



**ZEPHYR**  
TEXTILES LIMITED

# Zephyr Textiles Limited

Accounts For 1<sup>st</sup> Quarter  
Ended September 30, 2019

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## Company Information

<b>BOARD OF DIRECTORS:</b>	Mr. Mussaid Hanif	CEO
	Mr. Burhan Muhammad Khan	
	Mr. Rana Kamal Ud Din	
	Ms. Tehniyat Mussaid	Chairpreson
	Ms. Sabah Burhan	
	Ms. Sarah Mussaid	
	Ms. Nuzhat Kamran	

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<b>AUDIT COMMITTEE:</b>	Ms. Nuzhat Kamran	Chairperson/Member
	Mr. Rana Kamal Ud Din	Member
	Ms. Tehniyat Mussaid	Member

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**CHIEF FINANCIAL OFFICER:** Mr. Naveed Aleem

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**COMPANY SECRETARY:** Mr. Abdul Jabbar

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**AUDITORS:** Azhar Zafar & Company Chartered Accountants

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**LEGAL ADVISOR:** Cornelius Lane & Mufti  
Advocate and Solicitors  
Nawa-e-Waqt House,  
4 Shahrah-e-Fatima Jinnah,  
Lahore - 54000, Pakistan

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<b>BANKERS TO THE COMPANY:</b>	Habib Bank Limited	National Bank of Pakistan
	Allied Bank Limited	NIB Bank Limited
	Askari Bank Limited	The Bank Of Punjab
	United Bank Limited	Faysal Bank Limited
	Habib Metropolitan Bank Limited	Meezan Bank Limited
	Bank Al Habib Limited	Silk Bank Limited

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**MILLS:** 1 km, Balloki Bhai Pheru Road (Weaving unit & Power plant)  
Bhai Pheru.  
Phone : 0494 - 512007-9, 513103-5  
Fax : 0494 - 512011  
63 km, Gulshan Adda, (Towel Unit)  
Jumber Khurd, District Kasur.

**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  
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## Directors' Report to the Members

Directors of Zephyr Textiles Limited are pleased to present the un-audited interim financial statements for the first quarter ended September 30, 2019. These interim financial statements are presented in accordance with the requirements of the Companies Act, 2017.

### Operating and Financial Results

During the quarter ended September 30, 2019, the company earned a gross profit of PKR 91.289 million on sales of PKR 887.715 million compared to gross profit of PKR 85.692 million on sales of PKR 1,093.885 million for the corresponding period of previous financial year. Gross margin improved to 10.28% in current period from 7.83% in corresponding period due to the value added segment of the Company increased in the period under review. The profit after tax is PKR 5.068 million as compared to PKR 8.852 million in corresponding period last year. Net profit reduced due to stable foreign currency parity this year as compared to high foreign currency exchange rate gains last year.

Financial Highlights	Quarter ended September 30, 2019	Quarter ended September 30, 2018
<b>Description</b>	(Rupees)	(Rupees)
<b>Sales - net</b>	887,715,404	1,093,884,665
<b>Gross Profit</b>	91,289,439	85,692,083
<b>Operating Profit for the period</b>	46,815,743	50,649,360
<b>Financial charges</b>	(33,097,004)	(31,770,873)
<b>Profit/(Loss) for the period before taxation</b>	13,718,739	18,878,487
<b>Taxation current</b>	(8,650,337)	(10,026,118)
<b>Profit/(Loss) for the period after taxation</b>	5,068,402	8,852,369
<b>Earnings/(Loss) Per Share</b>	0.09	0.15

The first quarters of financial years have always shown slow turnover trend in the textile industry in Pakistan. The gross margin of the Company improved although the sales volume is less than the corresponding period. These results only materialized with improved production planning, product mix and overhead control.

Due to challenges faced by textile industry including increase in raw materials costs, liquidity crunch due to blockage of sales tax refunds, duty drawback of taxes, increase in labor costs and uncertain economic conditions, the textile sector might remain sluggish in remaining period of current financial year as well. Textile sector has great potential for improvement based on timely resolving of industry issues like stuck up sales tax refunds and continuation of benefits available to the export industry in Pakistan.

The directors would like to record their appreciation for the continued commitment and hard work being carried out by the employees of the Company.

