

DIRECTOR'S REPORT
FOR THE 1ST QUARTER/ ENDED 30TH
SEPTEMBER, 2017

Dear Members,

The Directors are pleased to present the accounts of the Company for the 1st quarter ended 30th September, 2017.

The overall Performance of the company is summarized below:

	July – Sept	July
– Sept	2017	
2016		
Operating Profit	89,263,444	91,341,091
Financial & Others	<u>(42,098,121)</u>	<u>(33,551,290)</u>
Profit before Taxation	47,165,323	57,789,801
Taxation	(16,798,359)	(11,983,563)
Profit after Taxation	30,366,964	45,806,238
Earning per share	4.93	7.43
Gross Margin %	8.23 %	10.46 %
Operating Profit %	5.37 %	7.70 %

OPERATING RESULT

During the period under review, the company has made a profit Rs.30.367 million as compared to Rs.45.806 million during the same period of last year. Yarn price decreased by 2 % where as raw material price increased by 1 %.thus having an impact of 3% on the negative side. Distribution cost increased due to increase in the number of bags sold, whereas as financial charges increased due to not availed of FE loan. Financial charges increased because of the non-utilization of F.E. Loan facility in the backdrop of the unfavorable position of the balance of payments position of the country, but the calculation of the management was proven wrong as devaluation did not take place.

FUTURE OUTLOOK

The future outlook looks good as the new cotton crop has already started to come in and the size of the crop is also larger than the previous year's crop. Secondly, the new Prime Minister seems to be serious in increasing the exports which is also evident from the fact that he has extended the period of the Prime Minister's incentive package until 31 Dec 2017.

ACKNOWLEDGEMENT

We are grateful to almighty Allah, who helped us to come up-to the expectation of our valued shareholders, who had reposed their confidence in us and are also pleased to record our appreciation for a dedicated hard Working management, staff members & workers without which it could not have been possible for us to deliver these results. Your Board would also like to thank our valued customers, bankers for their continued Trust in the company.

Directors

On behalf of Board of

**Muhammad Yasin Siddik
Executive Director**

Karachi:30th Oct, 2017.

**BALANCE SHEET (Un-audited)
AS AT SEPTEMBER 30, 2017**

	30-Sep-17 Rupees	30-Jun-17 Rupees
Property Plants' and Equipment	2,135,296,119	2,113,732,135
Long Term Deposits	1,504,100	1,504,100
CURRENT ASSETS:		
Stores and spares	30,439,135	32,979,036
Stock-in-trade	978,851,073	1,372,120,482
Trade debts (unsecured considered good)	1,259,117,967	1,154,830,628
Tax refunds due from government	83,712,538	131,428,862
Advances, Trade deposit, prepayment & other receivables	48,818,080	49,467,579
Cash & bank balances	14,684,323	8,959,281
	2,415,623,116	2,749,785,868
	4,552,423,335	4,865,022,103
SHARE CAPITAL		
<u>Authorised Capital:</u>	70,000,000	70,000,000
7,000,000 ordinary shares of Rs. 10/-		
Issued Subscribed and Paid-up Capital		
6,163,000 ordinary shares of Rs. 10/-	61,630,000	61,630,000
Un-appropriated profit brought forward	1,515,623,754	1,485,033,530
	1,577,253,754	1,546,663,530
Surplus on revaluation of fixed assets	8,707,122	8,930,381
Long Term Loan	839,966,207	805,266,207
Deferred Liabilities		
Staff Gratuity	14,518,304	23,293,814
Taxation	8,135,055	8,135,055
	22,653,359	31,428,869
CURRENT LIABILITIES:		
Trade and other payables	634,310,804	510,449,697
Short term finance	1,380,700,110	1,877,897,222
Markup accrued on loans	37,329,186	32,883,404
Current portion of Long term loans	51,502,793	51,502,793
	2,103,842,893	2,472,733,116
Contingencies & commitments	-	-
	4,552,423,335	4,865,022,103

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

Karachi: 30th Oct, 2017.

