



FEROZE1888 MILLS LIMITED



**Financial Statements
For The Nine Months Ended
March 31, 2018**



Feroze1888 Mills Limited

Company Information

Board of Directors	: Mr. Jonathan R. Simon Mr. Anas Rahman Mr. Khaleequr Rahman Mr. Shabbir Ahmed Mr. Abdul Rehman Yaqub Mr. Perwez Ahmed Mr. Nasim Hyder Mr. Rehan Rahman	Director/Chairman Director/Vice Chairman Director Director Director Director Director Chief Executive
Audit Committee	: Mr. Nasim Hyder Mr. Khaleequr Rehman Mr. Perwez Ahmed	Chairman Member Member
Human Resource & Remuneration Committee	: Mr. Khaleequr Rahman Mr. Nasim Hyder Mr. Anas 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 Ltd Meezan Bank Limited Standard Chartered Bank (Pakistan) Ltd	
Auditors	: E Y Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road, Karachi	
Legal Advisor	: Mohsin Tayebaly & Co	
Share Registrar	: FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block 6, PECHS, Shahra-e-Faisal, Karachi	
Registered Office	: H-23/4A, Scheme # 3 Landhi Industrial Area, Karachi.	
Head Office	: B-4/A, SITE, Karachi	
Factory Sindh	: H-23/4A, Scheme # 3 Landhi Industrial Area, Karachi. Survey # 81, 165, 166, 71 Deh Moachko, Tapo Gabopat Keamari Town, Karachi Plot # A-5, SITE, Karachi. Plot # C-3, SITE, Karachi. Plot # C-31 SITE, Karachi Plot # F-89, SITE, Karachi Plot # F-125, SITE, Karachi Plot # F-342, SITE, Karachi Plot # D-202, SITE, Karachi	
Balochistan	: D-14, HITE, Hub, Lasbela, Balochistan	
Website	: www.feroze1888.com	



Feroze1888 Mills Limited

Directors' Report

The directors of the company are pleased to present the un-audited financial statements for the nine months ended on March 31, 2018.

Operational and Financial Performance

The profit margins of the company for the third quarter ended March 2018 of current financial year are showing promising results as compared to the first two quarters of current financial year and corresponding period of last year. Whereas the profit margins for nine months period ended March 31, 2018 are lower as compared to corresponding period of preceding year. The main reasons for the increased profit margins in the last three months of current year include increased production capacities minimizing reliance on outsourcing and exchange gain due to recent rupee devaluation.

The overall cost of doing business has shown a rising trend mainly in the areas of raw materials, utilities, minimum wages coupled with lower sales prices owing to continuous tough competitive global market. The recent devaluation of the rupee against US dollar has helped in mitigating the highlighted challenges to a certain extent.

The company is facing consistent stress in the working capital management mainly due to the fact that the government is not timely releasing the funds against current and previous years DLT; and has not released long outstanding refunds against income tax, sales tax and other levies.

The management of the company is continuously working on manifold strategies to enhance stakeholders' value including product and market development, capacity enhancement, cost optimization and production efficiency. We are confident that these strategies will benefit all the stakeholders of the company in future.

Future Outlook

The management of the company is optimistic regarding the future outlook of the business, and do not foresee any risk that may adversely impact the financial results in the remaining quarter of the current financial year. The management of the company is vigilant of the business challenges and relentlessly taking necessary measures to overcome them in a timely manner.

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

Rehan Rahman
Chief Executive

Anas Rahman
Director

Karachi: April 27, 2018



Feroze 1888 Mills Limited

نظماء تجزیہ برائے حصص یافتگان

کمپنی کے ناظمین، مورخہ ۳۱ مارچ ۲۰۱۸ء کو اختتام پذیر گزشتہ نو سو ماہیوں کے غیر محاسبی مالیاتی نتائج پیش کرتے ہوئے نہایت مسرور ہیں۔

