year ended December 31, 2020 (Un-audited)

|  | Note | Un-audited<br>For half year ended<br>December 31, |              |
|--|------|---|--------------|
|  |      | 2020  | 2019         |
|  |      | (Rupees)  | (Rupees)     |
| <b>Net cash from operating activities</b>                          | 16   | <b>57,656,344</b>                                 | 118,417,618  |
| <b>Cash Flow from investing activities</b>                         |      |   |              |
| Long term advances and deposits                                    |      | -   | (56,800)     |
| Proceeds from disposal of property, plant and equipment            |      | -   | 2,103,541    |
| Capital gains/(loss), income/(loss) from investments and dividends |      | <b>2,713,702</b>                                  | 68,598       |
| Acquisition of property, plant and equipment                       |      | <b>(160,128,413)</b>                              | (92,483,586) |
| <b>Net cash flow from investing activities</b>                     |      | <b>(157,414,711)</b>                              | (90,368,247) |
| <b>Cash flow from financing activities</b>                         |      |   |              |
| Availed/repayment of short term borrowings                         |      | <b>(41,903,859)</b>                               | 28,342,884   |
| Availed/repayment of long term loans                               |      | <b>149,428,327</b>                                | (68,603,729) |
| <b>Net cash flow from financing activities</b>                     |      | <b>107,524,468</b>                                | (40,260,845) |
| <b>Net Increase in cash and cash equivalents</b>                   |      | <b>7,766,101</b>                                  | (12,211,474) |
| Cash and cash equivalents at the beginning of the period           |      | <b>71,785,280</b>                                 | 55,621,713   |
| <b>Cash and cash equivalents at the end of the period</b>          |      | <b>79,551,381</b>                                 | 43,410,240   |

The annexed notes 1 to 18 form an integral part of this condensed interim financial statements.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR



## Condensed interim statement of changes in equity

For the half year ended December 31, 2020 (Un-audited)

|   | Share<br>Capital<br>(Rupees) | Accumulated<br>Profit/(Loss)<br>(Rupees) | Revaluation<br>Surplus<br>(Rupees) | Total<br>Equity<br>(Rupees) |
|---|------------------------------|--|------------------------------------|-----------------------------|
| <b>Balance as at June 30, 2019 restated - Audited</b> | <b>594,287,290</b>           | <b>666,742,622</b>                       | <b>326,024,212</b>                 | <b>1,587,054,124</b>        |
| Total comprehensive income for the period             | -                            | 23,574,551                               | -                                  | 23,574,551                  |
| Final dividend @ Rs. 0.5 per ordinary share           | -                            | (29,714,365)                             | -                                  | (29,714,365)                |
| Current period incremental depreciation - net of tax  | -                            | 12,166,788                               | (12,166,788)                       | -                           |
| <b>Balance as at December 31, 2019 - Un-audited</b>   | <b>594,287,290</b>           | <b>672,769,596</b>                       | <b>313,857,424</b>                 | <b>1,580,914,310</b>        |
| <b>Balance as at June 30, 2020 - Audited</b>          | <b>594,287,290</b>           | <b>716,441,820</b>                       | <b>302,531,787</b>                 | <b>1,613,260,897</b>        |
| Total comprehensive income for the period             | -                            | 121,701,053                              | -                                  | 121,701,053                 |
| Current period incremental depreciation - net of tax  | -                            | 11,081,844                               | (11,081,844)                       | -                           |
| <b>Balance as at December 31, 2020 - Un-audited</b>   | <b>594,287,290</b>           | <b>849,224,717</b>                       | <b>291,449,943</b>                 | <b>1,734,961,950</b>        |

The annexed notes 1 to 18 form an integral part of this condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# Notes to the condensed interim financial statements

For the half year ended December 31, 2020 (Un-audited)

## 1. STATUS AND ACTIVITIES

Zephyr Textiles Limited ("the Company") was incorporated in Pakistan on February 26, 1999 as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently on October 04, 2004 it was converted into a public limited company and is listed on Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacturing, dying and trading of woven cloth which also includes towels. The registered office of the Company is situated at 3rd Floor, IEP Building, 97 B/D-1, Gulberg III, Lahore, Punjab and the manufacturing facilities are located at Bhai Pheru and Jumber, Punjab.

