



**FEROZE1888 MILLS LIMITED**



**Financial Statements  
For The Nine Months Ended  
March 31, 2017**



# Feroze1888 Mills Limited

## Company Information

**Board of Directors** : Mr. Jonathan R. S Simon Director / Chairman  
Mr. Anas Rahman - Director / Vice Chairman  
Mr. Rehan Rahman Chief Executive  
Mr. Khaleequr Rahman Director  
Mr. Shabbir Ahmed - Director  
Mr. Abdul Rehman Yaqub Director  
Mr. Perwez Ahmed Director  
Mr. Nasim Hyder Director

**Audit Committee** : Mr. Khaleequr Rahman - Member  
Mr. Nasim Hyder - Chairman  
Mr. Perwez Ahmed - Member

**Human Resource & Remuneration Committee** : Mr. Khaleequr Rahman  
Mr. Anas Rahman  
Mr. Rehan Rahman

**Chief Financial Office** : Mr. Imran Tola

**Company Secretary** : Mr. Muhammad Faheem

**Bankers** : Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
Standard Chartered Bank (Pakistan) Limited

**Auditors** : Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
180-A, S.M.C.H.S.  
Karachi

**Legal Advisor** : Mohsin Tayebaly and Co.

**Share Registrar** : FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran, Nursery Block 6,  
PECHS, Shahra-e-Faisal,  
Karachi

**Registered Office** : H-23/4-A, Scheme # 3, Landhi Industrial Area,  
Landhi, Karachi.

**Website** : [www.feroze1888.com](http://www.feroze1888.com)



# Feroze1888 Mills Limited

## Directors' Report

Your directors are pleased to present the un-audited financial statements for the nine months ended on March 31<sup>st</sup> 2017.

### Operational and Financial Performance

By the grace of Almighty Allah, the operational and financial performance of the company for the reporting quarter from January to March 2017 has improved, compared to the preceding two quarters of the current fiscal year. However, profit in the first nine months in the current year is lower as compared to the corresponding period in the preceding year.

In spite of the slightly higher volume of sales in the current nine month period as compared to the same period of last year, earned profits of the current period were far lower than the corresponding period. This decline was primarily due to lower sales prices and higher raw material prices, despite effective controls over the operating cost.

The government has announced a Drawback of Local Taxes and Levies (DLTL) from January 16, 2017 but this is insufficient and unlikely to boost the textile sector. Many challenges remain with the textile sector, including: gas shortages, increase in raw material prices, the fiscal imbalance and inflation.

The management has continuously made all efforts to keep all other manufacturing costs, administrative and selling costs under control, and this is evidenced by the prevention of further erosion of profit in the last quarter.

### Future Outlook

The management is confident and optimistic regarding the future outlook of the business, and do not anticipate any hazard which may adversely affect the levels of financial results achieved so far. The management will continue to: endeavor to maximize efficiencies, be more acceptable to customers, and also control costs to achieve high levels of operational and financial performance during the rest of the quarter of the current financial year.

Currently, there are two issues regarding cash flow management: firstly, funds are yet to be released from the DLTL for the current year, even though the announcement has already been made, and secondly, previous stuck up taxes and levies still need to be released by the government.

### Acknowledgement

The Directors are pleased to place on record their appreciation for the contributions made by the employees of the company and also acknowledge the role of all the banks, customers, suppliers and other stakeholders for their continued support.

For and on Behalf of the Board

**Jonathan R. S Simon**  
**Chairman**

Karachi: April 26, 2017



# Feroze 1888 Mills Limited

## نظماء تجزیہ برائے حصص یافتگان

آپ کے ناظمین اختتامی نو ماہ ۳۱ مارچ ۲۰۱۷ تک کے غیر محاسبی مالیاتی نتائج پیش کرتے ہوئے نہایت مسرور ہیں۔

### عملیاتی و مالیاتی کارکردگی

اللہ عزوجل کی رحمت کے طفیل زیر نگاہ سہ ماہی (جنوری تا مارچ ۲۰۱۷) میں اسی سال کی پچھلی دوسہ ماہیوں کے مقابلے میں کمپنی کی عملیاتی و مالیاتی کارکردگی میں بہتری دیکھنے میں آئی۔ لیکن اس سال کے نو ماہ کے منافع میں پچھلے سال کے اسی مدت کے منافع کے مقابلے میں کمی واقع ہوئی ہے۔

