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Zephyr Textiles Limited

Accounts For The Nine Months
Ended March 31, 2017

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Company information

BOARD OF DIRECTORS:	Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Arbab Muhammad Khan Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Mussaid Ms. Nuzhat Kamran	CEO
AUDIT COMMITTEE:	Ms. Tehniyat Mussaid Mr. Arbab Muhammad Khan Ms. Sabah Burhan	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 Limited Bank Al Habib Limited	National Bank of Pakistan NIB 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	(Weaving unit & Power plant)
	63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(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	

Directors' Report to the Members

Operating Financial Results

The Directors of Zephyr Textiles Limited take pleasure in presenting un-audited interim financial statements for the nine months ended March 31, 2017.

The Company improved its profitability in the nine months ended March 31, 2017 despite of 6.36% lower sales volume. The gross profit increased by 10.83% and earning per share improved to 0.85 per share from 0.67 per share in the corresponding period. The Company achieved these results by better management and efficient use of available resources despite the increase in minimum wages, fuel costs and raw material prices.

Description	Nine Months Ended		Increase/ (Decrease) BY %
	2017	March 31, 2016	
	(Rupees)		
Sales - net	2,617,255,479	2,795,080,515	(6.36)
Gross Profit	269,347,057	243,037,046	10.83
Operating Profit for the period	156,930,208	151,155,478	3.82
Financial Charges	90,064,657	97,911,349	(8.01)
Profit/(Loss) for the period before taxation	66,865,551	53,244,129	25.58
Taxation current	(16,561,968)	(13,692,415)	20.96
Profit/(Loss) for the period after taxation	50,303,583	39,551,714	27.18
Earnings/(loss) per share	0.85	0.67	


The Company is implementing its policy to enter the local finished fabric market and achieved substantial growth in the period under review. This is another reason of improved profitability. Controlling financial cost is another factor for better results. We managed to repay all financial obligations after restructuring with the lenders of the Company and availed the maximum benefits from the reduced markup rates offered by The State Bank Of Pakistan.

The Company is in process of expansion and invested PKR 226.441 million in fixed assets to enhance and improve the production facility in the nine months ended March 31, 2017. Eight (8) Picanol Air Jet terry looms along with dyeing, tumbler, warping and long hemming machine have already started the production. Further sixteen (16) Picanol Air Jet terry looms along with all allied machinery are on the way and will be installed before June 30, 2017. The Company also planned to install a yarn dyeing unit in the first half of next financial year.

At the end, the directors extend their gratitude to the employees of the company for their teamwork, commitment, integrity and professionalism.

For and on behalf of the Board of Directors

Lahore
April 27, 2017


MUSSAID HANIF
Chief Executive

Condensed Interim Balance Sheet

as at March 31, 2017 (Un-Audited)

	Notes	Un-Audited March 31, 2017 (Rupees)	Audited June 30, 2016 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 62,500,000 (2016: 62,500,000) ordinary shares of Rs. 10 each		625,000,000	625,000,000
Issued, subscribed and paid-up share capital 59,428,729 (2016: 59,428,729) ordinary shares of Rs. 10 each		594,287,290	594,287,290
UNAPPROPRIATED PROFIT		437,888,916	369,712,295
		1,032,176,206	963,999,585
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		346,305,540	364,246,726
LONG TERM LOANS		618,953,988	570,446,790
DEFERRED LIABILITIES		231,478,846	231,621,837
CURRENT LIABILITIES			
Short term finances - Secured		773,789,093	710,417,398
Current portion of long term liabilities		179,770,583	176,352,671
Creditors, accrued and other liabilities		440,644,836	387,537,976
Accrued Mark Up		14,647,156	14,321,758
		1,408,851,668	1,288,629,803
CONTINGENCIES AND COMMITMENTS	5	-	-
		3,637,766,248	3,418,944,741
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment	6	1,880,085,912	1,797,515,632
Capital work in progress		31,966,625	-
		1,912,052,537	1,797,515,632
Long term advances and deposits		8,257,384	7,822,686
CURRENT ASSETS			
Stores, spares and loose tools		133,025,245	112,258,545
Stock in trade		927,667,947	775,086,565
Trade debts		346,281,219	446,750,654
Loans and advances		56,946,965	35,357,461
Trade deposits, prepayments		207,233,333	150,680,773
Other receivables		28,120,078	27,088,511
Short term investment		1,660,166	1,598,895
Cash and bank balances		16,521,374	64,785,019
		1,717,456,327	1,613,606,423
		3,637,766,248	3,418,944,741