## 2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 237 of the Companies Act, 2017. These condensed interim financial statements of the Company for the half year ended December 31, 2020 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements should be read in conjunction with the audited annual published financial statements of the Company for the year ended June 30, 2020.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2020.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2020, were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2020.

## 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2020.

|  | Un-audited<br>December 31, 2020<br>(Rupees) | Audited<br>June 30, 2020<br>(Rupees) |
|--|---|--------------------------------------|
| <b>6. SHARE CAPITAL</b>  |   |                                      |
| <b>Authorized share capital</b>  |   |                                      |
| 62,500,000 ordinary shares of Rs. 10 each                                  | 625,000,000                                 | 625,000,000                          |
| <b>Issued, subscribed and paid up share capital</b>                        |   |                                      |
| 51,901,483 Ordinary shares of Rs. 10 each fully paid in cash               | 519,014,830                                 | 519,014,830                          |
| 7,527,246 Ordinary shares of Rs. 10 each issued as fully paid bonus shares | 75,272,460                                  | 75,272,460                           |
|  | <b>594,287,290</b>                          | <b>594,287,290</b>                   |

## Notes to the condensed interim financial statements

For the half year ended December 31, 2020 (Un-audited)

### 7 LONG TERM FINANCING

| Facilities                                 | Note      | Repayment commencement | Mark up             | Sanctioned limit (Rs. in million) | Number of installments | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|--|-----------|------------------------|---------------------|-----------------------------------|------------------------|---------------------------------------|--------------------------------|
| Term Finance                               | 7.1       | January - 19           | 3 Months Kibor + 2% | 36                                | 36 monthly             | 17,500,000                            | 17,500,000                     |
| Long Term Finance                          | 7.1       | January - 17           | SBP Rate + 2.5%     | 300                               | 20 Quarterly           | 109,820,628                           | 109,820,628                    |
| Term Finance (SBP refinance scheme S&W)    | 7.1       | January - 21           | SBP Rate + 3%       | 153.77                            | 08 Quarterly           | 153,770,000                           | 49,775,673                     |
| Long Term Finance                          | 7.1       | April - 21             | SBP Rate + 3%       | 67                                | 38 Quarterly           | 32,278,000                            | -                              |
| Term Finance (SBP renewable energy scheme) | 7.1       | April - 21             | SBP Rate + 4%       | 36.78                             | 38 Quarterly           | 36,725,000                            | -                              |
| <b>Subtotal - BOP</b>                      |           |                        |                     |                                   |                        | <b>350,093,628</b>                    | 177,096,301                    |
| Demand Finance - III                       | 7.1 & 7.2 | Sep - 15               | 3 Months Kibor + 1% | 327.502                           | 28 Quarterly           | 159,219,968                           | 159,219,968                    |
| Frozen Markup                              | 7.1 & 7.3 | Sep - 15               | Interest free       | 219.977                           | 28 Quarterly           | 58,562,289                            | 79,197,750                     |
| <b>Subtotal - NBP</b>                      |           |                        |                     |                                   |                        | <b>217,782,257</b>                    | 238,417,718                    |
|  |           |                        |                     |                                   |                        | <b>567,875,885</b>                    | 415,514,019                    |
| Current portion                            |           |                        |                     |                                   |                        | (212,680,660)                         | (65,476,939)                   |
| Overdue portion                            |           |                        |                     |                                   |                        | -                                     | -                              |
|  |           |                        |                     |                                   |                        | <b>(212,680,660)</b>                  | (65,476,939)                   |
|  |           |                        |                     |                                   |                        | <b>355,195,225</b>                    | 350,037,080                    |