گزشتہ سال اسی مدت کے مقابلے میں موجودہ نو ماہ کے عرصے میں فروخت کا حجم ٹھوڑا زیادہ ہونے کے باوجود حاصل شدہ منافع میں غیر معمولی کمی ہوئی ہے۔ اس کی بنیادی وجہ عملیاتی لاگت کے موثر کنٹرول کے باوجود، قیمت فروخت میں کمی اور خام مال کی قیمتوں میں اضافہ ہے۔

حکومت کی جانب سے ۱۶ جنوری ۲۰۱۷ کو ڈیوٹی ڈرائیو آف لوکل ٹیکس اینڈ لیویز (ڈی ایل ٹی ایل) کا اعلان کیا گیا لیکن یہ کوشش ناکافی ہے اور اس سے ٹیکسٹائل کے شعبے کو فروغ ملنے کا موثر امکان نہیں ہے۔ ٹیکسٹائل کے شعبے کو ٹیکس کی کمی، خام مال کی قیمتوں میں اضافہ، مالی عدم توازن اور مہنگائی جیسے بہت سے مسائل درپیش ہیں۔

انتظامیہ تمام تر پیداواری لاگت، انتظامی اخراجات اور لاگت فروخت کو قابو کرنے کے لیے مسلسل کوششیں کر رہی ہے، اور اس آخری سہ ماہی میں منافع کی شرح میں مزید کمی کا نہ ہونا ان تمام کوششوں کا مُنہ بولتا ثبوت ہے۔

### مستقبل کا جائزہ:

انتظامیہ مستقبل میں کاروباری صورتحال کے حوالے سے پُر امید اور پُر یقین ہے، ایسی کسی بھی ناموافق صورتحال کے وقوع پذیر ہونے کا امکان نظر نہیں آتا جس سے اب تک کے حاصل شدہ مالیاتی نتائج متاثر ہو سکیں۔ موجودہ سال کی آخری سہ ماہی میں کمپنی عملیاتی اور مالیاتی کارکردگی کے معیار کی اعلیٰ سطح، لاگت پکنٹرول، کارکردگی میں زیادہ سے زیادہ اضافے اور صارفین کیلئے زیادہ قابل اعتماد ہونے جیسے مقاصد کے حصول کے لئے ہر ممکن کوشش اور جدوجہد جاری رکھے گی۔

فی الحال، نقد رقوم کی نقل و حرکت اور انتظام کے سلسلے میں دو مسائل کا سامنا ہے: اول، باوجود اعلانیہ، موجودہ سال میں ڈی ایل ٹی ایل سے جاری ہونے والے فنڈز کا اجرا ہونا باقی ہے؛ دوم: ٹیکس اور لیویز کی مد میں پھنسی ہوئی گزشتہ رقوم حکومت کی جانب واجب الادا ہیں جن کی ادائیگی تاحال نہیں کی گئی۔

### تسلیم و تحسین:

ناظمین، تمام ملازمین کی خدمات کا اعتراف کرتے ہوئے انتہائی فخر محسوس کرتے ہیں اور ان تمام بینکس، کسٹمرز، سپلائرز اور اسٹیک ہولڈرز کے کردار کو سراہتے ہیں جنہوں نے کمپنی کی ترقی میں کردار ادا کیا ہے۔

صدر نشین

جاتھن آرسائن

کراچی: اپریل ۲۶، ۲۰۱۷



# Feroze1888 Mills Limited

## Condensed Interim Balance Sheet

### As at March 31, 2017

	Unaudited March 31, 2017	Audited June 30, 2016
	..... (Rupees in thousand) .....	
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	7,435,212	6,749,864
Long term investment	10	10
Long term deposit	7,093	6,387
	<u>7,442,315</u>	<u>6,756,261</u>
<b>Current Assets</b>		
Stores and spares	556,384	567,422
Stock-in-trade	3,787,667	3,046,969
Trade debts - considered good	4,499,065	2,782,631
Advances, prepayments and other receivables	1,379,448	1,364,780
Taxation - net	159,441	-
Cash and bank balances	180,370	990,908
	<u>10,562,375</u>	<u>8,752,710</u>
	<u>18,004,690</u>	<u>15,508,971</u>
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized capital</b>		
400,000,000 Ordinary shares of Rs.10/- each	<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up capital	3,768,009	3,768,009
Reserves	758,663	758,663
Accumulated profit	<u>7,887,518</u>	<u>7,160,555</u>
	12,414,190	11,687,227
<b>Surplus on revaluation of land</b>	1,080,662	1,080,662
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term finance from - secured	357,863	434,150
<b>Current Liabilities</b>		
Trade & other payables	3,396,654	2,294,441
Accrued markup	3,380	1,682
Short term borrowings - secured	669,804	-
Current portion of long term finance	82,137	5,850
Taxation - net	-	4,959
	<u>4,151,975</u>	<u>2,306,932</u>
	<u>18,004,690</u>	<u>15,508,971</u>

