



# Quarterly Report September 2013





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## COMPANY INFORMATION

- Board of Directors** : Mr. Muhammad Yunus Tabba (Chairman)  
Mr. Muhammad Sohail Tabba (Chief Executive)  
Mr. Muhammad Ali Tabba  
Mr. Javed Yunus Tabba  
Mrs. Rahila Aleem  
Mrs. Marium Tabba Khan  
Mr. Moin M. Fudda
- Audit Committee** : Mr. Moin M. Fudda (Chairman)  
Mr. Muhammad Ali Tabba (Member)  
Mr. Javed Yunus Tabba (Member)
- Human Resources and Remuneration Committee** : Mr. Javed Yunus Tabba (Chairman)  
Mrs. Rahila Aleem (Member)  
Mrs. Marium Tabba Khan (Member)
- Executive Director Finance and Company Secretary** : Mr. Abdul Sattar Abdullah
- Auditors** : M. Yousuf Adil Saleem & Co.  
Chartered Accountants  
A Member of Deloitte Touche Tohmatsu
- Registered Office** : 200-201, Gadoon Amazai Industrial Estate,  
Distt. Swabi, Khyber Pakhtunkhwa  
Phone No. : 0938-270212-13  
Fax No. : 0938-270311  
E-mail Address :secretary@gadoontextile.com
- Liaison Office** : 7-Park Avenue Road, University Town,  
Peshawar.  
Phone No. : 091-5701496  
Fax No. : 091-5702029  
E-mail Address :secretary@gadoontextile.com
- Karachi Office** : 6-A, Muhammad Ali Housing Society,  
Abdul Aziz Haji Hashim Tabba Street,  
Karachi-75350.  
Phone No. : 021-35205479-80  
Fax No. : 021-34382436  
E-mail Address :secretary@gadoontextile.com
- Factory Locations** : 200-201, Gadoon Amazai Industrial Estate,  
Distt: Swabi, Khyber Pakhtunkhwa  
and 57 K.M on Super Highway near Karachi.
- Share Registrar / Transfer Agent** : Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi.  
(Toll Free) : 0800 23275
- Bankers:**
- |   |  |
|---|--|
| Allied Bank Limited                     | Habib Bank Limited                       |
| Bank Al-Falah Limited (Islamic Banking) | Habib Metropolitan Bank Limited          |
| Bank Al-Habib Limited                   | HSBC Bank Middle East Limited            |
| Bank Islami Pakistan Limited            | Meezan Bank Limited                      |
| Barclays Bank PLC, Pakistan             | National Bank of Pakistan                |
| Citibank N.A. Pakistan                  | Standard Chartered Bank Pakistan Limited |
| Dubai Islamic Bank Pakistan Limited     | The Bank of Punjab                       |
| Faysal Bank Limited                     | United Bank Limited                      |



## DIRECTORS' REPORT

The Directors of your Company are pleased to present before you the financial statements of the Company for the quarter ended September 30, 2013.

### Overview

Following a year of moderate growth in local and export sales resulting in reasonable profitability, the quarter ended September 30, 2013 witnessed encouraging results on the back of better yarn market and higher production due to capacity expansion. The quarter, under review, therefore, stands out for better top and bottom lines.

### Financial Performance:

A comparison of the key financial results of the Company for the quarter ended on September 30, 2013 with the same period last year is as under:

	SEPTEMBER		Percentage
	2013	2012	Change
	— (Rupees in '000) —		
Export	2,570,649	1,917,591	34.06
Local	2,813,856	2,345,956	19.94
Sales (net)	5,384,505	4,263,547	26.29
Gross Profit	688,670	330,177	108.58
Finance	120,678	47,667	(153.17)
Profit Before Tax	322,759	160,147	101.54
Profit After Tax	304,990	130,026	134.56
Earnings per share	13.01	5.55	

With additional production on hand, due to full operation of Karachi Project, your Company took full advantage of the favourable market conditions both at home and abroad.

Sales hit a level of Rs.5,384 million (1Q 2012: Rs.4,263 million) enabling the Company to achieve a 108.6% increase in gross profit from Rs.330.177 million last year to Rs.688.670 million in the quarter under review.

The Finance Cost registered rise of 153.17% to Rs.120,678 million over corresponding quarter of Rs. 47,667 million to cater to enhanced borrowings to meet funds requirement for production, capital expenditure, extended period of credit to fetch export orders and higher borrowings in local currencies on KIBOR benchmark.



**Future Outlook:**

The size of cotton crop is reportedly short of domestic consumption. As a result, the prices of lint cotton are a little high adding to cost of production. At the same time the yarn market seems a little bit under pressure, which may impact the future profitability, but your management will strive hard to maintain the bottom line at a reasonable level.