- 7.1 It represents long term financing from commercial banks (stated above) and the amounts claimed by such institutions. Markup is leviable along with installment (except interest free loans) as per schedule stated above. These loans are secured against first ranking pari passu charge over current and fixed assets of the Company executed through the joint pari passu agreement with the lenders of the Company and joint memorandum of deposit of title deeds, equitable mortgage charge on land and personal guarantees of the directors of the Company.
- 7.2 It represents loan from National Bank of Pakistan which has been restructured on terms agreed between the parties.
- 7.3 It represents restructured loan converted from mark up payable on the facilities from National Bank of Pakistan till June 30, 2015.

|   | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|---|---------------------------------------|--------------------------------|
| <b>8. EMPLOYEE BENEFITS</b>                       |                                       |                                |
| Liability at the beginning of the period          | 118,181,227                           | 95,309,300                     |
| Charge for the period                             | 17,950,284                            | 35,832,028                     |
| Benefits paid during the period                   | (24,026,391)                          | (12,111,159)                   |
| Unrecognized actuarial (gain)/losses              | -                                     | (848,942)                      |
|   | <b>112,105,120</b>                    | 118,181,227                    |
| <b>9. TRADE AND OTHER PAYABLES</b>                |                                       |                                |
| Creditors   | 779,619,410                           | 595,177,229                    |
| Accrued liabilities                               | 152,968,759                           | 165,962,066                    |
| Accrued mark-up/interest on long term financing   | 6,419,829                             | 17,076,198                     |
| Accrued mark-up/interest on short term borrowings | 14,112,838                            | 7,027,238                      |
| Income tax withheld                               | 33,096,164                            | 18,971,644                     |
| Retention money payable                           | 700,000                               | 700,000                        |
| Workers' funds                                    | 41,199,467                            | 37,466,646                     |
|   | <b>1,028,116,467</b>                  | 842,381,021                    |



## Notes to the condensed interim financial statements

For the half year ended December 31, 2020 (Un-audited)

### 10. CONTINGENCIES AND COMMITMENTS

#### Contingencies

- 10.1 The Company has filed a recovery suit against the Punjab Cotton Mills Limited for Rs. 5.107 million along with interest. The execution was filed which is still pending.
- 10.2 M/s. M. J. Industries had filed a suit against the Company for declaration of Rs. 0.545 million. The case was dismissed by the Honorable Civil Judge, Lahore. M/s. M. J. Industries had filed an application for the restoration of the suit which was also rejected by the Civil Judge, Lahore.  
The Company has filed a recovery suit against the M/s M. J. Industries for Rs. 0.545 million. The summon and notices have been issued to the defendant and the case is pending due to non appearance of the defendant before the Honorable Civil Judge, Lahore. The Company is hopeful of settlement of the case in its favor.
- 10.3 The Company has filed a recovery suit against the M/s. Amtex Limited for Rs. 2.917 million. The case is decreed in favour of Zephyr Textiles Limited by the Honorable Judge, High Court, Lahore. The case is pending for execution.
- 10.4 M/s. Sitara Textiles has filed a suit against the Company for recovery of damages against non performance of contract no. LO417 for supply of fabric. According to legal confirmation status, suit is pending for framing of issues.  
The Company has filed a suit against M/s. Sitara Textiles Limited for financial loss, cost of sales loss, loss of business and loss due to breach of contract for Rs. 37.680 million. Company is hopeful of settlement of the case in its favor.  
M/s. Sitara Textiles has filed an other suit against the Company for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan.  
The Company has again filed an other suit against M/s. Sitara Textiles Limited for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan.
- 10.5 The Company has filed suit for recovery of Rs. 34.027 million for unauthorized sale of shares by First Pakistan Limited. The case is pending before Senior Civil Judge, Lahore.
- 10.6 The Company has filed a suit against old tenants for vacation of property purchased by the Company situated at Ek Moria Pull Lahore. The matter is pending for adjudication. Certain suits were filed against the Company regarding the said property which are as under:  
- Muhammad Sajid (the plaintiff) has filed a suit for permanent injunctions and declaration against interfering the possession of plaintiff property by pretending that the suit property has been purchased by Zephyr Textiles Limited (the defendant) through registered sales deed bearing distavez no. 2775 dated 01-09-2010, whereas the purchased property of the defendant is separate and different from the suit property of the plaintiff. The case is dismiss by the court during the year.  
- Sh. Zafar Iqbal v/s. M/s Zephyr Textiles Limited. Sh. Zafar Iqbal has filed a suit for cancelation of registry with respect to the said property purchased by the Company. The case is pending for adjudication. The Company is hopeful for settlement of the above stated suits in its favor.
- 10.7 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rs. 49.976 million (June 30, 2020: Rs. 49.976 million).
- 10.8 Foreign bills purchased by banks amounting to Rs. 273.045 million (June 30, 2020: Rs. 276.246 million).