عملیاتی و مالیاتی کارکردگی

زیر نگاہ سو ماہی (جنوری تا مارچ ۲۰۱۸ء) میں اسی سال کی پچھلی دو سو ماہیوں اور پچھلے سال کی اسی سو ماہی (جنوری تا مارچ ۲۰۱۷ء) کے مقابلے میں کمپنی کی عملیاتی و مالیاتی کارکردگی اور منافع میں نمایاں بہتری دیکھنے میں آئی ہے۔ لیکن اس سال کے نو ماہ کے منافع میں پچھلے سال کے اسی مدت کے منافع کے مقابلے میں کمی واقع ہوئی ہے۔

زیر نظر سو ماہی میں زائد منافع کی بنیادی وجہ پیداواری صلاحیت میں اضافہ، پیداواری سرگرمیوں میں بیرونی ذرائع پر غیر انحصاری اور روپے کی قدر میں کمی ہے۔

مجموعی طور پر پیداواری سرگرمیوں میں بڑھتی ہوئی لاگت کی وجوہات میں خام مال، توانائی، کم سے کم اجرت میں اضافہ اور عالمی منڈی میں مسلسل مسابقت شامل ہیں۔ حالیہ روپے کی قدر میں ڈالر کے مقابلے میں کمی نے کسی حد تک مودودہ درپیش مشکلات کا ازالہ کیا ہے۔

آپ کی کمپنی کو مالیاتی معاملات میں مسلسل دباؤ کا سامنا ہے جس کی بنیادی وجہ حکومت کی طرف سے رواں اور گزشتہ سال کے DTLT کے فنڈز کے بروقت اجراء میں تاخیر اور طویل المعیاد واجب الاداء رقم کا واپس نہ ہونا ہے۔

انتظامیہ اپنی تمام تر صلاحیتوں کے ساتھ متعدد حکمت عملیوں پر کاربند ہے، اپنے شراکت داروں کے سرمایہ کو بڑھانے، مارکیٹ و مصنوعات کی بہتری، پیداواری صلاحیت کی میں اضافہ، مالیاتی کارکردگی کے معیار کی اعلیٰ سطح، لاگت پر کنٹرول، کارکردگی میں اضافے اور صارفین کے لئے زیادہ قابل اعتماد ہونے جیسے مقاصد کے حصول کے لئے جہد مسلسل جاری رکھے گی۔ ہمیں یقین ہے کہ مستقبل میں یہ حکمت عملیاں تمام شراکت داروں کیلئے مفید ثابت ہوگی۔

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۔ انتظامیہ کمپنی کو درپیش مسائل سے بخوبی واقف ہے اور ان مسائل کو قابو میں رکھنے کے لئے تمام ضروری اور سخت اقدامات کر رہی ہے۔

اعلامیہ تحکر

ناظمین، تمام ملازمین کی جانب سے کی گئی کوششوں کے لئے تہہ دل سے مشکور ہیں، اس کے ساتھ ساتھ ناظمین اپنے تمام مالیاتی اداروں، صارفین، فروخت کنندگان اور کاروباری شراکت داروں کے مسلسل تعاون کو تسلیم کرتے ہیں اور آنے والے سالوں میں اسی طرح کے خوشگوار تعلقات کیلئے پُر امید ہیں۔

انس رحمان

ڈائریکٹر

ربحان رحمان

چیف ایگزیکٹو

کراچی: اپریل ۲۰۱۸ء



Feroze1888 Mills Limited

Condensed Interim Statement of Financial Position (Unaudited) as at March 31, 2018

	Unaudited March 31, 2018	Audited June 30, 2017
	----- (Rupees in thousand) -----	
ASSETS		
Non Current Assets		
Property, plant and equipment	10,037,863	8,262,151
Intangible assets	1,933	2,975
Long term investment	618	618
Long term deposit	7,093	7,093
	<u>10,047,507</u>	<u>8,272,837</u>
Current Assets		
Stores and spares	660,418	498,033
Stock-in-trade	4,385,963	3,637,710
Trade debts - considered good	5,659,516	4,354,193
Advances, prepayments and other receivables	2,324,821	1,616,864
Taxation - net	408,959	265,920
Cash and bank balances	379,743	92,931
	<u>13,819,420</u>	<u>10,465,651</u>
	<u>23,866,927</u>	<u>18,738,488</u>
SHARE CAPITAL AND RESERVES		
Authorized capital		
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>9,136,563</u>	<u>8,482,149</u>
	<u>13,663,235</u>	<u>13,008,821</u>
Surplus on revaluation of land	1,499,008	1,499,008
LIABILITIES		
Non-current liabilities		
Long term finance from - secured	682,305	437,142
Current Liabilities		
Trade & other payables	3,768,422	3,178,367
Short term borrowings - secured	4,100,000	500,000
Accrued markup	21,400	5,142
Current portion of long term finance	<u>132,558</u>	<u>110,008</u>
	<u>8,022,379</u>	<u>3,793,517</u>
	<u>23,866,927</u>	<u>18,738,488</u>

