

# spinning tomorrow

Quarterly Report  
September 2016



gadoon

## contents

Company Information	02
Directors' Report	03
Condensed Interim Balance Sheet	05
Condensed Interim Profit & Loss Account	06
Condensed Interim Statement of Comprehensive Income	07
Condensed Interim Cash Flow Statement	08
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Statements	11
Directors' Report - In Urdu	20

## company information

Board of Directors	Mr. Muḥammad Yunus Ṭabbā (Chairman) Mr. Muḥammad Sohail Ṭabbā (Chief Executive) Mr. Muḥammad Ali Ṭabbā Mr. Imran Yunus Mr. Jawed Yunus Ṭabbā Mrs. Mariam Ṭabbā Khan Mrs. Zulekhā Ṭabbā Māskatiya Mr. Saleem Zamindar (Independent Director)
Audit Committee	Mr. Saleem Zamindar (Chairman) Mr. Muḥammad Ali Ṭabbā Mr. Jawed Yunus Ṭabbā Mrs. Zulekhā Ṭabbā Māskatiya
HR and Remuneration Committee	Mr. Jawed Yunus Ṭabbā (Chairman) Mrs. Mariam Ṭabbā Khan Mrs. Zulekhā Ṭabbā Māskatiya
Executive Director/CFO and Company Secretary	Mr. Abdul Sattar Abdullah
Auditors	Deloitte Yousuf Adil Chartered Accountants A Member of Deloitte Touche Tohmatsu
Chief Internal Auditor	Mr. Haji Muḥammad Mundia
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, Muḥammad Ali Housing Society, Abdul Aziz Haji Hashim Ṭabbā Street, Karachi-75350. Phone No. : 021-35205479-80 Fax No. : 021-34382436
Liaison Office	Syed's Tower, Third Floor, Opp. Custom House, Jamrud Road, Peshawar. Phone No. : 091-5701496 Fax No. : 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 Shahrāh-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 Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Soneri Bank Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab 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, 2016.

### Overview

During the year under review, your Company recorded turnover of Rs.5.61 billion against Rs.5.38 billion for the Same Period Last Year (SPLY); an increase of Rs.228 million. As a consequence of uncertain situation of Pakistan's Textile products in international markets, which is mainly due to lower conversion cost and incentivized governmental policies available to regional competitors, export sales recurrently declined this period constituting 30% of total sales (September 2015: 39%).

Capitalizing on its reputation built over the years, the Company shifted its efforts by penetrating in nearly every inch of the local market, resultantly local sales witnessed an increase of Rs.673 million to a record first quarter sales of Rs.3.9 billion against Rs.3.3 billion in SPLY.

Owing to the reputation of your company, favorable market conditions and consistent efforts put in by your management, your Company has posted positive bottom line results of Rs.344 million this period compared to negative bottom line of Rs.60 million SPLY.

### Economic Prospects

Overall economic position of the country remained stable during the period with growth accelerating on account of Government's macroeconomic and structural reforms, strong bilateral ties with other countries, better crop for the current season, improved law and order situation compared to a major crop failure due to floods and pest attack earlier during the last period.

Moreover, the application of zero-rated taxation scheme for the textile industry along-with other potential relief packages will help sustain the largest export sector of the country.

### Financial Performance

As evident from the financial results stated, the Company has witnessed notable increase of nearly 7 times in its bottom line results. This is particularly due to the market trends moving in favor of the sector.

### Profit and Loss Summary

	September 30, 2016	September 30, 2015	Percentage Favorable / (Unfavorable)
	--- (Rupees in '000) ---		
Export	1,672,938	2,118,479	(21.03)
Local	3,935,564	3,262,124	20.64
Sales (Net)	5,608,502	5,380,603	4.24
Gross Profit	466,719	274,474	70.04
Finance Cost	(81,109)	(152,616)	46.85
Distribution expenses	(62,573)	(81,177)	22.92
Administrative expenses	(56,263)	(58,078)	3.13
Other Income	120,929	48,708	148.27
Profit / (Loss) before taxation	385,111	(48,869)	888.05
Profit / (Loss) for the year	344,075	(59,576)	677.54
Earnings Per Share (Rs.)	12.28	(2.13)	

As evident from above, the declining trend of Export sales has been carried forward since last couple of years to this period as well, resulting in 21% decline. Whereas, local sales have performed exceptionally, thereby bagging 20% increase against SPLY which is mainly attributable to upward trend of Yarn prices.