#### Commitments

- 10.9 Contracts for capital expenditure are Rs. 18.040 million (June 30, 2020: Rs. 5.667 million).
- 10.10 Letters of credit other than for capital expenditure are Rs. 43.323 million (June 30, 2020: Rs. 16.133 million).
- 10.11 Outstanding foreign currency forward contracts of Rs. 158.851 million (June 30, 2020: Rs. 658.366 million).

|   | Note | Un-audited<br>December 31, 2020<br>(Rupees) | Audited<br>June 30, 2020<br>(Rupees) |
|---|------|---|--------------------------------------|
| <b>11. PROPERTY, PLANT AND EQUIPMENT</b>                |      |   |                                      |
| Opening written down value                              |      | 1,903,439,609                               | 1,909,707,867                        |
| Additions during the period                             | 11.1 | 198,658,413                                 | 182,591,848                          |
| Net book value of assets disposed off during the period | 11.2 | (2,047,897)                                 | (18,873,743)                         |
| Depreciation charge for the period                      |      | (84,593,110)                                | (169,986,363)                        |
|   |      | <b>2,015,457,015</b>                        | <b>1,903,439,609</b>                 |

## Notes to the condensed interim financial statements

For the half year ended December 31, 2020 (Un-audited)

|  | Note | Un-audited<br>December 31, 2020<br>(Rupees) | Audited<br>June 30, 2020<br>(Rupees) |
|--|------|---|--------------------------------------|
| <b>11.1 Cost of additions</b>                                  |      |   |                                      |
| Link road  |      | 633,460                                     | -                                    |
| Non factory buildings  |      | -   | 110,000                              |
| Plant and machinery  |      | 187,275,768                                 | 161,644,790                          |
| Furniture and fixtures   |      | 323,900                                     | 1,090,300                            |
| Vehicles   |      | 8,823,335                                   | 13,856,910                           |
| Electric installation  |      | 38,500                                      | 1,475,099                            |
| Office equipments  |      | 1,563,450                                   | 4,414,749                            |
|  |      | <b>198,658,413</b>                          | <b>182,591,848</b>                   |
| <b>11.2 Net book value of deletions</b>                        |      |   |                                      |
| Plant and machinery  |      | 1,746,464                                   | 17,336,390                           |
| Vehicles   |      | 273,349                                     | 767,823                              |
| Electric installation  |      | -   | 722,858                              |
| Office equipments  |      | 28,084                                      | 46,672                               |
|  |      | <b>2,047,897</b>                            | <b>18,873,743</b>                    |
| <b>12. LOANS AND ADVANCES</b>                                  |      |   |                                      |
| Advances - unsecured but considered good:                      |      |   |                                      |
| - To suppliers   |      | 48,032,213                                  | 36,181,797                           |
| - To employees   |      | 27,683,294                                  | 27,510,880                           |
| - To suppliers against letter of credit                        |      | 70,113,597                                  | 13,045,094                           |
| - To others  |      | 4,738,660                                   | -                                    |
|  |      | <b>150,567,764</b>                          | <b>76,737,771</b>                    |
| <b>13. TRADE DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b> |      |   |                                      |
| Prepayments  |      | 7,790,981                                   | 4,180,763                            |
| Advance income tax   |      | 32,427,591                                  | 42,623,305                           |
| Sales tax refundable   |      | 206,846,884                                 | 193,092,538                          |
| Export rebate receivable                                       |      | 15,016,786                                  | 6,154,748                            |
| Other receivables  |      | 129,120,346                                 | 80,032,166                           |
|  |      | <b>391,202,588</b>                          | <b>326,083,520</b>                   |
| <b>14. SHORT TERM INVESTMENTS</b>                              |      |   |                                      |
| Investment at fair value through profit and loss account       |      |   |                                      |
| - listed securities  |      | 1,077,398                                   | 214,152                              |
| Investment in funds  |      | 66,819,029                                  | 62,861,809                           |
|  |      | <b>67,896,427</b>                           | <b>63,075,961</b>                    |