**Acknowledgements:**

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

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Sohail Tabba', written over a horizontal line.

Karachi: October 25, 2013

**Muhammad Sohail Tabba**  
Chief Executive / Director



## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2013 (UNAUDITED)

	Note	(Unaudited) September 30, 2013	(Audited) June 30, 2013
— (Rupees in '000) —			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	5,557,454	5,502,528
Long term loans		14,121	6,985
Long term deposits		20,973	20,973
Long term investments		1,250,574	1,230,711
Long term advance		-	-
		<b>6,843,122</b>	<b>6,761,197</b>
<b>CURRENT ASSETS</b>			
Stores, spares & loose tools		364,787	358,092
Stock in trade		5,073,009	4,149,820
Trade debts		3,244,639	1,172,120
Loans and advances		408,206	295,264
Trade deposits and short term prepayments		4,995	8,513
Short term Investment		36,804	37,612
Other receivables		217,033	216,657
Income tax refundable due from the government		284,287	284,287
Cash and bank balances		427,706	480,240
		<b>10,061,466</b>	<b>7,002,605</b>
<b>Total Assets</b>		<b>16,904,588</b>	<b>13,763,802</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised 50,000,000 ordinary shares of Rs. 10/- each		<b>500,000</b>	500,000
<b>Capital &amp; Reserves</b>			
Issued, subscribed and paid up		<b>234,375</b>	234,375
Capital reserves			
Share premium		<b>103,125</b>	103,125
Revenue reserves			
General reserve		<b>1,000,000</b>	1,000,000
Un-appropriated profit		<b>5,135,372</b>	4,830,384
		<b>6,135,372</b>	<b>5,830,384</b>
		<b>6,472,872</b>	<b>6,167,884</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing		<b>26,719</b>	26,719
Deferred liabilities		<b>557,003</b>	519,650
		<b>583,722</b>	<b>546,369</b>
<b>CURRENT LIABILITIES</b>			
Current portion of:			
Long term financing		<b>17,815</b>	17,814
Short term borrowings		<b>8,357,107</b>	5,832,738
Trade and other payables		<b>1,394,522</b>	1,130,831
Provision for taxation		<b>0</b>	
Accrued mark up		<b>78,550</b>	68,166
		<b>9,847,994</b>	<b>7,049,549</b>
<b>Total Equity and Liabilities</b>		<b>16,904,588</b>	<b>13,763,802</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4		
The annexed notes form an integral part of these financial statements			

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013 (UNAUDITED)

	Note	QUARTER ENDED	
		September 30, 2013	September 30, 2012
— (Rupees in '000) —			
Sales-net		5,384,505	4,262,902
Cost of sales	5	(4,695,835)	(3,933,371)
Gross profit		688,670	329,531
Distribution cost		(91,672)	(73,531)
Administrative expenses		(25,467)	(25,449)
		(117,139)	(98,980)
		571,531	230,551
Finance cost		(120,678)	(47,666)
Other operating expenses		(149,138)	(31,134)
		(269,816)	(78,800)
		301,715	151,751
Other operating income		1,180	8,396
Share of profit from associates		19,864	-
Profit before taxation		322,759	160,147
Taxation			
Current		-	(30,121)
Deferred		(17,769)	-
		(17,769)	(30,121)
Profit for the period		304,990	130,026
<b>Earnings per share -basic and diluted</b>			
after taxation		13.01	5.55

The annexed notes form an integral part of these accounts.

**Muhammad Yunus Tabba**  
Chairman / Director

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**Muhammad Sohail Tabba**  
Chief Executive



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	QUARTER ENDED	
	September 30, 2013	September 30, 2012
	— (Rupees in '000) —	
Profit for the year	304,990	130,026
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u>304,990</u>	<u>130,026</u>

