



All for One, One for All.

Quarterly Report
September 2018

gadoo

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Company Information

Board of Directors	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Sohail Tabba (Chief Executive Officer) Mr. Muhammad Ali Tabba Mr. Imran Yunus Tabba Mr. Jawed Yunus Tabba Ms. Mariam Tabba Khan Ms. Zulekha Tabba Maskatiya Mr. Saleem Zamindar (Independent Director)	
Audit Committee	Mr. Saleem Zamindar (Chairman) Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Ms. Zulekha Tabba Maskatiya	
HR and Remuneration Committee	Mr. Saleem Zamindar (Chairman) Mr. Jawed Yunus Tabba Ms. Zulekha Tabba Maskatiya	
Executive Director Finance and Company Secretary	Mr. Abdul Sattar Abdullah	
Chief Financial Officer	Mr. Muhammad Imran Moten	
Chief Internal Auditor	Mr. Haji Muhammad Mundia	
Auditors	Deloitte Yousuf Adil Chartered Accountants A Member of Deloitte Touche Tohmatsu	
Registered Office	200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa. Phone: 093-8270212-3 Fax: 093-8270311 Email: secretary@gadoontextile.com	
Karachi Office	7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi 75350. Phone: 021-35205479-80 Fax: 021-34382436	
Liaison Office	Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar. Phone: 091-5701496 Fax: 091-5702029 E-mail: secretary@gadoontextile.com	
Factory Locations	200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa. 57 K.M. on Super Highway, Karachi.	
Share Registrar / Transfer Agent	Central Depository Company of Pakistan Limited CDC House, 99-B, Block B, S.M.C.H.S. Main Shahr-e-Faisal, Karachi. Toll Free: 0800 23275	
Bankers	Allied Bank Limited Askari Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited Bank Islami Pakistan Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited	JS Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab The Bank of Khyber United Bank Limited

Directors' Report

Dear Members

The Directors of your Company take pleasure in presenting before you the performance review and the un-audited financial statements for the first quarter ended September 30, 2018.

Overview

During the period under review, your Company recorded turnover of Rs. 6.4 billion against Rs. 6.5 billion for the Same Period Last Year (SPLY); down by 2% quarter on quarter (QoQ) basis. The last year's export package, which somehow supported to the ailing textile sector, was not extended for the current financial year coupled with the on-going trade war between China and USA, has resulted in decline of exports by 45% QoQ basis.

The Company, capitalizing on its reputation built over the years in the local market has resulted in an increase of Rs. 891 million in local sales to Rs. 5.1 billion against Rs. 4.2 billion in SPLY, up by 21% QoQ basis. The major reason for the increase in local sales is attributed to increased sales price on account of increase in yarn prices internationally.

The timely procurement of quality raw material along with rise in prices internationally has supported the Company to increase its profitability. Despite political uncertainties on account of election, trade war between Trade Giants and current account deficit in addition to fierce competition with regional competitors, consistent efforts of your management has resulted in hefty bottom line of Rs. 524 million, more than 2 times higher as compared to Rs. 161 million SPLY.

Economic Prospects

The country's economy is facing testing times. Although exports and inflows from remittances increased in the first three months of this fiscal year, however, higher oil prices are pressuring the current account deficit. Moreover, foreign exchange reserves hit multi-year lows at the close of this September, resulting in devaluation of almost 18% in last 12 months.

On account of unstable policies and current account deficit, new government has already imposed regulatory duty on thousands of imported items to discourage import. Interest rates have already risen by 200 basis points in this fiscal year with expectation of further increase in interest rates and exchange rates on account of loans to be obtained from IMF.

Subsequent to the period end, a further devaluation of 8% has taken place along with reduction in regulatory duty on imported items used by export sectors to make them competitive in the International markets.

Financial Performance

As evident from the financial results stated, the Company has managed to compete in this quarter by posting a positive bottom line.

