



First Quarter Financial Statements 2018-19

The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

Company Information

Board of Directors

Sh. Faisal Tauheed	(Executive Director)
Sh. Kashif Tauheed	-do-
Mrs. Samira Faisal	Non Executive Director
Mrs. Tahira Kashif	-do-
Mrs. Sadia Kamran	-do-
Mrs. Amna Kamran	-do-
Mr. Shehzad Ehsan	Independent Director

Board Audit Committee

Mr. Shehzad Ehsan	(Chairman)
Mrs. Amna Kamran	
Mrs. Sadia Kamran	

Board Human Resource and Remuneration Committee

Mr. Shehzad Ehsan	(Chairman)
Mrs. Amna Kamran	
Mrs. Sadia Kamran	

Management Team

Sh. Faisal Tauheed Puri	(Chief Executive)
Muhammad Islam Haider	(Chief Financial Officer)
Imran Zafar	(Company Secretary)
Qaiser Ali Faheem	(Internal Auditor)

Auditors

Amin Mudassar and Company
Chartered Accountants

Bankers

National Bank of Pakistan
The Bank of Punjab
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
MCB Limited
Meezan Bank Limited

Registered Office

4th Floor, I.E.P. Building,
97-B/D-1, Gulberg III, Lahore.

Factory

Dhuddiwala, Jaranwala Road, Faisalabad.

Share Registrar

Corplink (pvt.) Ltd.,
Share Registrar & Corporate Consultants,
Wings Arcade, 1-K Commercial, Model Town, Lahore,
Tel: 035916714, 35916719, 035839182 Fax: 92-42-35869037.

Legal Advisor

Sahibzada Muhammad Arif
Advocate High Court,
Chamber No.52, District Courts,
Faisalabad.

Directors' Report

We are pleased to present the Financial Statements of the Company for three months ended September 30, 2018

FINANCIAL RESULTS

Operating Results	Three Months ended September 30	
	2018	2017
RUPEES		
Net Sales	209,680,341	173,643,257
Net income after taxation	5,784,134	4,652,457
Earning per share	0.37	0.30

The Country continued to face difficult financial and economic conditions. The uncertain political situation, devaluation of Pak Rupee, rising energy price in international market, upward inflationary trend and depressed economic fundamentals have posed multifarious challenges for the Company. Further to the above, there has also been a significant increase in the coal cost that is our main raw material for our boiler. Despite these difficult conditions, your company has managed to grow the net sales by 20% over same period last year.

OUTLOOK

Due to adverse economic conditions, political instability, vulnerable exchange rates and inflationary trend, outlook for rest of the year remains challenging and may have significant pressure on business performance.

However, Pakistan's economy has always shown resilience during unfavorable business environment and there are a few positive takeaways like signs of recovery in manufacturing section mainly textile exports and service sector.

While we keep pace with market realities, your Company will strive to maintain its growth through progressive market approach. We have firm belief in our efforts, management skills and capabilities to cope with all the challenges. We remain confident about positive prospects of the Company and motivated to deliver shareholders' value through customer focused approach and high quality of our personnel and business processes.

ACKNOWLEDGEMENT

The management would like to thank our customers being valued assets of the Company for their loyalty and trust. We also recognize the continued support of our shareholders, bankers and suppliers. Our esteemed employees always work with their full dedication and commitment to deliver exceptional and innovative services to all respected business partners.