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

Imran Tola
Chief Financial Officer

Rehan Rahman
Chief Executive

Anas Rahman
Director



Feroze 1888 Mills Limited

Condensed Interim Statement of Profit and Loss Account (Unaudited) For the Nine Months Ended March 31, 2018

	Nine Months		Three months	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
----- (Rupees in thousand) -----				
Sales	15,610,165	14,641,840	5,639,606	5,666,887
Cost of sales	(12,460,100)	(11,636,018)	(4,280,135)	(4,437,649)
Gross profit	3,150,065	3,005,822	1,359,471	1,229,238
Administrative cost	(695,330)	(588,403)	(234,916)	(204,603)
Distribution cost	(446,549)	(368,040)	(165,572)	(131,186)
Other cost - net	(151,270)	(122,147)	(57,750)	(51,410)
	(1,293,149)	(1,078,590)	(458,238)	(387,199)
Operating profit	1,856,916	1,927,232	901,233	842,039
Finance cost	(78,798)	(52,566)	(35,747)	(14,244)
Profit before taxation	1,778,118	1,874,666	865,486	827,795
Provision for taxation	(30,982)	20,380	(50,403)	(64,070)
Profit after taxation	1,747,136	1,895,046	815,083	763,725
Earning per share basic and diluted	4.64	5.03	2.16	2.03

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

Imran Tola
Chief Financial Officer

Rehan Rahman
Chief Executive

Anas Rahman
Director

Condensed Interim Statement of Other Comprehensive Income (Unaudited) For the Nine Months Ended March 31, 2018

	Nine Months		Three Months	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
----- (Rupees in thousand) -----				
Profit for the period	1,747,136	1,895,046	815,083	763,725
Other comprehensive income	-	-	-	-
Total comprehensive income for the nine months	1,747,136	1,895,046	815,083	763,725

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

Imran Tola
Chief Financial Officer

Rehan Rahman
Chief Executive

Anas Rahman
Director



Feroze1888 Mills Limited

Condensed Interim Statement of Cash Flow (Unaudited) For the Nine Months Ended March 31, 2018

	July 01, 2017 to March 31, 2018	July 01, 2016 to March 31, 2017
------(Rupees in thousand)-----		
Cash flow from operating activities		
Profit before tax for the period	1,778,118	1,874,666
Adjustment for non cash charges and other items :		
Depreciation	493,337	393,855
Amortization of intangible assets	40,052	16,572
Expense accrued on workers' fund	106,764	111,038
Finance cost	70,201	52,566
Loss /(gain) on disposal of property, plant and equipment	38,502	2,239
	748,856	576,270
Operating profit before working capital changes	2,526,974	2,450,936
Working Capital Changes		
(Increase) / decrease in current assets		
Stores and spares	(162,385)	11,038
Stock-in-trade	(748,253)	(740,699)
Trade debtors	(1,305,323)	(1,716,433)
Advances, prepayments and other receivables	(707,957)	(14,667)
(Decrease) / increase in current liabilities		
Trade and other payables	160,839	827,398
	(2,763,079)	(1,633,364)
Cash generated from operating activities	(236,105)	817,572
Finance cost paid	(53,943)	(50,868)
Workers' fund paid	(129,808)	(213,101)
Income tax deducted	(174,021)	(144,021)
	(357,773)	(407,990)
Net cash generated from operating activities	(593,878)	409,582
Cash flow from investing activities		
Acquisition of property plant, and equipment	(2,410,182)	(1,114,418)
Sale proceeds on disposal of property, plant and equipment	63,621	16,404
Long term deposits	—	(706)
Net Cash used in investing activities	(2,346,561)	(1,098,720)
Cash flow from financing activities		
Dividend paid	(640,462)	(791,204)
Repayment of long term finance	267,713	—
Net Cash used in financing activities	(372,749)	(791,204)
Net increase in cash and cash equivalent	(3,313,188)	(1,480,342)
Cash and cash equivalent at the beginning	(407,069)	990,908
Cash and cash equivalent at the end	(3,720,257)	(489,434)
Cash and Cash equivalents		
Cash and bank balances	379,743	180,370
Short term borrowings - secured	(4,100,000)	(669,804)
	(3,720,257)	(489,434)