Chief Executive

Executive Director

**PROFIT AND LOSS ACCOUNT(Un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2017**

	1ST QUARTER JUL-SEP 2017 <u>Rupees</u>	1ST QUARTER JUL-SEP 2016 <u>Rupees</u>
Sales	1,662,853,298	1,186,657,499
Cost of Sales	(1,525,944,393)	(1,062,485,195)
Gross Profit	136,908,905	124,172,304
Operating Expenses		
Administration & General	(24,650,398)	(18,865,044)
Distribution Costs	(22,995,063)	(13,966,169)
	(47,645,461)	(32,831,213)
Operating Profit	89,263,444	91,341,091
Financial Charges & Others	(44,315,177)	(33,681,318)
Other Income / (Loss)	2,217,056	130,028
	(42,098,121)	(33,551,290)
Profit/(Loss) before taxation	47,165,323	57,789,801
Taxation		
Current	(16,798,359)	(11,983,563)
	(16,798,359)	(11,983,563)
Profit/(Loss) after taxation	30,366,964	45,806,238
Earning per share of Rs.10 each	4.93	7.43

Appropriation have been reflected in the statement of changes in equity.

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

**CASH FLOW STATEMENT (Un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2017**

	JUL-SEP 2017	JUL-SEP 2016
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	47,165,323	57,789,801
Adjustments for non cash items:		
Depreciation	55,004,444	55,350,548
Financial charges	44,315,177	33,681,318
Gratuity provision	7,538,675	7,182,722
(Gain) / Loss on Disposal of Fixed Assets	335,450	(73,274)
Exchange Loss / (Gain) on export debtors	(787,056)	(56,754)
	106,406,690	96,084,560
Operating profit before working capital changes	153,572,013	153,874,361
Changes in Working Capital:		
(Increase) / Decrease in current assets		
Stores and spares	2,539,901	(5,279,614)
Stock in trade	393,269,409	161,331,644
Trade debts	(103,500,283)	(142,419,831)
Advances, Trade deposit, prepayment & other receivables	649,499	4,992,547
Increase / (Decrease) in current liabilities:		
Trade and other payables	123,912,257	157,366,895
Changes in Working Capital:	416,870,783	175,991,641
Cash generated from operations	570,442,796	329,866,002
Taxes (paid)/refund	29,203,989	(13,294,416)
Staff gratuity(paid)	(16,314,185)	(13,548,856)
Financial charges (paid)	(39,869,395)	(25,052,981)
	(26,979,591)	(51,896,253)
Net cash from operating activities	543,463,205	277,969,749
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from sale of fixed assets	1,430,000	518,000
Fixed capital expenditure	(76,671,051)	(73,559,952)
Net cash (outflow) from investing activities	(75,241,051)	(73,041,952)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan obtained	74,700,000	6,193,000
Loan paid	(40,000,000)	(35,000,000)
Net cash from/(used in) financing activities	34,700,000	(28,807,000)
Increase/(Decrease) in cash	502,922,154	176,120,797
Cash and cash equivalent as at July 1,	(1,868,937,941)	(1,107,358,174)
Cash and cash equivalent as at Sep 30,	(1,366,015,787)	(931,237,377)
CASH & CASH EQUIVALENT		
Cash & bank balance	14,684,323	14,713,077
Short term running finance	(1,380,700,110)	(945,950,454)
	(1,366,015,787)	(931,237,377)

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

**STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

Particulars	Paid-up Capital	Unappropriated Profit	Total
Balance as at July 2016	61,630,000	1,384,023,099	1,445,653,099
Profit / (Loss) for the period (Jul'16 to Sep'16)		45,806,238	45,806,238
Transfer from surplus on revaluation of assets to unappropriated profit		248,066	248,066
Balance as at 30th Sept 2016-un-audited	61,630,000	1,430,077,403	1,491,707,403
Profit / (Loss) for the period (Oct'16 to Jun'17)		129,790,449	129,790,449
Transfer from surplus on revaluation of assets to unappropriated profit		744,199	744,199
Add: Actuarial gain on defined benefits		(13,948,521)	(13,948,521)
Final Dividend @ 100% for Jun 30, 2016		(61,630,000)	(61,630,000)
Balance as at 30th June 2017-Audited	61,630,000	1,485,033,530	1,546,663,530
Profit / (Loss) for the period (Jul'17 to Sep'17)		30,366,964	30,366,964
Transfer from surplus on revaluation of assets to unappropriated profit		223,260	223,260
Balance as at 30th Sept 2017-un-audited	61,630,000	1,515,623,754	1,577,253,754

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

Karachi: 30th Oct, 2017.