On behalf of the Board



Sh. Faisal Tauheed Puri
Chief Executive

LAHORE:
October 29, 2018



Sh. Kashif Tauzeed
Director

Condensed Interim Balance Sheet

AS AT SEPTEMBER 30, 2018

	Note	September 30, 2018 Un-audited Rupees	June 30, 2018 Audited Rupees	ASSETS	Note	September 30, 2018 Un-audited Rupees	June 30, 2018 Audited Rupees
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS	10		
Authorised capital	4	204,000,000	204,000,000	Property, plant and equipment		715,695,254	698,302,348
Issued, subscribed and paid-up capital	5	155,531,740	155,531,740	Long term deposits		20,851,231	20,851,231
Unappropriated profit		124,618,085	118,833,951			736,546,485	719,153,579
Revaluation surplus on land		481,279,091	481,279,091				
		761,428,916	755,644,782				
SURPLUS ON REVALUATION OF FIXED ASSETS							
DEFERRED INCOME				CURRENT ASSETS			
Deferred liabilities	6	2,950,104	3,790,430	Stores, spares and loose tools		2,386,020	3,780,857
				Stock in trade		48,920,250	51,962,411
CURRENT LIABILITIES				Trade debts-Unsecured but considered goods		63,467,130	61,349,349
Trade and other payables		86,876,474	94,054,529	Loans and advances		4,397,840	7,843,853
Payable to provident fund		382,906	367,284	Trade deposits , short term prepayments and current		23,981,568	22,659,019
Deposit, accrued liabilities and advances		17,508,282	34,165,931	account balances with statutory authorities		1,995	7,041
Unclaimed dividend		594,836	594,836	Accrued interest		84,769,744	72,658,806
Accrued interest and mark up	7	189,380	572,838	Due from Government department		2,781,387	24,439,456
Loan from banking companies	8	23,177,869	520,089	Cash and bank balances		230,705,934	244,700,792
Loan from related parties		74,143,652	74,143,652				
Provision for taxation		-	-				
		202,873,399	204,419,159				
CONTINGENCIES AND COMMITMENTS	9	-	-			967,252,419	963,854,371
		967,252,419	963,854,371				

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Profit and Loss Account (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		QUARTER ENDED JULY TO SEPTEMBER	
		2018	2017
		Rupees	Rupees
Sales- net	11	209,680,341	173,643,257
Cost of sales		191,374,619	154,872,705
Gross profit		18,305,722	18,770,552
Distribution cost		318,645	315,780
Administrative expenses		10,295,134	11,222,459
Other operating expenses		400,529	341,464
		11,014,308	11,879,703
		7,291,414	6,890,849
Other income	12	620,207	399,972
		7,911,621	7,290,821
Finance cost		339,056	803,014
Profit before taxation		7,572,565	6,487,807
Taxation			
Current		2,628,757	2,170,541
Deferred	6.1	(840,326)	(335,191)
		1,788,431	1,835,350
Profit after taxation		5,784,134	4,652,457
Earning per share- Basic and Diluted		0.37	0.30

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

Profit after taxation

Other comprehensive income-net of taxation

Total comprehensive income for the year-net of tax

QUARTER ENDED JULY TO SEPTEMBER	
2018	2017
Rupees	Rupees
5,784,134	4,652,457
-	-
5,784,134	4,652,457

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Cash Flow Statement (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		QUARTER ENDED JULY TO SEPTEMBER	
		2018	2017
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	(14,995,467)	5,756,475
Taxes paid		(4,450,124)	(3,733,711)
Finance cost paid		(572,836)	(774,898)
Gratuity paid		(1,352,843)	-
Net cash flows from operating activities		(21,371,270)	1,247,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(22,944,579)	(2,770,192)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (Decrease) in cash and cash equivalents		(44,315,849)	(1,522,326)
Cash and Cash Equivalents at the Beginning of the Year		23,919,367	(31,908,000)
Cash and Cash Equivalents at the End of the Year	B	(20,396,482)	(33,430,326)

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Cash Flow Statement (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

A - CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustment of non cash and other items:

Depreciation

Finance cost

Cash flows before working capital changes

EFFECT ON CASH FLOWS OF WORKING CAPITAL CHANGES

(Increase)/Decrease in current assets

Stores, spares and loose tools

Stocks in trade

Trade debts

Loan and advances

Trade deposit and short term prepayments

Accrued interest

Due from Government

Increase/(Decrease) in current liabilities

Trade and other payables

Payable to provident fund

Deposit, accrued liabilities and advances

QUARTER ENDED JULY TO SEPTEMBER	
2018	2017
Rupees	Rupees
7,572,565	6,487,807
5,551,672	5,537,739
189,380	803,014
5,741,052	6,340,753
13,313,617	12,828,560
1,394,836	(576,190)
3,042,161	6,840,648
(2,117,781)	3,092,396
3,446,013	355,155
498,818	663,184
5,046	4,607
(12,110,938)	(11,637,137)
(5,825,212)	(4,634,478)
15,622	-
(16,657,649)	(1,180,270)
(28,309,084)	(7,072,085)
(14,995,467)	5,756,475
2,781,387	4,402,105
(23,177,869)	(37,832,431)
(20,396,482)	(33,430,326)

B - CASH AND CASH EQUIVALENTS

Cash and bank balances

Short term borrowings

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

SHARE CAPITAL	REVENUE RESERVE	REVALUATION SURPLUS ON LAND	TOTAL
	UN- APPROPRIATED PROFIT		

----- R u p e e s -----

Balance as at June 30, 2017-Audited	155,531,740	89,555,907	481,279,091	726,366,738
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Profit for the nine months ended September 30, 2017	-	4,652,458	-	4,652,458
Other comprehensive income for the period-net of deferred tax	-	-	-	-

Total comprehensive profit	-	4,652,458	-	4,652,458
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Balance as at September 30, 2017 - Unaudited	155,531,740	94,208,365	481,279,091	731,019,196
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Balance as at June 30, 2018-Audited	155,531,740	118,833,951	481,279,091	755,644,782
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Profit for the three month ended September 30, 2018	-	5,784,134	-	5,784,134
Other comprehensive income	-	-	-	-

Total comprehensive profit	-	5,784,134	-	5,784,134
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Balance as at September 30, 2018 - Unaudited	155,531,740	124,618,085	481,279,091	761,428,916
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The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Financial Information (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2018.