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive





**CONDENSED INTERIM CASH FLOW STATEMENT**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013 (UNAUDITED)

	September 30, 2013	September 30, 2012
	—— (Rupees in '000) ——	
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	322,759	160,147
<b>Adjustments for</b>		
Depreciation	134,494	118,521
(Gain) / Loss on disposal of fixed assets	(492)	(320)
(Profit) on deposits	-	(3,342)
Provision for gratuity	22,500	14,000
Unrealised loss on short term investment	808	(4,316)
Finance cost	117,907	41,147
	<u>275,217</u>	<u>165,690</u>
<b>Operating cash flow before working capital changes</b>	<b>597,976</b>	<b>325,837</b>
<b>(Increase) / decrease in current assets</b>		
Stores,spares & loose tools	(6,695)	20,779
Stock in trade	(923,189)	1,593,672
Trade debts	(2,072,519)	(87,618)
Loans and advances	(78,001)	(71,311)
Trade deposits and short term prepayments	3,518	(670)
Other receivables	(376)	(10,104)
	<u>(3,077,261)</u>	<u>1,444,748</u>
<b>Increase in current liabilities</b>		
Trade and other payables	<u>263,742</u>	<u>1,414</u>
<b>Changes in working capital</b>	<u>(2,813,519)</u>	<u>1,446,162</u>
<b>Cash (used in ) / generated from operation</b>	<b>(2,215,543)</b>	<b>1,771,999</b>
Gratuity paid	(2,916)	(169)
Taxes paid (including tax deducted at source)	(24,950)	(27,710)
Finance cost paid	(107,524)	(68,988)
	<u>(135,390)</u>	<u>(96,867)</u>
<b>Net Cash (used in )/generated from operating activities A</b>	<u><b>(2,350,933)</b></u>	<u><b>1,675,132</b></u>



September 30, 2013      September 30, 2012  
— (Rupees in '000) —

**B) CASH FLOWS FROM INVESTING ACTIVITIES**

(Addition) in property, plant and equipment	(191,506)	(367,828)
Long term loans recovered / (paid)	(7,527)	2,275
Deposits against share	(9,601)	-
Short Term Investment	(19,864)	-
Long term deposits	-	(4,335)
Profit received from bank deposits	-	3,241
Sale proceeds of fixed assets	2,580	13,069
<b>Net cash generated from / (used in) investing activities B</b>	<b>(225,917)</b>	<b>(353,579)</b>

**C) CASH FLOWS FROM FINANCING ACTIVITIES**

Dividend paid	(53)	-
<b>Net cash generated from / (used in) financing activities C</b>	<b>(53)</b>	<b>-</b>
<b>Net (Decrease) / Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2,576,903)</b>	<b>1,321,553</b>
Cash & cash equivalent at the beginning of the period	(5,352,498)	(3,261,307)
Cash & cash equivalent at the end of the period	(7,929,401)	(1,939,754)
<b>Cash &amp; cash equivalent</b>		
Cash and bank balances	427,706	154,592
Short term borrowings	(8,357,107)	(2,094,346)
	(7,929,401)	(1,939,754)

The annexed notes form an integral part of these financial statements

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013 (UNAUDITED)

	----- Capital Reserve -----			----- Revenue Reserves -----			
	Issued, subscribed and paid-up share capital	Share premium	Sub Total	General reserves	Unappropriated profit	Sub Total	Grand total
	----- Rupees in '000 -----						
Balance as at June 30, 2012	234,375	103,125	103,125	1,000,000	3,871,340	4,871,340	5,208,840
Total comprehensive income for the period					130,026	130,026	130,026
Balance as at September 30, 2012	234,375	103,125	103,125	1,000,000	4,001,366	5,001,366	5,338,866
Balance as at June 30, 2013	234,375	103,125	103,125	1,000,000	4,830,382	5,830,382	6,167,882
Total comprehensive income for the period					304,990	304,990	304,990
Balance as at September 30, 2013	234,375	103,125	103,125	1,000,000	5,135,372	6,135,372	6,472,872

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

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013 (UNAUDITED)

### 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 listed on Karachi and Islamabad Stock Exchanges. The registered office of the Company is located at Gadoon Amazai Industrial Estate, Gadoon, District Swabi, Khyber Pakhtunkhwa. Its manufacturing facilities are located at Gadoon and on Super Highway near Karachi. The principal activity of the Company is manufacturing and sale of yarn.
- 1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 2. STATEMENT OF COMPLIANCE

- 2.1 These unaudited interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in compliance with requirement of Section 245 of the Companies Ordinance, 1984 and presented as per the requirement of the listing regulations of the Stock Exchanges.
- 2.2 These interim financial statements are in condensed form and should be read in conjunction with the annual financial statements of the Company.
- 2.3 The accounting convention, policies and methods of computation followed in the preparation of these financial statements are the same as those of the published annual financial statements for the year ended June 30, 2013.