Profit and Loss Summary

	September 30, 2018	September 30, 2017	Percentage Favorable / (Unfavorable)
	— (Rupees in '000) —		
Export	1,265,482	2,301,789	(45.02)
Local	5,109,152	4,217,757	21.13
Sales (net)	6,374,634	6,519,546	(2.22)
Gross Profit	825,391	374,530	120.38
Finance Cost	(186,953)	(127,310)	(46.85)
Distribution Cost	(80,310)	(96,562)	16.83
Administrative Expenses	(69,353)	(57,843)	(19.90)
Other Income	175,950	197,517	(10.92)
Profit Before Taxation	621,375	235,010	164.40
Profit After Taxation	523,813	160,761	225.83
Earnings Per Share (Rs.)	18.69	5.74	

As evident from above and explained in economic prospects, the direction for the economy is yet to be determined based on policies to be announced by the new government. Due to uncertainties with regard to policies coupled with trade war between China and USA, China being major country importing yarn from Pakistan, resulted in export sales declined by 45%. However, local sales have supported the Company's turnover on account of increased yarn prices, quantities however, remained almost stagnant.

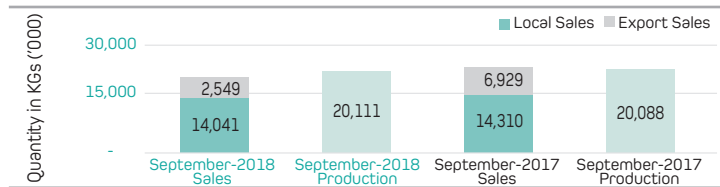
There has been a decline in distribution cost, as the exports have reduced by huge 45%. The Company contained its administrative cost from past 2 years and increase is mainly on account of uncontrollable features, such as inflation, employee costs etc.

After the unstable political conditions of the country in addition with abrupt devaluation during the period, the Company's management, keeping in view the risk management and cost benefit analysis, has not retained any foreign exposure and thereby all were converted to local borrowing, the rate of which was increased by 200 basis points over three months, which resulted in an increase of 47% in its finance cost. Although, the management has managed to maintain efficient portfolio of funds along-with minimum spreads, the increase was inevitable.

Despite the fact that export rebate was not extended to this financial year, which contributed Rs. 45 million in SPLY, the returns from the Company's strategic decision in diversified avenues contributed Rs. 163 million against Rs. 142 million SPLY, up by Rs. 21 million, which has strengthened the Company's profitability thereby covering the Company from risk exposure from a specific segment.

Operational Performance

The production and sales statistics for the three months ended September 30, 2018 and its comparison with SPLY is presented below:



Future Outlook

With the government approaching friendly countries and IMF for building the already depleting foreign exchange reserve, strict conditions may be imposed on obtaining loans, which may slow down the economy. However, we expect that the policies being announced by the new government will help find a direction for the economy and will create world friendly environment for the business community.

Meanwhile, Company is taking measures to contain its cost by procuring the right mix of raw material at the most economical rates to manage its stock. In addition, sales mix will be altered based on demand to enhance its profit margins to generate positive cash flows.

Furthermore, keeping in view the latest technologies, Company's management is committed to continue its investments in technologically advanced machineries to increase product efficiencies and effective utilization of power generation.

Acknowledgements

The Directors record their appreciation of the performance of the Company's workers, staff and executives.

MUHAMMAD YUNUS TABBA
Chairman / Director

Karachi: October 26, 2018

For and on behalf of the Board

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

Condensed Interim Statement of Financial Position

As at September 30, 2018

	Note	September 30, 2018 (Un-audited) — (Rupees in '000) —	June 30, 2018 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	7,709,752	7,791,928
Long-term advance	6	-	-
Long-term loans		45,808	35,331
Long-term deposits		27,719	27,719
Long-term investments	7	2,850,011	2,686,920
		<u>10,633,290</u>	<u>10,541,898</u>
Current Assets			
Stores, spares and loose tools		608,253	549,319
Stock-in-trade	8	8,441,488	7,469,561
Trade debts		2,806,274	2,464,181
Loans and advances		407,137	286,996
Trade deposits and short-term prepayments		17,415	32,273
Other receivables		1,042,619	958,077
Current tax asset		612,660	651,362
Cash and bank balances		152,159	188,863
		<u>14,088,005</u>	<u>12,600,632</u>
Total Assets		<u>24,721,295</u>	<u>23,142,530</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized			
57,500,000 ordinary shares of Rs.10/- each		<u>575,000</u>	<u>575,000</u>
Issued, subscribed and paid-up capital		280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves		<u>8,074,227</u>	<u>7,795,673</u>
Total Equity		<u>8,492,064</u>	<u>8,213,510</u>
Non-Current Liabilities			
Long-term finance	9	585,407	594,338
Retirement benefit obligation		546,518	533,769
Deferred tax liabilities		713,116	696,275
		<u>1,845,041</u>	<u>1,824,382</u>
Current Liabilities			
Trade and other payables		3,277,077	3,088,479
Unclaimed dividend		20,707	21,423
Unpaid dividend	10	245,259	-
Accrued mark-up		152,884	129,830
Short-term borrowings	11	10,679,332	9,864,906
Current portion of long-term finance	9	8,931	-
		<u>14,384,190</u>	<u>13,104,638</u>
Total Liabilities		<u>16,229,231</u>	<u>14,929,020</u>
Total Equity and Liabilities		<u>24,721,295</u>	<u>23,142,530</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-audited)