## Notes to the condensed interim financial statements

For the half year ended December 31, 2020 (Un-audited)

|   | Un-audited<br>For the half year ended<br>December 31, |                      |
|---|---|----------------------|
|   | 2020  | 2019                 |
|   | (Rupees)  |                      |
| <b>15. COST OF SALES</b>  |   |                      |
| Raw materials consumed  | 1,435,985,057   | 970,270,968          |
| Salaries, wages and other benefits  | 212,104,428   | 162,090,347          |
| Production overheads  | 722,389,785   | 567,186,092          |
|   | <b>2,370,479,270</b>                                  | <b>1,699,547,407</b> |
| <b>(Increase) / decrease in work-in-process</b>   |   |                      |
| Opening stock   | 95,669,862  | 143,175,972          |
| Closing stock   | (105,731,615)   | (165,118,488)        |
| Adjustment of work-in-process   | (10,061,753)  | (21,942,516)         |
| <b>(Increase) / decrease in finished goods</b>  |   |                      |
| Opening stock   | 919,095,641   | 609,111,463          |
| Closing stock   | (715,283,432)   | (769,844,987)        |
| Adjustment of finished goods  | 203,812,209   | (160,733,524)        |
|   | <b>2,564,229,726</b>                                  | <b>1,516,871,367</b> |
| <b>16. CASH FLOW FROM OPERATING ACTIVITIES</b>  |   |                      |
| Profit for the period before taxation   | 154,516,673   | 43,207,457           |
| Adjustments for:  |   |                      |
| - Depreciation  | 84,593,110  | 82,592,551           |
| - Gain on disposal of PPE   | (1,857,103)   | (702,622)            |
| - Change in fair value of short term investment   | (702,153)   | (68,598)             |
| - Investment income   | (2,011,549)   | -                    |
| - Provision for staff retirement benefits - gratuity  | 17,950,284  | 17,950,284           |
| - Interest of workers' profit participation fund  | 741,721   | 592,644              |
| - Unwinding of discount   | 2,933,539   | 4,267,734            |
| - Finance cost  | 51,982,963  | 65,341,573           |
|   | <b>308,147,485</b>                                    | <b>213,181,023</b>   |
| Changes in:   |   |                      |
| - Stores, spares and loose tools  | (10,130,856)  | (27,492,090)         |
| - Stock in trade  | 73,068,687  | (158,053,994)        |
| - Trade debts   | (224,205,961)   | 71,558,475           |
| - Loans and advances  | (73,829,993)  | 39,150,059           |
| - Short Term Investments  | (4,820,466)   | (68,599)             |
| - Trade deposits, prepayments & other receivables   | (75,314,782)  | (27,693,491)         |
| - Creditors, accrued and other liabilities  | 189,306,215   | 107,939,935          |
| - Contract liabilities  | (16,838,492)  | 3,006,289            |
| <b>Cash generated from operations</b>   | <b>165,381,837</b>                                    | <b>221,527,607</b>   |
| Interest paid   | (55,553,732)  | (62,519,834)         |
| Taxes paid  | (23,983,014)  | (26,342,347)         |
| Gratuity paid   | (24,026,391)  | (6,165,859)          |
| Dividend paid   | (4,162,356)   | (8,081,949)          |
|   | <b>57,656,344</b>                                     | <b>118,417,618</b>   |
| <b>17. DATE OF AUTHORIZATION FOR ISSUE</b>  |   |                      |
| These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 17, 2021. |   |                      |
| <b>18. GENERAL</b>  |   |                      |
| Figures have been rounded off to the nearest Rupee unless otherwise stated.   |   |                      |