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

**Rehan Rahman**  
Chief Executive

**Khaleequr Rahman**  
Director



# Feroze 1888 Mills Limited

## Condensed Interim Profit and Loss Account (Unaudited)

For the Nine Months Ended March 31, 2017

	Nine Months		Three months	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- (Rupees in thousand) -----				
Sales	14,641,840	14,599,579	5,666,887	4,663,616
Cost of sales	(11,636,018)	(10,280,550)	(4,437,649)	(3,042,575)
Gross profit	3,005,822	4,319,029	1,229,238	1,621,041
Administrative cost	(588,403)	(504,996)	(204,603)	(171,510)
Distribution cost	(368,040)	(390,265)	(131,186)	(120,356)
Other cost - net	(122,147)	(200,176)	(51,410)	(82,597)
	(1,078,590)	(1,095,437)	(387,199)	(374,463)
Operating profit	1,927,232	3,223,592	842,039	1,246,578
Finance cost	(52,566)	(68,719)	(14,244)	(19,293)
Profit before taxation	1,874,666	3,154,873	827,795	1,227,285
Provision for taxation	20,380	(148,496)	(64,070)	(47,389)
Profit after taxation	1,895,046	3,006,377	763,725	1,179,896
Earning per share basic and diluted	5.03	7.98	2.03	3.13

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

**Rehan Rahman**  
Chief Executive

**Khaleequr Rahman**  
Director

## Condensed Interim Statement of Other Comprehensive Income (Unaudited) For the Nine Months Ended March 31, 2017

	Nine Months		Three Months	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- (Rupees in thousand) -----				
Profit for the period	1,895,046	3,006,377	763,725	1,179,896
Other comprehensive income	-	-	-	-
Total comprehensive income for the nine months	1,895,046	3,006,377	763,725	1,179,896

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

**Rehan Rahman**  
Chief Executive

**Khaleequr Rahman**  
Director



# Feroze1888 Mills Limited

## Condensed Interim Cash Flow Statement (Unaudited) For the Nine Months Ended March 31, 2017

July 01, 2016 to  
March 31, 2017

July 01, 2015 to  
March 31, 2016

------(Rupees in thousand)-----

### Cash flow from operating activities

Profit before tax for the period	1,874,666	3,154,873
Adjustment for non cash charges and other items :		
Depreciation	393,855	315,966
Amortization of intangible assets	16,572	40,074
Expense accrued on workers' fund	111,038	178,340
Finance cost	52,566	68,719
Loss /(gain) on disposal of property, plant and equipment	2,239	(5,880)
	576,270	597,219

### Operating profit before working capital changes

2,450,936

3,752,092

### Working Capital Changes

#### (Increase) / decrease in current assets

Stores and spares	11,038	(82,542)
Stock-in-trade	(740,699)	(1,481,586)
Trade debtors	(1,716,433)	65,003
Advances, prepayments and other receivables	(14,667)	(362,436)

#### (Decrease) / increase in current liabilities

Trade and other payables	827,398	(77,521)
	(1,633,364)	(1,939,082)

### Cash generated from operating activities

1,791,954

1,813,010

Finance cost paid	(50,868)	(82,075)
Workers' fund paid	(213,101)	(133,769)
Income tax deducted	(144,021)	(160,946)
	(407,990)	(377,420)

### Net cash generated from operating activities

409,582

1,435,590

### Cash flow from investing activities

Acquisition of property plant, and equipment	(1,114,418)	(621,850)
Sale proceeds on disposal of property, plant and equipment	16,404	16,979
Long term deposits	(706)	—
Net Cash used in investing activities	(1,098,720)	(604,871)

### Cash flow from financing activities

Dividend paid	(791,204)	(295,566)
Repayment of long term finance	—	(432,467)
Net Cash used in financing activities	(791,204)	(728,033)