For the First Quarter Ended September 30, 2018

	Note	Quarter Ended	
		September 30, 2018	September 30, 2017
		--- (Rupees in '000) ---	
Sales - net		6,374,634	6,519,546
Cost of sales	13	(5,549,243)	(6,145,016)
Gross profit		825,391	374,530
Distribution cost		(80,310)	(96,562)
Administrative expenses		(69,353)	(57,843)
		(149,663)	(154,405)
		675,728	220,125
Finance cost		(186,953)	(127,310)
Other operating expenses		(43,350)	(55,322)
		445,425	37,493
Other income		12,859	55,470
Share of profit from associates		163,091	142,047
Profit before taxation		621,375	235,010
Taxation	14		
Current		(80,721)	(67,209)
Deferred		(16,841)	(7,040)
		(97,562)	(74,249)
Profit for the period		523,813	160,761
Earnings per share - basic and diluted (Rupees)		18.69	5.74

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the First Quarter Ended September 30, 2018

	Quarter Ended	
	September 30, 2018	September 30, 2017
	— (Rupees in '000) —	
Profit for the period	523,813	160,761
Other comprehensive income	-	-
Total comprehensive income for the period	523,813	160,761

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited)

For the First Quarter Ended September 30, 2018

	Note	Quarter Ended			
		September 30, 2018	September 30, 2017		
(Rupees in '000) —					
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Cash (used in) / generated from operations	15	(495,103)	1,671,179		
Finance cost paid		(163,899)	(116,693)		
Income taxes (paid) / recovered - net		(42,019)	39,360		
Gratuity paid		(34,501)	(23,077)		
Rebate received		6,799	4,000		
		(233,620)	(96,410)		
Net cash (used in) / generated from operating activities		(728,723)	1,574,769		
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(103,939)	(241,862)		
Sale proceeds from disposal of property, plant and equipment		4,109	2,742		
Loans (paid to) / recovered from employees		(22,404)	2,654		
Profit received from bank deposits		543	489		
Net cash used in investing activities		(121,691)	(235,977)		
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Long-term finance obtained		-	467,165		
Dividend paid		(716)	(5,341)		
Net cash (used in) / generated from financing activities		(716)	461,824		
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(851,130)	1,800,616		
Cash and cash equivalents at the beginning of the period		(9,676,043)	(8,472,066)		
Cash and cash equivalents at the end of the period		(10,527,173)	(6,671,450)		
CASH AND CASH EQUIVALENTS					
Cash and bank balances		152,159	171,869		
Short-term borrowings		(10,679,332)	(6,843,319)		
		(10,527,173)	(6,671,450)		
CHANGES ARISING FROM FINANCING ACTIVITIES					
	July 01, 2018	Financing cash inflows	Financing cash outflows	Non- cash changes	September 30, 2018
(Rupees in '000)					
Loan from financial institutions	594,338	-	-	-	594,338
Unclaimed and unpaid dividend	21,423	-	(716)	245,259	265,966

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

 (Un-audited)
For the First Quarter Ended September 30, 2018

	---Capital Reserves---			----- Revenue Reserves -----				Grand total	
	Issued, subscribed and paid-up share capital	Share premium	Amalgamation reserve	Sub total	General reserve	Amalgamation reserve	Unappropriated profit		Sub total
----- (Rupees in '000) -----									
Balance as at July 01, 2017	280,296	103,125	34,416	137,541	1,000,000	727,333	5,221,553	6,948,886	7,366,723
Transaction with owners									
Final Dividend @ Rs. 5/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(140,148)	(140,148)	(140,148)
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	160,761	160,761	160,761
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	160,761	160,761	160,761
Balance as at September 30, 2017	280,296	103,125	34,416	137,541	1,000,000	727,333	5,242,166	6,969,499	7,387,336
Balance as at July 01, 2018	280,296	103,125	34,416	137,541	1,000,000	727,333	6,068,340	7,795,673	8,213,510
Transaction with owners									
Final dividend @ Rs. 8.75/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(245,259)	(245,259)	(245,259)
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	523,813	523,813	523,813
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	523,813	523,813	523,813
Balance as at September 30, 2018	280,296	103,125	34,416	137,541	1,000,000	727,333	6,346,894	8,074,227	8,492,064