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


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Profit and Loss Account

for the nine months ended March 31, 2017 (Un-Audited)

	Un-Audited For Nine months ended March 31,		Un-Audited For quarter ended March 31,	
	2017 (Rupees)	2016	2017 (Rupees)	2016
SALES	2,617,255,479	2,795,080,515	906,024,312	1,010,002,018
COST OF SALES	2,347,908,422	2,552,043,469	809,358,447	916,348,518
GROSS PROFIT	269,347,057	243,037,046	96,665,865	93,653,500
OPERATING EXPENSES				
Distribution costs	60,112,545	51,267,262	23,385,634	18,290,354
Administrative	48,913,769	46,850,867	15,977,824	17,813,228
	109,026,314	98,118,129	39,363,458	36,103,582
	160,320,743	144,918,917	57,302,407	57,549,918
Other operating expenses	4,935,755	3,737,985	2,020,289	1,880,918
	155,384,988	141,180,932	55,282,118	55,669,000
OTHER OPERATING INCOME/(LOSS)	1,545,220	9,974,546	494,864	3,097,577
OPERATING PROFIT	156,930,208	151,155,478	55,776,982	58,766,577
FINANCE COSTS	90,064,657	97,911,349	28,132,838	30,529,448
PROFIT BEFORE TAXATION	66,865,551	53,244,129	27,644,144	28,237,129
TAXATION	16,561,968	13,692,415	5,787,661	2,626,016
PROFIT AFTER TAXATION	50,303,583	39,551,714	21,856,483	25,611,113
EARNING PER SHARE-BASIC & DILUTED	0.85	0.67	0.37	0.43

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


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Statement Of Comprehensive Income

for the nine months ended March 31, 2017 (Un-Audited)

	For Nine months ended March 31,		For quarter ended March 31,	
	2017 (Rupees)	2016	2017 (Rupees)	2016
Profit for the period after taxation	50,303,583	39,551,714	21,856,483	25,611,113
Other Comprehensive Income				
Other comprehensive income / (Loss) for the period	-	-	-	-
Total Comprehensive Income / (Loss) for the period	50,303,583	39,551,714	21,856,483	25,611,113

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


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Cash Flow Statement

for the nine months ended March 31, 2017 (Un-Audited)

	For Nine months ended March 31,	
	2017	2016
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	66,865,551	53,244,129
Adjustments for:		
Depreciation	111,951,513	112,073,680
Gain on sale of fixed assets	-	(361,043)
Gain on re-measurement of short term investments	(61,272)	(54,154)
Dividends, capital gains & other (Income)/Loss	214,823	(36,188)
Provision for staff gratuity	17,526,854	15,724,809
Financial charges	90,064,657	97,911,349
	219,696,575	225,258,453
	286,562,126	278,502,582
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(20,766,700)	(18,521,250)
Stock in trade	(152,581,382)	(75,718,822)
Trade debts	100,469,435	32,048,193
Loans and advances	(21,589,504)	(2,761,954)
Short Term Investments	(61,271)	(88,454)
Trade deposits and prepayments	(40,739,234)	(11,235,546)
Other receivables	(1,031,567)	(360,434)
	(136,300,223)	(76,638,267)
(Increase)/Decrease in current liabilities		
Creditors, accrued and other liabilities	52,781,462	25,005,608
Cash flow from operations	203,043,365	226,869,923
Financial charges paid	(60,927,067)	(99,026,290)
Taxes paid	(42,035,930)	(28,574,785)
Gratuity paid	(8,009,210)	(6,835,050)
	(110,972,207)	(134,436,125)
Net cash flow from operating activities (A)	92,071,158	92,433,798
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	(434,698)	-
Sale proceeds of fixed assets	-	600,000
Dividends received	1,353	5,623
Capital Gains/(Loss) and Income/(Loss) from Investments	61,272	84,719
Fixed capital expenditure	(226,441,497)	(47,914,875)
Net cash flow from investing activities (B)	(226,813,570)	(47,224,533)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	63,371,695	43,525,760
Long term finances - secured	23,107,072	(51,691,738)
Net cash flow from financing activities (C)	86,478,767	(8,165,978)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(48,263,645)	37,043,287
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	64,785,019	37,176,555
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16,521,374	74,219,842

