

DIRECTOR'S REPORT
FOR THE 1st QUARTER/ ENDED 30th SEPTEMBER, 2018

Dear Members,

The Directors would like to present the accounts of the Company for the 1st quarter ended 30th September, 2018.

The overall Performance of the company is summarized below:

	July – Sept 2018	July – Sept 2017
Operating Profit	181,558,103	89,263,444
Financial & Others	<u>(44,629,736)</u>	<u>(42,098,121)</u>
Profit before Taxation	136,928,367	47,165,323
Taxation	<u>(18,176,837)</u>	<u>(16,798,359)</u>
Profit after Taxation	118,751,530	30,366,964
Earnings per share	19.27	4.93
Gross Margin %	13.04 %	8.23 %
Operating Profit %	10.15 %	5.37 %

OPERATING RESULT

During the period under review, the company has made a profit Rs.118.75 million as compared To Rs.30.37 million during the same period of last year. The increased in profit mainly due to increases in yarn price by 28 %. Markup increased due to rate of markup increase by approximately 1% from last period and also increases in raw material and trade debts.

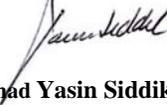
FUTURE OUTLOOK

The new Govt. is paying a lot of attention to reducing the cost of doing business and giving a level playing field vis-a-vis regional textile producing countries and therefore we foresee a better future for Pakistan's textile Industry.

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 thanks our valued customers, bankers for their continued Trust in the company.

On behalf of Board of Directors



Muhammad Yasin Siddik
Executive Director

Karachi:25th Oct, 2018.

**BALANCE SHEET (Un-audited)
AS AT SEPTEMBER 30, 2018**

	Note	30-Sep-18 Rupees	30-Jun-18 Rupees
Property Plants' and Equipment	5	2,808,527,277	2,791,194,470
Long Term Deposits		1,999,100	1,999,100
CURRENT ASSETS:			
Stores and spares		39,322,394	38,355,861
Stock-in-trade		2,277,589,711	1,452,976,902
Trade debts (unsecured considered good)		1,359,788,363	1,139,707,848
Tax refunds due from government		162,856,820	149,818,090
Advances, Trade deposit, prepayment & other receivables		132,585,551	59,646,651
Cash & bank balances		4,841,824	35,974,369
		3,976,984,663	2,876,479,721
		<u>6,787,511,040</u>	<u>5,669,673,291</u>
SHARE CAPITAL			
Authorised Capital:		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/- Surplus on revaluation of fixed assets		61,630,000	61,630,000
Un-appropriated profit brought forward		3,949,576	4,050,847
		1,874,946,754	1,756,093,953
		1,940,526,330	1,821,774,800
Long Term Loan		1,423,789,478	1,403,775,478
Deferred Liabilities			
Staff Gratuity		11,425,911	18,277,923
Taxation		(10,142,761)	(10,142,761)
		1,283,150	8,135,162
CURRENT LIABILITIES:			
Trade and other payables		905,106,921	706,375,198
Unclaimed Dividend		5,293,636	5,303,224
Accrued Markup		47,676,811	43,138,510
Short term finance		2,420,296,572	1,637,603,397
Current portion of Long term loans		43,567,522	43,567,522
		3,421,941,462	2,435,987,851
Contingencies & commitments		-	-
		<u>6,787,540,420</u>	<u>5,669,673,291</u>

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

Karachi: 25th Oct, 2018.

 Director
  Director
  Chief Financial Officer

PROFIT AND LOSS ACCOUNT(Un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2018

	Note	1ST QUARTER JUL - SEP 2018 Rupees	1ST QUARTER JUL - SEP 2017 Rupees
Sales		1,788,035,717	1,662,853,298
Cost of Sales	7	(1,554,888,656)	(1,525,944,393)
Gross Profit		233,147,061	136,908,905
Operating Expenses			
Administration & General		(31,164,701)	(24,650,398)
Distribution Costs		(20,424,257)	(22,995,063)
		(51,588,958)	(47,645,461)
Operating Profit		181,558,103	89,263,444
Financial Charges & Others		(49,804,068)	(44,315,177)
Other Income / (Loss)		5,174,332	2,217,056
		(44,629,736)	(42,098,121)
Profit/(Loss) before taxation		136,928,367	47,165,323
Taxation			
Current		(18,176,837)	(16,798,359)
Prior		-	-
		(18,176,837)	(16,798,359)
Profit/(Loss) after taxation		118,751,530	30,366,964
Earning per share of Rs.10 each		19.27	4.93

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

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

Karachi:25th Oct, 2018.

