



Quarterly Accounts September 30, 2015  
(Un-Audited)



## COMPANY INFORMATION

### CHAIRMAN

Mr. Muhammad Umar Virk

### CHIEF EXECUTIVE

Mr. Nadeem Aslam Butt

### BOARD OF DIRECTORS

Mr. Muhammad Umar Virk  
Mr. Nadeem Aslam Butt  
Mr. Umair Umar  
Mrs. Shahnaz Umar  
Mrs. Fatima Nadeem  
Mrs. Sadiya Umair  
Mr. Shaukat Nazir Malik ( Independent Director )

### AUDIT COMMITTEE

|                         |          |
|-------------------------|----------|
| Mr. Shaukat Nazir Malik | Chairman |
| Mr. Umair Umar          | Member   |
| Mrs. Shahnaz Umar       | Member   |

### HUMAN RESOURCE & REMUNERATION COMMITTEE

|                       |             |
|-----------------------|-------------|
| Mrs. Sadiya Umair     | Chairperson |
| Mr. Nadeem Aslam Butt | Member      |
| Mrs. Fatima Nadeem    | Member      |

### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Saeed Ahmad Khan

### AUDITORS

M/s Rahman Sarfaraz Rahim Iqbal Rafiq. (Chartered Accountant).  
Member of Russell Bedford International.  
House # 72-A, Faisal Town, Lahore

### LEGAL ADVISER

Salman Akram Raja.  
Raja Mohammad Akram & Co., Advocates & Legal Consultants  
33-C Main Gulberg Lahore.

### REGISTRAR OF THE COMPANY

Vision Consulting Ltd.  
3 – C , 1<sup>st</sup> floor, LDA Flats, Lawrance Road Lahore  
Ph: + 92 42 36283096-97

### REGISTERED OFFICE

44-E-1, Gulberg III, Lahore  
Ph: + 92 42 3571 4191-94 , Fax: + 92 42 3571 0048  
W: www.hiratex.com.pk

### MILLS

8 KM Manga Raiwind Road Raiwind District Kasur



## *Director's Report*

We hereby present the un-audited financial statements of the Company for 1st Quarter ended on September 30, 2015. The Company's sales are Rs. 938.530 million as compared to Rs. 950.733 million during the corresponding period of last year. Gross Profit for the period is Rs.55.672 million showing a decrease of 51.50 % over the gross profit of Rs.114.776 million in the corresponding period. Decrease in G.P. is due to decrease in sale rates.

Loss from operations is Rs.25.536 million as compared to profit of Rs. 20.839 million in the corresponding period. The decrease in operational profit is due to decrease in gross profit. Distribution cost is decreased by 43.06% which is mainly due to increase in local sales. Financial cost has decreased by Rs.8.52 million which is due to decrease in long term, short term borrowings and Kibor rate. Loss after tax is Rs. 15.327 million as compared to Profit of Rs.25.77 million in the corresponding period. Hira Terry Mills Limited has contributed Rs.18.844 million in the current profit of the company. Earning per share for three months period is Rs. (0.19) as compared to Rs. 0.33 during the corresponding period of last year. Though the result of the current months is quite dissatisfactory but at the same time the management is concerned about the profitability of the company for the remaining year due to recession in spinning segment of textile industry. However the management of the company is putting its best efforts to improve the situation through better production and marketing strategies.

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the success & growth of the company.

