

ZEPHYR
TEXTILES LIMITED

Zephyr Textiles Limited
ANNUAL REPORT 2018

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BOARD OF DIRECTORS:	Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Rana Kamal Ud Din Ms. Tahniat Mussaid Ms. Sabah Burhan Ms. Sarah Mussaid Ms. Nuzhat Kamran	CEO Chairperson
AUDIT COMMITTEE:	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tahniat Mussaid	Chairperson/Member Member Member
HR & REMUNERATION COMMITTEE:	Ms. Subah Burhan Mr. Burhan Muhammad Khan Ms. Nuzhat Kamran	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 LTD Bank Al Habibo 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	

Note: Zephyr's Company Information & Financial Statements are also available at the above website.

Notice is hereby given that the 20th Annual General Meeting of Zephyr Textiles Limited (“ZTL” or “the Company”) will be held at the Registered Office of the Company, 3rd Floor IEP Building, 97 B/D-I, Gulberg III, Lahore on Saturday, October 27, 2018, at 10:30 AM to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extra Ordinary General Meeting dated August 16, 2018.
2. To approve Final Cash Dividend @ 5% [i.e. Rs.0.50/- Per Ordinary Share] as recommended by the Board of Directors
3. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2018 together with the Directors' and Auditor's report thereon.
4. To appoint auditors for the year ending June 30, 2019 and to fix their remuneration. The present Auditors M/S Azhar Zafar & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.

Special Business:

5. To obtain consent of the shareholders in terms of S.R.O. 470(1)/2016 dated May 31, 2016 issued by Securities of Exchange Commission of Pakistan, for the transmission of annual audited accounts, notice of the general meetings and other information contained therein of the Company either through CD or DVD or USB or in hard copy (Book form):

“Resolved that consent & approval of the members of Zephyr Textiles Limited (the “Company”) be and is hereby accorded for the transmission of annual audited accounts, notice of the general meetings and other information contained therein of the Company to the members for future years commencing from the year ending June 30, 2019 through CD or DVD or USB instead of transmitting the same in hard copies.”

6. To transact any other business with the permission of the Chair.

By Order of the Board



Abdul Jabbar
Company Secretary

Lahore:
Friday October 05, 2018.

NOTES:

• Book Closure Notice:

Share transfer books of the company will remain closed from October 20, 2018 to October 27, 2018 (both days inclusive) and no transfer will be accepted during this period

- A Shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally certified copy of the power of attorney must be received at the registered office of the company, duly stamped, signed and witnessed not later than 48 hours before the meeting.
- CDC Account holders will further have to observe the following guidelines, as laid down in Circular O 1 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

Notice to Shareholders who have not provided CNIC:

CNIC of the shareholders is mandatory in terms of directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(1)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc. and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar without any further delay.

Electronic Transmission of Financial Statements Etc:

SECP through its notification No. SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website:

<http://www.zephyr.com.pk>

Deduction of Withholding Tax on Dividend:

Pursuant to the provisions of the Finance Act 2018 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- i. Filler 15%
- ii. Non -Filler 20%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

Deduction of Withholding Tax on Dividend in case of Joint Account Holders:

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Pvt) Limited, latest by October 20, 2018, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Zephyr Textiles Limited
Folio No. / CDC A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder_____

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT. 2017

This statement is annexed as an integral part of the Notice of the Annual General Meeting of the company to be held on October 27, 2018.

Circulation of Financial Statements Etc. through CD/DVD/USB:

The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(1) 2016 dated May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD/DVD/USB at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, approval is hereby sought from members of the Company to comply with the requirements of said SRO vide an ordinary resolution.

Subject to the approval of resolution in the AGM, the company will circulate its annual accounts in future through CD/DVD/USB. However, members will have the right to request hard copies free of cost at their registered addresses after submitting the Standard Request Form which shall be made available on Company website. While members who wish to receive hard copies for all future annual audited accounts shall also require to give their preference in writing.

The directors of the Company have no direct or indirect interest in this agenda except to the extent of their respective directorships and /or shareholdings.

The Board of Directors are pleased to present the 20th Annual Report along with audited accounts of the Company for the year ended June 30, 2018.

Performance Review

Business Performance

The Company recorded sales of Rs. 4.25 billion, which is 14% higher than the last year's sales of Rs.3.73 billion, which is the the highest sales volume achieved in the history of the Company. Strong sales performance was witnessed in all the segments of business. Gross profit for the year amounted to Rs.465.47 million (10.95% of sales), compared to last year's gross profit of Rs.409.66 million (10.98% of sales). The slightly lower gross profit in-spite of higher sales is due to increase in input costs which could not be passed on to the customers. Distribution cost for the year is higher than previous year because of increased turnover. Administration cost slightly increased by 5.40% due to inflationary effect. Finance cost for the year stands at Rs.157.96 million as compared to last year's finance cost of Rs.121.82 million due to a notional expense of Rs.36.29 million charged at once for winding up of long term loan from The Bank of Punjab. Excluding this impact, finance cost remains at Rs.121 million in-spite of repayment of long term loans of Rs.211.73 million. This is due to increased borrowings resulting from higher working capital requirements.

The Company managed to earn a profit after tax of Rs.103.17 million compared to Rs.68.93 million in the same period of last year despite the very challenging domestic and international business environment.

Description	2018	2017	% Increase
Net sales	4,252,317,435	3,728,955,467	14.04
Gross profit	465,471,555	409,655,593	13.63
EBITDA	298,119,173	244,937,516	21.71
Depreciation	168,906,832	155,179,845	8.85
Finance cost	157,956,372	121,824,536	29.66
Pre-tax profit	129,212,341	89,757,671	43.96
After tax profit	103,174,825	68,927,107	49.69
EPS	1.74	1.16	49.69

Dividend and Appropriations

For the current year ended June 30, 2018, the Board of Directors recommended payment of Rs.0.50 per share (5%) as final cash dividend (2017:Nil). There is no other appropriation of profit.

Business Improvement

Improvement in business processes is paramount for any industry to stay competitive in today's market. The Company is continuously engaged in business process re-engineering to optimize benefits from technological functions. Initiatives are underway that will improve efficiencies, improve lead times and reduce wastages. The Company is continuously looking at way to optimize systems to ensure proper visibility and monitoring of key metrics and is placing a greater emphasis on reporting through its ERP system.

Business Review

Overall business environment remained challenging during the year under review. Unprecedented rise in the prices of cotton and yarn left the customers in the state of indecision otherwise the growth might have been much better. Nevertheless, against all odds, we were able to maintain and even increase our business share with existing customers. In our product mix, a planned shift has happened towards finished fabric category which carries attractive margins. As more competition exists in this segment, we have witnessed immense price pressure either to maintain or reduce it. Considering global retail environment, cut-throat competition and high cost of doing business in Pakistan, the government announced incentive package for export oriented sectors of the country.

Risks and Opportunities

Zephyr Textiles Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Risks and opportunities are properly weighted and considered before making any choice in the Company. Decisions are formulated only if opportunities outweigh risks.

We are operating in a competitive environment where innovation, quality and cost matters. This risk is mitigated through continuous research and development and persistent introduction of new technologies under BMR. Head of all business divisions meet at regular basis to form an integrated strategy towards tackling the challenges faced by the Company

Business Risks

The Company faces following business risks:

Raw Material Availability and Price

The supply and prices of yarn is subject to uncertainty of nature and demand dynamics of local and international cotton markets. There is always a risk of scarce availability of cotton and spiraling prices in the market. The Company mitigates this risk by procurement of the cotton yarn at the time of sale contract to nullify the negative impact.

Export Demand and Price

The exports are about forty percent of our sales. We face the risk of competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. If this risk is not controlled, it can make us vulnerable in the local as well as international markets. The Company has mitigated this risk by installing power plants for generating electricity and securing backup power supplies at both manufacturing facilities of the Company.

Financial Risks

The Board of Directors of the Company is responsible to formulate the financial risk management policies which are implemented by the Finance Department of the Company. The Company faces the following financial risks:

Currency Risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), Pound Sterling (GBP) and Euro. The Company's foreign exchange risk exposure is restricted to the bank balances and the amounts receivable/ payable from/to the foreign entities.

Interest Rate Risk

The Company's interest rate risk arises from long term financing, short term borrowings, term deposit receipts and bank balances in saving accounts. Fair value sensitivity analysis and cash flow sensitivity analysis shows that the Company's profitability is not materially exposed to the interest rate risk.

Credit Risk

The Company's credit sales are exposed to trade bad debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long established business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity Risk

It is at the low level due to the availability of enough funds through committed credit facilities from the Banks and Financial institutions along with cash generated from business operations.

Opportunities

The Company is in a position to avail and exploit a number of opportunities. Following is the summary of some exciting opportunities:

- Regionally diversified customer base across the world provides a sustainable growth to export sales;
- Vibrant local and international marketing network create demand for our products;
- Vertical integration makes it possible to exploit operational synergies;
- Adequate supply of cotton in the country;
- High population growth of the country is a source of suitable manpower and a stimulus in creating the demand for textile products.

Corporate Social Responsibility

The Company has strong commitment towards corporate social responsibility and allocates sizable resources for the benefit of environment and society.

Environment Protection

Textile manufacturing especially dyeing process can cause significant harm to environment if adequate measures are not taken to mitigate hazardous effects of textile process. The Company is deeply concerned and has established effluent treatment plants at its dyeing facility. Moreover, a project is underway for installation of a new waste water treatment plant which will increase existing capacity for treatment of waste water by 50 cubic meters per hour at production facility of Dyeing. Apart from an elaborated policy for tree plantation at its manufacturing facilities, the Company is planning to invest in solar technology for generation of energy to minimize the impact of CO₂ emission. The Code of Conduct for employees also requires using the Company's facilities and processes in environmentally sustainable way.

Energy Conservation

In addition to investing in the alternative energy sources, conservation of energy sources are under special focus of the Company. The Company replaced all conventional tube lights with LED lights.

Occupational Safety and Health

The Company has a comprehensive policy for health and safety standards. Workers are engaged in manufacturing activities after taking into account professional safety measures.

Equal Opportunity Employer

The Company takes pride in being an equal opportunity employer. The workforce of the Company comprises of people with diverse background including women. The Company believes that collective creativity of people with varied background is the reason for its growth over the years

Corporate Governance

Board of Directors

Mr. Arbab Muhammad Khan resigned from directorship on May 2nd 2018. This casual vacancy was duly filled by appointing Mr. Rana Kamal Ud Din as the director of the Company till the next elections which was conducted after balance sheet date on August 16th 2018 for the period of next three years in accordance with the provisions of Companies Act 2017. Following are the directors of the Company re-elected:

1.	Mr. Mussaid Hanif	Executive Director/CEO
2.	Mr. Burhan Muhammad Khan	Executive Director
3.	Mr. Rana Kamal Ud Din	Non-Executive Independent Director
4.	Ms. Tahniat Mussaid	Non-Executive Director/Chairperson
5.	Ms. Sabah Burhan	Non-Executive Director
6.	Ms. Nuzhat Kamran	Non-Executive Independent Director
7.	Ms. Sarah Mussaid	Non-Executive Director

Directors' Training Program

The Board of Directors have arranged Directors' Training Program for the following in the year 2017-2018:

- Ms. Sarah Mussaid

The Board of Directors of the Company consist of 7 Directors out of which the following four Directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("**SECP**"):

- Ms. Tahniat Mussaid
- Ms. Sabah Burhan
- Ms. Sarah Mussaid
- Ms. Nuzhat Kamran

The remaining three Directors have undertaken to either apply to SECP for an exemption or be certified prior to the expiration of the requisite deadline.

Compliance of Corporate and Financial Reporting Framework

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance Regulation 2017 (CCG 2017) included in the listing regulations of Pakistan Stock Exchange Limited. The statement of compliance with the CCG 2017 is enclosed.

Board Committees

Audit Committee

During the year there is one change in audit committee. Mr. Rana Kamal Ud Din appointed as a member of the audit committee. The Committee is comprised of all three non-executive members of the board. The chairperson of the committee is an independent director. The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, four audit committee meetings were held, attendance position was as under:

Name	Designation	Meetings attended
Ms. Nuzhat Kamran	Chairperson/Member	4
Ms. Tahniat Mussaid	Member	4
Mr. Rana Kamal Ud Din	Member	0
Mr. Arbab Muhammad Khan	Retired	3

Human Resource & Remuneration Committee

The HR and remuneration committee comprised of three members of whom two are non-executive directors and the Chairperson is a non-executive director. The Human Resource & Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, only one HR and Remuneration committee meeting were held and attendance position was as under:

Name	Designation	Meetings attended
Ms. Sabah Burhan	Chairperson/Member	1
Mr. Burhan Muhammad Khan	Member	1
Ms. Nuzhat Kamran	Member	1

Meetings of the Board of Directors

During the year under review, four meetings of the Board of Directors of the Company were held and the attendance position is as follows:

S.No.	Name of Directors	No. of meetings attended
1.	Mr. Mussaid Hanif	4
2.	Mr. Burhan Muhammad Khan	4
3.	Mr. Arbab Muhammad Khan	4
4.	Mr. Rana Kamal Ud Din	0
5.	Ms. Nuzhat Kamran	4
6.	Ms. Tahniat Mussaid	4
7.	Ms. Sabah Burhan	4
8.	Ms. Sarah Mussaid	2

Directors' Statement

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial reporting framework:

1. Financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Auditors

The present auditors of the Company M/s Azhar Zafar & Company, Chartered Accountants have completed the annual audit for the year ended June 30, 2018, and have issued an unqualified audit report. The existing auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending June 30, 2019.

Earnings per Share (EPS)

Earnings per share of the Company has increased from Rs.1.16 per share in the last year to Rs.1.74 per share in the year under review as a result of better profitability.

Acknowledgement

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the Company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the Company.