Chief Executive

Executive Director

**EARNING PER SHARE (Un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2017**

	FIRST QUARTER ENDED	
	JUL-SEP 2017	JUL-SEP 2016
	<u>Rupees</u>	<u>Rupees</u>
Net profit after tax for the period	30,366,964	45,806,238
Number of Ordinary shares	6,163,000	6,163,000
Earning per share	<u>Rs. 4.93</u>	<u>Rs. 7.43</u>

**SELECTED EXPLANATORY NOTES TO THE ACCOUNTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

1) THE COMPANY & ITS OPERATION

The company is limited by shares incorporated in Pakistan on March 03, 1987 and quoted on Karachi Stock Exchange. The principal activity of the Company is the manufacture and sale of Cotton and Polyester Yarn.

2) BASIS OF PREPARATION

These accounts have been prepared in accordance with requirements of International Accounting Standard 34-Interim Financial Reporting.

3) These accounts are unaudited and are being submitted to shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

4) ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed for the preparation of these financial statements are the same as those applied in preparing the preceding published annual financial statements of the Company.

5) COST OF SALES

		1ST QUARTER ENDED	
		JUL-SEP 2017	JUL-SEP 2016
		Rupees	Rupees
	Opening finished stock	413,685,052	231,317,311
5.1	Cost of goods manufactured	1,348,124,127	1,144,518,296
	Trading Cost	85,558,370	5,479,573
	Purchase of Yarn	-	1,506,500
		<u>1,847,367,549</u>	<u>1,382,821,680</u>
	Closing finished stock	<u>(321,423,156)</u>	<u>(320,336,485)</u>
		<u>1,525,944,393</u>	<u>1,062,485,195</u>
<u>5.1 Cost of goods manufactured</u>			
	Raw material consumed	978,797,752	817,131,586
5.2	Stores, spares and packing materials	37,631,659	37,264,046
	Salaries, wages and other benefits	130,302,218	117,165,114
	Fuel and power	130,623,596	110,015,650
	Water charges	2,154,125	2,117,970
	Vehicles running and maintenance	1,491,614	1,464,712
	Repairs and maintenance	1,106,435	782,035
	Insurance	5,040,000	5,220,000
	Depreciation	51,637,912	53,565,005
	Other manufacturing expenses	4,509,811	4,501,108
		<u>1,343,295,122</u>	<u>1,149,227,226</u>
<u>Work in process</u>			
	Opening	42,469,730	36,095,504
	Closing	<u>(37,640,725)</u>	<u>(40,804,434)</u>
		<u>4,829,005</u>	<u>(4,708,930)</u>
		<u>1,348,124,127</u>	<u>1,144,518,296</u>
<u>5.2 Raw material consumed</u>			
	Opening stock	896,301,249	614,939,171
	Purchases	780,679,313	558,894,370
		<u>1,676,980,562</u>	<u>1,173,833,541</u>
	Sale of Cotton	<u>(85,558,370)</u>	<u>(5,479,573)</u>
	Closing Stock	<u>(612,624,440)</u>	<u>(351,222,382)</u>
		<u>978,797,752</u>	<u>817,131,586</u>

6) AUTHORISATION FOR ISSUE

These accounts have been authorised for issue on **30th October, 2017** by the Board of Directors of the Company.

7) AGGREGATED TRANSACTIONS WITH ASSOCIATES UNDERTAKING

The related parties comprise of parties related to group companies, staff retirement fund, directors and their close family members, executives and major shareholder of the company. Remuneration and benefits to executives of the company are in accordance with the terms of their employment while contribution to the retirement benefits is in accordance with the staff service rule. Transactions with related parties during the period other than those disclosed else where in the financial statements are as follows:

Sales of goods during the period	<u>12,864,783</u>	<u>9,743,292</u>
Outstanding balance due as at	<u>1,126,266</u>	<u>26,435</u>

8) Figures have been rounded off to the nearest rupee.