Not only sales team capitalized the available bargain power, but efficient inventory management has supported hand to hand, thereby supporting to reduce the product cost which is evident from Increase of gross profit percentage from 5.1% to 8.3%.

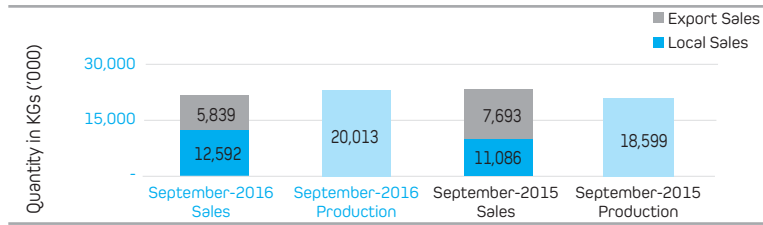
The company has begun to enjoy synergies by emphasizing on merger benefits through economies of scale and optimum utilization of management expertise, which in-turn resulted in decline in administrative expenses.

In addition, the management also managed to maintain efficient portfolio of funds by reaping maximum benefits of lower benchmark rates prevalent in the country along-with minimum spreads due to exercising of greater bargaining power as a result of the merger.

Time has proven that company's strategic decision to invest in diversified avenues has started to pay off which is evident from a material increase of Rs.72 million in other income to Rs.121 million against Rs.49 Million SPLY.

**Operational Performance**

The production and sales statistics for the quarter ended September 30, 2016 and its comparison with SPLY is presented below:



**Future Outlook**

With drastic decline in Pakistan's export including the Textile Sector, Government is all set to announce Rs.120 to Rs.180 billion relief package of which Textile sector will get the largest share. This will help reduce the cost of doing business and make the export-oriented sectors competitive with other regional competitors. The Company welcomes such incentive schemes brought up by the Government which will not only help Pakistan's product to regain competitive strength in International markets but will also support in achieving overall growth targets foreseen by the Government.

Your Company has moved a step ahead in reducing its carbon footprint with the startup of waste heat recovery plant. This will also help your Company to enjoy direct and indirect advantages including but not limited to reduction in cost of power through process optimization and reduction in Thermal and air pollution emitted from the plants while adding an approximate 2 MW of electricity.

Company's investment in the wind power project of Yunus Energy Limited (YEL) has started to reap its benefits from mid of September this year after obtaining Commercial Operation Date (COD). We anticipate that significant contribution from YEL's operation will contribute in better future prospects of the Company.

In order to maximize yield for its stakeholders, management of the Company is consistently striving hard to explore viable opportunities in the value added textile chain and rationalize cost of existing operations in order to post reasonable financial results in future.

**Acknowledgements**

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

For and on behalf of the Board

Chief Executive

Karachi: October 27, 2016

## condensed interim balance sheet

As at September 30, 2016 (Un-audited)

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
— (Rupees in '000) —			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	7,575,115	7,727,013
Long-term advance	6	-	-
Long-term loans		7,725	16,282
Long-term deposits		27,702	25,058
Long-term investments	7	2,258,008	2,194,332
		9,868,550	9,962,685
<b>Current Assets</b>			
Stores, spares and loose tools		465,552	515,910
Stock-in-trade	8	4,808,746	5,148,415
Trade debts		1,564,533	1,547,639
Loans and advances		660,510	579,440
Short-term Investment		114,310	75,734
Trade deposits and short term prepayments		25,864	29,573
Other receivables		423,919	448,425
Income tax refundable		612,128	612,128
Cash and bank balances		366,279	387,454
		9,041,841	9,344,718
<b>Total Assets</b>		<b>18,910,391</b>	<b>19,307,403</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised 57,500,000 ordinary shares of Rs. 10/- each		575,000	575,000
Issued, subscribed and paid-up capital		280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves		6,459,844	6,115,768
Total Equity		6,877,681	6,533,605
<b>Non-Current Liabilities</b>			
Deferred liabilities		1,082,105	1,089,766
<b>Current Liabilities</b>			
Trade and other payables		1,815,769	1,872,207
Accrued mark up		66,297	45,605
Short-term borrowings	9	8,798,955	9,553,768
Provision for taxation		269,584	212,452
		10,950,605	11,684,032
<b>Total Equity and Liabilities</b>		<b>18,910,391</b>	<b>19,307,403</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive



**MUHAMMAD YUNUS TABBA**  
Chairman

## condensed interim profit and loss account

For the First Quarter Ended September 30, 2016 (Un-audited)