For and on behalf of the Board of Directors

  
 CHIEF EXECUTIVE

  
 DIRECTOR

Lahore  
 October 29, 2019

## Balance Sheet

as at September 30, 2019 (Un-Audited)

	Notes	Un-Audited Sep 30, 2019 (Rupees)	Audited June 30, 2018 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital			
62,500,000			
ordinary shares of Rs. 10 each		<b>625,000,000</b>	625,000,000
<hr/>			
Issued, subscribed and paid-up share capital			
59,428,729			
ordinary shares of Rs. 10 each		<b>594,287,290</b>	594,287,290
<b>UNAPPROPRIATED PROFIT</b>		<b>677,894,418</b>	666,742,622
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT &amp; EQUIPMENT</b>		<b>319,940,817</b>	326,024,212
		<b>1,592,122,525</b>	1,587,054,124
<hr/>			
<b>LONG TERM LOANS</b>		<b>268,466,972</b>	304,818,570
<hr/>			
<b>DEFERRED LIABILITIES</b>		<b>245,642,816</b>	241,097,866
<hr/>			
<b>CURRENT LIABILITIES</b>			
Short term finances - Secured		<b>1,275,327,469</b>	1,250,018,577
Current portion of long term liabilities		<b>168,883,739</b>	167,010,393
Creditors, accrued and other liabilities		<b>656,984,619</b>	583,332,673
Unclaimed dividend		<b>615,769</b>	659,831
Accrued mark up		<b>23,920,902</b>	22,815,205
		<b>2,125,732,498</b>	2,023,836,679
<hr/>			
<b>CONTINGENCIES AND COMMITMENTS</b>	4	-	-
		<b>4,231,964,811</b>	4,156,807,239
<hr/>			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property plant & equipment	5	<b>1,932,170,974</b>	1,909,707,867
Capital work in progress		<b>34,736,548</b>	31,075,383
		<b>1,966,907,522</b>	1,940,783,250
<hr/>			
Long term advances and deposits		<b>22,440,301</b>	22,458,501
<hr/>			
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<b>116,369,556</b>	109,799,001
Stock in trade		<b>1,047,514,826</b>	914,618,433
Trade debts		<b>565,107,949</b>	712,461,961
Loans and advances		<b>67,617,683</b>	100,498,346
Trade deposits, prepayments and balances with statutory authorities		<b>274,338,152</b>	213,159,166
Other receivables		<b>92,902,145</b>	86,417,352
Short term investment		<b>986,770</b>	989,516
Cash and bank balances		<b>77,779,907</b>	55,621,713
		<b>2,242,616,988</b>	2,193,565,488
		<b>4,231,964,811</b>	4,156,807,239

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## Profit and Loss Account

for the 1st Quarter ended September 30, 2019 (Un-Audited)

	Jul - Sep 2019 (Rupees)	Jul - Sep 2018 (Rupees)
<b>SALES</b>	<b>887,715,404</b>	1,093,884,665
<b>COST OF SALES</b>	<b>796,425,965</b>	1,008,192,582
<b>GROSS PROFIT</b>	<b>91,289,439</b>	85,692,083
<b>OPERATING EXPENSES</b>		
Distribution Costs	27,133,535	30,105,379
Administrative Cost	20,623,677	19,620,465
	47,757,212	49,725,844
	43,532,227	35,966,239
Other Operating Expenses	1,027,882	1,402,144
	42,504,345	34,564,095
Other Operating Income	4,311,398	16,085,265
<b>OPERATING PROFIT</b>	<b>46,815,743</b>	50,649,360
Finance Cost	33,097,004	31,770,873
<b>PROFIT BEFORE TAXATION</b>	<b>13,718,739</b>	18,878,487
Taxation	8,650,337	10,026,118
<b>PROFIT AFTER TAXATION</b>	<b>5,068,402</b>	8,852,369
<b>EARNING PER SHARE-BASIC &amp; DILUTED</b>	<b>0.09</b>	0.15

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

## Statement Of Comprehensive Income

for the 1st Quarter ended September 30, 2019 (Un-Audited)

	Jul - Sep 2019 (Rupees)	Jul - Sep 2018 (Rupees)
Profit for the period after taxation	5,068,402	8,852,369
Other Comprehensive Income		
Other comprehensive income for the period	-	-
<b>Total Comprehensive Income for the period</b>	<b>5,068,402</b>	<b>8,852,369</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# Cash Flow Statement

for the 1st Quarter ended September 30, 2017 (Un-Audited)