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


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Statement of Changes in Equity

for the nine months ended March 31, 2017 (Un-Audited)

	Share Capital (Rupees)	Accumulated Profit / (loss) (Rupees)	Total (Rupees)
Balance as at June 30, 2015	594,287,290	253,296,747	847,584,037
Net Profit for the period	-	39,551,714	39,551,714
Prior year adjustments	-	(10,354,385)	(10,354,385)
Current year incremental depreciation - net of tax	-	19,694,097	19,694,097
Balance as at March 31, 2016	594,287,290	302,188,173	896,475,463
Balance as at June 30, 2016	594,287,290	369,712,295	963,999,585
Net Profit for the period	-	50,303,583	50,303,583
Prior year adjustments	-	(68,147)	(68,147)
Current year incremental depreciation - net of tax	-	17,941,185	17,941,185
Balance as at March 31, 2017	594,287,290	437,888,916	1,032,176,206

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


CHIEF EXECUTIVE


DIRECTOR

Notes to the Condensed Interim Financial Statements

for the nine months ended March 31, 2017 (Un-Audited)

- These accounts have been prepared in accordance with the requirements of International Accounting standard No. 34 "Interim Financial Reporting".
- The accounts are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 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, 2016.
- Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the annual financial statements for the year ended June 30, 2016.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no significant change in contingencies since the last reviewed financial statements.

5.2 Commitments

Commitments against irrevocable letters of credit for import of raw material as at March 31, 2017 amounting to Rs. 23.262 million (June 2016: Rs. 3.743 million)

	Un-Audited March 31, 2017 (Rupees)	Audited June 30, 2016 (Rupees)
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6. PROPERTY, PLANT AND EQUIPMENT

Opening book value	1,797,515,632	1,836,218,130
Additions during the period	195,612,871	114,888,236
Book value of deletions during the period	(1,091,078)	(2,659,048)
Depreciation charged during the period	(111,951,513)	(150,931,686)

Closing Book Value	1,880,085,912	1,797,515,632
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6.1 Cost of Additions in Property, Plant and Equipment:

Building - on freehold land	10,524,643	-
Non factory building	2,480,354	-
Plant and machinery	177,934,243	102,145,486
Furniture and fixtures	20,000	27,900
Vehicles	3,794,762	10,024,607
Electric Installations	-	1,200,354
Office equipments	858,869	1,489,889
	195,612,871	114,888,236

6.2 Cost of Deletions in Property, Plant and Equipment:

Plant & machinery	1,137,999	3,373,626
Vehicles	-	1,168,655
	1,137,999	4,542,281

7. CAPITAL WORK IN PROGRESS

Building	582,016	-
Plant & Machinery	31,384,609	-
	31,966,625	-

8. DATE OF AUTHORIZATION

These accounts have been approved by the Board of Directors on April 27, 2017.

9. GENERAL

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


CHIEF EXECUTIVE


DIRECTOR

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