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)

For the First Quarter Ended September 30, 2018

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics.

Y.B Holdings (Private) Limited is the Holding Company of the Company.

Following are the geographical location and address of all business units of the Company:

Head Office:

7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabbā Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing Facility:

a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.

b) 57 K.M. on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:

Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial information of the Company for the first quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial information does not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.
- 2.2 These condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in these condensed interim financial information has been rounded off to the nearest thousand rupee.
- 2.3 These condensed interim financial information is un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018; the comparative condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial information for the first quarter ended September 30, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2018. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2018, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2018.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
Note	— (Rupees in '000) —	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	7,203,368	7,344,400
Capital work-in-progress	5.2	506,384	447,528
		<u>7,709,752</u>	<u>7,791,928</u>

5.1 Details of additions and disposals to operating fixed assets are as under:

	Quarter Ended September 30, 2018		Quarter Ended September 30, 2017	
	Additions/ transfers	Disposals at book value	Additions/ transfers	Disposals at book value
	(Rupees in '000)			
Buildings	19,593	-	10,430	-
Plant and machinery	2,617	729	76,886	-
Computer equipments	3,781	-	314	-
Office equipment and installations	404	-	332	-
Vehicles	18,688	1,068	10,235	733
	<u>45,083</u>	<u>1,797</u>	<u>98,197</u>	<u>733</u>

5.2 Details of additions and transfers from capital work-in-progress are as under:

	Quarter Ended September 30, 2018		Quarter Ended September 30, 2017	
	Additions	Transfers	Additions	Transfers
----- (Rupees in '000) -----				
Gadoon Amazai				
Plant and machinery	15,023	-	193,583	34,037
Civil works	8,329	-	4,380	3,968
Electric installations	-	-	1,134	-
Advances to supplier	16,595	14,785	5,619	9,538
Mark up capitalized	263	-	561	-
Karachi Project				
Plant and machinery	3,774	2,617	8,077	42,849
Civil works	51,830	19,593	25,579	6,462
Advances to supplier	1,164	3,903	511	697
Mark up capitalized	2,776	-	1,772	-
	<u>99,754</u>	<u>40,898</u>	<u>241,216</u>	<u>97,551</u>
			September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
			Note	(Rupees in '000)

6. LONG - TERM ADVANCE**- Considered doubtful**

Investment in a joint venture - Advance	6.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		<u>-</u>	<u>-</u>

6.1 This represents first and second tranche of advance for a Joint Venture project amounting to Rs. 4,250 million. The principal activity of the Joint Venture project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----	-----

7. LONG - TERM INVESTMENTS**Investment in associates**

ICI Pakistan Limited	1,696,373	1,661,022
Lucky Holdings Limited	188,634	185,341
Yunus Energy Limited	965,004	840,557
	<u>2,850,011</u>	<u>2,686,920</u>

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	— (Rupees in '000) —	
8. STOCK-IN-TRADE		
Raw material in		
- hand	5,810,521	5,838,903
- transit	270,259	477,945
	6,080,780	6,316,848
Work-in-process	285,902	286,033
Finished goods		
- Yarn	1,859,927	707,074
- Knitted fabric	61,717	44,712
- Waste	153,162	114,894
	2,074,806	866,680
	<u>8,441,488</u>	<u>7,469,561</u>

9. LONG-TERM FINANCE

Long-term finance	594,338	594,338
Less: Current portion of long-term finance	(8,931)	-
	<u>585,407</u>	<u>594,338</u>

- 9.1 The Company has entered into a long term finance agreement with United Bank Limited, with an approved limit of Rs. 1.5 billion. The facility carries a mark-up ranging from 2.1% to 2.3% payable on a quarterly basis. The tenure of this facility is 10 years including grace period of 2 years. The Company has drawn Rs. 594.3 million upto September 30, 2018.