### Net (decreases) / increase in cash and cash equivalent

(1,480,342)

102,686

Cash and cash equivalent at the beginning	990,908	287,908
Cash and cash equivalent at the end	(489,434)	390,594

### Cash and Cash equivalents

Cash and bank balances	180,370	390,594
Short term borrowings - secured	(669,804)	—
	(489,434)	390,594

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

Rehan Rahman  
Chief Executive

Khaleequr Rahman  
Director



# Feroze 1888 Mills Limited

## Condensed Interim Statement of Changes in Equity (Unaudited) For the Nine Months Ended March 31, 2017

	Share Capital	Reserves	Accumulated Profit	Surplus on revaluation	Total
	.....(Rupees in thousand) .....				
Balance as at June 30, 2015 (Audited)	3,768,009	758,663	4,405,961	1,080,662	10,013,295
Total comprehensive income for the nine months ended March 31, 2016	-	-	3,006,377	-	3,006,377

### Transactions with owners:

#### - Final cash dividend for the year ended June 30, 2015

- Final dividend 25% @ (Rs. 2.50 per share) for all shareholders except directors, their relatives and associates

- Final dividend 8% @ (Re. 0.80 per share) to directors, their relatives and associates

#### - Interim cash dividend

- Interim dividend 15% @ (Rs. 1.50 per share) for all shareholders

-	-	(656)	-	(656)
-	-	(301,230)	-	(301,230)
-	-	(565,202)	-	(565,202)
-	-	(867,088)	-	(867,088)

Balance as at March 31, 2016 (Unaudited)	3,768,009	758,663	6,545,250	1,080,662	12,152,584
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Total comprehensive income for the quarter ended June 30, 2016	-	-	803,706	-	803,706
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### Transactions with owners:

#### - Interim cash dividend for the year ended June 30, 2016

- Interim dividend 5% @ (Re. 0.50 per share) for all shareholders

-	-	(188,401)	-	(188,401)
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Balance as at June 30, 2016 (Audited)	3,768,009	758,663	7,160,555	1,080,662	12,767,889
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Total comprehensive income for the nine months ended March 31, 2017	-	-	1,895,046	-	1,895,046
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### Transactions with owners:

#### - Final cash dividend for the year ended June 30, 2016

- Final dividend 21% @ (Rs. 2.10 per share) for all shareholders

#### - Interim cash dividend for the half year ended December 31, 2016

- Interim dividend 10% @ (Re. 1.00 per share) for all shareholders

-	-	(791,282)	-	(791,282)
-	-	(376,801)	-	(376,801)
-	-	(1,168,083)	-	(1,168,083)

Balance as at March 31, 2017 (Unaudited)	3,768,009	758,663	7,887,518	1,080,662	13,494,852
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The annexed notes form an integral part of these condensed interim financial information.

**Rehan Rahman**  
Chief Executive

**Khaleequr Rahman**  
Director





# Feroze1888 Mills Limited

## Selected Notes To The Condensed Interim Financial Information (Unaudited) For The Nine Months Ended March 31, 2017

- 1 The condensed interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2016.
- 2 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended June 30, 2016.

### 3 Transactions with related parties

Related parties comprise associated companies, directors and key management personnel. The transactions with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Nature of Transaction	Relationship	July 01, 2016 to March 31, 2017	July 01, 2015 to March 31, 2016
		----- (Rupees in thousand) -----	
Sale of goods	Associate	754,423	776,024
Purchases	Associate	13,927	101,139
Other services	Associate	785,672	778,228
<b>Balances with related parties at the end of the period are as follows:</b>		<b>March 31, 2017</b>	<b>June 30, 2016</b>
		----- (Rupees in thousand) -----	
Payable		<u>(169,823)</u>	<u>(40,006)</u>

### 4 Date of Authorization for Issue

The condensed interim financial information have been authorized for issue on April 26, 2017 by the Board of Directors of the Company.

### 5 General

Figures have been rounded to the nearest thousand rupees.

**Rehan Rahman**  
Chief Executive

**Khaleequr Rahman**  
Director

**BOOK POST**

**UNDER POSTAL CERTIFICATE**

If undelivered please return to:

**FEROZE1888 MILLS LIMITED**

H-23/4 A, Scheme #3, Landhi Industrial Area, Landhi, Karachi