Mussaid Hanif
Chief Executive

Lahore
September 28, 2018



Burhan Muhammad Khan
Director

Horizontal Analysis

(Rupees in Million)

	2018	Variance vs Last Year Increase/ (Decrease)	2017	Variance vs Last Year Increase/ (Decrease)	2016	Variance vs Last Year Increase/ (Decrease)	2015	Variance vs Last Year Increase/ (Decrease)	2014
OPERATING RESULTS									
Sales - net	4,252.32	13.41	3,749.39	(4.66)	3,932.86	(6.34)	3,756.91	(10.53)	4,199.16
Cost of sales	3,786.85	14.09	3,319.30	(6.12)	3,535.64	(6.80)	3,429.04	(9.61)	3,793.81
Gross Profit	465.47	8.23	430.09	8.28	397.21	(2.01)	327.86	(19.12)	405.35
Distribution cost	101.31	9.67	92.38	25.03	73.89	(3.60)	77.74	1.42	76.65
Administrative expenses	68.68	5.40	65.16	2.64	63.49	21.67	57.05	9.33	52.18
Other operating expenses	11.72	(81.49)	63.32	424.17	12.08	77.58	3.96	(41.83)	6.80
Financial cost	157.96	29.66	121.82	(3.57)	126.33	(34.58)	166.34	(13.86)	193.11
Other operating income	3.41	45.05	2.35	(78.44)	10.91	(10.97)	202.73	1,554.96	12.25
Profit/(Loss) before taxation	129.21	43.96	89.76	(32.17)	132.33	48.94	225.51	153.81	88.85
Provision for taxation	26.04	25.00	20.83	(17.65)	25.30	(0.40)	22.45	(11.61)	25.40
PROFIT/(LOSS) FOR THE YEAR	103.17	49.69	68.93	(35.60)	107.03	68.69	203.07	220.04	63.45
BALANCE SHEET									
NON-CURRENT ASSETS									
Property, plant and equipment	1,981.44	(0.71)	1,995.53	11.02	1,797.52	(2.11)	1,836.22	(4.72)	1,927.08
Capital work in progress	-	(100.00)	9.70	100.00	-	(100.00)	10.86	-	-
Long term deposits	22.50	16.65	19.29	146.64	7.82	(0.64)	7.87	0.03	7.87
TOTAL NON-CURRENT ASSETS	2,003.93	(1.02)	2,024.52	12.14	1,805.34	(2.67)	1,854.96	(4.13)	1,934.95
CURRENT ASSETS									
Stores, spare parts and loose tools	103.59	(23.19)	134.87	20.14	112.26	3.57	108.39	0.61	107.73
Stock in trade	1,069.58	18.20	904.90	16.75	775.09	8.42	714.91	(2.34)	732.05
Trade debts	658.60	88.04	350.24	(21.60)	446.75	19.88	372.66	10.16	338.29
Loans and advances	35.97	8.07	33.28	(5.88)	35.36	(14.01)	41.12	46.33	28.10
Trade deposits and short term prepayments	188.74	(4.12)	196.86	30.64	150.68	32.73	113.52	(8.90)	124.62
Other receivables	117.89	249.16	33.76	24.63	27.09	29.76	20.88	40.68	14.84
Investments	0.73	(56.31)	1.68	5.01	1.60	4.73	1.53	(85.65)	10.64
Cash and bank balances	28.99	(41.89)	49.89	(23.00)	64.79	74.26	37.18	(53.95)	80.73
TOTAL CURRENT ASSETS	2,204.09	29.24	1,705.48	5.69	1,613.62	14.43	1,410.18	(1.87)	1,437.00
TOTAL ASSETS	4,208.02	12.82	3,730.00	9.10	3,418.94	4.71	3,265.14	(3.17)	3,371.95
CURRENT LIABILITIES									
Trade and other payables	662.79	81.03	366.13	(5.42)	387.11	8.76	356.31	17.86	302.33
Accrued mark-up	21.67	36.83	15.84	10.61	14.32	213.83	4.56	(98.13)	243.93
Short term borrowings	1,158.70	18.04	981.62	38.17	710.42	17.44	604.90	(36.62)	954.37
Unclaimed Dividend	0.43	-	0.43	-	0.43	-	-	-	-
Current portion of long term financing	164.91	(17.42)	199.70	13.24	176.35	16.34	151.59	(57.54)	357.02
TOTAL CURRENT LIABILITIES	2,008.49	28.44	1,563.72	21.35	1,288.63	15.33	1,117.36	(39.85)	1,857.64
WORKING CAPITAL	195.60	37.98	141.76	(56.38)	324.98	10.98	292.82	(169.61)	(420.64)
TOTAL CAPITAL EMPLOYED	2,199.54	1.54	2,166.28	1.69	2,130.31	(0.81)	2,147.78	41.83	1,514.31
NON-CURRENT LIABILITIES									
Long term financing	416.22	(23.53)	544.32	(4.58)	570.45	(15.72)	676.85	240.54	198.76
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred liabilities	242.57	7.75	225.13	(2.80)	231.62	(0.41)	232.58	(1.52)	236.18
TOTAL NON-CURRENT LIABILITIES	658.80	(14.38)	769.45	(4.07)	802.07	(11.81)	909.43	109.09	434.94
NET WORTH	1,540.74	10.30	1,396.83	5.16	1,328.25	7.26	1,238.35	14.73	1,079.37
NET WORTH REPRESENTED BY									
Issued, subscribed and paid-up capital	594.29	-	594.29	-	594.29	-	594.29	-	594.29
Accumulated Profit / Loss	595.21	26.92	468.97	26.85	369.71	45.96	253.30	286.65	65.51
Surplus on revaluation of property, plant and equipment	351.24	5.30	333.57	(8.42)	364.25	(6.79)	390.76	(6.87)	419.57
TOTAL NET WORTH	1,540.74	10.30	1,396.83	5.16	1,328.25	7.26	1,238.35	14.73	1,079.37
TOTAL LIABILITIES	4,208.02	12.82	3,730.00	9.10	3,418.94	4.71	3,265.14	(3.17)	3,371.95

Vertical Analysis

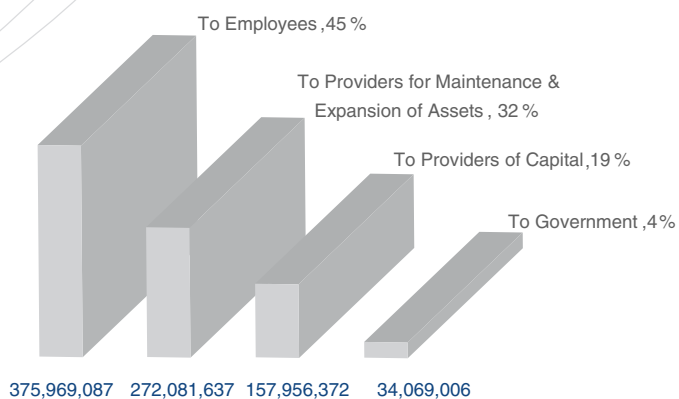
(Rupees in Million)

	2018	% of Total	2017	% of Total	2016	% of Total	2015	% of Total	2014
		Value		Value		Value		Value	
OPERATING RESULTS									
Sales - net	4,252.32	100.00	3,749.39	100.00	3,932.86	100.00	3,756.91	100.00	4,199.16
Cost of sales	3,786.85	89.05	3,319.30	88.53	3,535.64	89.90	3,429.04	91.27	3,793.81
Gross Profit	465.47	10.95	430.09	11.47	397.21	10.10	327.86	8.73	405.35
Distribution cost	101.31	2.38	92.38	2.46	73.89	1.88	77.74	2.07	76.65
Administrative expenses	68.68	1.62	65.16	1.74	63.49	1.61	57.05	1.52	52.18
Other operating expenses	11.72	0.28	63.32	1.69	12.08	0.31	3.96	0.11	6.80
Financial cost	157.96	3.71	121.82	3.25	126.33	3.21	166.34	4.43	193.11
Other operating income	3.41	0.08	2.35	0.06	10.91	0.28	202.73	5.40	12.25
Profit/(Loss) before taxation	129.21	3.04	89.76	2.39	132.33	3.36	225.51	6.00	88.85
Provision for taxation	26.04	0.61	20.83	0.56	25.30	0.64	22.45	0.60	25.40
PROFIT/(LOSS) FOR THE YEAR	103.17	2.43	68.93	1.84	107.03	2.72	203.07	5.41	63.45
BALANCE SHEET									
NON-CURRENT ASSETS									
Property, plant and equipment	1,981.44	47.09	1,995.53	53.50	1,797.52	52.58	1,836.22	56.24	1,927.08
Capital work in progress	-	-	9.70	0.26	-	-	10.86	0.33	-
Long term deposits	22.50	0.53	19.29	0.52	7.82	0.23	7.87	0.24	7.87
TOTAL NON-CURRENT ASSETS	2,003.93	47.62	2,024.52	54.28	1,805.34	52.80	1,854.96	56.81	1,934.95
CURRENT ASSETS									
Stores, spare parts and loose tools	103.59	2.46	134.87	3.62	112.26	3.28	108.39	3.32	107.73
Stock in trade	1,069.58	25.42	904.90	24.26	775.09	22.67	714.91	21.90	732.05
Trade debts	658.60	15.65	350.24	9.39	446.75	13.07	372.66	11.41	338.29
Loans and advances	35.97	0.85	33.28	0.89	35.36	1.03	41.12	1.26	28.10
Trade deposits and short term prepayments	188.74	4.49	196.86	5.28	150.68	4.41	113.52	3.48	124.62
Other receivables	117.89	2.80	33.76	0.91	27.09	0.79	20.88	0.64	14.84
Investments	0.73	0.02	1.68	0.05	1.60	0.05	1.53	0.05	10.64
Cash and bank balances	28.99	0.69	49.89	1.34	64.79	1.90	37.18	1.14	80.73
TOTAL CURRENT ASSETS	2,204.09	52.38	1,705.48	45.72	1,613.62	47.20	1,410.18	43.19	1,437.00
TOTAL ASSETS	4,208.02	100.00	3,730.00	100.00	3,418.94	100.00	3,265.14	100.00	3,371.95
CURRENT LIABILITIES									
Trade and other payables	662.79	15.75	365.71	9.80	387.11	11.32	356.31	10.91	302.33
Accrued mark-up	21.67	0.52	15.84	0.42	14.32	0.42	4.56	0.14	243.93
Short term borrowings	1,158.70	27.54	981.62	26.32	710.42	20.78	604.90	18.53	954.37
Unclaimed Dividend	0.43	0.01	0.43	0.01	0.43	0.01	-	-	-
Current portion of long term financing	164.91	3.92	199.70	5.35	176.35	5.16	151.59	4.64	357.02
TOTAL CURRENT LIABILITIES	2,008.49	47.73	1,563.72	41.92	1,288.63	37.69	1,117.36	34.22	1,857.64
WORKING CAPITAL	195.60	4.65	141.76	3.80	324.98	9.51	292.82	8.97	(420.64)
TOTAL CAPITAL EMPLOYED	2,199.54	52.27	2,166.28	58.08	2,130.31	62.31	2,147.78	65.78	1,514.31
NON-CURRENT LIABILITIES									
Long term financing	416.22	9.89	544.32	14.59	570.45	16.68	676.85	20.73	198.76
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred liabilities	242.57	5.76	225.13	6.04	231.62	6.77	232.58	7.12	236.18
TOTAL NON-CURRENT LIABILITIES	658.80	15.66	769.45	20.63	802.07	23.46	909.43	27.85	434.94
NET WORTH	1,540.74	36.61	1,396.83	37.45	1,328.25	38.85	1,238.35	37.93	1,079.37
NET WORTH REPRESENTED BY									
Issued, subscribed and paid-up capital	594.29	14.12	594.29	15.93	594.29	17.38	594.29	18.20	594.29
Accumulated Profit / Loss	594.97	14.14	468.97	12.57	369.71	10.81	253.30	7.76	65.51
Surplus on revaluation of property, plant and equipment	351.24	8.35	333.57	8.94	364.25	10.65	390.76	11.97	419.57
TOTAL NET WORTH	1,540.50	36.61	1,396.83	37.45	1,328.25	38.85	1,238.35	37.93	1,079.37
TOTAL LIABILITIES	4,207.79	100.00	3,730.00	100.00	3,418.94	100.00	3,265.14	100.00	3,371.95

Statement of Value Addition

Wealth Generated	Year 2018		Year 2017	
	Amount Rs.	%	Amount Rs.	%
Sales Revenue	4,252,317,435		3,749,393,276	
Other Income	3,410,408		2,351,217	
	4,255,727,843		3,751,744,493	
Less:				
Material & Services				
Material & Factory Cost	3,297,770,081		2,854,891,068	
Administrative Cost	30,853,639		29,947,848	
Distribution & Other Cost	87,028,022		133,704,142	
	3,415,651,742		3,018,543,058	
Total Wealth Generated	840,076,101	100%	733,201,435	100%
Wealth Distributed	Year 2018		Year 2017	
	Amount Rs.	%	Amount Rs.	%
To Employees				
Salaries & Benefits	375,969,087	44.75%	359,787,097	49.07%
To Government				
Tax	26,037,516	3.10%	20,830,564	2.84%
Worker Profit Participation Fund	6,862,189	0.82%	4,820,498	0.66%
Worker Welfare Fund	1,169,301	0.14%	1,831,789	0.25%
To Providers of Capital				
Dividends to Share Holders	-	-	-	-
Mark Up/Interest on Borrowed Funds	157,956,372	18.80%	121,824,536	16.62%
To Providers for Maintenance & Expansion of Assets				
Depreciation	168,906,860	20.11%	155,179,845	21.16%
Profit Retained	103,174,777	12.28%	68,927,107	9.40%
	840,076,101		733,201,435	

Distribution Of Wealth

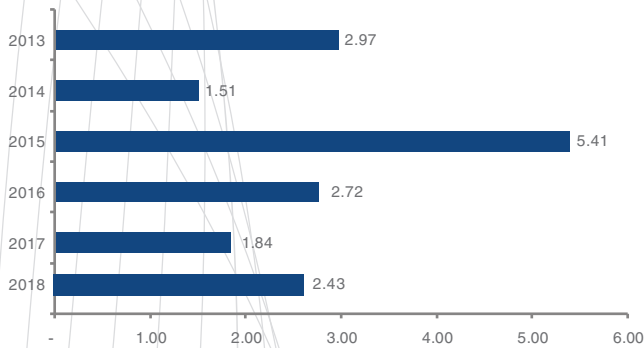


Key Operating and Financial Data of Last Six Years

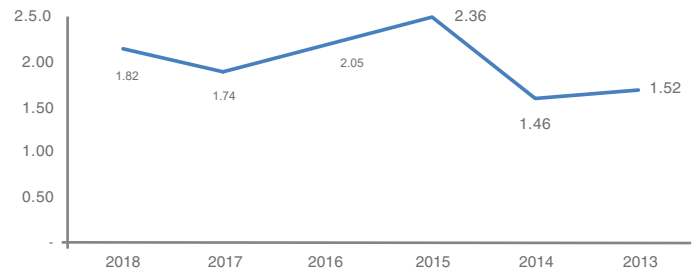
	June 30, 2018	June 30, 2017	June 30, 2016 (Rupees in Thousand)	June 30, 2015	June 30, 2014	June 30, 2013
PROFIT AND LOSS						
Sales	4,252,317	3,749,393	3,932,857	3,756,907	4,199,161	3,840,907
Cost of Sales	3,786,846	3,319,300	3,535,642	3,429,043	3,793,808	3,481,673
Gross Profit	465,472	430,093	397,215	327,864	405,353	359,234
Operating Profit plus other income	287,169	211,582	258,663	391,854	281,962	359,468
Financial & Other charges	157,956	121,825	126,334	166,341	193,112	236,684
Taxation	26,038	20,831	25,295	22,446	25,396	8,524
NET PROFIT AFTER TAX	103,175	68,927	107,035	203,067	63,454	114,260
BALANCE SHEET						
Capital	594,287	594,287	594,287	594,287	594,287	594,287
Share subscription money	-	-	-	-	-	-
Reserves	595,211	468,969	369,712	253,297	65,509	(31,341)
Surplus on revaluation of fixed assets	351,241	333,573	364,247	390,762	419,572	451,216
NET WORTH	1,540,739	1,396,829	1,328,246	1,238,347	1,079,368	1,014,163
Long Term Liabilities	416,224	544,322	570,447	676,849	198,760	322,644
Deferred Liabilities	242,573	225,127	231,622	232,580	236,179	246,895
Current Liabilities	2,008,488	1,563,179	1,288,630	1,117,362	1,857,645	1,836,415
TOTAL LIABILITIES	2,667,285	2,333,168	2,090,698	2,026,790	2,292,584	2,405,955
TOTAL EQUITY & LIABILITIES	4,208,024	3,729,997	3,418,944	3,265,137	3,371,952	3,420,118
Fixed Assets	1,981,436	1,995,530	1,797,516	1,836,218	1,927,075	2,013,546
Capital Work in Progress	-	9,702	-	10,865	-	58,840
Long Term Deposits	22,499	19,287	7,823	7,873	7,873	3,299
Current Assets	2,204,090	1,705,478	1,613,606	1,410,181	1,437,004	1,344,433
TOTAL ASSETS	4,208,024	3,729,997	3,418,944	3,265,137	3,371,952	3,420,118
INVESTOR INFORMATION						
Break up value per share (Rs.)	25.93	23.50	22.35	20.84	18.16	17.07
Bonus/Cash dividend (Rs. In '000)	-	-	-	-	-	-
Earning Per Share (Rs.)	1.74	1.16	1.80	3.42	1.07	1.92
Return on Equity (%)	6.70	4.93	8.06	16.40	5.88	11.27
Return on Assets (%)	2.45	1.85	3.13	6.22	1.88	3.34
FINANCIAL RATIOS						
Gross Margin (%)	10.95	11.47	10.10	8.73	9.65	9.35
Net Margin (%)	2.43	1.84	2.72	5.41	1.51	2.97
Current Ratio	1.10	1.09	1.25	1.26	0.77	0.73
Long Term Debt to Equity ratio (%)	0.38	0.53	0.77	0.86	0.66	1.09
Interest cover ratio (Times)	1.82	1.74	2.05	2.36	1.46	1.52
Gearing ratio (%)	0.53	0.55	0.61	0.60	0.74	0.80

