

Third Quarter Financial Statements 2014-15



The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

Company Information

Board of Directors	Sh. Faisal Tauheed Sh. Kashif Tauheed Mrs. Samira Faisal Mrs. Tahira Kashif Mr. Yasir Munir Mrs. Amna Kamran Mrs. Sadia Kamran	(Chief Executive) (Independent) (Chairman)
Board Audit Committee	Mr. Yasir Munir Mrs. Amna Kamran Mrs. Sadia Kamran	(Chairman)
Board Human Resource and Remuneration Committee	Mrs. Sadia Kamran Mrs. Amna Kamran Mr. Yasir Munir	(Chairman)
Management Team	Sh. Faisal Tauheed Puri Muhammad Islam Haider Imran Zafar Qaiser Ali Faheem	(Chief Executive) (Chief Financial Officer) (Company Secretary) (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	Orient Software & Management Services (Pvt) Ltd; 35-Z, Ameer Plaza, Opposite Mujahid Hospital, Commercial Centre, Madina Town, Faisalabad.	
Legal Advisor	Sahibzada Muhammad Arif Advocate High Court, Chamber No.52, District Courts, Faisalabad.	

Directors' Report

The directors of your company are pleased to present the Quarterly Accounts for the period ended March 31, 2015.

Business Overview:

By the blessing of Allah Al Mighty, company earned profit of Rs.17,778,052/- during the first nine month ended on March 31, 2015. The operating results are as under:-

Operating Results	March 31, 2015	March 31, 2014
Sales	482,855,114	430,233,375
Profit before taxation	17,778,052	8,592,079
Taxation:	11,378,592	4,039,600
Profit after taxation	6,399,460	4,552,479

The Management is trying their best for improving the quality of processing of cloth and hopes that the refined quality would fetch better prices of our output. Consequently, the Company's Management anticipates better financial results in remaining period of the financial year.

Appreciation

We would like to thank all of our staff members for the way they have responded to challenges of the year. Their hard work and commitment is greatly appreciated and is reflected in these results.

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions.

LAHORE:
April 29, 2015

Sh. Faisal Tauheed Puri
Chief Executive

Condensed Interim Balance Sheet

CHIEF EXECUTIVE

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

DIRECTOR

Condensed Interim Profit and Loss Account (un-audited)

FOR THE PERIOD ENDED MARCH 31, 2015

	Note	Nine months ended July to March		Quarter Ended January to March	
		2015	2014	2015	2014
		Rupees	Rupees	Rupees	Rupees
Sales- net	9	482,855,114	430,233,375	174,485,276	137,654,853
Cost of sales		439,077,711	396,671,865	160,759,219	127,418,210
Gross profit		43,777,403	33,561,510	13,726,057	10,236,643
Distribution cost		507,207	502,712	123,750	378,662
Administrative expenses		21,796,237	21,561,052	6,317,134	7,210,491
Other operating expenses		935,687	747,120	257,501	11,756
		23,239,131	22,810,884	6,698,385	7,600,909
		20,538,272	10,750,626	7,027,672	2,635,734
Other income	10	4,060,141	992,667	1,121,378	119,260
		24,598,413	11,743,293	8,149,050	2,754,994
Finance cost		6,820,361	3,151,214	2,376,605	1,531,254
Profit before taxation		17,778,052	8,592,079	5,772,445	1,223,740
Taxation					
Current		4,828,551	4,302,334	1,715,465	1,367,815
Deferred		6,550,041	(262,734)	1,286,887	1,479,159
		11,378,592	4,039,600	3,002,352	2,846,974
Profit after taxation		6,399,460	4,552,479	2,770,093	(1,623,234)
Earning per share - Basic and Diluted		0.41	4.10	0.18	(1.46)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Statement of Comprehensive Income (un-audited)

FOR THE PERIOD ENDED MARCH 31, 2015

	Nine months ended July to March		Quarter ended January to March	
	2015	2014	2015	2014
Profit after taxation	6,399,460	4,552,479	2,770,092	(1,623,234)
Loss on staff retirement benefit obligation - net of deferred tax	(1,118,877)	-	(372,959)	-
Total comprehensive income for the year-net of tax	5,280,583	4,552,479	2,397,133	(1,623,234)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Cash Flow Statement (un-audited)