	Note	QUARTER ENDED	
		September 30, 2016	September 30, 2015
		— (Rupees in '000) —	
Sales-net		5,608,502	5,380,603
Cost of sales	11	(5,141,783)	(5,106,129)
Gross profit		466,719	274,474
Distribution cost		(62,573)	(81,177)
Administrative expenses		(56,263)	(58,078)
		(118,836)	(139,255)
		347,883	135,219
Finance cost		(81,109)	(152,617)
Other operating expenses		(2,592)	(80,179)
		264,182	(97,577)
Other income		57,253	4,708
Share of profit from associates - net of tax		63,676	44,000
Profit / (loss) before taxation		385,111	(48,869)
<b>Taxation</b>	12		
Current		(57,131)	(43,808)
Deferred		16,095	33,101
		(41,036)	(10,707)
Profit / (loss) for the period		344,075	(59,576)
		— (Rupees) —	
Earnings per share-basic and diluted		12.28	(2.13)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive



**MUHAMMAD YUNUS TABBA**  
Chairman

## condensed interim statement of comprehensive income

For the First Quarter Ended September 30, 2016 (Un-audited)

	QUARTER ENDED	
	September 30, 2016	September 30, 2015
	--- (Rupees in '000) ---	
Profit / (Loss) for the period	344,075	(59,576)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>344,075</u>	<u>(59,576)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive



**MUHAMMAD YUNUS TABBA**  
Chairman



## condensed interim cash flow statement

For the First Quarter Ended September 30, 2016 (Un-audited)

	QUARTER ENDED	
	September 30, 2016	September 30, 2015
	— (Rupees in '000) —	
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	385,111	(48,869)
<b>Adjustments for:</b>		
Depreciation	191,913	199,759
Gain on disposal of fixed assets	(388)	(506)
Gain on sale of shares	(4,437)	-
Finance cost	81,108	148,977
Profit on deposits	(421)	(2,560)
Dividend income	(2,415)	-
Unrealised (gain) / loss on short-term investment	(47,286)	3,997
Share of Profit from associate-net of tax	(63,676)	(44,000)
Provision for gratuity	40,000	45,000
	194,398	350,667
<b>Operating cash flow before working capital changes</b>	579,509	301,798
<b>Decrease / (increase) in current assets</b>		
Stores,spares & loose tools	50,358	(55,435)
Stock-in-trade	339,669	1,937,986
Trade debts	(16,894)	(1,140,571)
Loans and advances	(34,978)	(102,056)
Receivable from an associate	-	(36,950)
Trade deposits and short-term prepayments	3,709	(3,279)
Other receivables	26,976	88,700
	368,840	688,395
<b>Increase in current liabilities</b>		
Trade and other payables	(56,421)	(16,982)
<b>Changes in working capital</b>	312,419	671,413
<b>Cash generated from operations</b>	891,928	973,211
Finance cost paid	(60,415)	(167,008)
Income taxes paid	(44,685)	(19,941)
Gratuity paid	(31,566)	(13,149)
	(136,666)	(200,098)
<b>Net cash generated from operating activities</b> A	755,262	773,113

		<b>QUARTER ENDED</b>	
		<b>September 30, 2016</b>	<b>September 30, 2015</b>
		<b>— (Rupees in '000) —</b>	
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(40,024)	(124,941)
Proceeds from disposal of property, plant and equipment		400	700
Proceeds from sale of shares		13,145	-
Long-term loans paid back by employees		7,152	5,942
Investment in associates		-	(25,000)
Long-term deposits		(2,644)	-
Profit received on bank deposits		367	2,150
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(21,604)</b>	<b>(141,149)</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(20)	(33)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(20)</b>	<b>(33)</b>
Net Increase in Cash & Cash Equivalents	(A+B+C)	733,638	631,931
Cash & cash equivalents at the beginning of the period		(9,166,314)	(9,899,070)
Cash & cash equivalents at the end of the period		<u>(8,432,676)</u>	<u>(9,267,139)</u>
<b>CASH &amp; CASH EQUIVALENTS</b>			
Cash and bank balances		366,279	402,829
Short-term borrowings		(8,798,955)	(9,669,968)
		<u>(8,432,676)</u>	<u>(9,267,139)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive



**MUHAMMAD YUNUS TABBA**  
Chairman

## condensed interim statement of changes in equity

For the First Quarter Ended September 30, 2016 (Un-audited)