Graphical Representation

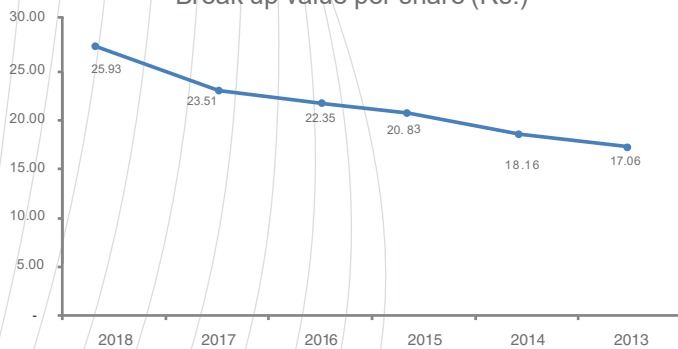
Net Margin (%)



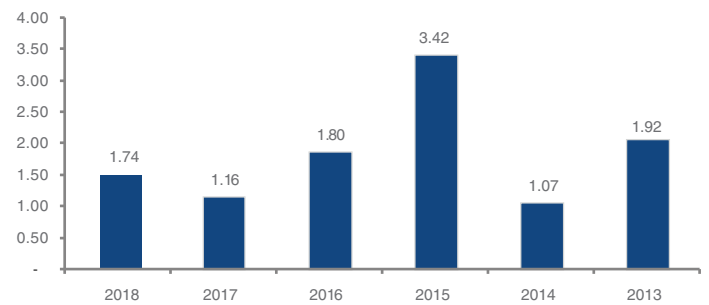
Interest cover ratio (Times)



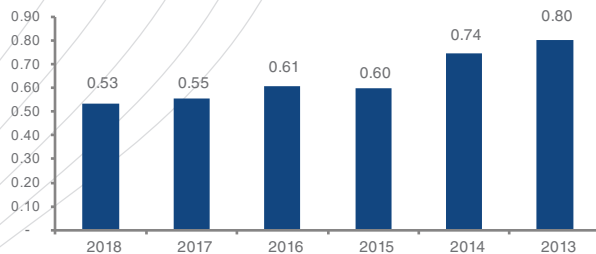
Break up value per share (Rs.)



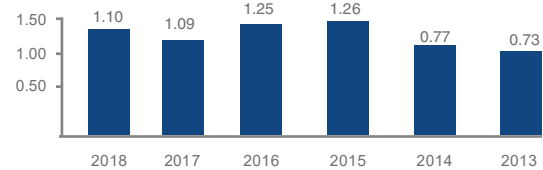
Earning Per Share (Rs.)



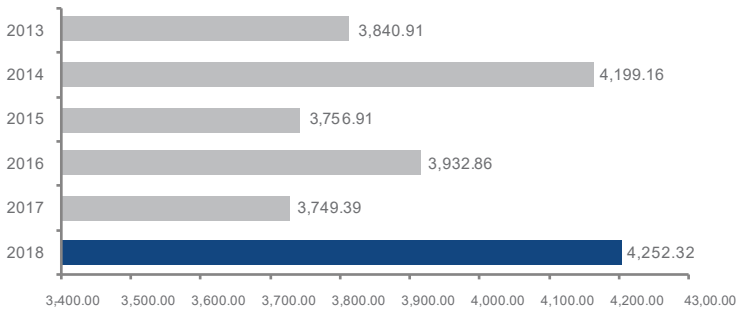
Gearing Ratio (%)



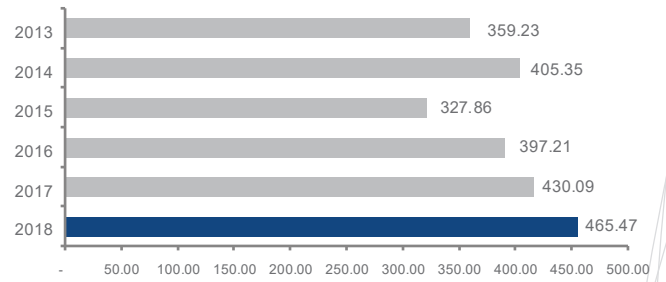
Current Ratio



Sales (Rupees in Million)



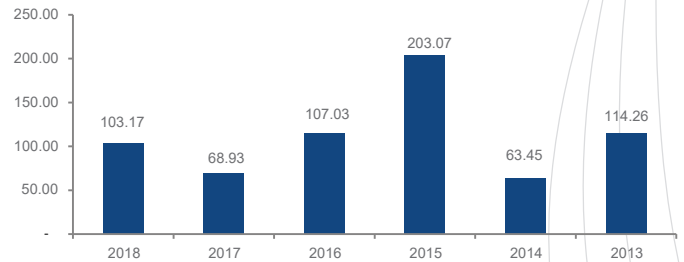
Gross Profit (Rupees in Million)



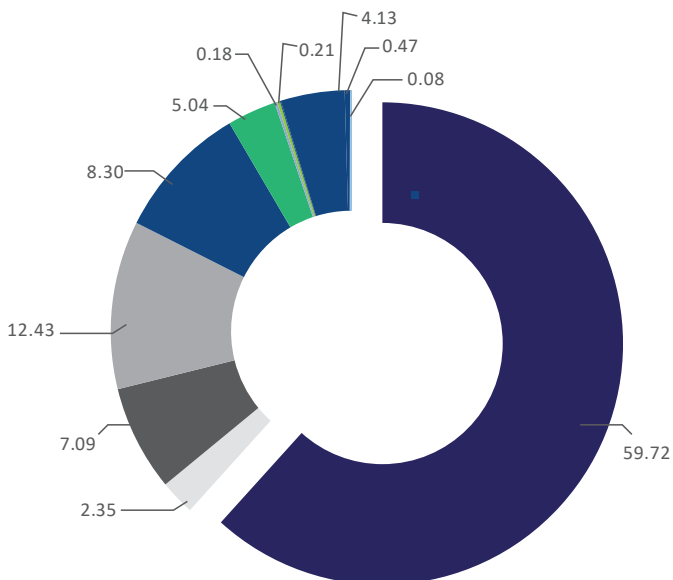
COST OF SALES

Details	%	Value in Millions
Raw materials consumed	59.72	2,348.71
Stores consumed	2.35	278.76
Packing, Sizing and lubricants consumed.	7.09	278.76
Fuel and power	12.43	488.97
Salaries, wages and other benefits	8.30	326.60
Processing charges	5.04	198.21
Insurance	0.18	7.11
Repairs and maintenance	0.21	8.32
Travelling & Conveyance	0.08	3.10
Depreciation	4.13	162.47
Other production overheads	0.47	18.55
Total	100.00	3,933.05

Net Profit / Loss after tax (Rupees in Million)



Cost of Sales



- Raw materials consumed 59.72
- Stores consumed 2.35
- Packing, Sizing and lubricants consumed. 7.09
- Fuel and power 12.43
- Salaries, wages and other benefits 8.30
- Processing charges 5.04
- Insurance 0.18
- Repairs and maintenance 0.21
- Travelling & Conveyance 0.08
- Depreciation 4.13
- Other production overheads 0.47

DuPont Analysis

Details	Amount in "000"	Values for the year ended	2018
Gross Revenues	4,252,317	Tax burden	0.61%
Cost of Sales	3,786,846	Interest burden	3.71%
Admin & Selling Exp	181,713	Net profit margin	2.43%
Interest Expense	157,956	Return on Assets	2.45%
Taxation	26,038	Ownership Ratio	36.61%
Other Income	3,410	Return on Equity	6.70%
Total Assets	4,208,024		
Total Liabilities	2,667,285		
1 Operating Profit Margin			
Gross Revenue	(-) Admin & Selling Exp	(-) Cost of Sales	(=) Net Operating Income
4,252,317	181,713	3,786,846	283,758
Net Oprtg Income	(+) Other Income	(-) Interest Expense	(=) Net Income
283,758	3,410	157,956	129,212
Net Income	(-) Taxation	(=) Gross Revenue	(=) Net Profit Margin
129,212	26,038	4,252,317	2.43%
2 Asset Turnover Ratio			
Gross Revenue	(÷) Total Assets	(=) Asset Turnover Ratio	Times
4,252,317	4,208,024	1.011	
3 Owner's Equity			
Total Assets	(-) Total Liabilities	(=) Owner's Equity	
4,208,024	2,667,285	1,540,739	
4 Total Assets			
Total Liabilities	(+) Total Equity	(=) Total Assets	
2,667,285	1,540,739	4,208,024	
5 Return on Assets			
Net Profit Margin	(X) Asset Turnover Ratio	(=) Return on Assets	
2.43%	1.01	2.45%	
6 Ownership Ratio			
Owner's Equity	(÷) Total Assets	(=) Ownership Ratio	
1,540,739	4,208,024	36.61%	
7 Return on Equity			
Return on Assets	(÷) Ownership Ratio	(=) Return on Equity	
2.45%	36.61%	6.70%	

Pattern of Share Holding

As on June 30, 2018

Incorporation Number 0039902

The Companies Ordinance, 1984 (Section 236 (1) & 464) Form 34

Number of Shareholders	From	Shareholding To	Total Shares held
63	1	100	848
143	101	500	70,727
52	501	1000	51,611
86	1001	5000	239,758
22	5001	10000	182,500
13	10001	15000	169,298
10	15001	20000	181,000
4	20001	25000	96,500
5	25001	30000	142,500
1	30001	35000	34,500
2	35001	40000	73,500
2	45001	50000	96,000
2	55001	60000	113,000
1	60001	65000	60,500
1	65001	70000	68,000
4	95001	100000	396,000
2	100001	105000	206,000
1	120001	125000	124,500
1	125001	130000	125,500
1	135001	140000	137,000
1	190001	195000	195,000
1	195001	200000	200,000
1	290001	295000	292,500
1	530001	535000	532,000
1	945001	950000	950,000
1	1560001	1565000	1,561,000
1	2165001	2170000	2,166,800
1	2465001	2470000	2,465,300
1	2855001	2860000	2,857,300
1	4460001	4465000	4,460,651
1	4485001	4490000	4,485,151
1	4760001	4765000	4,761,056
1	15105001	15110000	15,109,364
1	16820001	16825000	16,823,365
430			59,428,729

Categories of Shareholders

As on June 30, 2018

Shareholder's category	No. of shareholders	Share held	Percentage
1 Directors, Chief Executive Officer and their spouses and minor children			
Mr. Mussaid Hanif	2	21,308,516	35.8556
Mr. Burhan Muhammad Khan	3	19,600,015	32.9807
Mr. Arbab Muhammad Khan	1	2,857,300	4.8079
Ms. Tahniat Mussaid	2	4,026,300	6.7750
Ms. Sabah Burhan	3	2,759,300	4.6430
Ms. Sarah Mussaid	1	50,000	0.0841
Ms. Nuzhat Kamran	1	500	0.0008
			-
Total	13	50,601,931	85.15
2 Associated companies, undertaking and related parties	0	-	-
3 Executive	0	-	-
4 Public Sector Companies and Corporation	0	-	-
5 Banks, Development Financial Institutions, Non-Banking Financial Institutions	1	4,761,056	8.0114
6 General public - Local	407	2,778,241	4.6749
7 General public - Foreign	3	8,500	0.0143
8 Others	6	1,279,001	2.1522
Total	417	8,826,798.00	14.85
Grand Total	430	59,428,729.00	100.00

Shareholders holding 5% or more	Shares held	Percentage
Mr. Mussaid Hanif	21,308,516	35.8556
Mr. Burhan Muhammad Khan	19,600,015	32.9807
Ms. Tahniat Mussaid	4,026,300	6.7750
The Bank of Punjab, Treasury Division	4,761,056	8.0114

Name of Company: **ZEPHYR TEXTILES LIMITED** (the “Company”)

For the year ended: June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are “seven” as per the following:

- a) Male: 3
- b) Female: 4

2. The composition of the Board of Directors is as follow:

Category	Names
Independent Directors	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din
Executive Directors	Mr. Mussaid Hanif (CEO) Mr. Burhan Muhammad Khan
Non-Executive Directors	Ms. Tahniat Mussaid Ms. Sabah Burhan Ms. Sarah Mussaid

3. The Directors have confirmed that none of them is serving as a Director on more than five listed Companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chief Executive Officer and, in his absence, by a Director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of Meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. The Board of Directors have arranged Directors' Training Program for the following in the year 2017-2018:

- Ms. Sarah Mussaid

The Board of Directors of the Company consist of 7 Directors out of which the following four Directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("**SECP**"):

- Ms. Tahniat Mussaid
- Ms. Sabah Burhan
- Ms. Sarah Mussaid
- Ms. Nuzhat Kamran

The remaining three Directors have undertaken to either apply to SECP for an exemption or be certified prior to the expiration of the requisite deadline.

10. No new appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board of Directors have formed committees comprising of the members given below:

Audit Committee:	Ms. Tahniat Mussaid Ms. Sabah Burhan Mr. Rana Kamal Ud Din	Chairperson/ Member Member Member
Human Resource & Remuneration Committee:	Ms. Sabah Burhan Mr. Burhan Muhammad Khan Ms. Nuzhat Kamran	Chairperson/ Member Member Member

The Audit Committee has been reconstituted and effective from June 29, 2018, Mr. Rana Kamal Ud Din, an independent Director replacing Mr. Arbab Muhammad Khan.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- | | |
|----------------------------------|---|
| a. Audit Committee | 4 quarterly meetings |
| b. HR and Remuneration Committee | 1 annual meeting held before Dec 31, 2017 |
15. The Board has set up an effective internal audit function and the persons involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other material principles contained in the CCG have been complied with.