	Jul - Sep 2019 (Rupees)	Jul - Sep 2018 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss for the period before taxation</b>	<b>13,718,739</b>	<b>18,878,487</b>
<b>Adjustments for:</b>		
Depreciation	40,663,123	41,457,636
Gain on sale of fixed assets	(333,633)	(634,773)
Gain on re-measurement of short term investments	-	-
Dividends, capital gains & other (Income)/Loss	-	-
Provision for staff gratuity	8,975,142	6,892,002
Financial charges	33,097,004	31,770,873
	<b>82,401,636</b>	<b>79,485,738</b>
	<b>96,120,375</b>	<b>98,364,225</b>
<b>(Increase)/Decrease in current assets</b>		
Stores, spares and loose tools	(6,570,555)	(27,010,462)
Stock in trade	(132,896,393)	(104,204,312)
Trade debts	147,354,012	135,346,875
Loans and advances	32,880,663	(16,899,363)
Trade deposits, prepayments & other receivables	(66,278,868)	(22,559,965)
	<b>(25,511,141)</b>	<b>(35,327,227)</b>
<b>(Increase)/Decrease in current liabilities</b>		
Creditors, accrued and other liabilities	72,546,262	26,356,106
<b>Cash flow from operations</b>	<b>143,155,496</b>	<b>89,393,104</b>
Financial charges paid	(29,778,517)	(28,399,431)
Taxes paid	(10,634,861)	(10,778,121)
Gratuity paid	(1,945,424)	(6,403,070)
	<b>(42,358,802)</b>	<b>(45,580,622)</b>
<b>Net cash flow from operating activities</b>	<b>(A) 100,796,694</b>	<b>43,812,482</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Long term advances, deposits and deferred costs	18,200	-
Sale proceeds of fixed assets	750,000	750,000
Dividends received	-	-
Proceeds from Sale of short term investment	2,746	2,954
Fixed capital expenditure	(68,027,350)	(6,612,041)
<b>Net cash flow from investing activities</b>	<b>(B) (67,256,404)</b>	<b>(5,859,087)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term finances - secured	25,308,892	(20,585,179)
Long term finances - secured	(36,690,988)	(38,193,322)
<b>Net cash flow from financing activities</b>	<b>(C) (11,382,096)</b>	<b>(58,778,501)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C) 22,158,194</b>	<b>(20,825,106)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>55,621,713</b>	<b>28,990,553</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>77,779,907</b>	<b>8,165,445</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

## Statement of Changes in Equity

for the 1st Quarter ended September 30, 2019 (Un-Audited)

Description	Share Capital	Accumulated Profit/(Loss)	Revaluation Surplus	Total Equity
	(Rupees)			
Balance as at June 30, 2018	594,287,290	595,210,555	351,241,048	1,540,738,893
Net Profit for the period	-	8,852,369	0	8,852,369
Current year incremental depreciation - net of tax	-	5,588,961	(5,588,961)	-
<b>Balance as at September 30, 2018</b>	<b>594,287,290</b>	<b>609,651,885</b>	<b>345,652,087</b>	<b>1,549,591,262</b>
Balance as at June 30, 2019	594,287,290	666,742,622	326,024,212	1,587,054,124
Net Loss for the period	-	5,068,402	-	5,068,402
Current year incremental depreciation - net of tax	-	6,083,394	(6,083,394)	-
<b>Balance as at September 30, 2019</b>	<b>594,287,290</b>	<b>677,894,418</b>	<b>319,940,818</b>	<b>1,592,122,526</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## Notes to the Accounts

for the 1st Quarter ended September 30, 2019 (Un-Audited)

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
2. These financial statements are un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
3. The accounting policies adopted for the preparation of the accounts are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2017.
4. CONTINGENCIES AND COMMITMENTS
  - 4.1 Commitments  
Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2019 amounting to Rs. 10.748 million (June 2019 : Rs. 27.891 million).
  - 4.2 Others  
There are no other significant activities since June 30, 2019 affecting financial Statements.
5. Following is the cost of fixed assets that have been added/disposed off during the quarter ended:

	Un-audited September 30, 2019 (Rupees)	Audited June 30, 2018 (Rupees)
Additions in fixed assets	<b>64,366,185</b>	100,141,561
Deletions in fixed assets	<b>2,232,190</b>	5,958,745
Additions in capital work in progress	<b>50,336,394</b>	74,671,500
Transfers from capital work in progress	<b>46,675,229</b>	43,596,117
<b>6. EARNING PER SHARE - BASIC</b>		
Profit / (loss) after tax	<b>5,068,402</b>	117,838,469
Weighted average number of ordinary shares	<b>59,428,729</b>	59,428,729
Earning per share - basic	<b>0.09</b>	1.98