FOR THE PERIOD ENDED MARCH 31, 2015

		Nine months ended July to March		
		2015	2014	
Note		Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash generated from operations	A	68,565,881	4,234,475
	Taxes paid		(6,366,910)	(5,882,116)
	Finance cost paid		(6,611,664)	(2,822,174)
	Gratuity paid		(255,205)	(1,375,902)
	Net cash flows from operating activities		55,332,102	(5,845,717)
CASH FLOWS FROM INVESTING ACTIVITIES				
	Fixed capital expenditure		(38,095,476)	(24,061,573)
	Sale proceeds of fixed assets		460,000	1,200,000
	Net cash flows from investing activities		(37,635,476)	(22,861,573)
CASH FLOWS FROM FINANCING ACTIVITIES				
	Long term loans		-	23,545,000
	Short term borrowings from directors and associates		5,075,000	-
	Dividend paid		-	(1,110,941)
	Repayment of lease finance liabilities		(6,286,641)	
	Net cash flows from financing activities		(1,211,641)	22,434,059
	Net Increase/(Decrease) in cash and cash equivalents		16,484,985	(6,273,231)
	Cash and Cash Equivalents at the Beginning of the Year		(46,746,954)	(14,020,861)
	Cash and Cash Equivalents at the End of the Year	B	(30,261,968)	(20,294,092)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

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

FOR THE PERIOD ENDED MARCH 31, 2015

Note	Nine months ended July to March	
	2015	2014
	Rupees	
A - CASH GENERATED FROM OPERATIONS		
Profit before taxation	17,778,052	8,592,079
Adjustment of non cash and other items:		
Provision for gratuity	1,697,488	1,487,428
Depreciation	15,172,627	11,806,845
Profit on disposal of fixed assets	(399,243)	(294,905)
Deferred income recognised	(2,844,216)	-
Finance cost	6,820,361	3,151,214
	20,447,017	16,150,582
Cash flows before working capital changes	38,225,069	24,742,661
EFFECT ON CASH FLOWS OF WORKING CAPITAL CHANGES		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(241,813)	(25,233)
Stocks in trade	18,262,932	(4,422,035)
Stock in transit	-	1,732,705
Trade debts	20,702,670	5,233,863
Loan and advances	10,484,825	2,413,381
Trade deposit and short term prepayments	(3,223,325)	(3,786,128)
Due from Government	(18,131,930)	(19,487,062)
Other receivable	5,688	5,650
Increase/(Decrease) in current liabilities		
Trade and other payables	2,481,765	(2,173,327)
	30,340,812	(20,508,186)
	68,565,881	4,234,475
B - CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,611,944	15,780,250
Short term borrowings	(36,873,912)	(36,074,342)
	(30,261,968)	(20,294,092)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

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

FOR THE PERIOD ENDED MARCH 31, 2015

	SHARE CAPITAL	UN- APPROPRIATED PROFIT	TOTAL
	----- R u p e e s -----		
Balance as at June 30, 2013-Audited	11,109,410	18,969,456	30,078,866
Total comprehensive profit for quarter ended March 31, 2014	-	4,552,479	4,552,479
Dividend paid	-	(1,110,941)	(1,110,941)
Balance as at March 31, 2014-Audited	11,109,410	22,410,994	33,520,404
Issue of right shares	144,422,330	-	144,422,330
Total comprehensive profit for the period	-	2,610,749	2,610,749
Balance as at June 30, 2014-Audited	155,531,740	25,021,743	180,553,483
Total comprehensive profit for quarter ended March 31, 2015	-	5,280,583	5,280,583
Balance as at March 31, 2015	155,531,740	30,302,326	185,834,066

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2015

1 THE COMPANY AND NATURE OF ITS BUSINESS

The Company is a Public Limited Company, incorporated under the Companies Ordinance 1984. The Company is quoted on Lahore & Karachi Stock Exchanges. The principal activity of the company is dyeing, bleaching, finishing and embroidery of textile materials. The registered office of the company is situated at 4th Floor, IEP Building, 97-B/D-I, Main Boulevard, Gulberg-III, Lahore.

2 BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all of the information and disclosures required for full annual financial statement, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

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, 2014.

3.1 New standards, amendments to approved accounting standards and new interpretations which became effective during the nine months period ended March 31, 2015; and new standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the company.

There were certain new standards, amendments to the approved accounting standards and new interpretation issued by the international Financial Reporting Interpretations Committee (IFRIC) which became effective during the period but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

There are certain new amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2014, but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

3.1.1 Estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2014.

3.2 Taxation

3.2.1 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.