 Director
  Director
  Chief Financial Officer

**STATEMENT OF OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE FIRST QUARTER ENDED SEPT 30, 2018**

	1ST QUARTER JUL - SEP 2018 Rupees	1ST QUARTER JUL - SEP 2017 Rupees
Profit after taxation	118,751,530	30,366,964
Others Comprehensive income		
- Actuarial (loss) on defined benefits	-	-
Total Comprehensive Income for the period	118,751,530	30,366,964

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

Karachi: 25th Oct, 2018.



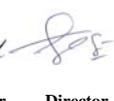

 Director Director Chief Financial Officer

CASH FLOW STATEMENT (Un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2018

	JUL-SEP 2018	JUL-SEP 2017
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	136,928,367	47,165,323
Adjustments for non cash items:		
Depreciation	66,999,152	55,004,444
Financial charges	49,804,068	44,315,177
Gratuity provision	5,901,408	7,538,675
(Gain) / Loss on Disposal of Fixed Assets	-	335,450
Exchange Loss / (Gain) on export debtors	5,174,332	(787,056)
	127,878,960	106,406,690
Operating profit before working capital changes	264,807,327	153,572,013
Changes in Working Capital:		
(Increase) / Decrease in current assets		
Stores and spares	(966,533)	2,539,901
Stock in trade	(824,612,809)	393,269,409
Trade debts	(225,254,847)	(103,500,283)
Advances, Trade deposit, prepayment & other receivables	(72,968,280)	649,499
Increase / (Decrease) in current liabilities:		
Trade and other payables	198,731,723	123,912,257
Changes in Working Capital:	(925,070,746)	416,870,783
Cash generated from operations	(660,263,419)	570,442,796
Taxes (paid)/refund	(31,225,154)	29,203,989
Staff gratuity(paid)	(12,753,420)	(16,314,185)
Financial charges (paid)	(45,265,767)	(39,869,395)
	(89,244,341)	(26,979,591)
Net cash from operating activities	(749,507,760)	543,463,205
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from sale of fixed assets	-	1,430,000
Acquisition of property, plant & equipment	(84,331,960)	(76,671,051)
Net cash (outflow) from investing activities	(84,331,960)	(75,241,051)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan obtained	56,792,000	74,700,000
Loan (paid)	(36,778,000)	(40,000,000)
Net cash from/(used in) financing activities	20,014,000	34,700,000
Increase/(Decrease) in cash	(813,825,720)	502,922,154
Cash and cash equivalent as at July 1,	(1,601,629,028)	(1,868,937,941)
Cash and cash equivalent as at Sep 30,	(2,415,454,748)	(1,366,015,787)
CASH & CASH EQUIVALENT		
Cash & bank balance	4,841,824	14,684,323
Short term running finance	(2,420,296,572)	(1,380,700,110)
	(2,415,454,748)	(1,366,015,787)

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

Karachi: 25th Oct, 2018.


Director

Director

Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE FIRST QUARTER ENDED SEPT 30, 2018**

Particulars	Paid-up Capital	Unappropriated Profit	Surplus on revaluation	Total
Balance as at July 2017	61,630,000	1,485,033,530	8,930,381	1,555,593,911
Profit / (Loss) for the period (Jul'17 to Sep'17)		30,366,964	-	30,366,964
Others Comprehensive income		-	-	-
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	8,707,121	1,585,960,875
Profit / (Loss) for the period (Oct'17 to Jun'18)		314,984,121	-	314,984,121
Others Comprehensive income		(2,132,696)	-	(2,132,696)
Transfer from surplus on revaluation of assets to unappropriated profit		4,656,274	(4,656,274)	-
Final Dividend @ 100% for Jun 30, 2017		(77,037,500)	-	(77,037,500)
Balance as at 30th June 2018- audited	61,630,000	1,756,093,953	4,050,847	1,821,774,800
Profit / (Loss) for the period (Jul'18 to Sep'18)		118,751,530	-	118,751,530
Others Comprehensive income		-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit		101,271	(101,271)	-
Balance as at 30th Sept 2018- un-audited	61,630,000	1,874,946,754	3,949,576	1,940,526,330

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

Karachi:25th Oct, 2018.