The above financing agreement is secured by pari passu charge over plant and machinery of the Company.

10. UNPAID DIVIDEND

This represents final dividend for the year ended June 30, 2018, which was approved by the shareholders of the Company in the Annual General Meeting held on September 27, 2018.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	— (Rupees in '000) —	
11. SHORT-TERM BORROWINGS		
Banking companies - secured		
Running finance under mark-up arrangements	4,668,513	6,819,999
Short term finance	5,789,750	2,889,750
Foreign currency loan - Export re-finance	221,069	155,157
	<u>10,679,332</u>	<u>9,864,906</u>

11.1 Facilities for running finance, import finance, export finance and export refinance are available from various banks upto Rs. 27.11 billion (June 30, 2018: Rs. 27.78 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2018.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 As at period end, bank guarantees given in favour of the Company by banks in normal course of business amounting to Rs. 1,009.04 million (June 30, 2018: Rs. 990.04 million).

Other contingencies are same as disclosed in notes 20.1.2 to 20.1.8 to the annual financial statements for the year ended June 30, 2018.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	— (Rupees in '000) —	
12.1.2 Others		
Export bills discounted with recourse	1,773,003	2,562,265
Indemnity bond in favour of Collector of Customs against imports	4,105	4,105
Post-dated cheques in favour of Collector of Customs against imports	423,511	456,182
12.2 Commitments		
Letters of credit opened by banks for:		
Plant and machinery	779,686	254,806
Raw materials	1,140,961	267,771
Stores and spares	26,209	63,280

Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associate.

	Note	Quarter Ended	
		September 30, 2018	September 30, 2017
— (Rupees in '000) —			
13. COST OF SALES			
Opening stock - finished goods		866,680	1,280,468
Cost of goods manufactured	13.1	6,757,369	5,788,579
		7,624,049	7,069,047
Closing stock - finished goods		(2,074,806)	(924,031)
		5,549,243	6,145,016

13.1 Cost of goods manufactured

Opening stock - work in process		286,033	262,525
Raw and packing material consumed		4,970,078	4,145,834
Other manufacturing expenses		1,787,160	1,729,473
		6,757,238	5,875,307
		7,043,271	6,137,832
Closing stock - work in process		(285,902)	(349,253)
		6,757,369	5,788,579

14. TAXATION

There have been no change in the tax contingencies as disclosed in note number 20.1.5 to 20.1.8 to the annual audited financial statements for the year ended June 30, 2018.

	Note	Quarter Ended	
		September 30, 2018	September 30, 2017
— (Rupees in '000) —			
15. CASH GENERATED FROM OPERATIONS			
Profit before taxation		621,375	235,010
Adjustments for:			
Depreciation		184,318	170,447
Gain on disposal of property, plant and equipment		(2,312)	(2,009)
Finance cost		186,953	127,310
Share of profit from associates		(163,091)	(142,047)
Rebate on export sales		-	(45,465)
Profit on deposits		(574)	(513)
Provision for gratuity		47,250	45,001
Working capital changes	15.1	(1,369,022)	1,283,445
		(1,116,478)	1,436,169
Cash (used in) / generated from operations		(495,103)	1,671,179

Quarter ended	
September 30, 2018	September 30, 2017
— (Rupees in '000) —	

15.1 Working capital changes

(Increase) / decrease in current assets

Stores, spares and loose tools	(58,934)	27,763
Stock-in-trade	(971,927)	1,404,289
Trade debts	(342,093)	(136,641)
Loans and advances	(108,214)	(172,352)
Trade deposits and short-term prepayments	14,858	3,354
Other receivables	(91,310)	267,210
	(1,557,620)	1,393,623

Increase in current liabilities

Trade and other payables	188,598	(110,178)
Working capital changes	(1,369,022)	1,283,445

16. TRANSACTIONS WITH RELATED PARTIES

Details of significant transactions with related parties, other than those which have been disclosed elsewhere in these condensed interim financial information, are as follows:

Quarter Ended	
September 30, 2018	September 30, 2017
----- (Rupees in '000) -----	

a. Related Companies

Name of Related Party	Basis of relationship	% of Share holding	Nature of Transaction		
Y.B.Holdings (Private) Limited	Holding Company	69.57%	Reimbursement of expenses	410	364
ICI Pakistan Limited	Associate	-	Purchase of fibre	392,175	406,860
			Share of profit on investment	35,351	53,215
Yunus Energy Limited	Associate	-	Reimbursement of expenses	768	1,568
			Share of profit on investment	124,447	83,963
Lucky Holdings Limited	Associate	-	Share of profit on investment	3,293	4,869
Lucky Cement Limited	Associated Company	-	Purchase of cement	15,552	2,932
			Reimbursement of expenses	303	254
Lucky Knits (Private) Limited	Associated Company	-	Yarn sold	235,754	266,585
			Purchase of goods & services	4,178	4,585
			Reimbursement of expenses	832	-

Name of Related Party	Basis of relationship	% of Share holding	Nature of Transaction	Quarter Ended	
				September 30, 2018	September 30, 2017
				----- (Rupees in '000) -----	
Yunus Textile Mills Limited	Associated Company	-	Yarn sold	48,669	143,861
Lucky Textile Mills Limited	Associated Company	-	Yarn sold	262,849	710,409
			Sale of fabric	69,614	91,817
			Processing charges	267	1,540
			Reimbursement of expenses	184	487
Lucky Energy (Private) Limited	Associated Company	-	Purchase of electricity	284,088	272,194
			Reimbursement of expenses	574	254
Lucky Landmark (Private) Limited	Associated Company	-	Reimbursement of expenses	900	-
Tricom Wind Power (Private) Limited	Associated Company	-	Advance against shares	2,567	-
Tricom Solar Power (Private) Limited	Associated Company	-	Advance against shares	972	-
Yunus Wind Power Limited	Associated Company	-	Advance against shares	2,341	-
b. Benefits to key management personnel				28,073	16,309

17. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2018, the Company has no financial instruments that falls into any of the above category.

18. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been approved and authorized for issue on October 26, 2018 by the Board of Directors of the Company.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

جیسا کہ مذکورہ بالا میزاجیئے اور معاشی حالات کی درج تفصیلات سے ظاہر ہے کہ نئی حکومت کی جانب سے اعلان کردہ پالیسیوں کی بنیاد پر معیشت کی سمت کا تعین کرنا تا حال باقی ہے۔ اگرچہ پالیسیوں کی مد میں غیر یقینی صورت حال اور چین امریکہ تجارتی جنگ کا نتیجہ برآمدات میں 45 فیصد کمی کا باعث بنا، تاہم سوت کی بڑھتی ہوئی قیمتوں کی بدولت مقامی فروختگی نے کل فروختگی کو سہارا دیا، البتہ مقدار اسی سطح پر برقرار رہی۔

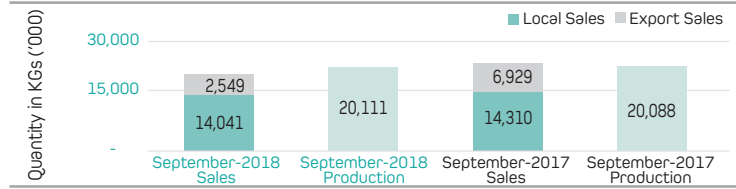
برآمدات میں 45 فیصد کمی کے باعث اخراجات برائے تقسیم مال میں بھی کمی ریکارڈ کی گئی۔ کمپنی کی جانب سے گزشتہ دو سالوں سے انتظامی امور کے اخراجات کو قابو کیا جا رہا ہے اور اس ضمن میں صرف ایسے اخراجات میں اضافہ ہوا ہے جو کہ انتظامیہ کے اختیار سے باہر ہیں جیسا کہ افراط زر اور ملازمین کے اخراجات وغیرہ۔

ملکی سیاسی حالات میں عدم استحکام اور رواں سہ ماہی میں غیر متوقع تخفیف زر کے پیش نظر کمپنی نے اپنی رسک مینجمنٹ پالیسی اور تجزیہ برائے لاگت و فوائد کے تحت غیر ملکی کرنسی میں حاصل کیے گئے قرضوں کو ملکی قرضوں سے تبدیل کر لیا جس کی شرح میں، سہ ماہی کے دوران 200 بیس پوائنٹ کا اضافہ ہوا، نتیجے میں کمپنی کی تھوہلی لاگت میں 47 فیصد کا اضافہ ہوا۔ اگرچہ انتظامیہ مالیاتی ذخائر کا ایک موثر امتزاج کم سے کم پیریڈ کے ساتھ برقرار رکھا، تاہم، لاگت میں اضافہ ناگزیر تھا۔

