



**Quarterly Accounts September 30, 2016  
(Un-Audited)**





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## 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

Deloitte Yousaf Adil (Chartered Accountants)  
134-A, Abu Bakar Block, New Garden Town, Lahore

### TAX ADVISER

KPMG Taseer Hadi & Co. (Chartered Accountants)  
Servis House, 2nd Floor, 2 Main Gulberg,  
Jail Road, Lahore.

### INTERNAL AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq (Chartered Accountants)  
Member of Russel Badford International.  
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 , 1st 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



## *Directors' Report*

We hereby present the un-audited financial statements of the Company for 1st Quarter ended on September 30, 2016. The Company's sales are Rs. 1005.650 million as compared to Rs. 938.530 million during the corresponding period of last year. Gross Profit for the period is Rs.83.884 million showing an increase of 50.67 % over the gross profit of Rs.55.672 million in the corresponding period. increase in G.P. is due to increase in sale rates.

Profit from operations is Rs.9.507 million as compared to loss of Rs. 25.536 million in the corresponding period. The increase in operational profit is due to decrease in financial cost. Distribution cost is increased by 49.33% which is mainly due to increase in export sale . Financial cost has decreased by Rs.7.89 million which is due to decrease in long term, short term borrowings and Kibor rate. Profit after tax is Rs. 0.255 million as compared to loss of Rs.34.17 million in the corresponding period. Hira Terry Mills Limited has contributed Rs.22.157 million in the current profit of the company. Earning per share for three months period is Rs. 0.28 as compared to Rs. (0.19) during the corresponding period of last year. Though the result of the current months is satisfactory 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 27, 2016



## Condensed Interim Balance Sheet

as at September 30, 2016

	Un-Audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	2,556,190,783	2,574,458,017
Long term investment- note 3	683,575,845	661,418,777
Long term Advance & Deposits	23,260,348	23,260,348
	<b>3,263,026,977</b>	<b>3,259,137,142</b>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	231,681,141	246,369,506
Stock in trade	1,801,463,833	1,556,917,267
Trade debts	64,601,711	75,832,714
Advances, Deposits, Prepayments & other receivables	94,173,759	193,393,488
Tax refundable due from Government - (Net of provision)	107,357,530	110,516,433
Sales Tax Refundable	55,047,128	45,704,067
Cash and bank balances	24,957,850	26,734,940
	<b>2,379,282,952</b>	<b>2,255,468,415</b>
<b>TOTAL ASSETS</b>	<b>5,642,309,929</b>	<b>5,514,605,557</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorized capital	87,000,000	87,000,000
87,000,000 ordinary shares of Rs. 10 each		
Issued, subscribed and paid-up capital	865,779,200	865,779,200
86,577,920 ordinary shares of Rs. 10 each		
Reserves	82,500,000	82,500,000
Unappropriated profit	1,019,370,846	996,958,197
<b>Shares Holders' Equity</b>	<b>1,967,650,046</b>	<b>1,945,237,397</b>
<b>Surplus on revaluation of property, plant and equipment</b>	<b>451,377,140</b>	<b>451,377,140</b>
<b>NON CURRENT LIABILITIES</b>		
Long term Financing	411,523,510	430,000,000
Liabilities against assets subject to finance Lease	32,950,813	36,124,645
Deferred Liabilities	187,781,703	187,335,803
<b>CURRENT LIABILITIES</b>		
Trade and other payables	619,989,972	576,697,976
Mark-up accrued	45,512,670	57,348,517
Short term borrowings	1,794,351,196	1,683,933,727
Current maturity of long term liabilities	131,172,879	146,550,352
	<b>2,591,026,717</b>	<b>2,464,530,572</b>
<b>CONTINGENCIES AND COMMITMENTS -note 4</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,642,309,929</b>	<b>5,514,605,557</b>

The annexed notes form an integral part of these financial statements

Lahore  
Date : October 27, 2016

  
Chief Executive

a.   
Director



## Condensed Interim Profit and Loss Account (Un-audited)

For the Quarter as at September 30, 2016

	September 30, 2016 Rupees	September 30, 2015 Rupees
Sales - net	1,005,649,769	938,529,772
Cost of goods sold	921,765,281	882,857,467
Gross profit	83,884,488	55,672,305
Distribution cost	11,125,323	7,450,342
Administrative expenses	16,764,252	20,084,409
Other operating expenses	704,642	-
Finance cost	45,782,712	53,673,947
	74,376,929	81,208,698
Profit from Operations	9,507,559	(25,536,393)
Share of profit of Hira Terry Mills Limited	22,157,068	18,844,183
Profit/(Loss) before tax	31,664,627	(6,692,210)
Provision for taxation	9,251,978	8,634,474
Profit/(Loss) after tax	22,412,649	(15,326,684)
Earnings/(Loss) per share - basic and diluted	0.28	(0.19)