	---Capital Reserves---					----- Revenue Reserves -----				Grand total
	Issued, subscribed and paid-up share capital	Capital to be issued pursuant to amalgamation	Share premium	Amalgamation Reserve	Sub Total	General reserves	Amalgamation Reserve	Unappropriated profit	Sub Total	
----- (Rupees in '000) -----										
Balance as at June 30, 2015	234,375	45,921	103,125	34,416	137,541	1,000,000	727,333	4,672,349	6,399,682	6,817,519
Shares to be issued pursuant to amalgamation	45,921	(45,921)	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>										
Loss for the period	-	-	-	-	-	-	-	(273,843)	(273,843)	(273,843)
Other comprehensive income	-	-	-	-	-	-	-	(10,070)	(10,070)	(10,070)
	-	-	-	-	-	-	-	(283,913)	(283,913)	(283,913)
Balance as at June 30, 2016	280,296	-	103,125	34,416	137,541	1,000,000	727,333	4,388,436	6,115,769	6,533,606
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	-	344,075	344,075	344,075
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	344,075	344,075	344,075
<b>Balance as at September 30, 2016</b>	<b>280,296</b>	<b>-</b>	<b>103,125</b>	<b>34,416</b>	<b>137,541</b>	<b>1,000,000</b>	<b>727,333</b>	<b>4,732,511</b>	<b>6,459,844</b>	<b>6,877,681</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive



**MUHAMMAD YUNUS TABBA**  
Chairman

## notes to the condensed interim financial information

For the First Quarter Ended September 30, 2016 (Un-audited)

### 1. THE COMPANY AND ITS OPERATIONS

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 manufacturing facilities of the Company are located at Gadoon Amazai Industrial Estate Khyber Pakhtunkhwa and 57 km on Super Highway near Karachi. The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. Y.B. Holdings (Private) Limited is the holding company. The registered office of the Company is located at 200-201, Gadoon Amazai Industrial Estate, District Swabi, Khyber Pakhtunkhwa.

### 2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the three months ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and the provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This 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, 2016.
- 2.2 This condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest thousand rupee.
- 2.3 This condensed interim financial information is un-audited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. The comparative balance sheet presented has been extracted from annual audited financial statements for the year ended June 30, 2016, whereas, comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the three months ended September 30, 2015.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2016.

### 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 end for the year June 30, 2016.

September  
30, 2016  
(Un-audited)  
— (Rupees in '000) —

June  
30, 2016  
(Audited)

Note

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	7,292,739	7,469,897
Capital work-in-progress	5.2	282,376	257,116
		<u>7,575,115</u>	<u>7,727,013</u>

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

	Quarter ended September 30, 2016 (Un-audited)		Quarter ended September 30, 2015 (Un-audited)	
	Additions/ transfers	Disposals at book value	Additions/ transfers	Disposals at book value
	(Rupees in '000)			
Building	1,160	-	-	-
Plant and machinery	8,819	-	18,166	-
Electric installation	480	-	-	-
Computer equipment	300	-	74	-
Office equipment and installations	85	-	203	-
Vehicles	3,924	12	1,623	194
	<u>14,768</u>	<u>12</u>	<u>20,066</u>	<u>194</u>

### 5.2 Details of additions and transfers to / from Capital work-in-progress are as under:

	Quarter ended September 30, 2016 (Un-audited)		Quarter ended September 30, 2015 (Un-audited)	
	Additions	Transfers	Additions	Transfers
	(Rupees in '000)			
<b>Gadoon Amazai</b>				
Plant and machinery	26,047	3,564	97,639	4,304
Markup capitalized	3,418	-	-	-
Others	3,990	3,926	4,695	1,623
<b>Karachi Project</b>				
Civil works	454	1,160	8,400	-
Plant and machinery	5,735	5,735	13,785	13,785
Others	-	-	144	76
	<u>39,644</u>	<u>14,385</u>	<u>124,663</u>	<u>19,788</u>

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
— (Rupees in '000) —			
<b>6. LONG - TERM ADVANCE</b>			
<b>- Considered doubtful</b>			
Investment in joint venture	6.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		-	-
		-	-

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 is acquisition and development of certain land 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. Accordingly, management has made full provision against such advance on prudent basis.