حکومت کی جانب سے برآمداتی ریہیٹ چیک کو اس سال توسیع نہ دینے کے باوجود، جو کہ کمپنی کے منافع میں 45 ملین روپے اضافے کا باعث بنا، کمپنی کی جانب سے متنوع انداز سے سرمایہ کاری کی حکمت عملی کے مثبت نتائج برآمد ہوئے اور دیگر آمدن کی مد میں 21 ملین روپے کے اضافے کے ساتھ 163 ملین روپے کی آمدن رہی جو کہ گزشتہ سال اسی عرصے کے دوران 142 ملین روپے تھی۔ مذکورہ آمدن نے کمپنی کے منافع کو برقرار رکھنے ہونے کسی ایک سیگنٹ پر اٹھارے خدشے کو بھی محدود کر دیا۔

کارکردگی برہنی کاروباری افعال

سہ ماہی 30 ستمبر 2018 کے دوران پیداوار اور فروختگی برہنی شماریات بمقابلہ دورانیش گزشتہ سال ذیل میں پیش خدمت ہے:



مستقبل پر نظر

زیر مبادلہ کے گرتے ہوئے ذخائر کے پیش نظر حکومت نے دوست ممالک اور آئی ایم ایف سے رابطہ کیا ہے جس سے خدشہ ہے کہ نہ صرف قرض کے حصول کے سلسلے میں مزید سخت شرائط عائد کی جائیں گی، بلکہ معیشت بھی سست روی کا شکار رہے گی۔

دریں اثنا، کمپنی اس سلسلے میں اقدامات کر رہی ہے کہ مناسب قیمتوں پر خام مال کا حصول اس امتزاج سے کیا جائے کہ لاگت کو کم سے کم رکھتے ہوئے خام مال کا ذخیرہ کیا جاسکے۔ مزید یہ کہ فروختگی کے امتزاج کو مارکیٹ کی مانگ کے مطابق ڈھالا جائے تاکہ منافع اور ترسیل نقد رقم پر مثبت اثرات مرتب ہوں۔

مزید برآں، جدید ٹیکنالوجی کو مدنظر رکھتے ہوئے کمپنی لائحہ عمل بنا رہی ہے کہ جدید ٹیکنالوجی برہنی مشینوں میں سرمایہ کاری کی جائے تاکہ نہ صرف پیداواری استعداد کو بڑھایا جاسکے بلکہ توانائی کا بھی موثر استعمال کیا جاسکے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے کارکنوں، ملازمین اور انتظامی عملے کی حسن کارکردگی کو مدنظر رکھتے ہوئے ان کا تہ دل سے شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

محمد سہیل شاہ
چیف ایگزیکٹو آفیسر

محمد یونس شاہ
چیئر مین

بہ مقام کراچی: 26 اکتوبر 2018

ڈائریکٹرز کی رپورٹ

معزز ممبران گرامی

آپ کو کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی کارکردگی کا جائزہ بمعہ غیر آڈٹ شدہ مالیاتی دستاویزات بابت پہلی سہ ماہی 30 ستمبر 2018 آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

سال رواں کے دوران آپ کی کمپنی کا کاروباری حجم 6.4 ارب روپے ریکارڈ کیا گیا ہے جبکہ کاروباری حجم گزشتہ سال اسی عرصے کے دوران 6.5 ارب روپے تھا، لہذا اس سال سہ ماہی سطح پر کاروباری حجم میں 2 فیصد کمی ریکارڈ کی گئی۔ گزشتہ سال حکومت کی جانب سے جاری کردہ برآمداتی ٹیکس نے ٹیکسٹائل کے شعبے کی گرتی ہوئی صنعت کو کچھ حد تک سہارا دیا تھا تاہم اس سال توسیع نہ دینے کے فیصلے بشمول امریکہ اور چین کی تجارتی محاذ آرائی وہ عوامل ہیں جس کی وجہ سے برآمدات میں 4.5 فیصد کمی ریکارڈ کی گئی۔