1 THE COMPANY AND NATURE OF ITS BUSINESS

The Company is a Public Limited Company, incorporated in Pakistan on June 27, 1950 under the Companies Act, 1913 (Now Companies Ordinance, 1984). The Company is quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 4th Floor, I.E.P. Building, 97-B/D-1, Gulberg III, Lahore. The factory is located at Dhuddiwalla, Jaranwala Road, Faisalabad in the province of Punjab. The principal activity of the company is dyeing, bleaching, finishing and embroidery of fabrics.

2 BASIS OF PREPARATION

2.1 Critical Accounting Estimates And Judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2018.

3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards

a) Amendments to published approved accounting standards which are effective during the Quarter ended September 30, 2018.

There are certain amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2017. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

3.3 Staff Retirement Benefits

The Company operates a defined contribution plan i.e. "Provident Fund" for all its permanent employees. Equal monthly contribution are made both by the Company and employees at the rate of 8.33% of the gross salary.

3.4 Taxation

Current

Company's export sales fall under presumptive tax regime under Section 154 of the Income Tax Ordinance, 2001. Charge for current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

Deferred tax asset / liability on the deductible / taxable temporary differences has been recognized at prevailing rate being the rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled.

	Note	September 30, 2018 Rupees (Unaudited)	June 30, 2018 Rupees (Audited)
4 AUTHORIZED SHARE CAPITAL			
20,000,000 (June 30, 2017: 20,000,000) A - Class			
Ordinary shares of Rs. 10/- each.		200,000,000	200,000,000
400,000 (June 30, 2017: 400,000) B - Class			
Ordinary shares of Rs. 10/- each.		4,000,000	4,000,000
		<u>204,000,000</u>	<u>204,000,000</u>
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Issued for Cash			
15,051,267 (June 30, 2017: 15,051,267) A - Class			
Ordinary Shares of Rs. 10. each		150,512,670	150,512,670
320,100 (June 30, 2017: 320,100) B - Class			
Ordinary Shares of Rs. 10. each		3,201,000	3,201,000
		<u>153,713,670</u>	<u>153,713,670</u>
Issued as Bonus Shares			
181,807 (June 30, 2017: 181,807) Ordinary Shares			
of Rs. 10. each		1,818,070	1,818,070
		<u>155,531,740</u>	<u>155,531,740</u>
6 DEFERRED LIABILITIES			
Deferred taxation	6.1	<u>2,950,104</u>	<u>3,790,430</u>
6.1 This is composed of the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		<u>13,782,141</u>	<u>14,647,159</u>
		13,782,141	14,647,159
Deferred tax asset on deductible temporary differences arising in respect of:			
Deferred debits arising in respect of staff gratuity		(1,238,492)	(1,263,184)
Turnover tax available for carry forward		(15,989,242)	(15,989,242)
Deferred tax asset not recognised on turnover tax		6,395,697	6,395,697
		<u>(10,832,037)</u>	<u>(10,856,729)</u>
		<u>2,950,104</u>	<u>3,790,430</u>
Balance as at July 01,		3,790,430	18,829,828
Add: Charge / (Reversal) during the year to:			
Profit and loss account		(840,326)	(15,039,398)
Other comprehensive income		-	-
		<u>(840,326)</u>	<u>(15,039,398)</u>
		<u>2,950,104</u>	<u>3,790,430</u>
6.2 The deferred tax assets amounting Rs. 15,989,242 mainly owing to minimum tax, are recognised in these financial statements only to the extent of 60 %, as it is not probable that sufficient taxable profit will be available to utilise the remaining assets i.e. tax credits in the foreseeable future.			
7. Loan from banking coampnies			
Cash finance		23,140,212	419,732
Running finance		37,657	100,357
		<u>23,177,869</u>	<u>520,089</u>
8. Loan from related parties			
Directors - unsecured and interest free		74,143,652	74,143,652
		<u>74,143,652</u>	<u>74,143,652</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- There is no change in status of contingencies as disclosed in note no.15.1 of the audited annual financial statements of the Company for the year ended June 30, 2018.