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

Imran Tola
Chief Financial Officer

Rehan Rahman
Chief Executive

Anas Rahman
Director



Feroze1888 Mills Limited

Condensed Interim Statement of Changes in Equity (Unaudited) For the Nine Months Ended March 31, 2018

	Share Capital	Reserves	Accumulated Profit	Total
	----- (Rupees in thousand) -----			
Balance as at June 30, 2016 (Audited)	3,768,009	758,663	7,160,555	11,687,227
Total comprehensive income for the nine months ended March 31, 2017	-	-	1,895,046	1,895,046
Transactions with owners:				
- Final cash dividend for the year ended June 30, 2016				
- Final dividend 21% @ (Rs. 2.10 per share) for all shareholders	-	-	(791,282)	(791,282)
- Interim cash dividend				
- Interim dividend 10% @ (Rs. 1.00 per share) for all shareholders	-	-	(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	12,414,190
Total comprehensive income for the quarter ended June 30, 2017	-	-	594,631	594,631
Balance as at June 30, 2017 (Audited)	3,768,009	758,663	8,482,149	13,008,821
Total comprehensive income for the nine months ended March 31, 2018	-	-	1,747,136	1,747,136
Transactions with owners:				
- Final cash dividend for the year ended June 30, 2017				
- Final dividend 17% @ (Rs. 1.70 per share) for all shareholders	-	-	(640,561)	(640,561)
- Interim cash dividend for the half year ended December 31, 2017				
- Interim dividend 12% @ (Re. 1.20 per share) for all shareholders	-	-	(452,161)	(452,161)
	-	-	(1,092,722)	(1,092,722)
Balance as at March 31, 2018 (Unaudited)	3,768,009	758,663	9,136,563	13,663,235

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

Imran Tola
Chief Financial Officer

Rehan Rahman
Chief Executive

Anas Rahman
Director



Feroze1888 Mills Limited

Selected Notes To The Condensed Interim Financial Information (Unaudited) For The Nine Months Ended March 31, 2018

- 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 237 of the Companies Act, 2017. 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 for the year ended June 30, 2017.
- 1.1 These are separate financial statements of the Company in which investment in subsidiaries is accounted for on the basis of direct equity interest and in not consolidated.
- 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, 2017.

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, 2017 to March 31, 2018	July 01, 2016 to March 31, 2017
------(Rupees in thousand)-----			
Sale of goods	Associate	816,964	754,423
Purchases	Associate	5,544	13,927
Other services	Associate	846,547	785,672
Remuneration to key management personal		496,029	333,218
Remuneration to Directors		4,900	4,050
Contribution to provident fund		67,191	48,151

Balances with related parties at the end of the period are as follows:	March 31, 2018	June 30, 2017
------(Rupees in thousand)-----		
Payable	<u>(65,499)</u>	<u>(122,850)</u>

4 Date of Authorization for Issue

The condensed interim financial information have been authorized for issue on April 27, 2018 by the Board of Directors of the Company.

5 General

Figures have been rounded to the nearest thousand rupees.

Imran Tola
Chief Financial Officer

Rehan Rahman
Chief Executive

Anas Rahman
Director

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered please return to:

FEROZE188 MILLS LIMITED

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