On behalf of the Board

**Nadeem Aslam Butt**  
(Chief Executive Officer)

Lahore  
October 28, 2015



## Balance Sheet

as at September 31, 2015

|  | Un-Audited<br>September 30,<br>2015 | Audited<br>June 30,<br>2015 |
|--|-------------------------------------|-----------------------------|
|  | Rupees                              | Rupees                      |
| <b>ASSETS</b>  |                                     |                             |
| <b>NON CURRENT ASSETS</b>                                      |                                     |                             |
| Property, plant and equipment                                  | 2,073,208,281                       | 2,083,750,163               |
| Long term investment- note 3                                   | 589,742,142                         | 570,897,959                 |
| Long term Advance & Deposits                                   | 26,668,348                          | 26,534,648                  |
|  | 2,689,618,771                       | 2,681,182,770               |
| <b>CURRENT ASSETS</b>  |                                     |                             |
| Stores, spares and loose tools                                 | 130,591,728                         | 177,042,638                 |
| Stock in trade   | 1,338,337,367                       | 1,714,457,816               |
| Trade debts  | 129,383,777                         | 125,829,226                 |
| Advances, Deposits, Prepayments & other receivables            | 115,892,593                         | 119,265,469                 |
| Tax refundable due from Government - (Net of provision)        | 124,150,895                         | 130,090,886                 |
| Sales Tax Refundable   | 37,747,347                          | 52,042,321                  |
| Cash and bank balances   | 5,807,428                           | 21,368,329                  |
|  | 1,881,911,135                       | 2,340,096,685               |
| <b>TOTAL ASSETS</b>  | <b>4,571,529,906</b>                | <b>5,021,279,455</b>        |
| <b>EQUITY AND LIABILITIES</b>                                  |                                     |                             |
| <b>CAPITAL AND RESERVES</b>                                    |                                     |                             |
| Authorized capital   |                                     |                             |
| 80,000,000 ordinary shares of Rs. 10 each                      | 800,000,000                         | 800,000,000                 |
| Issued, subscribed and paid-up capital                         |                                     |                             |
| 78,707,2000 ordinary shares of Rs. 10 each                     | 787,072,000                         | 787,072,000                 |
| Reserves   | 82,500,000                          | 82,500,000                  |
| Unappropriated profit  | 967,923,392                         | 983,250,076                 |
| <b>Shares Holders' Equity</b>                                  | 1,837,495,392                       | 1,852,822,076               |
| <b>Surplus on revaluation of property, plant and equipment</b> | 65,892,542                          | 65,892,542                  |
| <b>NON CURRENT LIABILITIES</b>                                 |                                     |                             |
| Long term Financing  | 520,301,222                         | 542,166,123                 |
| Liabilities against assets subject to finance Lease            | 43,713,838                          | 47,535,287                  |
| Deferred Liabilities   | 83,686,516                          | 84,022,100                  |
| <b>CURRENT LIABILITIES</b>                                     |                                     |                             |
| Trade and other payables                                       | 504,869,868                         | 612,596,835                 |
| Mark-up accrued  | 42,274,354                          | 56,141,653                  |
| Short term borrowings  | 1,336,333,450                       | 1,606,582,666               |
| Current maturity of long term liabilities                      | 136,962,724                         | 153,520,173                 |
|  | 2,020,440,396                       | 2,428,841,327               |
| <b>CONTINGENCIES AND COMMITMENTS -note 4</b>                   | -                                   | -                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            | <b>4,571,529,906</b>                | <b>5,021,279,455</b>        |

The annexed notes form an integral part of these financial statements

Lahore  
Date : October 28, 2015

  
 Chief Executive

  
 Director



**Profit and Loss Account (Un-audited)**  
for quarter ended September 30, 2015

|   | September 30,<br>2015<br>Rupees | September 30,<br>2014<br>Rupees |
|---|---------------------------------|---------------------------------|
| Sales - net                                   | 938,529,772                     | 950,733,121                     |
| Cost of goods sold                            | 882,857,467                     | 835,956,465                     |
| Gross profit                                  | 55,672,305                      | 114,776,656                     |
| Distribution cost                             | 7,450,342                       | 13,086,490                      |
| Administrative expenses                       | 20,084,409                      | 20,632,664                      |
| Other operating expenses                      | -                               | 1,544,471                       |
| Finance cost                                  | 53,673,947                      | 58,673,865                      |
|   | 81,208,698                      | 93,937,490                      |
| Profit from Operations                        | (25,536,393)                    | 20,839,166                      |
| Share of profit of Hira Terry Mills Limited   | 18,844,183                      | 10,633,220                      |
| Profit/(Loss) before tax                      | (6,692,210)                     | 31,472,386                      |
| Provision for taxation                        | 8,634,474                       | 5,704,399                       |
| Profit/(Loss) after tax                       | (15,326,684)                    | 25,767,987                      |
| Earnings/(Loss) per share - basic and diluted | (0.19)                          | 0.33                            |