Mussaid Hanif
Chief Executive

Lahore
September 28, 2018



Burhan Muhammad Khan
Director

We have reviewed the enclosed Statement of Compliance with the Listed Companies Code of Corporate Governance Regulations, 2017 [the "**Regulations**"] prepared by the Board of Directors of **Zephyr Textiles Limited** ("the **Company**") for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Board Audit Committee, and upon recommendation of the Board Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Board Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Azhar Zafar & Co

Azhar Zafar & Co.
Chartered Accountants
Engagement Partner: Talat Mehboob

Lahore
September 28, 2018

OPINION

We have audited the annexed financial statements of **ZEPHYR TEXTILES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit and loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof confirm with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.NO	Key audit matters	How the matter was addressed in our audit
1.	Promulgation of Companies Act, 2017	
	<p>Companies Act, 2017 ("the Act") was promulgated on May 30, 2017 which introduced certain new requirements including certain changes in accounting and disclosures with respect to preparation of financial statements by companies. The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.</p> <p>In view of the significant changes in disclosures, we consider it as a key audit matter.</p> <p>Refer to note 3.4 to the financial statements.</p>	<p>We obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements.</p> <p>We reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance.</p> <p>We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.</p>

S.NO	Key audit matters	How the matter was addressed in our audit
2.	Revaluation of property, plant and equipment	
	<p>The Company has adopted the revaluation model for subsequent measurement of its land - freehold, buildings on freehold land, non factory building and plant and machinery. Revaluation of these assets was performed on June 30, 2018. The valuation was performed by independent valuer, experts external for the Company.</p> <p>The revaluation of tangible fixed assets at their fair value is a complex process related to calculation of estimate while using a number of assumptions and specific methods and models. Due care is required for accounting for gains and losses on the revaluation and providing adequate disclosures in the financial statements.</p> <p>Due to the specifics of the valuation process, accounting and disclosure requirements and the materiality of these assets, we have determined this matter as a key audit matter.</p>	<p>In this area, our audit procedures comprised:</p> <ul style="list-style-type: none"> • Consideration and assessment of the tangible fixed assets valuation process and the rules, policies and procedures applied by the Company; • Appraisal of the objectivity, competence and independence of the external independent appraisers; • Comparison of key inputs, used by the external independent appraisers, with publicly accessible data and/or historical available data; • Consideration of the methodology of accounting for gains and losses on the revaluation and testing, on a sample basis, its application; • Testing and assessment of the completeness, appropriateness and adequacy of the disclosures in Company's financial statements with regard to the revaluation performed.
3.	Control environment relating to the financial reporting process and related IT systems	
	<p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit and loss, statement of comprehensive Income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Talat Mehboob.

Lahore
September 28, 2018

Azhar Zafar & Co

Azhar Zafar & Co.
Chartered Accountants

Statement of Financial Position

As at June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
Equity and liabilities			
Share capital and reserves			
Authorized capital			
62,500,000 ordinary shares of Rs. 10/- each		625,000,000	625,000,000
Issued, subscribed and paid up share capital	6	594,287,290	594,287,290
Accumulated profit		595,210,555	468,969,188
Surplus on revaluation of property, plant and equipment	7	351,241,048	333,572,878
Total equity		1,540,738,893	1,396,829,356
Liabilities			
Non-current			
Long term financing	8	416,224,442	544,321,882
Deferred liabilities	10	242,572,800	225,127,401
Total non-current liabilities		658,797,242	769,449,283
Current			
Trade and other payables	11	662,788,821	366,137,812
Accrued mark-up	12	21,672,114	15,838,713
Short term borrowings	13	1,158,696,746	981,619,285
Unclaimed Dividend		425,102	425,102
Current portion of long term borrowings	9	164,905,244	199,697,028
Total current liabilities		2,008,488,027	1,563,717,940
Contingencies and commitments	14	-	-
Total liabilities		2,667,285,269	2,333,167,223
Total equity and liabilities		4,208,024,162	3,729,996,579
Assets			
Non-current			
Property, plant and equipment	15	1,981,435,617	1,995,529,987
Capital work in progress	16	-	9,701,776
Long term deposits	17	22,498,601	19,287,201
Total non-current assets		2,003,934,218	2,024,518,964
Current			
Stores, spare parts and loose tools		103,588,222	134,868,942
Stock in trade	18	1,069,576,465	904,898,922
Trade debts	19	658,604,786	350,241,847
Loans and advances	20	35,965,460	33,280,476
Trade deposits, prepayments and balances with statutory authorities	21	188,742,833	196,855,013
Other receivables	22	117,887,501	33,763,606
Short Term Investments	23	734,124	1,680,189
Cash and bank balances	24	28,990,553	49,888,620
Total current assets		2,204,089,944	1,705,477,615
Total assets		4,208,024,162	3,729,996,579

The annexed notes 1 to 45 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Profit and Loss Account

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
Sales - net	25	4,252,317,435	3,728,955,467
Cost of sales	26	(3,786,845,880)	(3,319,299,874)
Gross profit		465,471,555	409,655,593
Distribution cost	27	(101,313,764)	(92,383,868)
Administrative expenses	28	(68,678,670)	(65,160,589)
Other operating expenses	29	(11,720,841)	(63,156,642)
Operating profit		283,758,280	188,954,494
Other income	30	3,410,433	22,627,713
Operating profit before finance cost		287,168,713	211,582,207
Finance cost	31	(157,956,372)	(121,824,536)
Profit before tax		129,212,341	89,757,671
Taxation	32	(26,037,516)	(20,830,564)
Profit after taxation		103,174,825	68,927,107
Earnings per share:			
Basic and diluted earnings per share	33	1.74	1.16

The annexed notes 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
Profit after taxation		103,174,825	68,927,107
Other comprehensive income / loss			
Items that will not be reclassified to profit and loss account:			
Surplus on revaluation of property, plant & equipment's - net of deferred tax		40,445,034	-
Gains / (losses) on remeasurement of staff retirement benefit plan	10.4	289,678	(344,062)
Total comprehensive income for the year		143,909,537	68,583,045

The annexed notes 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement Cash Flow

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
Cash flows from operating activities			
Cash generated from operations	34	250,839,742	340,471,252
Finance cost paid		(101,685,178)	(79,294,337)
Taxes paid		(32,756,788)	(61,595,679)
Staff retirement benefits - gratuity paid		(13,438,734)	(13,075,116)
Net cash flow from operating activities		102,959,042	186,506,120
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		438,000	16,765,812
Purchase of property, plant and equipment		(87,751,195)	(437,109,521)
Long term deposits		(3,211,400)	(11,464,515)
Proceeds from sale of short term investments		1,207,847	-
Dividend income		110,715	65,326
Net cash flow from investing activities		(89,206,033)	(431,742,898)
Cash flows from financing activities			
Short term borrowings - net		177,077,461	271,201,887
Long term financing - net		(211,728,538)	(40,861,508)
Net cash flow from financing activities		(34,651,077)	230,340,379
Net (decrease)/ increase in cash and cash equivalents		(20,898,068)	(14,896,399)
Cash and cash equivalents at beginning of the year		49,888,620	64,785,019
Cash and cash equivalents at end of the year		28,990,553	49,888,620

The annexed notes 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2018

	Share capital (Rupees)	Accumulated profit/(loss) (Rupees)	Revaluation surplus (Rupees)	Total equity (Rupees)
Balance as at July 01, 2016 (restarted)	594,287,290	369,712,295	364,246,726	1,328,246,311
Total comprehensive income for the year.	-	68,583,045	-	68,583,045
Transfer of surplus on revaluation on disposal of property, plant & equipment	-	6,891,292	(6,891,292)	-
Current year incremental depreciation - net of tax	-	23,782,556	(23,782,556)	-
Balance as at June 30, 2017 (restated)	594,287,290	468,969,188	333,572,878	1,396,829,356
Balance as at July 1, 2017	594,287,290	468,969,188	333,572,878	1,396,829,356
Total comprehensive income for the year	-	103,464,503	40,445,034	143,909,537
Current year incremental depreciation - net of tax	-	22,776,864	(22,776,864)	-
Balance as at June 30, 2018	594,287,290	595,210,555	351,241,048	1,540,738,893

The annexed notes 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Notes to the Financial Statements

For the year ended June 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Zephyr Textiles Limited ("the Company") was incorporated in Pakistan on February 26, 1999 as a private limited Company under the Companies Ordinance, 1984. Subsequently on October 04, 2004 it was converted into a public limited Company and its shares are quoted in 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, 97B/D-1, Gulberg III, Lahore, Punjab and the manufacturing facilities are located at Bhai Pheru and Jumber.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at fair values and staff retirement benefit - gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency. Figures in the financial statements have been rounded off to the nearest Rupee unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgments are:

Notes to the Financial Statements

For the year ended June 30, 2018

- (i) Estimated useful life of property, plant and equipment [notes 5.2];
- (ii) Provision for slow moving inventories [notes 5.4 and 5.5];
- (iii) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 5.1];
- (iv) Estimation of current and deferred tax [note 5.14].

3 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- 3.1** Revaluation of land - freehold, buildings on freehold land, non factory building and plant and machinery [note 15].
- 3.2** The accounting policy for surplus on revaluation of property, plant and equipment was changed during the year. Consequently, some of the amounts reported in the prior years have been restated. (For detailed information about these adjustments please refer statement of changes in equity)
- 3.3** During the year, the Company incurred major capital expenditure as part of its plan for capacity expansion. This is reflected in operating fixed assets [note 15].
- 3.4** Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified [note 44]

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

New standards, amendments to approved accounting standards and new interpretations

Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2018

There were standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 01, 2018

There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 01, 2018 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Notes to the Financial Statements

For the year ended June 30, 2018

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Staff retirement benefits

Defined benefit plan _ gratuity

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Contribution is made in accordance with actuarial recommendations. Actuarial valuation is conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 10 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

Principal actuarial assumptions used in the actuarial valuation carried out as at June 30, 2018 are as follows:

- Discount rate	7.75% (2017: 7.25%)
- Expected rate of salary increase in future	6.75% (2017: 6.25%)
- Average expected remaining working life time of employees	10 years (2017: 9 years)

5.2 Property, plant and equipment

- Owned assets

Property, plant and equipment are initially recognized at acquisition cost. Subsequently, property, plant and equipment, except for free hold land are stated at cost less accumulated depreciation and impairment, if any. Free - hold land, building on free - hold land and plant & machinery are stated at revalued amounts less subsequently accumulated depreciation and impairment, if any.

Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production.

Depreciation on all the items of property, plant and equipment except for free - hold land is charged to income applying the reducing balance method at the rates specified in Note 15.

Depreciation on additions to property, plant and equipment is charged from the month in which asset become available for use, while on disposals depreciation is charged up to the month of disposal.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Gain/loss on disposal of property, plant and equipment is credited or charged to income in the year of disposal. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation of property, plant and equipment account. Revaluation is carried with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to accumulated (loss)/profit.

Notes to the Financial Statements

For the year ended June 30, 2018

5.3 Investments

Investments are stated at fair value plus directly attributable transaction costs. Subsequently investments which are traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

5.4 Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at lower of moving average cost, or net realizable value (NRV), while items considered obsolete are carried at nil value. Goods in transit are stated at cost comprising invoice value plus other charges paid thereon.

5.5 Stock in trade

Stock in trade is valued at lower of cost and net realizable value (NRV), except waste which is valued at net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Cost of major components of stock in trade is determined as follows:-

Raw material	- at weighted average cost
Work in process and finished goods	- at prime cost plus appropriate production overheads determined on weighted average basis."

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

5.6 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

5.7 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

5.8 Borrowing cost

Interest, markup and other charges on finances are capitalized up to the date of commissioning of respective qualifying asset acquired out of the proceeds of such finances. All other interest, markup and other charges are recognized in profit and loss account.

5.9 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

Notes to the Financial Statements

For the year ended June 30, 2018

5.10 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long term financing, short term borrowings, accrued mark up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instruments. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for 'financial instruments at fair value through profit or loss' which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.11 Capital work in progress

Capital work in progress is stated at cost less impairment, if any. Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection/construction period and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use

5.12 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

5.13 Revenue recognition

Revenue from different sources is recognized as under:

Export sales are accounted for on shipment basis. Local sales are recorded on dispatch of goods to customers.

Export rebates are accounted for on accrual basis. Investment and interest income is recognized on time proportion basis.

Dividend income on ordinary shares is recognized when the right to receive dividend has been established.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

Rebate income is recognized on accrual basis.

Notes to the Financial Statements

For the year ended June 30, 2018

5.14 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

The Company recognises deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

5.15 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determined, whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determined the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

5.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

Notes to the Financial Statements

For the year ended June 30, 2018

5.18 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

5.19 Dividend and other appropriations

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

	2018 (Number of shares)	2017	2018 (Rupees)	2017 (Rupees)
6 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL				
Ordinary shares of Rs. 10 each fully paid up in cash	51,901,483	51,901,483	519,014,830	519,014,830
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,527,246	7,527,246	75,272,460	75,272,460
	59,428,729	59,428,729	594,287,290	594,287,290

	Note	2018 (Rupees)	2017 (Rupees)
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus arising on revaluation	7.1	507,294,653	482,243,410
Less: Deferred tax arising on surplus on revaluation	7.2	156,053,605	148,670,532
		351,241,048	333,572,878

7.1 Surplus on revaluation of property plant and equipment

Opening surplus on revaluation of property plant and equipment	482,243,410	529,433,946
Surplus arising on revaluation	57,589,620	-
	539,833,030	529,433,946
Incremental depreciation on :		
Plant and machinery	(23,816,485)	(9,180,939)
Building	(8,721,892)	(27,407,609)
	(32,538,377)	(36,588,548)
Adjustment on disposal of property, plant and equipment	-	(10,601,988)
	(32,538,377)	(47,190,536)
	507,294,653	482,243,410

Notes to the Financial Statements

For the year ended June 30, 2018

This represents surplus over book value resulting from the revaluation of land - freehold, buildings on freehold land, non factory building and plant and machinery. The valuation was carried out on June 30, 2018 by Unicorn International Surveyors an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

Note	2018 (Rupees)	2017 (Rupees)
7.2 Relating deferred tax liability		
Relating deferred tax liability as on July 1,	148,670,532	165,187,220
Deferred tax relating to surplus arising on revaluation	17,144,586	-
Tax effect on incremental depreciation	(9,761,513)	(16,516,688)
	156,053,605	148,670,532

8 LONG TERM FINANCING- SECURED

Facility	Note	Repayment commencement	Mark up	Sanctioned limit (Rs. in million)	Number of installments	2018 (Rupees)	2017 (Rupees)
Demand Finance - II	8.1	Oct-17	Interest free	204.379	31 monthly	-	16,104,527
Long Term Finance	8.1	Jan-17	SBP + 2.5%	300	20 Quarterly	211,929,492	267,652,500
Subtotal - BOP						211,929,492	283,757,027
Demand Finance - III	8.1 & 8.2	Sep-15	3 months Kibor + 1%	327.502	28 Quarterly	238,134,968	277,087,393
Frozen Markup	8.1 & 8.3	Sep-15	Interest free	219.977	28 Quarterly	115,961,046	134,841,147
Subtotal - NBP						354,096,014	411,928,540
Term Finance	8.1 & 8.4	Sep-14	3 months Kibor	145	48 Monthly	15,104,180	48,333,343
Subtotal - MCB (formerly NIB Bank Limited)						15,104,180	48,333,343
Total						581,129,686	744,018,910
Current portion	9					(140,642,672)	(179,303,555)
Overdue portion	9					(24,262,572)	(20,393,473)
Total current portion						(164,905,244)	(199,697,028)
Total long term portion						416,224,442	544,321,882

Notes to the Financial Statements

For the year ended June 30, 2018

- 8.1** 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.
- 8.2** It represents loan from National Bank of Pakistan which was restructured on terms agreed between the parties.
- 8.3** It represents restructured loan converted from mark up payable on the facilities from National Bank of Pakistan till June 30, 2015.
- 8.4** It represents running finance facility from MCB Bank Limited (formerly: NIB Bank Limited) converted into term finance facility.