## 7. LONG - TERM INVESTMENTS

### Investment in Associates

ICI Pakistan Limited	1,505,540	1,463,896
Lucky Holdings Limited	143,243	137,576
Yunus Energy Limited	609,225	592,860
	2,258,008	2,194,332
	2,258,008	2,194,332

## 8. STOCK-IN-TRADE

Raw Material		
- in hand	3,329,969	3,381,252
- in transit	181,691	875,157
Work-in-process	216,100	250,971
Finished goods		
- yarn	984,932	571,786
- knitted fabric	16,649	35,069
- waste at net realisable value	79,404	34,180
	4,808,746	5,148,415
	4,808,746	5,148,415

	<b>September 30, 2016 (Un-audited)</b>	<b>June 30, 2016 (Audited)</b>
	— (Rupees in '000) —	
<b>9. SHORT-TERM BORROWINGS</b>		
Banking companies - secured		
Running finance under mark-up arrangements	2,839,703	1,311,646
Short term finance	1,114,000	2,000,000
<b>Foreign currency loan against</b>		
Import finance	4,572,974	5,586,441
Export finance	272,278	655,681
	4,845,252	6,242,122
	<u>8,798,955</u>	<u>9,553,768</u>

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

10.1.1 Outstanding Guarantees given on behalf of the Company by banks in normal course of business amounting to Rs. 878.44 million (June 2016: Rs. 842.78 million).

Other contingencies are same as disclosed in notes 21.1.12 to 21.1.9 to the annual financial statements for the year ended June 30, 2016.

	<b>September 30, 2016 (Un-audited)</b>	<b>June 30, 2016 (Audited)</b>
	— (Rupees in '000) —	
<b>10.1.2 Others</b>		
Export bills discounted with recourse arrangement	1,193,165	1,453,334
Indemnity bond in favor of Collector of Customs against imports	4,105	4,105
Post dated cheques in favor of Collector of Customs against imports	936,524	850,400

**September 30,  
2016  
(Un-audited)**      **June 30,  
2016  
(Audited)**  
— (Rupees in '000) —

## 10.2 Commitments

### Letters of credit opened by banks for:

Raw materials	348,686	96,658
Stores and spares	33,613	28,326
Foreign currency forward contracts	15,441	17,367

Furthermore on behalf of Yunus Energy Limited, the Company has signed sponsors support agreement amounting to Rs. 960 million and contractual commitments for debt servicing of two loan installments amount up to the cap of Rs. 338 million.

**Quarter ended**  
**September 30,  
2016  
(Unaudited)**      **September 30,  
2015  
(Unaudited)**  
— (Rupees in '000) —

## 11. COST OF SALES

Opening stock - finished goods		641,035	1,020,839
Cost of goods manufactured	11.1	5,581,733	5,043,076
		6,222,768	6,063,915
Closing stock - finished goods		(1,080,985)	(957,786)
		<u>5,141,783</u>	<u>5,106,129</u>

### 11.1 Cost of goods manufactured

Opening stock- work in process		250,971	197,617
Raw and packing material consumed		3,660,594	3,371,724
Other manufacturing expenses		1,886,268	1,666,195
		5,546,862	5,037,919
		5,797,833	5,235,536
Closing stock - work in process		(216,100)	(192,460)
		<u>5,581,733</u>	<u>5,043,076</u>

## 12. TAXATION

12.1 There have been no change in the tax contingencies as disclosed in note number 21.1.4 to 21.1.8 to the annual audited financial statements for the year ended June 30, 2016.



### 13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties are as follows:

Name of Related Parties	Nature of Transaction	Quarter ended	
		September 30, 2016 (Un-audited)	September 30, 2015 (Un-audited)
----- (Rupees in '000) -----			
<b>a. Associated companies (Common Directorship)</b>			
Lucky Cement Limited	Purchase of cement	331	802
	Re-imburement of Expenses	120	-
Lucky Knits (Private) Limited	Sale of yarn	208,250	139,338
	Knitting & Dyeing charges	4,593	8,300
	Purchase of yarn	140	2,100
	Purchase of vehicle	410	-
Yunus Textile Mills Limited	Sale of yarn	102,312	146,337
Feroze1888 Mills Limited	Sale of yarn	-	25,297
Lucky Textile Mills Limited	Sale of yarn	593,420	416,440
	Sale of fabric	160,961	540
	Service charges	421	-
Lucky Energy (Private) Limited	Purchase of electricity	293,600	274,443
Yunus Energy Limited	Investment in Shares	-	25,000
	Share of profit	16,365	-
ICI Pakistan Limited (Common Directorship and Shareholding)	Purchase of fiber	347,416	379,479
	Share of profit	41,644	39,000
Lucky Holdings Limited	Share of profit	5,667	5,000
<b>b. Benefits to key management personnel</b>		<b>19,278</b>	<b>13,836</b>

### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

September 30, 2016			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

**Financial assets - at fair value**

Fair value through profit or loss

- Held for trading	114,310	-	-	114,310
	<u>114,310</u>	<u>-</u>	<u>-</u>	<u>114,310</u>

June 30, 2016			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

**Financial assets - at fair value**

Fair value through profit or loss

- Held for trading	59,745	-	-	59,745
	<u>59,745</u>	<u>-</u>	<u>-</u>	<u>59,745</u>

There were no transfers between levels during the period.

There were no changes in valuation techniques during the period.

**15. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on October 27, 2016 by the Board of Directors of the Company.



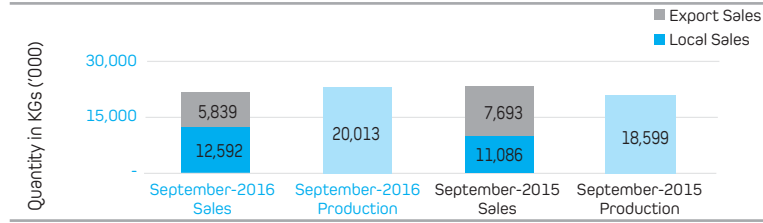
**MUHAMMAD SOHAIL TABBA**  
Chief Executive



**MUHAMMAD YUNUS TABBA**  
Chairman

## کارکردگی برہمی کاروباری افعال

سد ماہی 30 ستمبر 2016 کے دوران پیداوار اور فروختگی برہمی شماریات بمقابلہ دورانہ پیشہ گزشتہ سال ذیل میں پیش خدمت ہے:



## مستقبل پر نظر

پاکستان کی مجموعی برآمدات بشمول ٹیکسٹائل مصنوعات میں زبردست کمی کے پیش نظر حکومت پاکستان 120 بلین روپے سے 180 بلین روپے کے ریڈیف ٹینج کا اعلان کرنے جاری ہے جس کا سب سے بڑا حصہ ٹیکسٹائل سیکٹور کو دیا جائے گا، اس ٹینج کی وجہ سے ایک جانب تو کاروباری لاگت کو کم کرنے میں مدد ملے گی تو دوسری جانب برآمدات برہمی یہ سیکٹرز، خطے میں اپنے حریفوں سے مسابقت کے قابل ہو جائیں گے۔ کمپنی حکومت کی جانب سے اس قسم کے اقدامات کو خوش آمدید کہتی ہے جن کی وجہ سے ناصرف پاکستانی مصنوعات ایک مرتبہ پھر عالمی منڈیوں میں اپنی مسابقتی قوت بحال کرنے میں کامیاب ہو جائیں گی بلکہ حکومت کی جانب سے متعین کردہ شرح نمو کے اہداف کو حاصل کرنے میں بھی یہ اقدامات معاون ثابت ہوں گے۔

آپ کی کمپنی نے اپنے کاربن فوٹ پرنٹ میں کمی لانے کے لیے 'ویسٹ ہیٹ ریکوری' پلانٹ کی تنصیب کا اہم اقدام کیا ہے، اس سے آپ کی کمپنی کو براہ راست اور بالواسطہ فوائد پہنچنے کے امکانات ہیں جس کے ذریعے ناصرف کمپنی اپنی توانائی کے اخراجات میں کمی لاسکتی ہے بلکہ ان پائپس سے خارج ہونے والی حرارت اور فضائی آلودگی میں بھی خاطر خواہ کمی لائی جاسکتی ہے، اور اس کے ساتھ ساتھ 2 میگا واٹ بجلی کا حصول بھی ممکن ہو سکے گا۔

کمپنی کی جانب سے یوٹس انرجی لمیٹڈ کے بادیانی توانائی پروجیکٹ میں سرمایہ کاری کے نتائج بھی کمرشل آپریشنز شروع ہونے کے بعد اس سال تیر کے مہینے کے وسط سے حاصل ہونا شروع ہو چکے ہیں۔ ہم امید کرتے ہیں کہ یوٹس انرجی لمیٹڈ کے آپریشنز آپ کی کمپنی کے بہتر مستقبل میں معاون کردار ادا کریں گے۔