 Director
  Director
  Chief Financial Officer

EARNING PER SHARE (Un-audited)
FOR THE FIRST QUARTER ENDED SEPT 30, 2018

	FIRST QUARTER ENDED	
	30-Sep 2018	30-Sep 2017
	Rupees	Rupees
Net profit after tax for the period	118,751,530	30,366,964
Number of Ordinary shares	6,163,000	6,163,000
Earning per share	Rs. 19.27	Rs. 4.93

SELECTED EXPLANATORY NOTES TO THE ACCOUNTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

1) THE COMPANY & ITS OPERATION

The company is limited by shares incorporated in Pakistan on March 03, 1987 and quoted on Pakistan 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 accounting and reporting standards as applicable in Pakistan.

IFRS 9 "Financial Instruments" and amendment- In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments. IFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) impairment for financial assets and (iii) general hedge accounting.

The Company reviewed and assessed its existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

3) These accounts are unaudited and are being submitted to shareholders in accordance with the requirements of Section 237 of the Companies Act, 2017.

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) PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) 30-Sep-18 Rupees	(Audited) 30-Jun-18 Rupees
Operating Fixed assets	5.1 & 5.2	2,806,948,505	2,789,615,698
Capital work in progress		1,578,772	1,578,772
		<u>2,808,527,277</u>	<u>2,791,194,470</u>

	FIRST QUARTER ENDED Sep 30, 2018		YEAR ENDED June 30, 2018	
	RUPEES			
5.1 Major additions and disposals are as follows :	Additions	Disposals (At cost)	Additions/ transfers	Disposals (At cost)
Freehold land	-	-	959,089	-
Building and godown on free hold land	-	-	26,393,899	-
Plant and machinery	71,089,385	-	745,257,986	137,782,444
Office tools, fire fighting and laboratory equipment	-	-	313,400	-
Furniture & Fixtures	-	-	362,000	7,300
Computer and allied equipment	-	-	739,800	-
Vehicles	-	-	14,489,838	3,871,153
Electrical instruments and installation	13,242,575	-	159,749,964	-
	<u>84,331,960</u>	<u>-</u>	<u>948,265,976</u>	<u>141,660,897</u>

5.2 Depreciation of operating fixed assets for the three months ended September 30, 2018 amounted to Rs.66.99 million (three months ended September 30, 2017 : Rs.55,004 million).

			FIRST QUARTER ENDED	
			September 30, 2018	September 30, 2017
			Rupees	Rupees
6) COST OF SALES				
Opening finished stock			186,511,788	413,685,052
Cost of goods manufactured	6.1		1,702,633,955	1,348,124,127
Trading Cost			105,393	85,558,370
			<u>1,889,251,136</u>	<u>1,847,367,549</u>
Closing finished stock			(334,362,480)	(321,423,156)
			<u>1,554,888,656</u>	<u>1,525,944,393</u>
6.1 Cost of goods manufactured				
Raw material consumed	6.2		1,344,536,745	978,797,752
Stores, spares and packing materials			56,273,448	37,631,659
Salaries, wages and other benefits			124,966,029	130,302,218
Fuel and power			117,044,059	130,623,596
Water charges			2,649,150	2,154,125
Vehicles running and maintenance			1,993,538	1,491,614
Repairs and maintenance			2,345,320	1,106,435
Insurance			4,163,794	5,040,000
Depreciation			63,649,194	51,637,912
Other manufacturing expenses			4,669,649	4,509,811
			<u>1,722,290,926</u>	<u>1,343,295,122</u>
Work in process				
Opening			42,812,626	42,469,730
Closing			(62,469,597)	(37,640,725)
			<u>(19,656,971)</u>	<u>4,829,005</u>
			<u>1,702,633,955</u>	<u>1,348,124,127</u>
6.2 Raw material consumed				
Opening stock			1,209,918,680	896,301,249
Purchases			1,905,588,698	780,679,313
			<u>3,115,507,378</u>	<u>1,676,980,562</u>
Sale of Cotton			(105,393)	(85,558,370)
Closing Stock			(1,770,865,240)	(612,624,440)
			<u>1,344,536,745</u>	<u>978,797,752</u>

7) AUTHORISATION FOR ISSUE

These accounts have been authorised for issue on **26th October, 2018** by the Board of Directors of the Company.

8) AGGREGATED TRANSACTIONS WITH ASSOCIATES UNDERTAKING

Related parties comprise companies with common directorship, major shareholders, directors, key management personnel and their close family members. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Sales of goods during the period	<u>5,655,600</u>	<u>12,864,783</u>
Outstanding balance due as at Sept 30,	<u>65,539</u>	<u>1,126,266</u>

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

Karachi:25th Oct, 2018.





Director

Director

Chief Financial Officer