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

اراکین کے لیے ڈائریکٹرز کی رپورٹ

زفر نیگما ٹیکسٹائل اینڈ گارمنٹس ڈائریکٹرز ازراوسرٹ 31 دسمبر 2020ء کو اختتام پذیر نصف سال کے لئے نظر ثانی شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ عبوری مالیاتی گوشوارے کنٹریز ایکٹ 2017 کی ضروریات کے مطابق پیش کیے جاتے ہیں۔

### عملی مالیاتی نتائج

31 دسمبر 2020ء کو اختتام پذیر نصف سال کے دوران کمپنی نے 2,916.82 ملین روپے کی فروخت پر 352.59 ملین روپے مجموعی منافع حاصل کیا جبکہ گذشتہ برس کی اسی مدت کے دوران 2,139.32 ملین روپے کی فروخت پر 202.15 ملین روپے مجموعی منافع حاصل کیا گیا۔ گذشتہ برس اسی مدت میں 23.58 ملین روپے ناص منافع کے مقابلہ میں زیر جائزہ مدت کے دوران نفع علاوہ ٹیکس 121.30 ملین روپے خالص منافع ریکارڈ کیا۔

| نمایاں مالیاتی تفصیل   | اختتام پذیر نصف سال 31 دسمبر |                |               | اختتام پذیر سہ ماہی 31 دسمبر |                |               |
|------------------------|------------------------------|----------------|---------------|------------------------------|----------------|---------------|
|                        | 2020<br>(روپے)               | 2019<br>(روپے) | اضافہ<br>فیصد | 2020<br>(روپے)               | 2019<br>(روپے) | اضافہ<br>فیصد |
| خالص فروخت             | 2,916,823,522                | 2,139,317,462  | 36.34         | 1,471,067,886                | 1,251,602,058  | 17.53         |
| مجموعی منافع           | 352,593,796                  | 202,153,922    | 74.42         | 170,208,026                  | 110,864,483    | 53.53         |
| نفع قبل از ٹیکس        | 154,516,673                  | 43,207,457     | 257.62        | 67,043,127                   | 29,488,669     | 127.35        |
| نفع بعد از ٹیکس        | 121,701,053                  | 23,574,551     | 416.24        | 50,261,247                   | 18,506,100     | 171.59        |
| مجموعی منافع (فیصد)    | 12.09%                       | 9.45%          | 27.94         | 11.57%                       | 8.86%          | 30.62         |
| نفع بعد از ٹیکس (فیصد) | 4.17%                        | 1.10%          | 278.63        | 3.42%                        | 1.48%          | 131.07        |
| فی حصص آمدنی (روپے)    | 2.05                         | 0.40           | 416.24        | 0.85                         | 0.31           | 171.59        |

گذشتہ مالی سال کے اسی عرصہ کے مقابلہ میں رواں سال کی پہلی ششماہی میں فروخت میں 36 فیصد کا زبردست اضافہ دیکھا گیا ہے۔