9.2 Commitments

- Commitments in respect of letters of credits for capital expenditures were amounting Rs.nil (June 30, 2018: Rs.nil).
- Commitments in respect of letters of credits other than for capital expenditures were amounting Rs.31.850 million (June 30, 2018: Rs.33.201 million).

	Note	QUARTER ENDED JULY TO SEPTEMBER	
		2018	2017
		-----Rupees-----	
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	688,659,714	671,266,808
Capital work in progress	10.2	27,035,540	27,035,540
		715,695,254	698,302,348
10.1 OPERATING FIXED ASSETS			
Opening book value		671,266,808	688,725,797
Add: Additions during the period / year-cost		22,944,579	4,763,217
Less: Disposal during the period/ year-net book value		-	-
		694,211,387	693,489,014
Less: Depreciation charged for the period / year		5,551,673	22,222,206
		688,659,714	671,266,808
10.2 CAPITAL WORK IN PROGRESS			
Building		17,470,553	17,470,553
Plant and machinery		9,564,987	9,564,987
		27,035,540	27,035,540
11 SALES			
Processing receipts		209,680,341	173,643,257
12 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		13,207	1,972
Income from non financial assets			
Sale of scrap		607,000	398,000
		620,207	399,972

13 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been disclosed in the relevant notes to the financial statements, except that :

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements or reclassifications have been made in these condensed interim financial statements.

16 DATE OF AUTHORISATION

The condensed interim financial information was authorised for issued on 29-10-2018 by the Board of Directors of the Company .

17 FIGURES

Figures in this condensed interim financial information have been rounded off to the nearest of rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ڈائریکٹرز کی جائزہ رپورٹ

ہم انتہائی مسرت کے ساتھ آپ کی کمپنی کی ششماہی رپورٹ بابت 30 ستمبر 2018 آپ کی خدمت میں پیش کر رہے ہیں۔

مالیاتی کارکردگی کا خلاصہ

2017	2018	مالیاتی کارکردگی
RUPEES		
173,643,257	209,680,341	کاروباری سیل
4,652,457	5,784,134	منافع بعد از ٹیکس
0.30	0.37	منافع فی حصص

ملک مستقل مالی اور اقتصادی مشکلات سے دوچار ہے۔ بے یقینی سیاسی حالات پاکستان کے روپے کی قدر میں کمی انٹرنیشنل مارکیٹ میں توانائی کی قیمتوں میں اضافہ اور بنیادی اقتصادی پستی جیسے کمپنی کو مختلف چیلنجز لاحق ہیں۔ اور کونسل کی قیمتوں میں لامحدود اضافہ ہوا ہے۔ جو کہ ہمارے بوائےز کا اہم خام مال ہے۔ ان مشکلات کے باوجود آپ کی کمپنی اپنی سیل میں 20% اضافہ کرنے میں کامیاب ہوئی ہے۔

آؤٹ لک

منفی اقتصادی حالات، سیاسی عدم استحکام، کمزور ایکسچینج ریٹ، اور افراط زر کی وجہ سے باقی مالی سال میں کاروباری کی پرفارمنس کیلئے بہت اہم چیلنج ہے۔ البتہ پاکستان نے ان حالات میں پلک دکھاتے ہوئے مینوفیکچرنگ یونٹ سچیشلی ٹیکسٹائل ایکسپورٹ اور سروس سیکٹر میں ایکوری دکھائی ہے۔ جبکہ مارکیٹ کی رفتار کے حساب سے آپ کی کمپنی ترقی کیلئے کوشش کرتی رہے گی۔ ہم اپنی کوششوں اور مینجمنٹ کی مہارت کی وجہ سے ان چیلنجز کے ساتھ ٹھٹھنے کے قائل ہیں۔ ہمیں اپنی بہترین کوالٹی کی وجہ سے مستقبل میں ہم اپنے شیر ہولڈرز کیلئے حوصلہ افزا رزلٹ دیں گے۔

اظہار تشکر

ہم تمام حصص داران، صارفین، سپلائروں اور ملازمین کی جانب سے بھرپور حمایت کو تسلیم کرتے ہیں اور تہہ دل سے ان کے مشکور ہیں۔

منجانب بورڈ



شیخ فیصل توحید

چیف ایگزیکٹو



شیخ کاشف توحید

ڈائریکٹر

29 اکتوبر، 2018



The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

First Quarter Financial Statements 2018-19

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