	Note	2018 (Rupees)	2017 (Rupees)
9	CURRENT PORTION OF LONG TERM BORROWINGS		
Current portion of long term borrowing	8	140,642,672	179,303,555
Overdue portion of long term borrowing	8	24,262,572	20,393,473
		164,905,244	199,697,028
10	DEFERRED LIABILITIES		
Deferred tax relating to surplus on revaluation of property, plant and equipment	7	156,053,605	148,670,532
Employee retirement benefits- gratuity	10.1 to 10.8	86,519,195	76,456,869
		242,572,800	225,127,401
10.1	The scheme provides for gratuity benefits for all the permanent employees of the Company who attain the minimum qualifying period of one year. Provision has been made on the basis of latest actuarial valuation made as on June 30, 2018 using projected unit credit actuarial cost method.		
10.2	The amount recognized in the balance sheet		
Present value of defined benefit obligations		86,519,195	76,456,869
Less: Fair value of plan assets		-	-
		86,519,195	76,456,869
10.3	Charge for the year		
Current service cost		18,734,769	18,410,769
Interest cost		5,055,969	4,342,537
		23,790,738	22,753,306

Notes to the Financial Statements

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
10.4	Movement in liability		
	Balance at beginning of year	76,456,869	66,434,617
	Charge for the year	23,790,738	22,753,306
	Benefits paid during the year	(13,438,734)	(13,075,116)
	Unrecognised actuarial (gains) / losses	(289,678)	344,062
		86,519,195	76,456,869
10.5	Allocation of charge for the year		
	Cost of sales	26.2	18,467,554
	Distribution Cost	27.1	1,984,535
	Administrative expenses	28.1	3,338,649
		23,790,738	22,753,306

10.6 Expected expense for the year

The Company expects to charges Rs. 27.568 million of profit and loss account on account of defined benefit plan gratuity for the year ending June 30, 2019.

10.7 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at June 30, 2018 would have been as follows:

	Rupees	Rupees
	Gratuity	
	Increase / (decrease) on present value of defined benefits obligation due to	
	Increase	Decrease
Discount rate 100 bps movement	76,245,600	98,970,689
Future salary 100 bps movement	98,970,689	76,069,257

	Year	Value (Rupees)
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10.8 Historical information

Present value of defined benefit obligation	2018	86,519,195
	2017	76,456,869
	2016	66,434,617
	2015	53,114,796
	2014	41,201,315

Notes to the Financial Statements

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
11	TRADE AND OTHER PAYABLES		
Creditors		431,920,049	229,083,374
Advances from customers		20,784,431	14,826,737
Accrued liabilities		139,521,476	81,890,762
With holding tax		19,700,998	11,605,044
Retention money payable		700,000	700,000
Other payable		12,500,000	-
Workers' funds	11.1 & 11.2	37,661,867	28,031,895
		662,788,821	366,137,812
11.1 Workers' funds			
Workers' profit participation fund			
Opening balance		18,185,204	34,473,269
Provision for the year		6,862,192	4,820,498
Payment during the year		-	(24,040,514)
Interest on funds utilized in Company's business	31	1,598,479	2,931,952
		26,645,875	18,185,204
Workers' welfare fund			
Opening balance		9,846,691	8,014,902
Provision for the year		1,169,301	1,831,789
		11,015,992	9,846,691
		37,661,867	28,031,895
11.2 Mark up on Workers' Profit Participation Fund has been provided @ 8.79% per annum (2017:8.51% per annum).			
12	ACCRUED MARK-UP		
Long term financing		14,306,281	7,371,018
Short term borrowings		7,365,833	8,467,695
		21,672,114	15,838,713

Notes to the Financial Statements

For the year ended June 30, 2018

13 SHORT TERM BORROWINGS- SECURED

Facility	Note	Sanctioned limit Rupees (M)	Markup rate (Matching KIBOR/ LIBOR+)	Repayment terms	2018 (Rupees)	2017 (Rupees)
Pre - shipment	13.1 & 13.4	995.000	3.00% to 9.36%	Half yearly	994,470,000	913,701,000
Post - shipment	13.2 & 13.4	100.000	8.16% to 8.89%	Half yearly	16,105,000	-
Running finance	13.3 & 13.4	158.477	7.14% to 8.00%	Half yearly	148,121,746	67,918,285
					1,158,696,746	981,619,285

13.1 The Company has aggregate sanctioned limits of pre - shipment facilities amounting to Rs. 995 million. The Company has availed these limits amounting to Rs. 49.520 million from United Bank Limited, Rs. 259.95 million from Habib Bank Limited, Rs. 220 million from National Bank of Pakistan Limited, and Rs. 465 million from Bank of Punjab.

13.2 The Company has aggregate sanctioned limit of post - shipment facility amounting to Rs. 100 million. The Company has availed limit of Rs. 16.105 million from Bank of Punjab.

13.3 The Company has aggregate sanctioned limits of running finance facilities amounting to Rs. 158.447 million. The Company has availed these limits amounting to Rs. 48.492 million from Faysal Bank Limited and Rs. 99.630 million from National Bank of Pakistan Limited.

13.4 These facilities are secured against first ranking pari passu charge over current assets of the Company executed through joint pari passu agreement with the lenders of the Company, hypothecation of stocks, lien on confirmed export orders and personal guarantees of the directors.

14 CONTINGENCIES AND COMMITMENTS

Contingencies

14.1 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.

14.2 M/s. M. J. Industries had filed a suit against the Company for declaration for 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.

14.3 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.

Notes to the Financial Statements

For the year ended June 30, 2018

14.4 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

14.5 The Company has filed suit for Recovery of Rs. 34.027 Millions for unauthorized sale of shares by First Pakistan Capital Limited. The case is pending before Senior Civil Judge Lahore.

14.6 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.

14.7 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. 47.108 million (2017: Rs. 43.508 million).

14.8 Foreign bills purchased by banks amounting to Rs. 254.069 million (2017: Rs. 85.685 million).

Commitments

14.9 Contracts for capital expenditure are Rs. Nil million (2017: Rs. Nil million).

14.10 Letters of credit other than for capital expenditure are Rs. 12.944 million (2017: Rs. 24.482 million).

14.11 Outstanding foreign currency forward contracts of Rs. 244.553 million (2017: Rs. 469.467 million).

Notes to the Financial Statements

For the year ended June 30, 2018

15 PROPERTY, PLANT AND EQUIPMENT

Particulars	Land - freehold	Buildings on freehold land	Link road	Non factory building	Plant and machinery	Furniture and fittings	Vehicles	Electrical installation	Office equipments	Total
COST										
Balance as at July 01, 2016	176,505,000	473,411,983	29,702,478	59,494,334	1,518,439,112	5,774,290	43,574,186	64,344,000	24,017,126	2,395,262,508
Additions during the year	-	11,198,988	-	3,072,719	399,541,855	34,500	5,383,124	6,057,181	2,119,378	427,407,745
Disposals	-	-	-	-	(111,526,243)	-	-	-	-	(111,526,243)
Balance as at June 30, 2017	176,505,000	484,610,971	29,702,478	62,567,053	1,806,454,724	5,808,790	48,957,310	70,401,181	26,136,504	2,711,144,010
Additions during the year	-	-	-	-	92,132,115	1,107,333	2,591,550	164,010	1,457,963	97,452,971
Revaluation surplus	441,000	(45,396,651)	-	58,382,199	44,163,072	-	-	-	-	57,589,620
Disposals	-	-	-	-	-	-	(687,000)	-	(173,127)	(860,127)
Balance as at June 30, 2018	176,946,000	439,214,320	29,702,478	120,949,252	1,942,749,911	6,916,123	50,861,860	70,565,191	27,421,340	2,865,326,474
DEPRECIATION										
Balance as at July 01, 2016	-	72,284,746	11,316,520	37,716,370	401,782,012	3,346,640	20,672,743	37,299,432	13,328,415	597,746,876
Accumulated depreciation eliminated on disposal	-	-	-	-	(37,312,698)	-	-	-	-	(37,312,698)
Depreciation expense	-	20,320,016	919,296	2,353,022	122,274,843	243,847	5,118,969	2,809,218	1,140,634	155,179,845
Balance as at June 30, 2017	-	92,604,762	12,235,816	40,069,392	486,744,157	3,590,487	25,791,712	40,108,650	14,469,049	715,614,023
Accumulated depreciation eliminated on disposal	-	-	-	-	-	-	(572,456)	-	(57,542)	(629,998)
Depreciation expense	-	19,600,310	873,333	2,249,766	136,712,148	263,808	4,957,721	3,036,879	1,212,866	168,906,832
Balance as at June 30, 2018	-	112,205,072	13,109,149	42,319,158	623,456,305	3,854,295	30,176,977	43,145,529	15,624,373	883,890,857
Written down value as at June 30, 2018	176,946,000	327,009,248	16,593,329	78,630,094	1,319,293,606	3,061,828	20,684,883	27,419,662	11,796,967	1,981,435,617
Written down value as at June 30, 2017	176,505,000	392,006,209	17,466,662	22,497,661	1,319,710,567	2,218,303	23,165,598	30,292,531	11,667,455	1,995,529,987
Rate of depreciation	0%	5%	5%	10%	10%	10%	20%	10%	10%	

Notes to the Financial Statements

For the year ended June 30, 2018

- 15.1** Land - freehold of the Company is located at Bhai Pheru and Jumber, Punjab, Pakistan, with an area of 96 kanals and 9.988 acres. Details of factory and residential buildings of the company constructed on this land are as follows:

Location	Particulars	Covered area Sqft
Weaving Unit, Bhai Pheru	Industrial: Lintals, pre stress, TR girder, power house/chiller area, looms shed, production area and godowns. Non - industrial: Senior staff residential flats, labour colony, office block, canteen and baths.	409,326
Towel Unit, Jumber	Industrial: Lintals, pre stress, TR girder, stitching & dyeing hall, godown hall, store, workshop and shed. Non - industrial: Office block, canteen and rooms.	110,318

- 15.2** The basis used for the revaluation of land - freehold, buildings on freehold land, non factory building and plant and machiner were as follows:

Land - freehold

Fair market rate of the land was assessed through inquiries in the vicinity of land and information obtained through property owners of the area.

Buildings on freehold land and non factory building

New construction value (new replacement value of each item of the buildings) was arrived at by looking at the condition of the buildings. Valuer has noted the type of construction and current construction status and then worked out the current cost of the like construction and have determined the ageing effect on the super structure and applied cost on sqft, basis as depreciated value.

Plant and machinery

For the valuation of the plant and machinery a depreciation factory of 5% and appreciation factor of 4% applied due to inflation in prices of imported as well as local machinery. Value of plant and machinery assessed on lump sum basis.

15.3 Forced sale value

The forced sale value of the revalued land - freehold has been assessed at Rs. 150.404 million, (buildings on freehold land and non factory building) Rs. Rs. 365.075 million and plant and machinery has been assessed at Rs. Rs. 1.055 billion.

Notes to the Financial Statements

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
15.4	Depreciation for the year has been allocated as under :		
Cost of sales	26	162,472,437	148,676,395
Distribution cost	27	3,217,198	3,251,725
Administrative expenses	28	3,217,198	3,251,725
		168,906,832	155,179,845

15.5 Land - freehold, buildings on freehold land, non factory building and plant and machinery represents values subsequent to revaluation as at June 30, 2018. Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2018 would have been as follows:

	Cost as at June 30, 2018	Accumulated depreciation as at June 30, 2018	Book value as at June 30, 2018	Book value as at June 30, 2017
Land - freehold	106,864,276	-	106,864,276	106,864,276
Buildings on freehold land	375,086,869	168,492,401	206,594,468	203,735,657
Non factory building	62,567,053	42,319,152	20,247,901	22,497,661
Plant and machinery	2,303,274,577	1,245,219,382	1,058,055,195	507,291,427
	2,847,792,775	1,456,030,935	1,391,761,840	840,389,021

Notes to the Financial Statements

For the year ended June 30, 2018

15.6 Disposal of Property, Plant and Equipment

The following is the detail of disposals during the year:

Particulars	Cost/ Assessed value	Book value	Sale proceed	Gain / (loss)	Mode of disposal	Name and Address of Buyers
Vehicle						
Suzuki Cultus LEH - 07 - 5785	687,000	114,544	420,000	305,456	Negotiation	Mr. AhsanAli Butt, House# 35, Street # 32, Mohalla Mozang, Lahore .
Office equipment's						
Air Conditioner _ Acson 2 Ton	60,407	32,999	6,000	(26,999)	Negotiation	Mr. Ijaz Hussain, Chack # 215 EB, Tehsil Burewala, District Vehari.
Air Conditioner _ Acson 1.5 Ton	56,838	41,470	6,000	(35,470)	Negotiation	Mr. Ijaz Hussain, Chack # 215 EB, Tehsil Burewala, District Vehari.
Air Conditioner _ Acson 1.5 Ton	55,882	41,115	6,000	(35,115)	Negotiation	Mr. Ijaz Hussain, Chack # 215 EB, Tehsil Burewala, District Vehari.
2018	860,127	230,128	438,000	207,872		
2017	111,526,243	74,213,545	16,765,812	(56,328,700)		

	Note	2018 (Rupees)	2017 (Rupees)
16 CAPITAL WORK IN PROGRESS			
Plant and machinery		-	9,701,776
Building		-	-
	16.1	-	9,701,776

16.1 Movement in the account is as follows

Opening balance as at July 01,		9,701,776	-
Addition made during the year			
- Plant and machinery		36,437,628	306,871,064
- Building		193,475	13,998,027
		36,631,103	320,869,091
Capitalized during the year:			
- Plant and machinery		46,139,404	297,169,288
- Building		193,475	13,998,027
		46,332,879	311,167,315
		-	9,701,776

Notes to the Financial Statements

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
17	LONG TERM DEPOSITS		
	Security deposits - WAPDA	9,230,022	9,230,022
	Security deposits - OTHERS	13,268,579	10,057,179
		22,498,601	19,287,201
18	STOCK IN TRADE		
	Raw material	171,084,033	152,611,487
	Work in process	138,176,521	143,175,972
	Finished goods	760,315,911	609,111,463
		1,069,576,465	904,898,922
18.1	Finished goods includes stock in transit amounting to Rs. 17.947 million (2017: Rs. 25.829 million).		
18.2	Finished goods includes stock held by third parties amounting to Rs. 54.677 million (2017: Rs. 40.889 million).		
19	TRADE DEBTS		
	Considered good		
	Export - secured against letters of credit	116,896,987	37,840,313
	Local - Unsecured	541,707,799	312,401,534
		658,604,786	350,241,847
20	LOANS AND ADVANCES		
	Considered good:		
	Loan due from employees - interest free	17,682,585	15,681,255
	Advances to:		
	Suppliers	15,886,630	15,774,138
	Suppliers against letters of credit	2,396,245	1,825,083
		35,965,460	33,280,476
21	TRADE DEPOSITS, PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES		
	Prepayments	3,006,297	2,475,858
	Advance income tax	25,468,253	28,510,494
	Margin deposits	546,688	2,760,000
	Sales tax refundable	138,655,940	147,010,296
	Export rebate receivable	21,065,655	16,098,365
		188,742,833	196,855,013
	OTHER RECEIVABLES		
	Other receivables	117,887,501	33,763,606
		117,887,501	33,763,606

Notes to the Financial Statements

For the year ended June 30, 2018

23 SHORT TERM INVESTMENTS

	Note	2018 Number of shares/ units	2017	2018 (Rupees)	2017 (Rupees)
Investment in Funds					
	23.1				
Atlas Money Market Fund		10	10	5,225	4,953
Faysal Money Market Fund		518	9,252	55,221	936,724
		528	9,261	60,446	941,677
Investments at fair value through profit or loss - listed securities					
Pak Electron Limited		944	944	33,475	104,142
JS Growth Fund Limited		37,132	37,132	450,410	450,410
Attock Refinery Limited		11	11	2,368	4,208
Samba Bank Limited		24,500	24,500	187,425	175,175
Summit Bank Limited		-	1,111	-	4,577
		62,587	63,698	673,678	738,512
Un-quoted Securities:					
Innovative Investment Bank Limited		-	-	-	-
		63,115	72,959	734,124	1,680,189

23.1 Atlas Money Market Fund and Faysal Money Market Fund is an open ended money market mutual funds managed by Atlas Asset Management Company Limited and Faysal Asset Management Company Limited. The said investment is valued at fair value and any gain or loss resulting from fair value adjustment is charged to profit or loss.