The annexed notes form an integral part of these financial statements



## Cash Flow Statement (Un-audited)

for quarter ended September 30, 2015

|  | Quarter ended            |                          |
|--|--------------------------|--------------------------|
|  | Sept. 30, 2015<br>Rupees | Sept. 30, 2014<br>Rupees |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                          |                          |
| Net profit before taxation   | (6,692,210)              | 31,472,385               |
| Add Depreciation of property, plant and equipment                  | 26,984,447               | 25,519,514               |
| Employee benefits- provision for the period                        | 4,500,000                | 2,300,000                |
| Share of Profit of Hira Terry Mills Limited                        | (18,844,183)             | (10,633,220)             |
| Finance cost   | 53,673,947               | 58,673,865               |
|  | <u>59,622,000</u>        | <u>107,332,544</u>       |
| (Increase)/ decrease in store, spare and loose tools               | 46,450,910               | 844,371                  |
| (Increase)/ decrease in stock in trade                             | 376,120,449              | (316,766,593)            |
| (Increase)/ decrease in trade debts                                | (3,554,551)              | 9,812,512                |
| (Increase)/ decrease in loans & advances                           | 9,312,867                | 900,601                  |
| (Increase)/ decrease in Sales Tax refundables                      | 14,294,974               | 13,298,228               |
| Increase/ (decrease) in trade & other payables                     | (130,655,200)            | 283,537,778              |
| <b>Cash generated from operations</b>                              | <u>371,591,449</u>       | <u>98,959,441</u>        |
| Finance cost paid  | (67,541,246)             | (55,623,958)             |
| Gratuity paid  | (4,194,100)              | (1,337,700)              |
| Income taxes paid  | (2,694,483)              | (7,520,536)              |
| Net cash used operating activities                                 | <u>297,161,621</u>       | <u>34,477,247</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |                          |                          |
| Purchase of property, plant and equipment                          | (16,653,256)             | -                        |
| Long term deposits   | (133,700)                | -                        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                       | <u>(16,786,956)</u>      | <u>-</u>                 |
| Long term financing  | (21,864,901)             | (20,100,000)             |
| Payment of liabilities against assets subject to finance lease     | (3,821,449)              | (1,013,989)              |
| Short term borrowings - secured                                    | (270,249,216)            | (10,600,138)             |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                     | <u>(295,935,566)</u>     | <u>(31,714,127)</u>      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b> | <u>(15,560,901)</u>      | <u>2,764,120</u>         |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>    | <u>21,368,329</u>        | <u>15,933,539</u>        |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>          | <u>5,807,428</u>         | <u>18,697,659</u>        |

The annexed notes form an integral part of these financial statements



## Statement of Changes in Equity (Un-audited)

for quarter ended September 30, 2015

|                                    | Share capital<br>Rupees | Share premium<br>Rupees | Unappropriated<br>profits<br>Rupees | Total<br>Rupees      |
|------------------------------------|-------------------------|-------------------------|-------------------------------------|----------------------|
| <b>Balance as at June 30, 2014</b> | 787,072,000             | 82,500,000              | 892,612,468                         | 1,762,184,468        |
| Profit for the period              | -                       | -                       | 25,767,986                          | 25,767,986           |
| <b>Balance as at Sep 30, 2014</b>  | <u>787,072,000</u>      | <u>82,500,000</u>       | <u>918,380,454</u>                  | <u>1,787,952,454</u> |
| Profit for the period              |                         | -                       | 64,869,622                          | 64,869,622           |
| <b>Balance as at June 30, 2015</b> | <u>787,072,000</u>      | <u>82,500,000</u>       | <u>983,250,076</u>                  | <u>1,852,822,076</u> |
| Profit for the period              |                         | -                       | (15,326,684)                        | (15,326,684)         |
| <b>Balance as at Sep 30, 2015</b>  | <u>787,072,000</u>      | <u>82,500,000</u>       | <u>967,923,392</u>                  | <u>1,837,495,392</u> |

The annexed notes form an integral part of these financial statements



## Notes to the Financial Statements (*Un-audited*)

for quarter ended September 30, 2015

### 1 CORPORATE INFORMATION

The Company was incorporated in Pakistan on January 31, 1991 as a Public Limited Company and its shares are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the Company is to manufacture and sale of yarn. The registered office of the Company is located at 44-E/1 Gulberg III, Lahore and its mill is located at Raiwind Road Lahore.