کمپنی کے تمام شراکت داروں کو زیادہ سے زیادہ فوائد ہم پہنچانے کی غرض سے کمپنی کی انتظامیہ اس سلسلے میں انتھک محنت کر رہی ہے کہ ٹیکسٹائل سیکٹور میں ان تمام مملکت موافقوں سے فائدہ اٹھایا جائے جو کہ کمپنی کی قدر و قیمت میں اضافہ کر سکتے ہیں اور کمپنی کے آپریشنز پر آنے والی موجودہ لاگت میں خاطر خواہ کمی لائے جائے تاکہ مستقبل میں بہتر مالیاتی نتائج پیش کئے جاسکیں۔

## اظہار تشکر

ڈائریکٹرز کمپنی کے کارکنوں، ملازمین اور انتظامی عملے کی حسن کارکردگی کو مد نظر رکھتے ہوئے ان کا تہہ دل سے شکر یہ ادا کرتے ہیں۔

مجاہد بورڈ

چیف ایگزیکٹو

یہ مقام کراچی: 27 اکتوبر 2016

نفع و نقصان	30 ستمبر 2016	30 ستمبر 2015	فیصد سازگار / (ناسازگار)
برآمدات	1,672,938	2,118,479	(21.03)
مقامی فروختگی	3,935,564	3,262,124	20.64
کل فروختگی	5,608,502	5,380,603	4.24
خام منافع	466,719	274,474	70.04
تمویلی لاگت	(81,109)	(152,616)	46.85
اخراجات برائے تقسیم مال	(62,573)	(81,177)	22.92
اخراجات برائے انتظامی امور	(56,263)	(58,078)	3.13
دیگر آمدن	120,929	48,708	148.27
نفع / (نقصان) قبل از ٹیکس	385,111	(48,869)	888.05
نفع / (نقصان) برائے سال رواں	344,075	(59,576)	677.54
آمدن فی حصص (روپے)	12.28	(2.13)	-

جیسا کہ مزکورہ بالا خلاصے سے ظاہر ہے کہ گزشتہ کئی برسوں کے دوران برآمدات میں آنے والی کمی کا رجحان رواں سال بھی جاری رہا جس کا مجموعی نتیجہ 21% کمی کی صورت میں ہمارے سامنے موجود ہے، جبکہ اس کے برعکس مقامی فروختگی میں غیر معمولی کارکردگی کی وجہ سے گزشتہ سال اسی عرصے کے دوران کے مقابلے میں اس سال 20% کا اضافہ ریکارڈ کیا گیا ہے جسے سوت کی بڑھتی ہوئی قیمتوں سے منسوب کیا جاسکتا ہے۔

ناصر یہ کہ ان سازگار حالات سے ہماری سبز ٹیم نے فائدہ اٹھایا، بلکہ اس کے ساتھ ساتھ انویٹری کے موثر انتظام نے بھی اس سلسلے میں اپنا کردار ادا کیا ہے۔ ان وجوہات کی بناء پر مصنوعات کی لاگت میں کمی لانے کے اقدامات کو سہارا ملا ہے جس کا اظہار خام منافع میں اضافے سے بھی ہوتا ہے جو کہ 5.1% سے بڑھ کر 8.3% تک ہو چکا ہے۔

انضمام کے فوائد کے ثمرات کے بطور کمپنی کی مجموعی صلاحیتوں میں اضافہ ہوا ہے اور اس اقدام کی وجہ ایک جانب تو بڑے پیمانے پر پیداواری عمل اور دوسری جانب انتظامی صلاحیتوں کے بھرپور استعمال کی وجہ سے انتظامی اخراجات میں کمی واقع ہوئی ہے۔

علاوہ ازیں، ملک میں موجود کم شرح سود کو مد نظر رکھتے ہوئے انتظامیہ نے مالیاتی ذخائر کا ایک ایسا امتزاج پیدا کیا ہے کہ اس صورتحال سے زیادہ سے زیادہ فائدہ اٹھایا جاسکے، نیز انضمام کے نتائج کے طور پر کمپنی کو حاصل ہونے والی قوت سود بازی کی وجہ سے رسک کا پھیلاؤ کم سے کم ہونے کی وجہ سے بھی اس سلسلے میں کمپنی کو فائدہ حاصل ہوئے ہیں۔

وقت نے ثابت کر دیا ہے کہ کمپنی کی جانب سے متنوع انداز سے سرمایہ کاری کی حکمت عملی ایک احسن قدم تھا جس کے مثبت نتائج برآمد ہونا شروع ہو چکے