24 CASH AND BANK BALANCES

	Note	2018 (Rupees)	2017 (Rupees)
Cash in hand		560,601	1,563,565
Cash at banks			
- current accounts	24.1	27,837,840	47,811,732
- saving account	24.2	18,868	18,868
Cash at banks - foreign currency		573,244	494,455
		28,990,553	49,888,620

24.1 This includes amount held in Habib Metropolitan Bank escrow account against dividend payable amounting to Rs. 444,196 (2017: Rs. 444,196).

24.2 The balance in saving account carry rate of profit @ 4% (2017: 3.14%).

Notes to the Financial Statements

For the year ended June 30, 2018

25 SALES - NET

	Note	2018 (Rupees)	2017 (Rupees)
Gross local sales		2,594,287,855	2,463,714,061
Sales tax		(17,994,919)	(13,649,241)
Net local sales		2,576,292,936	2,450,064,820
Export		1,586,040,529	1,284,660,332
Total sales		4,162,333,465	3,734,725,152
Export rebate		150,807,212	37,981,402
Commission and claims		(53,172,196)	(35,885,760)
Trade discount		(7,651,046)	(7,865,327)
		4,252,317,435	3,728,955,467

26 COST OF SALES

Raw material consumed	26.1	2,348,707,370	2,134,860,270
Stores, spare parts and loose tools consumed		92,295,710	81,194,411
Packing, sizing and lubricants consumed		278,759,312	245,187,576
Fuel and power		488,968,965	390,235,394
Salaries, wages and other benefits	26.2	326,603,361	315,732,411
Processing charges		198,212,579	113,477,004
Insurance		7,112,822	5,993,821
Repairs and maintenance		8,318,976	6,341,060
Traveling and conveyance		3,050,699	2,352,864
Depreciation	15.4	162,472,437	148,676,395
Other production overheads		18,548,646	15,455,042
		3,933,050,877	3,459,506,248

Adjustment of work-in-process

Opening stock		143,175,972	142,034,763
Closing stock		(138,176,521)	(143,175,972)
		4,999,451	(1,141,209)
		3,938,050,328	3,458,365,039

Adjustment of finished goods and waste

Opening stock		609,111,463	470,046,298
Closing stock		(760,315,911)	(609,111,463)
		(151,204,448)	(139,065,165)
		3,786,845,880	3,319,299,874

26.1 Raw material consumed

Opening stock		152,611,487	163,005,504
Purchases		2,362,975,073	2,119,696,667
Return / discount on purchases		(8,844,304)	(8,523,759)
		2,354,130,769	2,111,172,908
Freight		13,049,147	13,293,345
		2,519,791,403	2,287,471,757
Closing stock		(171,084,033)	(152,611,487)
		2,348,707,370	2,134,860,270

26.2 This includes employee benefits amounting to Rs. 18.468 million (2017: Rs. 18.016 million).

Notes to the Financial Statements

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
27			
DISTRIBUTION COST			
Salaries, wages and other benefits	27.1	14,757,893	12,093,670
Traveling and conveyance		1,582,489	849,818
Sales promotion		2,280,879	1,967,135
Communication		6,022,005	4,888,100
Vehicles running and maintenance		916,966	704,769
Freight		60,904,214	57,315,562
Clearing and forwarding		4,880,677	3,991,907
Depreciation	15.4	3,217,198	3,251,725
Others		6,751,443	7,321,182
		101,313,764	92,383,868

27.1 This includes employee benefits amounting to Rs. 1.985 million (2017: Rs. 1.802 million).

28			
ADMINISTRATIVE EXPENSES			
Directors' remuneration		6,000,000	6,000,000
Salaries and other benefits	28.1	28,607,833	25,961,016
Traveling and conveyance		8,128,201	9,691,063
Rent, rates and taxes		5,276,177	4,256,441
Printing and stationery		1,698,793	1,203,360
Communication		2,265,432	2,183,724
Vehicle running and maintenance		3,483,263	1,758,579
Repairs and maintenance		854,302	1,227,970
Auditors' remuneration	28.2	880,000	880,000
Fee and subscription		1,883,508	1,350,211
Legal and professional		2,215,850	2,366,000
Electricity, gas and water		2,500,099	3,320,949
Insurance		1,125,626	1,107,058
Advertisement		32,250	34,450
Depreciation	15.4	3,217,198	3,251,725
Others		510,138	568,043
		68,678,670	65,160,589

28.1 This includes employee benefits amounting to Rs. 3.339 million (2017: Rs. 2.935 million).

28.2 Auditors' remuneration

Audit fee	660,000	660,000
Half yearly review	137,500	137,500
Code of corporate governance review	82,500	82,500
	880,000	880,000

Notes to the Financial Statements

For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
29 OTHER OPERATING EXPENSES			
Exchange loss		3,262,036	-
Loss on disposal of property, plant and equipment	15.6	-	56,328,700
Provision for workers' profit participation fund		6,862,192	4,820,498
Provision for workers' welfare fund		1,169,301	1,831,789
Loss on investments at fair value		427,313	-
Others		-	175,655
		11,720,841	63,156,642
30 OTHER INCOME			
Income from financial assets			
Profit on investments at fair value		-	34,676
Net exchange gain		-	20,276,496
Dividend income		110,715	65,326
Profit on bank deposits		685	1,165
Gain on sale of investments		261,782	-
Income from non financial assets			
Gain on disposal of property, plant and equipment	15.6	207,872	-
Other Income - fair price shop		-	39,263
Others		2,829,379	2,210,787
		3,410,433	22,627,713
31 FINANCE COST			
Mark-up on long term financing		34,245,359	30,619,121
Mark-up on short term borrowings		59,646,225	37,017,797
Interest on Workers' Profit Participation Fund	11.1	1,598,479	2,931,952
Bank charges and others		13,626,995	13,174,374
Unwinding of discount		48,839,314	38,081,292
		157,956,372	121,824,536
32 TAXATION			
Provision for taxation- current		35,799,029	37,347,252
Deferred taxation		(9,761,513)	(16,516,688)
		26,037,516	20,830,564

Notes to the Financial Statements

For the year ended June 30, 2018

32.1 The Company is under the ambit of final tax up to the extent of export sales under Section 169 of Income Tax Ordinance 2001. Provision for income tax is made accordingly. Income tax provision for income which is not subject to final tax under Section 169 of Income Tax Ordinance, 2001 has been calculated in accordance with Section 113 of the Income Tax Ordinance, 2001.

32.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made during the current and preceding financial years mainly represent minimum tax payable under section 113.

	Note	2018 (Rupees)	2017 (Rupees)
33			
EARNING/(LOSS) PER SHARE - BASIC AND DILUTED			
Earnings attributable to ordinary shareholders		103,174,825	68,927,107
Weighted average number of ordinary shares	6	59,428,729	59,428,729
		1.74	1.16
33.1	There is no dilutive effect on the basic earning per share.		
34			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		129,212,341	89,757,671
Adjustments for:			
Depreciation on property, plant and equipment	15.4	168,906,832	155,179,845
Loss/ (gain) on disposal property, plant and equipment		(207,872)	56,328,700
Profit on investments at fair value		-	(34,676)
Gain on sale of investments		(261,782)	-
Dividend income		(110,715)	(65,326)
Staff retirement benefits - gratuity		23,790,738	22,753,306
Provision for WPPF & WWF		8,031,492	6,652,287
Interest on Workers' Profit Participation Fund		1,598,479	2,931,952
Unwinding of discount		48,839,314	38,081,292
Finance cost		107,518,579	80,811,292
Profit before working capital changes		487,317,407	452,396,343
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		31,280,720	(22,610,397)
Stock in trade		(164,677,543)	(129,812,357)
Trade debts		(308,362,939)	96,508,807
Loans and advances		(2,684,984)	2,076,985
Other receivables		(84,123,895)	(6,675,095)
Trade deposits, prepayments and balances with statutory authorities		5,069,939	(20,853,734)
Increase / (decrease) in current liabilities			
Trade and other payables		287,021,037	(6,518,786)
Payment of workers' profit participation fund		-	(24,040,514)
Net changes in working capital		(236,477,665)	(111,925,091)
		250,839,742	340,471,252

Notes to the Financial Statements

For the year ended June 30, 2018

35 FINANCIAL ASSETS AND LIABILITIES

	Mark-up bearing		Non mark-up bearing		TOTAL 2018	TOTAL 2017
	Maturity up to one year (Rupees)	Maturity after one year (Rupees)	Maturity up to one year (Rupees)	Maturity after one year (Rupees)		
Financial Assets						
- Loans and receivables						
Long term Deposits	-	-	-	22,498,601	22,498,601	19,287,201
Trade Debts	-	-	658,604,786	-	658,604,786	350,241,847
Loans and advances	-	-	17,682,585	-	17,682,585	15,681,255
Trade deposits and other receivables	-	-	546,688	-	546,688	2,760,000
Cash and bank balances	592,112	-	28,398,441	-	28,990,553	49,888,620
- At fair value through profit or loss						
Investments	734,124	-	-	-	734,124	1,680,189
	1,326,236	-	705,232,500	22,498,601	729,057,337	439,539,112
Financial Liabilities						
- At amortized cost						
Long term financing	164,905,244	416,224,442	-	-	581,129,686	744,018,910
Trade and other payables	-	-	572,566,627	-	572,566,627	312,099,238
	164,905,244	416,224,442	572,566,627	-	1,153,696,313	1,056,118,148
On balance sheet gap	(163,579,008)	(416,224,442)	132,665,873	22,498,601	(424,638,976)	(616,579,036)
Off balance sheet items						
Bills discounted with recourse					254,069,289	85,684,819
Bank guarantees issued in the ordinary course of business					47,108,000	43,508,000
Letters of credit					12,943,850	24,481,793

Notes to the Financial Statements

For the year ended June 30, 2018

36 FINANCIAL RISK MANAGEMENT

Effective interest rates

Financial liabilities

Long term financing

5.00% to 7.50% (2017: 5.00% to 9.14%) per annum

Short term borrowings

3.00% to 9.36% (2017: 3.00% to 8.65%) per annum

36.1 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (Currency risk, other price risk and interest rate risk)

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Concentration and management of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 729.057 million (2017: Rs. 439.539 million), the financial assets that are subject to credit risk amounted to Rs. 699.333 million (2017: Rs. 387.970 million).

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Concentration of the credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration risk.

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings. The carrying value of financial assets which are neither past due nor impaired are as under:

	2018 (Rupees)	2017 (Rupees)
Long term deposits	22,498,601	19,287,201
Trade debts	658,604,786	350,241,847
Loans and advances	17,682,585	15,681,255
Trade deposits and other receivables	546,688	2,760,000
Bank balances	28,429,952	48,325,055
	727,762,612	436,295,358

Notes to the Financial Statements

For the year ended June 30, 2018

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows

	Rating agency	Long term Rating	Short term Rating
Bank Alfalah Limited	PACRA	AA+	A1+
	JCR-VIS	AA+	A-1+
Askari Bank Limited	PACRA	AA+	A1+
Faysal Bank Limited	PACRA	AA	A1+
	JCR-VIS	AA	A-1+
Meezan Bank Limited	JCR-VIS	AA	A-1+
MCB Bank Limited	PACRA	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
National Bank of Pakistan	PACRA	AAA	A1+
	JCR-VIS	AAA	A-1+
Silk Bank Limited	JCR-VIS	A-	A-2
SME Bank Limited	PACRA	B	B
Bank of Punjab	PACRA	AA	A1+
United Bank Limited	JCR-VIS	AAA	A-1+
Soneri Bank Limited	PACRA	AA-	A1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
Allied Bank Limited	PACRA	AA+	A1+
MCB Bank Limited (formerly: NIB Bank Limited)	PACRA	AA-	A1+
Bank Al Habib Limited	PACRA	AA+	A1+

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as the Company has obtained short term borrowings from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments. In addition, the Company uses different methods including restructuring and rescheduling of existing loan facilities which assists it in monitoring cash flow requirements. Therefore, the management envisages that sufficient financial resources will be available for the continuing operations of the Company.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to market risk on account of foreign currency balances, interest bearing borrowings, investments and foreign currency receivables.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

Notes to the Financial Statements

For the year ended June 30, 2018

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars, Pound Sterling and Euro is as follows:

	2018 (Rupees)	2017 (Rupees)
Foreign debtors	116,896,987	37,840,313
Foreign currency bank account	573,244	494,455
Gross balance sheet exposure	117,470,231	38,334,768
Letters of credit	12,943,850	24,481,793
	130,414,081	62,816,561

	Average rate		Reporting date rate	
	2018	2017	2018	2017
Rupees per USD	110.63	104.73	121.60	105
Rupees per Euro	132.09	114.08	141.57	120.14
Rupees per Pound Sterling	149.30	132.86	159.41	136.68

As at reporting date, had the exchange of USD, Euro and Pound Sterling depreciated or appreciated by 10% against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gain/loss on translation of foreign currency denominated payables, would have been as follows:

	30-Jun-18		30-Jun-17	
	% Change (+ -)	Impact (+ -)	% Change (+ -)	Impact (+ -)
Effect on profit or loss				
USD	10	59,460,686	10	651,757
Euro	10	20,235,987	10	3,140,649
Pound Sterling	10	32,648,564	10	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/(loss) for the year and assets/liabilities of the Company.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate.