پاکستان میں ٹیکسٹائل کی صنعت برقی قحطی سے وبائی صورتحال (Covid-19) کے صدمے سے باہر نکل آئی۔ جبکہ عالمی ٹیکسٹائل مارکیٹ، خاص طور پر ایشیائی ممالک جیسا کہ چین، ہندوستان اور بنگلہ دیش اس وبائی صورتحال سے باہر نکلنے کے لیے سخت جدوجہد کر رہی تھیں۔ عالمی وبا کو روکنا وائرس (Covid-19) کے منظر نامہ کی وجہ سے پاکستان کے لیے فائدہ مند ثابت ہوئی۔ اور اس وبائی صورتحال سے بہت زیادہ متاثرہ ممالک کے مقابلہ میں پاکستان کو زیادہ تعداد میں فروخت آرڈرز منتقل ہوئے۔ سہ ماہی شدہ ایجنٹ اور ٹیکسٹائل فراہم کرنے کے کھولتی اقدام نے ٹیکسٹائل کے شعبہ کی ترقی میں ایک اہم کردار ادا کیا ہے۔ اسٹیٹ بینک آف پاکستان نے طویل مدتی قرضوں کی واپسی میں تاخیر کرنے کے اجازت فراہم کر دی ہے۔ بلاشبہ اس کھولتی حمایت کے بغیر صنعت کا اتنے مختصر وقت میں ترقی کی مطلوبہ رفتار حاصل کرنا مشکل ہوتا۔ نتیجتاً زیر جائزہ مدت میں پاکستان کی ٹیکسٹائل کی برآمدت 7.79 فیصد اضافے کے ساتھ 17.4 ارب امریکی ڈالر تک بڑھ گئیں۔

### مستقبل کا نقطہ نظر

آنے والی سہ ماہی میں کوویڈ وائرس (Covid-19) کی ویکسینوں کی دستیابی کے ساتھ ہی عالمی معاشی سرگرمیاں معمول پر آنے کی توقع کی جا رہی ہے۔ اس مفروضے کے تحت کمپنی، آمدنی میں اضافے کے تسلسل کی پیش گوئی کرتی ہے۔ اگلی دو سہ ماہیوں کے لیے کمپنی کی فروخت آرڈرز بک بڑھ گئی ہے۔ اور ہمیں چھ ارب پاکستانی روپے کے کاروبار کی توقع ہے۔ رواں سیزن میں پاکستان میں ٹیکسٹائل کی پیداوار میں 34 فیصد کی واقع ہوئی ہے۔ گھریلو پیداوار کم ہونے کے باعث ٹیکسٹائل کے شعبے کو 2 ارب امریکی ڈالر کی کپاس درآمد کرنا پڑی جس نے اس صنعت کے لیے خالص مال کی لاگت بڑھا دی۔

ولٹیو ایڈیٹ سامان کی طلب میں اضافے کے باوجود سامان بنانے والے ادارے اپنے فروخت آرڈرز کی تکمیل کے لیے خالص خریدنے کے لیے جدوجہد کر رہے ہیں۔ اور اضافی لاگت اپنے صارفین کو منتقل کرنے میں نچکیا بہت محسوس کر رہے ہیں۔ اگر ایشیا (جناس) کی قیمتوں میں تیزی کا یہ رجحان برقرار رہا تو انڈسٹری کا مارجن بری طرح متاثر ہوگا۔

### اعتراف

انتظامیہ بورڈ آف ڈائریکٹرز، ریگولیٹری حکام، حصص داران، صارفین، مالیاتی اداروں کی رہنمائی، تمام عملہ اور مزدوروں کی انتھک محنت کو قدر کی نگاہ سے دیکھتی ہے۔

برائے امتنان بورڈ آف ڈائریکٹرز



محترم ارباب محمد خان  
ایگزیکٹو ڈائریکٹر










محترم مساعد حنیف  
چیف ایگزیکٹو  
لاہور








17 فروری، 2021ء



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