سالہ سال کی محنت سے مقامی مارکیٹ میں بنائی گئی اپنی سادھ کے نتیجے میں کمپنی کی مقامی فروختگی میں 891 ملین کا اضافہ ہوا جو کہ گزشتہ سال اسی عرصے کے 4.2 ارب روپے سے بڑھ کر 5.1 ارب روپے ہو گیا جو کہ سہ ماہی سطح پر 21 فیصد اضافی رہا، جس کی اہم وجہ بین الاقوامی سطح پر سوت کی قیمتوں میں اضافہ ہے۔ خام مال کے بروقت حصول اور بین الاقوامی منڈیوں میں قیمتوں میں اضافے نے کمپنی کے منافع پر مثبت اثرات مرتب کئے۔ ایکشن کے سبب سیاسی عدم استحکام، بین الاقوامی سطح پر جاری تجارتی محاذ آرائی، موجودہ مالیاتی خسارے اور شدید مقامی مسابقت کاروں سے بھرپور مقابلے کے باوجود آپ کی کمپنی کی انتظامیہ کی جانب سے مستقل بنیادوں پر کی جانے والی انتھک محنت کے بدولت اس عرصے کے دوران حتمی مالیاتی نتائج 524 ملین روپے رہے جو کہ گزشتہ سال اسی عرصے کے حتمی مالیاتی نتائج 161 ملین روپے سے تین گنا اضافی ہیں۔

معاشی حالات

وطن عزیز کی معیشت آزماہٹی مراحل سے گزر رہی ہے۔ اگرچہ اس سال پہلی سہ ماہی کے دوران برآمدات اور ترسیلات زر میں اضافہ دیکھا گیا، البتہ، موجودہ مالیاتی خسارے اور تیل کی بڑھتی ہوئی قیمتوں کی وجہ سے معیشت دباؤ کا شکار رہی۔ ملکی زرمبادلہ کے ذخائر بھی، تیل کے اوخر تک، گزشتہ گئی سالوں کی نسبت، کم ترین سطح پر آگئے اور نتیجے کے طور پر، گزشتہ 12 ماہ کے دوران روپے کی قدر میں 18 فیصد کمی ہوئی۔

نئی حکومت کی جانب سے موجودہ مالیاتی خسارے اور غیر مستحکم پالیسیوں کے تحت، درآمدات کی حوصلہ شکنی کی خاطر، ہزاروں درآمداتی اشیاء پر ریگولیٹری ڈیوٹی عائد کر دی گئی۔ تحقیق زر اور شرح سود، جس میں پہلے ہی 200 بیس پوائنٹ کا اضافہ کیا جا چکا ہے اور آئی ایم ایف سے قرض کے حصول کے پیش نظر، ان میں مزید اضافہ متوقع ہے۔

سہ ماہی مدت کے اختتام کے بعد روپے کی قدر میں 8 فیصد کمی مزید کی واقع ہوئی، ساتھ ہی ساتھ حکومت کی جانب سے ٹیکسٹائل شعبے میں استعمال ہونے والی درآمداتی اشیاء پر ریگولیٹری ڈیوٹی میں کمی کی وجہ سے مصنوعات کی بین الاقوامی منڈیوں میں مسابقت میں مدد ملی۔

مالیاتی کارکردگی

جیسا کہ کمپنی کے مالیاتی نتائج سے یہ بات عیاں ہے کہ کمپنی اس سہ ماہی میں مثبت حتمی مالیاتی نتائج حاصل کرنے میں کامیاب رہی ہے۔

خلاصہ برائے نفع و نقصان	30 ستمبر 2018	30 ستمبر 2017	فیصد
	روپے ہزاروں میں	روپے ہزاروں میں	سازگار / (ناسازگار)
برآمدات	1,265,482	2,301,789	(45.02)
مقامی فروختگی	5,109,152	4,217,757	21.13
کل فروختگی	6,374,634	6,519,546	(2.22)
خام منافع	825,391	374,530	120.38
تموہلی لاگت	(186,953)	(127,310)	(46.85)
اخراجات برائے تقسیم مال	(80,310)	(96,562)	16.83
اخراجات برائے انتظامی امور	(69,353)	(57,843)	(19.90)
دیگر آمدن	175,950	197,517	(10.92)
نفع قبل از محصول	621,375	235,010	164.40
نفع بعد از محصول	523,813	160,761	225.83
آمدن فی حصص (روپے)	18.69	5.74	-















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