At the reporting date the variable interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2018	2017	2018	2017
	Effective interest rate %		Carrying value in Rupees	
Long term financing	5.00% to 7.50%	5.00% to 9.14%	581,129,686	744,018,910
Short term financing	3.00% to 9.36%	3.00% to 8.65%	1,158,696,746	981,619,285

Notes to the Financial Statements

For the year ended June 30, 2018

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased/(increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit and loss 100 BPS	
	Increase	decrease
As at 30 June 2018		
Cash flow sensitivity-Variable rate financial liabilities	17,398,264	(17,398,264)
As at 30 June 2017		
Cash flow sensitivity-Variable rate financial liabilities	17,256,382	(17,256,382)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets/liabilities of the Company.

Past due balances

	2018	2017
	(Rupees)	(Rupees)
The aging of trade receivable at the reporting date is:		
Past due 1-30 days	601,034,141	299,343,963
Past due 30-150 days	47,878,393	41,205,632
Past due 150 days	9,692,252	9,692,252
	658,604,786	350,241,847

36.2 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares, as the case may be.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term financing" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and net debt.

The salient information relating to capital risk management of the Company as of June 30, 2018 and June 30, 2017 were as follows:

Notes to the Financial Statements

For the year ended June 30, 2018

	2018 (Rupees)	2017 (Rupees)
Total borrowings	1,739,826,432	1,725,638,195
Cash and bank balances	(28,990,553)	(49,888,620)
	1,710,835,879	1,675,749,575
Total equity	1,540,738,893	1,396,829,356
	3,251,574,772	3,072,578,931
Gearing ratio %	52.62	54.54

37

REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	2,000,000	2,000,000	1,280,000	2,000,000	2,000,000	20,578,663
House rent allowance	800,000	800,000	512,000	800,000	800,000	8,231,465
Utilities	200,000	200,000	128,000	200,000	200,000	2,057,867
	3,000,000	3,000,000	1,920,000	3,000,000	3,000,000	30,867,995
No. of persons	1	1	1	1	1	33

37.1 Some of the Directors and the Executives are provided with free use of Company cars as per rules.

37.2 No meeting fee was paid to the Directors for attending the meetings of the Board.

38

TRANSACTIONS WITH RELATED PARTIES

There were no related parties other than those as disclosed in note # 37 above.

39

ENTITY-WIDE INFORMATION

39.1 The Company markets and sells fabric and towel. Breakdown of net revenues for both the products of the Company is as follows:

	2018 (Rupees)	2017 (Rupees)
Fabric	2,275,299,672	2,308,676,895
Towel	1,887,033,793	1,426,048,257
	4,162,333,465	3,734,725,152

39.2 Major Export sales are made to Italy, Belgium, Portugal, Greece and Germany which represents 69.02% of total export sales (2017: 71.84%).

39.3 All the non-current assets of the Company are located in Pakistan.

39.4 The Company's customer base is diverse with no single customer accounting for more than 11% of net revenue.

Notes to the Financial Statements

For the year ended June 30, 2018

40 PLANT CAPACITY AND PRODUCTION

	2018 (Rupees)	2017 (Rupees)
Greige fabric unit		
No. of looms installed	203	201
No. of looms worked	203	201
Shifts per day	3	3
No. of days actually worked	365	365
Installed capacity (square meters in millions @ 50 picks)	85.73	85.21
Actual production (square meters in millions @ 50 picks)	67.76	71.71
Towel unit		
No. of looms installed	45	38
No. of looms worked	45	38
Shifts per day	3	3
No. of days actually worked	365	365
Installed capacity (Tons)	4,835	4,165
Actual production (Tons)	3,818	3,138
Towel dyeing and processing unit		
Installed capacity (Tons)	5,700	5,700
Actual production (Tons)	3,515	2,974

40.1 It is difficult to determine precisely the production capacity in textile weaving mills since it fluctuates widely depending on various factors such as speed, width and construction of cloth woven etc.

40.2 Difference is due to the supply demand situation in the market.

Notes to the Financial Statements

For the year ended June 30, 2018

	2018 (Rupees)	2017 (Rupees)
41 NUMBER OF EMPLOYEES		
Number of employees as on June 30,	1101	1089
Average number of employees during the year	1090	1073
Employees working in the Company's factory at the year end	1031	1023
Average employees working in Company's factory during the year	1023	1009

42 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on September 28, 2018 has proposed cash dividend of Rs. 29.714 million (2017: Nil) at Rs. 0.5 per ordinary share of Rs. 10 each for the year ended June 30, 2018 subject to the approval of shareholders in the Annual General Meeting to be held on October 27, 2018. These financial statements do not reflect these appropriations.

43 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company and authorised for issue on September 28, 2018.

44 CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

	Re-classified from	Re-classified to
Dividend payable	Trade and other payables	Unclaimed dividend (presented on face of the balance sheet)
Exchange (loss)/gain	Sales - net	Other income

45 FIGURES

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

ڈائریکٹر کا بیان

کوڈ آف کارپوریٹ گورننس کی تعمیل میں ہم مندرجہ ذیل کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پیش کر رہے ہیں :

1. فنانشل سٹیٹمنٹ کمپنی کی انتظامیہ نے تیار کی ہے۔ کمپنی کے معاملات، عملی کارکردگی کے نتائج، کیش فلو اور لیکوئٹی میں تبدیلی کو خوش اسلوبی سے پیش کیا گیا ہے۔
2. کمپنی کے حسابات کی کتابیں حسب ضابطہ رکھی گئیں ہیں۔
3. مناسب مالی اکاؤنٹنگ پالیسیوں کو گوشواروں اور اکاؤنٹ سٹیٹمنٹس کی تیاری کے لیے صحیح طور پر استعمال کیا گیا ہے۔
4. پاکستان میں لاگو بین الاقوامی رپورٹنگ معیار کی تقلید کی گئی ہے۔ اور اس سے ہٹ کر کچھ ہوا ہے تو اسے ظاہر کیا گیا ہے۔
5. کمپنی کے داخلی کنٹرول نظام کا ڈیزائن مستحکم ہے اور یہ موثر انداز میں مناسب نگرانی کے ساتھ لاگو ہوا ہے۔
6. کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت ٹنک و شبہ سے بالاتر ہے۔
7. کارپوریٹ گورننس کے اصولوں کے منافی کوئی اقدام نہیں کیا گیا ہے۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز مسیز اظہر، ظفر اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے 30 جون 2018 کو ختم ہونے والے مالی سال کا آڈٹ مکمل کر کے ایک غیر قابل تجدید آڈٹ رپورٹ جاری کر دی ہے۔ کمپنی کے سالانہ عام اجلاس کے بعد موجودہ آڈیٹرز ریٹائر ہو جائیں گے۔ اور انہوں نے 30 جون 2019 تک ختم ہونے والے سال کے لیے خود بخود دوبارہ پیشکش کر دی ہے۔

فی حصص آمدنی

جائزہ کے تحت موجودہ سال میں زیادہ منافع کے نتیجے میں کمپنی کی فی حصص آمدنی پچھلے سال کے مقابلے میں 1.16 فی حصص سے بڑھ کر 1.74 فی حصص ہو گئی ہے۔

اعتراف

بورڈ اپنے شیئر ہولڈرز، بנקوں اور مالیاتی اداروں کا تہہ دل سے شکر گزار ہے۔ جن کے مسلسل تعاون اور کوششوں کی وجہ سے کمپنی مسلسل بہتری کی جانب گامزن ہے۔ جائزہ کے تحت مدت کے دوران کمپنی انتظامیہ اور ملازمین کے درمیان تعلقات سنجیدہ رہے۔ اور ہم کمپنی کے ملازمین اور کارکنان کے صبر، ہمدردی اور خدمات کا برملا اعتراف کرنا چاہیں گے۔

سید سعید

محترم برہان محمد خان
ڈائریکٹر

mansail

محترم مسعود حنیف
چیف ایگزیکٹو

لاہور

28 ستمبر 2018

بورڈ کمیٹیز آڈٹ کی کمیٹی

موجودہ سال کے دوران آڈٹ کمیٹی میں ایک تبدیلی کی گئی ہے۔ محترم رانا کمال الدین کو آڈٹ کمیٹی کا رکن نامزد کیا گیا ہے۔ یہ کمیٹی تین نان ایگزیکٹو ارکان پر مشتمل ہے۔ کمیٹی کی چیئر پرسن ایک خود مختار ڈائریکٹر ہے۔ یہ آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کے فیصلے کی تعمیل میں اپنے فرائض سرانجام دے رہی ہے۔ جائزہ کے تحت سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد کئے گئے۔ اور حاضری کی حیثیت مندرجہ ذیل ہے۔

نام	عہدہ	اجلاسوں میں شرکت کی
محترمہ نزہت کامران	چیئر پرسن / رکن	4
محترمہ تہنیت مساعد	رکن	4
محترم رانا کمال الدین	رکن	0
محترم ارباب محمد خان	(ریٹائرڈ)	3

افراد قوت اور اجرت کی کمیٹی

افراد قوت اور اجرت کی کمیٹی تین ارکان پر مشتمل ہے۔ جن میں سے دونوں ایگزیکٹو ڈائریکٹرز ہیں۔ اور چیئر پرسن نان ایگزیکٹو ڈائریکٹر ہے۔ یہ افراد قوت اور آڈٹ کی کمیٹی بورڈ آف ڈائریکٹرز کے فیصلے کی تعمیل میں اپنے فرائض سرانجام دے رہی ہے۔ جائزہ کے تحت سال کے دوران افراد قوت اور اجرت کی کمیٹی کا صرف ایک اجلاس منعقد کیا گیا تھا اور حاضری کی حیثیت مندرجہ ذیل ہے۔

نام	عہدہ	اجلاسوں میں شرکت کی
محترمہ صباح برہان	چیئر پرسن / رکن	1
محترم برہان محمد خان	رکن	1
محترمہ نزہت کامران	رکن	1

بورڈ کے ڈائریکٹرز کے اجلاس

جائزہ کے تحت سال کے دوران کمیٹی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کئے گئے تھے اور حاضری کی حیثیت مندرجہ ذیل ہے۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاسوں میں شرکت کی
1.	محترم مساعد حنیف	4
2.	محترم برہان محمد خان	4
3.	محترم ارباب محمد خان	4
4.	محترم رانا کمال الدین	0
5.	محترمہ نزہت کامران	4
6.	محترمہ تہنیت مساعد	4
7.	محترمہ صباح برہان	4
8.	محترمہ سارہ مساعد	2

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز

02 مئی 2018 کو کمپنی کے ایک ڈائریکٹرز محترم ارباب محمد خان نے ڈائریکٹرز کے عہدے سے استعفیٰ دے دیا تھا۔ اس اتفاقہ خالی ہونے والی جگہ کو محترم رانا کمال الدین کو ڈائریکٹرز کے عہدے کے لیے نامزد کر کے پُر کیا گیا ہے۔ جو کہ بیلنس شیٹ تاریخ کے بعد 16 اگست 2018 کو ہونے والے الیکشن میں کمپنی ایکٹ 2017 کے تحت اگلے تین سال کے لیے ڈائریکٹرز ہوں گے۔

درج ذیل افراد دوبارہ کمپنی کے ڈائریکٹرز منتخب ہو گئے ہیں۔

1.	محترم مسعود حنیف	ایگزیکٹو ڈائریکٹرز / سی ای او
2.	محترم برہان محمد خان	ایگزیکٹو ڈائریکٹرز
3.	محترم رانا کمال الدین	نان ایگزیکٹو / خود مختار ڈائریکٹرز
4.	محترمہ تہنیت مسعود	نان ایگزیکٹو ڈائریکٹرز / چیئر پرسن
5.	محترمہ صباح برہان	نان ایگزیکٹو ڈائریکٹرز
6.	محترمہ نزہت کامران	نان ایگزیکٹو / خود مختار ڈائریکٹرز
7.	محترمہ سارہ مسعود	نان ایگزیکٹو ڈائریکٹرز

ڈائریکٹرز کے لیے ترتیبی پروگرام

بورڈ آف ڈائریکٹرز نے درج ذیل کے لیے سال 2018 - 2017 میں ڈائریکٹرز ترتیبی پروگرام کا انعقاد کیا تھا۔

• محترمہ سارہ مسعود

کمپنی کے بورڈ آف ڈائریکٹرز میں سات ڈائریکٹرز شامل ہیں۔ جن میں سے درج ذیل چار ڈائریکٹرز نے ایک مقامی ادارے کی طرف سے پیش کردہ ڈائریکٹرز ترتیبی پروگرام کے تحت سرٹیفکیٹ حاصل کیے ہیں۔ جو کہ سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان ”ایس ای سی پی“ کے مقرر کردہ میعار کے مطابق ہیں۔

- محترمہ تہنیت مسعود
- محترمہ صباح برہان
- محترمہ سارہ مسعود
- محترمہ نزہت کامران

جبکہ باقی تین ڈائریکٹرز ایس ای سی پی میں یا تو ایک اقرار نامہ کے ذریعے استعفیٰ کی درخواست دیں گے یا مقررہ مدت سے پہلے ترتیبی سرٹیفکیٹ حاصل کریں گے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ہم اچھی کارپوریٹ انتظامیہ کے قائل ہیں اور پاکستان سٹاک ایکسچینج کے کوڈ آف گورننس کی فہرست میں شامل قواعد (سی سی جی 2017) کی تعمیل کرتے ہیں۔ سی سی جی کی تعمیل کا گوشوارہ لف ہے۔

- ملک میں کپاس کی فراہمی وافر ہے۔
- ملک کی تیزی سے بڑھتی ہوئی آبادی افرادی قوت کا ایک زریعہ اور ٹیکسٹائل کی مصنوعات کے لیے طلب کو بڑھانے میں معاون ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی کارپوریٹ سماجی ذمہ داری کی طرف پختہ عزم رکھتی ہے۔ اور ماحول اور معاشرے کی فلاح کے لیے قابل قدر وسائل مختص کرتی ہے۔

ماحولیات کا تحفظ

اگر ٹیکسٹائل عمل کے خطرناک اثرات کو کم کرنے کے لیے مناسب اقدام نہ کیے جائیں تو ٹیکسٹائل پیداواری صلاحیت خصوصاً ڈائینگ سے ماحول کو بہت نقصان ہو سکتا ہے۔ کمپنی اس بارے میں کافی فکر مند ہے اور اس نے اپنے ڈائینگ یونٹ پر مائع کے ٹریٹمنٹ پلانٹ نصب کیے ہیں۔ اور اس کے علاوہ ایک نیا ٹریٹمنٹ پلانٹ تنصیب کے مراحل میں ہے جو ڈائینگ کے شعبہ کی پیداواری صلاحیت کے بعد فی گھنٹہ 50 کیوبک میٹر گندے پانی کی صفائی کی صلاحیت میں اضافہ کرے گا۔ اپنی پیداواری سہولیات پر شجر کاری کے لیے ایک وسیع پالیسی کے علاوہ کمپنی بجلی کی پیداوار سے CO₂ کے اخراج کے اثرات کو کم کرنے کے لیے شمسی توانائی کی ٹیکنالوجی میں سرمایہ کاری کر رہی ہے۔ کمپنی کی تنصیبات اور عوامل کو ماحولیاتی پائیداری کی طرز پر استعمال کرنے کے لیے ملازمین سے کمپنی کے ضابطہ اخلاق پر عمل کرنے کی توقع کی جاتی ہے۔