7. DATE OF AUTHORIZATION  
These accounts have been approved by the Board of Directors on October 29, 2019
8. COMPARATIVE FIGURES  
Have been rearranged/reclassified wherever necessary for the purpose of comparison.  
Have been rounded off to the nearest rupee.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## اراکین کوڈائریکٹرز کی رپورٹ

زیف ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز اراہ مسرت 30 ستمبر 2019ء کو اختتام پذیر پہلی سہ ماہی کے لئے غیر بڑا سال شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ عبوری مالیاتی گوشوارے کمیٹی ریکمینڈیشنز ایکٹ 2017 کی ضروریات کے مطابق پیش کیے جاتے ہیں۔

### عملی اور مالیاتی نتائج

30 ستمبر 2019ء کو اختتام پذیر سہ ماہی کے دوران کمپنی نے 887,715,404 روپے کی فروخت پر 91,289,665 روپے مجموعی منافع حاصل کیا جو گذشتہ برس اسی مدت کے دوران 1,093,885,885 روپے کی فروخت پر 85,692,083 روپے تھا۔ مجموعی مارجن زیر جائزہ مدت میں کمپنی کے اضافی سیگمنٹ کی وجہ سے متعلقہ مدت میں 7.83 فی صد سے 10.28 فی صد بہتر ہوا۔ گذشتہ برس متعلقہ مدت میں 8.852 روپے نفع علاوہ ٹیکس کے مقابلہ میں زیر جائزہ مدت کے دوران نفع علاوہ ٹیکس 5,068,402 روپے رہا۔ گذشتہ برس بھاری کرنسی آپریٹنگ ریٹ کے مقابلہ میں اس برس مستحکم غیر ملکی کرنسی مبادلہ کی وجہ سے خالص منافع میں کمی واقع ہوئی ہے۔

2018 (روپے)	سہ ماہی ختم 30 ستمبر	2019 (روپے)	نمایاں مالیاتی تفصیل
1,093,884,665		887,715,404	خالص فروخت
85,692,083		91,289,439	کل منافع
50,649,360		46,815,743	آپریٹنگ منافع
(31,770,873)		(33,097,004)	مالیاتی اخراجات
18,878,487		13,718,739	قبل از ٹیکس منافع / (نقصان)
(10,026,118)		(8,650,337)	موجودہ ٹیکس
8,852,369		5,068,402	بعد از ٹیکس منافع / (نقصان)
0.15		0.09	فی فیصد آمدنی / (نقصان)

مالیاتی سالوں کی پہلی سہ ماہیوں نے ہمیشہ پاکستان میں ٹیکسٹائل انڈسٹری میں سست روی کا رجحان دکھایا ہے۔ کمپنی کے مجموعی مارجن میں بہتری آئی اگرچہ فروخت کا حجم گذشتہ برس کے مقابلہ میں کم تھا۔ یہ نتائج بہتر پیداواری منصوبہ بندی، پروڈکٹ کس اور اخراجات کو کنٹرول کرنے سے بہتر ہوئے ہیں۔

ٹیکسٹائل انڈسٹری کو خام مال کی لاگت میں اضافہ، سیلز ٹیکس واپسی کی بندش کی وجہ سے لیکوئیٹی بحران، ٹیکسز کا ڈیوٹی ڈرائیگ، مزدوری میں اضافہ اور غیر یقینی معاشی صورت حال جیسے درپیش مسائل کی وجہ سے موجودہ مالیاتی سال کے بقیہ دورانیہ میں بھی ٹیکسٹائل کا شعبہ بحران کا شکار رہ سکتا ہے۔ بندش شدہ سیلز ٹیکس ری فنڈز اور پاکستان میں برآمدی صنعت کو دستیاب سہولیات کے تسلسل جیسے صنعتی مسائل کے بروقت حل ہونے سے ٹیکسٹائل کے شعبہ میں بہتری کی بہت زیادہ صلاحیت ہے۔

ڈائریکٹرز کمپنی کے ملازمین کے مسلسل عزم اور ان تھک محنت کی حوصلہ افزائی کرتے ہیں۔

*محمد*  
محترم برہان محمد خان  
ڈائریکٹر

*ansar*  
محترم مسعود حنیف  
چیف ایگزیکٹو  
لاہور  
29 اکتوبر 2019

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