The annexed notes form an integral part of these financial statements



## Condensed Interim Cash Flow Statement (Un-audited)

For the Quarter as at September 30, 2016

	Quarter ended	
	Sept. 30,2016	Sept. 30,2015
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	31,664,627	(6,692,210)
Add Depreciation of property, plant and equipment	29,575,653	26,984,447
Employee benefits- provision for the period	3,500,000	4,500,000
Share of Profit of Hira Terry Mills Limited	(22,157,068)	(18,844,183)
Finance cost	45,782,712	53,673,947
	<b>88,365,924</b>	<b>59,622,001</b>
(Increase)/ decrease in store, spare and loose tools	14,688,365	46,450,910
(Increase)/ decrease in stock in trade	(244,546,566)	376,120,449
(Increase)/ decrease in trade debts	11,231,003	(3,554,551)
(Increase)/ decrease in loans & advances	102,378,632	9,312,867
(Increase)/ decrease in Sales Tax refundables	(9,343,061)	14,294,974
Increase/ (decrease) in trade & other payables	37,391,844	(130,655,200)
<b>Cash generated from operations</b>	<b>166,141</b>	<b>371,591,450</b>
Finance cost paid	(57,618,559)	(67,541,246)
Gratuity paid	(2,054,100)	(4,194,100)
Income taxes paid	(2,537,962)	(2,694,483)
Net cash used operating activities	<b>(62,044,480)</b>	<b>297,161,621</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(13,122,283)	(16,653,256)
Long term deposits	-	(133,700)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(13,122,283)</b>	<b>(16,786,956)</b>
Long term financing	(33,336,324)	(21,864,901)
Payment of liabilities against assets subject to finance lease	(3,691,471)	(3,821,449)
Short term borrowings - secured	110,417,469	(270,249,216)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>73,389,674</b>	<b>(295,935,566)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	<b>(1,777,090)</b>	<b>(15,560,901)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>26,734,940</b>	<b>21,368,329</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,957,850</b>	<b>5,807,428</b>

The annexed notes form an integral part of these financial statements

Lahore  
Date : October 27, 2016

  
Chief Executive

  
Director





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

For the Quarter as at September 30, 2016

	Share capital Rupees	Share premium Rupees	Unappropriated profits Rupees	Total Rupees
<b>Balance as at June 30, 2015</b>	787,072,000	82,500,000	983,250,076	1,852,822,076
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>
Issuance of Bonus Shares	78,707,200		(78,707,200)	
Profit for the period		-	107,742,005	107,742,005
<b>Balance as at June 30 ,2016</b>	<u>865,779,200</u>	<u>82,500,000</u>	<u>996,958,197</u>	<u>1,945,237,397</u>
Profit for the period		-	22,412,649	22,412,649
<b>Balance as at Sep 30 ,2016</b>	<u>865,779,200</u>	<u>82,500,000</u>	<u>1,019,370,846</u>	<u>1,967,650,046</u>

The annexed notes form an integral part of these financial statements

Lahore  
Date : October 27, 2016

  
 Chief Executive

  
 Director



## Condensed Interim Notes to the Financial Statements (Un-audited)

For the Quarter as at September 30, 2016

### 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, 2016.

3	LONG TERM INVESTMENTS	Un-Audited	Audited
		September 30, 2016	June 30, 2016
		Rupees	Rupees
	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	499,075,845	476,918,777
		<u>683,575,845</u>	<u>661,418,777</u>
4	CONTINGENCIES AND COMMITMENTS		
	Contingencies - Guarantees		
	Habib Bank Limited to Sui Northren Gas Pipelines Limited	27,979,420	27,979,420
	Post dated Cheques in favor of Commissioner Inland		
	Revenue and Collector of Customs	65,838,562	65,838,562
		<u>27,979,420</u>	<u>27,979,420</u>
	Commitments		
	Letters of credit for import of machinery	2,510,475	25,273,680
	Letters of credit for import of raw material	129,296,687	162,502,443
	Letters of credit for import of stores and spares/Others	1,545,800	4,726,131
		<u>133,352,962</u>	<u>192,502,254</u>
5	COST OF SALES	Un-Audited	Un-Audited
	Note	September 30, 2016	September 30, 2015
		Rupees	Rupees
	Stock - opening	448,481,587	444,313,193
	Cost of goods manufactured	957,463,349	807,647,137
	Stocks - closing	484,179,655	369,102,863
		<u>921,765,281</u>	<u>882,857,467</u>



## HIRA TEXTILE MILLS LIMITED

	Un-Audited September 30, 2016 Rupees	Un-Audited September 30, 2015 Rupees
<b>5.1 Cost of goods manufactured</b>		
Work in process - opening	55,584,531	51,749,875
Raw materials consumed	679,755,302	512,525,714
Overheads	276,108,748	290,816,915
Work in process - closing	53,985,231	47,445,367
	957,463,349	807,647,137

**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.

Transactions with related parties Nature of relationship	Nature of transactions	Un-Audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
Associated company	Sales of yarn, cotton, dyes and chemicals	343,713,784	1,093,039,783
	Purchases of towels, cotton, waste, stores and spares	3,039,531	15,210,286
	Expenses charged	6,607,326	21,669,110
	Interest charged on balance due	4,196,567	4,816,312
Sponsors	Interest on borrowings paid	-	1,927,431
	Office rent	1,050,000	4,200,000
Adamjee Insurance Company Limited	Insurance premium paid	9,317,871	13,750,934
Provident fund trust	Contribution for the year	645,214	2,578,708
<b>Balances with related parties</b>			
Associated company	Advance obtained	247,345,864	249,343,554
Sponsors	Borrowings	165,000,000	165,000,000
Provident fund trust	Payable to provident fund	722,995	689,003

**7 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 27th October, 2016 by the Board of Directors of the Company.

**8 PRESENTATION**

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

Lahore  
Date : October 27, 2016

  
 Chief Executive

  
 Director