توانائی کا تحفظ

بجلی کے متبادل ذرائع میں سرمایہ کاری کے علاوہ بجلی کے ذرائع کا تحفظ کمپنی کی خصوصی توجہ کا مرکز ہے۔ کمپنی نے تمام روایتی ٹیوب لائنس کو لیبل ای ڈی لائنوں میں تبدیل کر دیا ہے۔

پیشہ وارانہ تحفظ اور صحت

کمپنی صحت اور تحفظ کے لیے جامع پالیسی رکھتی ہے۔ کارکن پیشہ وارانہ حفاظتی اقدامات اٹھانے کے بعد پیداواری سرگرمیوں میں حصہ لیتے ہیں۔

بلا تفریق یکساں مواقع ملازمت

کمپنی کو بلا تفریق رنگ و نسل یکساں مواقع ملازمت فراہم کرنے پر فخر ہے۔ کمپنی کے کارکنان بشمول عورتیں جداگانہ لوگوں پر مشتمل ہیں۔ کمپنی برسوں سے اپنی ترقی کے لیے مختلف جگہوں کے لوگوں کی اجتماعی تخلیقات پر یقین رکھتی ہے۔

توانائی کی دستیابی اور اخراجات

توانائی کی بڑھتی ہوئی لاگت، بجلی اور گیس کی عدم دستیابی، پیداواری صنعت کے لیے ایک بڑا خطرہ ہے۔ اگر یہ خطرہ کم نہ ہو تو یہ ہمیں بین الاقوامی مارکیٹوں میں غیر محفوظ کر سکتا ہے۔ کمپنی نے اس خطرے کو کم کرنے کے لیے اپنی دونوں پیداواری سہولتوں پر متبادل توانائی کے حصول کے لیے پاور پلانٹس نصب کیے ہیں۔

مالی خطرات

کمپنی کے بورڈ آف ڈائریکٹرز، کمپنی کے محکمہ خزانہ کی طرف سے لاگو کے گئے مالی خطرات کے انتظام کی پالیسیاں وضع کرنے کے ذمہ دار ہیں۔

کرنسی رسک

کمپنی کو بنیادی طور پر امریکی ڈالر، برطانوی پاؤنڈ اور یورو کے لحاظ سے مختلف کرنسی کی سرمایہ کاری سے پیدا ہونے والے کرنسی خطرات کا سامنا ہے۔ کمپنی کے زرمبادلہ کے خطرہ کی سرمایہ کاری، بینک بیلنس، اور غیر ملکی ادارہ کو/ سے وصولی / قابل ادائیگی رقوم تک محدود ہے۔

سود کی شرح کا خطرہ

کمپنی کو سود کی شرح کا خطرہ طویل مدتی قرض، مختصر مدتی قرض، ٹرم ڈپازٹ رسیدیں اور بینک بیلنس کے عوض واجبات سے ہوتا ہے۔ مناسب قدر اور نقد بہاؤ کی حساسیت کا تجزیہ ظاہر کرتا ہے کہ کمپنی کے منافع کو سود کی شرح کے خطرے کا سامنا نہیں ہے۔

کریڈٹ رسک

کمپنی کا کریڈٹ رسک اور اس کے تجارتی قرضوں سے متعلق نقصانات کا خطرہ اس کے ٹریڈ ڈیٹس سے متعلق ہے۔ یہ خطرہ اس حقیقت سے کم کیا جاتا ہے کہ ہمارے گاہکوں کی اکثریت ایک مضبوط مالی حیثیت رکھتی ہے۔ اور ہمارا اپنے تمام گاہکوں کے ساتھ ایک طویل عرصے سے کاروباری تعلق ہے اور ہمیں گاہکوں سے غیر کارکردگی کی توقع نہیں ہے۔ اس وجہ سے کریڈٹ رسک بہت کم ہے۔

لیکویڈٹی رسک

بینکوں اور مالیاتی اداروں سے طے شدہ کریڈٹ کی سہولیات کے ذریعے کافی فنڈز کی دستیابی کی وجہ سے یہ خطرہ کم از کم ہے۔

مواقع

- کمپنی کئی مواقعوں سے فائدہ اٹھانے اور استعمال کرنے کی پوزیشن میں ہے۔ چند شاندار مواقعوں کا خلاصہ درج ذیل ہے۔
- دنیا بھر میں علاقوں کے لحاظ سے متنوع کسٹمر کی بنیاد پر برآمدات فروخت کرنے کے لیے ایک پائیدار ترقی فراہم کرتا ہے۔
- متحرک مقامی اور بین الاقوامی ذیلی کمپنیاں ہماری مصنوعات کی طلب بڑھاتی ہیں۔
- عمودی نظام آپریشنل تعاون کے فائدہ کا حصول ممکن بناتا ہے۔

کاروباری بہتری

کسی بھی صنعت کے لیے آج کی مارکیٹ میں مسابقت رکھنے کے لیے کاروباری عمل میں بہتری اہم ہے۔ کمپنی کارآمد ٹیکنالوجی سے کاروباری فوائد حاصل کرنے کے لیے مسلسل مصروف عمل ہے۔ کم وقت میں عمدہ کام، پیداواری نقصانات میں کمی، بہتر کارکردگی کی جانب قدم ہے۔ کمپنی مسلسل اس کوشش میں ہے کہ اپنے کاروباری نظام کو جدید اور بہتر کرے تاکہ اس کے ای آر پی سسٹم کی رپورٹ کے ذریعے بنیادی امور کی بہتر طور پر نگرانی کی جاسکے۔

کاروباری جائزہ

زیر جائزہ سال میں مجموعی کاروباری ماحول مشکل رہا۔ کپاس اور دھاگے کی قیمتوں میں غیر معمولی اضافہ کی وجہ نے گاہکوں کو پس و پیش میں ڈال دیا ہے۔ ورنہ ترقی میں کچھ بہتری ہو سکتی تھی۔ ان تمام مشکلات کے باوجود ہم اپنے موجودہ گاہکوں کو برقرار رکھنے اور ان کے ساتھ اپنے کاروبار کو وسعت دینے میں کامیاب رہے ہیں۔ مصنوعات مرکب میں تیار شدہ کپڑا بنانے کا ہمارا منصوبہ پرکشش منافع کا باعث ہے اس سیکشن میں زیادہ مقابلہ ہونے کے باوجود ہم نے قیمت کے دباؤ کو نہ صرف برقرار رکھا بلکہ قیمت کو کم کیا۔ عالمی خوردہ ماحول، سخت مقابلے کی فضا اور پاکستان میں کاروبار کرنے کے لیے زیادہ لاگت، حکومت نے ملک کے برآمد کنندگان کے لیے ایک حوصلہ افزا ایجنسی کا اعلان کیا ہے۔

خطرات اور مواقع

زیر ٹیکسٹائلز لیٹڈ عام کاروباری حالات میں خطرات مول لیتا ہے اور مواقع پیدا کرتا ہے۔ مسابقتی رہنے اور پائیدار کامیابی کو یقینی بنانے کے لیے خطرات مول لینا بہت اہم ہے۔ کمپنی میں مواقع حاصل کرنے اور خطرات مول لینے سے پہلے ان کو جانچنا بہت ضروری ہے فیصلوں پر عملدرآمد صرف اس صورت میں کیا جاتا ہے جب مواقع خطرات سے زیادہ ہوں

ہم ایک مسابقتی ماحول میں کام کر رہے ہیں، جہاں جدت پسندی، معیار اور لاگت کی اہمیت ہے اس خطرے کو مسلسل تحقیق اور ترقی اور بی ایم آر کے تحت نئی ٹیکنالوجیز کو مسلسل متعارف کرانے کے ذریعے کم کیا جاتا ہے، اس لیے تمام کاروباری اداروں کے سربراہان باقاعدگی سے آپس میں ملاقات کرتے ہیں تاکہ ان خطرات سے نمٹنے کے لیے ایک مربوط نقطہ نظر سے حکمت عملی ترتیب دی جاسکے۔

کاروباری خطرات

کمپنی درج ذیل خطرات کا سامنا کرتی ہے :

خام مال کی فراہمی اور قیمت

دھاگے کی فراہمی اور قیمت مقامی اور بین الاقوامی کپاس مارکیٹ میں طلب اور غیر یقینی حالات پر منحصر ہے کپاس کی عدم دستیابی اور مارکیٹ میں کپاس کی قیمتوں میں اتار چڑھاؤ کا خطرہ ہمیشہ موجود ہوتا ہے۔ کمپنی اس منفی اثر کو ختم کرنے کے لیے فروخت کے معاہدے کے وقت دھاگے کی خریداری کے ذریعے اس خطرے کو کم کرتی ہے۔

برآمدی طلب اور قیمت

برآمدات ہماری کل فروخت کا چالیس فیصد ہیں۔ ہمیں بین الاقوامی مارکیٹوں میں مقابلے اور اپنی مصنوعات کی طلب میں کمی کے خطرے کا سامنا ہے۔ ہم معیار پر سمجھوتہ کئے بغیر صارفین کے ساتھ مضبوط تعلقات استوار کر کے اپنے گاہکوں کی بنیاد کو وسعت دے کر، جدید مصنوعات کو ترقی دے کر، صارفین کو بروقت ترسیل فراہم کر کے اس خطرے کو کم کرتے ہیں۔

بورڈ آف ڈائریکٹرز بمسرت 30 جون 2018 کو ختم ہونے والے سال کے لئے کمپنی کی 20 ویں سالانہ رپورٹ آڈٹ شدہ اکاؤنٹس کے ساتھ پیش کرتے ہیں۔

کارکردگی کا جائزہ

کاروبار کی کارکردگی

کمپنی کی فروخت 4.25 بلین روپے، جو کہ گزشتہ سال کی فروخت 3.73 بلین روپے سے 14 فیصد زائد ہے۔ یہ کمپنی کی تاریخ میں سب سے زیادہ فروخت ہے۔ کاروبار کے تمام حصوں میں مضبوط فروخت کی کارکردگی کا مظاہرہ کیا گیا تھا۔ موجودہ مالی سال کے لئے کمپنی کا کل منافع 465.47 ملین روپے (فروخت کا %10.95)، جو کہ گزشتہ سال کے مقابلے میں 409.66 ملین روپے (فروخت کا %10.98) ہے۔ اعلیٰ فروخت کے باوجود معمولی مجموعی منافع کی وجہ بنیادی اخراجات ہیں۔ جو کہ گاہکوں کو منتقل نہیں کیے جاسکے۔ تقسیم کی لاگت گزشتہ سال کے مقابلے میں زیادہ ہے۔ جس کی وجہ تبدیلی میں اضافہ ہے۔ انتظامی اخراجات میں %5.40 کے تھوڑے سے اضافہ کی وجہ افراط زر کا اثر ہے۔ موجودہ سال کے لئے مالیاتی لاگت 157.96 ملین روپے ہے۔ جو کہ گزشتہ سال 121.82 ملین روپے تھی۔ اس کی وجہ 36.29 ملین روپے کا ایک روایتی ناگزیر خرچ ہے۔ جو کہ بینک آف پنجاب کے ایک طویل مدتی قرض کو یکبارگی ختم کرنا ہے۔ اس اثر کو چھوڑ کر، اور 211.73 ملین روپے کے طویل مدتی قرض کی ادائیگی کے باوجود مالیاتی لاگت 121 ملین روپے ہے۔ بنیادی سرمائے کی زیادہ ضروریات اس قرض کی وجوہات ہیں۔

مقامی اور بین الاقوامی، مشکل کاروباری حالات کے باوجود کمپنی نے 103.17 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو کہ گزشتہ سال اسی مدت میں 68.93 ملین روپے تھا۔

تفصیل	2018	2017	اضافہ فیصد
خالص فروخت	4,252,317,435	3,728,955,467	14.04
کل منافع	465,471,555	409,655,593	13.63
ای۔بی۔آئی۔ٹی۔ڈی اے	298,119,173	244,937,516	21.71
فروسودگی	168,906,832	155,179,845	8.85
مالیاتی لاگت	157,956,372	121,824,536	29.66
ٹیکس سے پہلے منافع	129,212,341	89,757,671	43.96
ٹیکس کے بعد منافع	103,174,825	68,927,107	49.69
نی حصص آمدنی	1.74	1.16	49.69

ڈیویڈنڈ اور تصرف

30 جون 2018 کو ختم ہونے والے موجودہ سال کے لیے بورڈ آف ڈائریکٹرز نے 0.50 روپے فی حصص (5%) حتمی نقد منافع کے طور پر ادائیگی کی سفارش کی ہے۔ (2017: کچھ نہیں)۔ اور منافع کا کوئی دوسرا تصرف نہیں ہے۔

ZEPHYR TEXTILES LIMITED

3RD Floor IEP Building 97-B/D-1, Gulberg III, Lahore

PROXY FORM

I/ We, _____

Of _____

Being a member of ZEPHYR TEXTILES LTD, hereby appoint

(NAME)

Of _____ another member of the company

Or failing him/ her _____

(NAME)

Of _____ another member of the company

(being member of the company) as my/ our proxy to attend vote for and on my / our behalf at the Annual General Meeting of the company held at its Registered Office, 3rd Floor IEP Building 97-B/D-1, Gulberg III, Lahore on October 27, 2018 at 10:30 AM and at every adornments thereof.

As witnessed given under my / our hand (s) this _____ day of _____ 2018.

1. Witness: _____
Signature: _____
Name: _____
Address: _____

Affix
Revenue
Stamps of
Rs. 5/

Signature of Member

2. Witness: _____
Signature: _____
Name: _____
Address: _____

Shares held _____
Shareholders' _____
CDC A/c # _____

CNIC #, | | | |

Notes:

1. Proxies, in order to effective, must be reached at the Company's Registered Office, not less than 48 hours the time of holding the meeting and must be duly stamped, signed and witnessed.
2. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their National identity card / passport in original to prove his / her identity, and in case of proxy, must enclosed an attested copies of his/her NIC or passport. Representative of Corporate members should bring the usual documents required for such purpose.

زیر ٹیکسٹائلز لمیٹڈ

پراکسی فارم

میں اہم مسماۃ _____ ساکن _____ ضلع _____
بحیثیت ممبر کمپنی مسماۃ _____ ساکن _____ کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں
مسماۃ _____ ساکن _____ کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری اہماری جگہ اور میری
اہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ 27 اکتوبر 2018 بوقت صبح 10:30 کمپنی کے رجسٹرڈ آفس تیسری منزل IEP بلڈنگ 97-B/D-1 گلبرگ
لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ _____ دن _____

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گواہ کے کوائف

دستخط: _____
نام: _____
پتہ: _____
کمپیوٹر آرز قومی شناختی کارڈ کا نمبر: _____
فون نمبر: _____
سی ڈی سی کھاتہ نمبر: _____
حصص کی تعداد: _____

دستخط: _____
(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہیے)

اہم:

پراکسی فارم کمپنی کے رجسٹرڈ آفس لاہور میں اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے قبل جمع کرانا لازمی ہے بصورت دیگر وہ قابل قبول نہ ہوگا۔