ہیں جس کا اظہار دیگر آمدن کی مد میں ہونے والے 72 ملین روپے کے اہم اضافے سے ہوتا ہے جس کی وجہ سے اس سال دیگر آمدن 121 ملین روپے رہی جو گزشتہ سال اسی عرصے کے دوران 49 ملین روپے تھی۔

## ڈائریکٹرز رپورٹ

### معزز ممبران گرامی

آپ کی کمپنی کے ڈائریکٹرانہائی مسرت کے ساتھ کمپنی کی کارکردگی کا جائزہ بمعہ غیر آڈٹ شدہ مالیاتی دستاویزات بابت پہلی سہ ماہی 30 ستمبر 2016 آپ کی خدمت میں پیش کر رہے ہیں۔

### جائزہ

سال رواں کے دوران آپ کی کمپنی کا کاروباری حجم 5.61 بلین روپے ریکارڈ کیا گیا ہے جبکہ کاروباری حجم گزشتہ سال اسی عرصے کے دوران 5.38 بلین روپے تھا، لہذا اس سال کاروباری حجم میں 228 بلین روپے کا اضافہ ریکارڈ کیا گیا ہے۔ حکومت کی جانب سے ٹیکسٹائل کی صنعت میں مقامی مسابقت کاروں کو فراہم کی جانے والی مراعات اور مقامی سطح پر کم پیداواری لاگت کی وجہ سے عالمی منڈی میں پاکستان کی ٹیکسٹائل کی مصنوعات کو جارحانہ حالات کا سامنا کرنا پڑا اور گزشتہ صورتحال کی طرح اس سال بھی برآمدات میں کمی واقع ہوئی ہے، یہ کمی کل فروختگی حجم کا 30% بنتی ہے (39% برعکس) (ستمبر 2015)۔

سال ہاسال کی محنت کے ثمرے کے بطور پیدا شدہ ساکھ کو بنیاد بناتے ہوئے کمپنی نے اپنی تمام تر کوششوں کا رخ مقامی منڈی کی جانب کر دیا اور مقامی منڈی میں سرانیت کرنے کے سلسلے میں کوئی کسر اٹھانا رکھی، ان کوششوں کے نتیجے کے طور پر اس سال پہلی سہ ماہی کے دوران مقامی فروختگی میں 673 بلین کا اضافہ ریکارڈ کیا گیا ہے اور مقامی فروختگی جو گزشتہ سال اسی عرصے کے 3.3 بلین روپے سے بڑھ کر 3.9 بلین ہو گئی۔

کمپنی کی اچھی ساکھ، مثبت کاروباری حالات اور انتظامیہ کی جانب سے مستقل بنیادوں پر کی جانے والی کوششوں کے پیش نظر اس عرصے کے دوران آپ کی کمپنی کے حتمی مالیاتی نتائج 344 بلین روپے کے ساتھ مثبت رہے جبکہ گزشتہ سال اسی عرصے کے حتمی مالیاتی نتائج 60 بلین روپے کے حساب سے منفی تھے۔

### معاشی حالات

حکومت کی جانب سے کلی معاشیات اور بنیادی ڈھانچے میں کی جانے والی اصلاحات، دیگر ممالک سے بہتر دو طرفہ تعلقات، فصلوں کی بہتر پیداوار اور امن عامہ کی بہتر صورتحال کی وجہ سے وطن عزیز کی مجموعی معاشی صورتحال متوازن رہی، حالانکہ گزشتہ سال سیلاب کی تباہ کاریوں اور فصلوں پر کیڑوں کے حملوں کی وجہ سے بڑے پیمانے پر فصلیں تباہی کا شکار ہوئیں۔

مزید برآں، ٹیکسٹائل کی صنعت کیلئے زیرو ریٹڈ ٹیکس اسکیم اور دیگر اہم مراعات جیسے اقدامات وطن عزیز کی سب سے بڑی صنعت برقی برآمدات کو سہارا دینے میں اہم کردار ادا کر سکتے ہیں۔

### مالیاتی کارکردگی

جیسا کہ کمپنی کے مالیاتی نتائج سے یہ بات عیاں ہے کہ کمپنی نے اپنے حتمی مالیاتی نتائج میں تقریباً سات (7) گنا واضح اضافہ پیدا کیا ہے۔ اسکی بنیادی وجہ مارکیٹ کے رجحانات کا اس سیکٹر کے حق میں ہونا تھا۔

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