	Note	(Unaudited) September 30, 2013 — (Rupees in '000) —	(Audited) June 30, 2013
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	<b>5,303,375</b>	5,356,683
Capital work in progress	3.2	<b>254,078</b>	145,845
		<u><b>5,557,454</b></u>	<u>5,502,528</u>



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

	(Unaudited)			
	Quarter Ended			
	September 30, 2013		September 30, 2012	
----- Rupees in '000 -----				
	Additions/ transfers	Disposals at Book value	Additions/ transfers	Disposals at Book value
Plant and machinery	68,931	2,088	57,038	12,675
Electrical installation	2,575	-	7,935	-
Office equipment	-	-	92	-
Computer equipment	-	-	796	-
Vehicles	10,748	-	138	74
Fire fighting equipment	-	-	321	-
<b>Karachi Project</b>				
Vehicles	1,019	-	-	-
	83,272	2,088	66,320	12,749

	(Unaudited)			
	Quarter Ended			
	September 30, 2013		September 30, 2012	
----- Rupees in '000 -----				
	Additions	Transfers	Additions	Transfers

3.2 Details of additions and transfers are as under

Civil works	10,071	-	70	-
Plant and machinery	120,773	68,931	351,375	57,038
Vehicles	12,389	10,748	910	138
Electric installation	2,575	2,575	-	-
<b>Karachi Project</b>				
Plant and machinery	35,075	-	1,384	-
Civil works	9,603	-	15,386	-
Electric installation	-	-	-	7,935
Fire fighting equipment	-	-	321	321
Office equipment	-	-	-	92
Computer equipment	-	-	-	796
Vehicles	1,019	1,019	-	-
	191,505	83,272	369,446	66,320

4. CONTINGENCIES AND COMMITMENTS

Guarantees given on behalf of the company by banks outstanding as at September 30, 2013 were Rs. 443.330 million (June 30, 2013 - Rs. 443.330 million).



	(Unaudited) September 30, 2013	(Audited) June 30, 2013
	--- (Rupees in '000) ---	
<b>4.1 Contingencies</b>		
Export bills discounted with recourse	117,402	1,409,273
Indemnity bonds against imported plant & machinery	4,105	4,105
Post dated cheques	176,007	187,925

Status of contingencies other than mentioned above are same as disclosed in the last published annual financial statements for the year ended June 30, 2013

#### 4.2 Commitments

Letters of credit opened by banks for:		
Plant and machinery	250,534	153,777
Raw material	71,119	220,691
Stores and spares	17,137	31,514

		QUARTER ENDED	
	Note	September 30, 2013	September 30, 2012
		--- (Rupees in '000) ---	
<b>5. Cost of Sales</b>			
Opening stock- finished goods		524,451	285,714
Cost of goods manufactured	(5.1)	4,689,439	3,961,537
		<u>5,213,890</u>	<u>4,247,251</u>
Closing stock-finished goods		(518,055)	(313,880)
		<u>4,695,835</u>	<u>3,933,371</u>

#### 5.1 Cost of goods manufactured

Work in process at beginning of the period	130,569	118,533
Raw and packing material consumed	3,584,031	2,954,732
Other manufacturing expenses	1,129,605	1,011,165
	<u>4,713,636</u>	<u>3,965,897</u>
	4,844,205	4,084,430
Work in process at end of the period	(154,766)	(122,893)
	<u>4,689,439</u>	<u>3,961,537</u>



## 6. RELATED PARTY TRANSACTIONS

Name of Related Parties	Nature of Transaction	(Unaudited) Quarter Ended	
		September 30, 2013	September 30, 2012
		____(Rupees in '000)____	
<b>a. Associated companies</b>			
Lucky Cement Limited (Common Directorship)	Purchase of cement	1,537	1,803
Fazal Textile Mills Limited (Common Directorship)	Sale of yarn	61,317	69,252
	Sale of waste	-	21,402
	Doubling Charges	9507	220
	Purchase of Machine	1,800	-
Yunus Textile Mills Limited (Common Directorship)	Sale of yarn	45,151	66,031
Lucky Knits (Private) Limited (Common Directorship)	Sale of yarn	88,373	33,710
	Purchase of Machine	-	350
Feroze 1888 Mills Limited (Common Directorship)	Sale of yarn	57,468	3,030
Lucky Textile Mills Limited (Common Directorship)	Sale of yarn	312,740	278,808
Lucky Energy (Private) Limited (Common Directorship)	Purchase Electricity	77,049	71,447
Yunus Energy Limited (Common Directorship)	Advance against share Expenses charged to	9,600 -	- 1,538
ICI Pakistan Limited (Common Directorship)	Purchase of Fibre Share of Profit	262,354 19,864	- -
<b>b. Benefits to key management personnels</b>		2,633	1,174

## 7. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors of the Company and authorized for issue on October 25, 2013.

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive

**BOOK POST**  
PRINTED MATTER

UNDER  
POSTAL  
CERTIFICATE



**Gadoon Textile Mills Limited**

6-A, Muhammad Ali Housing Society,  
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**TEL:** (92-21) 35205479-80 | **FAX:** (92-21) 34382436