3.2.2 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	March 31, 2015 Rupees (Unaudited)	June 30, 2014 Rupees (Audited)
4 AUTHORIZED SHARE CAPITAL			
20,000,000 A - Class Ordinary shares of Rs. 10/- each.		200,000,000	200,000,000
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 A - Class Ordinary Shares of Rs. 10. each		150,512,670	150,512,670
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 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	17,084,268	11,085,316
Gratuity		<u>14,399,741</u>	<u>11,287,492</u>
		<u>31,484,009</u>	<u>22,372,808</u>
6.1 Deferred Taxation			
This is composed of the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		25,837,245	22,729,935
Excess of accounting book value of leased asset over liabilities		<u>1,204,459</u>	<u>62,809</u>
		27,041,704	22,792,744
Deferred tax asset on deductible temporary differences arising in respect of:			
Deferred debits arising in respect of staff gratuity		(5,039,909)	(3,950,622)
Deferred debits arising on brought forward losses		<u>(4,917,527)</u>	<u>(7,756,806)</u>
		(9,957,436)	(11,707,428)
		<u>17,084,268</u>	<u>11,085,316</u>
Balance as at July 01,		11,085,316	5,123,393
Add: Charge / (Reversal) for the year to			
Profit and loss account		6,550,041	5,961,923
Other comprehensive income		<u>(551,089)</u>	<u>-</u>
		<u>17,084,268</u>	<u>11,085,316</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- Sui Northern Gas Pipelines Limited (SNGPL) has raised a demand amounting Rs.39.805 million (June 2014:Rs. 39.805 million), which has been contested by the Company as unsubstantiated and unjustified. The Company has deposited Rs.Nil (June 2014:Rs.6.858 million) during the period/year with SNGPL under protest. SNGPL has constituted a Review Committee to examine and resolve the matter and bring the facts on record. The Company is hopeful that the decision of OGRA would be in favour of the Company.

7.2 Commitments

- Commitments in respect of letters of credits other than for capital expenditures were amounting Rs.32.268 million (June 30, 2014: Rs.38.105 million)

Other than the above mentioned matter, there is no material change in the contingent liabilities of the company since the last annual balance sheet as at June 30, 2014.

	Note	March 31, 2015 (Unaudited) Rupees	June 30, 2014 (Audited) Rupees
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	371,864,435	348,460,460
Capital work in progress	8.2	6,484,126	7,026,009
		<u>378,348,561</u>	<u>355,486,469</u>
8.1 OPERATING FIXED ASSETS			
Opening book value		348,460,460	328,757,412
Add: Additions during the period / year-cost		38,637,359	66,635,098
Less: Disposal during the period/ year-net book value		(595,620)	(35,973,575)
		<u>386,502,199</u>	<u>359,418,935</u>
Less: Depreciation charged for the period / year		14,637,764	10,958,475
		<u>371,864,435</u>	<u>348,460,460</u>
8.2 CAPITAL WORK IN PROGRESS			
Building		6,484,126	7,026,009
		<u>6,484,126</u>	<u>7,026,009</u>

9 SALES

	NINE MONTHS ENDED JULY TO MARCH		QUARTER ENDED JANUARY TO MARCH	
	2015	2014	2015	2014
	Rupees		Rupees	
Exports	8,742,820	-	-	-
Processing receipts	474,112,294	430,233,375	174,485,276	137,654,853
	482,855,114	430,233,375	174,485,276	137,654,853

10 OTHER OPERATING INCOME

Income from non financial assets

Sale of scrap	799,320	682,312	167,500	114,625
Profit on disposal of fixed asset	399,243	294,905	0	-
Deferred income recognised	2,844,216	-	948,072	-

Income from financial assets

Profit on TDRs / Bank deposits	17,362	15,450	5,806	4,635
	4,060,141	992,667	1,121,378	119,260

11 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been disclosed in the relevant notes to the financial statements.

12 GENERAL

In order to comply with the requirements of International Accounting Standard 34 Interim Financial Reporting' balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account and cash flow statement and 'statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

13 DATE OF AUTHORISATION

The condensed interim financial information was authorised for issued on April 29, 2015 by the Board of Directors of the Company .

14 FIGURES

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant rearrangements or reclassifications have been made in this condensed interim financial information.
- Figures in this condensed interim financial information have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR

Third Quarter Financial Statements 2014-15

The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

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