### 2 BASIS OF PREPARATION

- 2.1 These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
- 2.2 The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended June 30, 2015.

|  | <u>Un-Audited</u><br><u>September 30, 2015</u> | <u>Audited</u><br><u>June 30, 2015</u> |
|--|--|--|
|  | Rupees   | Rupees                                 |
| <b>3 LONG TERM INVESTMENTS</b>                           |  |  |
| Investment in related parties- unquoted                  |  |  |
| Hira Terry Mills Limited -associated company             |  |  |
| 18,450,000 fully paid ordinary shares of Rs. 10 each     | 184,500,000                                    | 184,500,000                            |
| Share of Profit  | <u>405,242,142</u>                             | <u>386,397,959</u>                     |
|  | <u>589,742,142</u>                             | <u>570,897,959</u>                     |
| <b>4 CONTINGENCIES AND COMMITMENTS</b>                   |  |  |
| Contingencies - Guarantees                               |  |  |
| Habib Bank Limited to Sui Northren Gas Pipelines Limited | <u>27,979,420</u>                              | <u>27,979,420</u>                      |
|  | <u>27,979,420</u>                              | <u>27,979,420</u>                      |
| Commitments  |  |  |
| Letters of credit for import of machinery                | -  | -                                      |
| Letters of credit for import of raw material             | 79,895,006                                     | 16,316,433                             |
| Letters of credit for import of stores and spares/Others | <u>780,194</u>                                 | <u>2,351,071</u>                       |
|  | <u>80,675,200</u>                              | <u>18,667,504</u>                      |
|  | <u>Un-Audited</u>                              | <u>Un-Audited</u>                      |
|  | <u>September 30, 2015</u>                      | <u>September 30, 2014</u>              |
|  | Rupees   | Rupees                                 |
| <b>5 COST OF SALES</b>                                   | Note   |  |
| Stock - opening  |  | 444,313,193                            |
| Cost of goods manufactured                               | 5.1  | 337,411,890                            |
| Stocks - closing   |  | <u>807,647,137</u>                     |
|  |  | <u>369,102,863</u>                     |
|  |  | <u>882,857,467</u>                     |
|  |  | <u>906,123,955</u>                     |
|  |  | <u>407,579,380</u>                     |
|  |  | <u>835,956,465</u>                     |





## Notes to the Financial Statements (*Un-audited*)

for quarter ended September 30, 2015

| 5.1 Cost of goods manufactured | Un-Audited         | Un-Audited         |
|--------------------------------|--------------------|--------------------|
|                                | September 30, 2015 | September 30, 2014 |
|                                | Rupees             | Rupees             |
| Work in process - opening      | 51,749,875         | 38,533,960         |
| Raw materials consumed         | 512,525,714        | 663,544,883        |
| Overheads                      | 290,816,915        | 248,223,653        |
| Work in process - closing      | 47,445,367         | 44,178,541         |
|                                | <u>807,647,137</u> | <u>906,123,955</u> |

### 6 RELATED PARTY TRANSACTIONS

The Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties.

| DESCRIPTION  | Un-Audited         | Audited       |
|--|--------------------|---------------|
|  | September 30, 2015 | June 30, 2015 |
|  | Rupees             | Rupees        |
| <b>Transactions with jointly Controlled entity</b>       |                    |               |
| Sale of yarn, Cotton, dyes and Chemicals                 | 277,803,288        | 1,509,062,252 |
| Purchases of Towels, Stores & Spares                     | 4,203,477          | 76,427,373    |
| Expenses charged   | 5,387,827          | 22,007,579    |
| Mark-up expenses / (Income) on balance due               | 666,925            | 1,021,530     |
| <b>Transactions with Other related parties</b>           |                    |               |
| Payment to Employees' Provident Fund Trust               | 636,780            | 2,068,947     |
| Payment to Director for Office Rent                      | 1,050,000          | 4,200,000     |
| Interest expenses on Director Loan                       | 3,648,851          | 19,218,115    |
| Interest on Director's Loan waived                       | 3,648,851          | 19,218,115    |
| Payments for Insurance to Adamjee Insurance Company Ltd. | 2,490,936          | 19,077,784    |

### 7 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28th October, 2015 by the Board of Directors of the Company.

### 8 PRESENTATION

- Figures in the financial statements have been rounded-off to the nearest Rupee.