

3rd Quarter Financial Statements 2015-16



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	Non Executive Director/Chairman
	Mr. Yasir Munir	Independent Director
Board Audit Committee	Mr. Yasir Munir	(Chairman)
	Mrs. Amna Kamran	
	Mrs. Sadia Kamran	
Board Human Resource and Remuneration Committee	Mrs. Sadia Kamran	(Chairman)
	Mrs. Amna Kamran	
	Mr. Yasir Munir	
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	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, 2016.

Business Overview:

By the blessing of Allah Al Mighty, company earned profit before tax Rs.22,954,519/- during the nine months ended on March 31, 2016. The Operating results are as under:-

	Quarter Ended July to March		Quarter Ended January to March	
Operating Results	2016	2015	2016	2015
	RUPEES		RUPEES	
Sales	485,944,363	482,855,114	175,491,832	174,485,276
Profit before taxation	22,954,519	17,778,052	7,414,707	5,772,445
Taxation:	12,151,502	11,378,592	4,906,516	3,002,352
Profit after taxation	10,803,017	6,399,460	2,508,191	2,770,093

Despite so many challenges, the Company contains to meet its financial commitments and debt obligation on time.

Appreciation:

We would like to thank all of our staff members for the way they have responded to challenges. 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 28, 2016

Sh. Faisal Tauheed Puri
Chief Executive

Condensed Interim Balance Sheet

CHIEF EXECUTIVE

The annexed notes 1 to 15 form an integral part of this condensed financial information.

DIRECTOR

Condensed Interim Profit and Loss Account (un-audited)

FOR THE PERIOD ENDED MARCH 31, 2016

	Note	NINE MONTHS ENDED JULY TO MARCH		QUARTER ENDED JANUARY TO MARCH	
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
Sales- net	10	485,944,363	482,855,114	175,491,832	174,485,276
Cost of sales		434,743,185	439,077,711	160,338,869	160,759,219
Gross profit		51,201,178	43,777,403	15,152,963	13,726,057
Distribution cost		620,250	507,207	116,047	123,750
Administrative expenses		26,118,076	21,796,237	7,529,744	6,317,134
Other operating expenses		1,208,133	935,687	379,488	257,501
		27,946,459	23,239,131	8,025,279	6,698,385
		23,254,719	20,538,272	7,127,684	7,027,672
Other income	11	4,452,582	4,060,141	1,910,231	1,121,378
		27,707,302	24,598,413	9,037,916	8,149,050
Finance cost		4,752,783	6,820,361	1,623,209	2,376,605
Profit before taxation		22,954,519	17,778,052	7,414,707	5,772,445
Taxation					
Current :					
For the year		4,869,829	4,828,551	1,739,880	1,715,465
Deferred	6.1	7,281,673	6,550,041	3,166,636	1,286,887
		12,151,502	11,378,592	4,906,516	3,002,352
Profit after taxation		10,803,017	6,399,460	2,508,191	2,770,093
Earning per share- Basic and Diluted		-----R u p e e s----- 0.69	0.41	-----R u p e e s----- 0.16	0.18

The annexed notes 1 to 15 form an integral part of this condensed financial information.

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Statement of Comprehensive Income (un-audited)

FOR THE PERIOD ENDED MARCH 31, 2016

	NINE MONTHS ENDED JULY TO MARCH		QUARTER ENDED JANUARY TO MARCH	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	10,803,017	6,399,460	2,508,191	2,770,092
Gain/(loss) on staff retirement benefit obligation -net of deferred tax	386,383	(1,118,877)	125,150	(372,959)
Total comprehensive profit for the period	11,189,400	5,280,583	2,633,341	2,397,133

The annexed notes 1 to 15 form an integral part of this condensed financial information.

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Cash Flow Statement (un-audited)

FOR THE PERIOD ENDED MARCH 31, 2016

		NINE MONTHS ENDED JULY TO MARCH	
	Note	2016	2015
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	36,131,514	68,565,881
Taxes paid		(6,556,049)	(6,366,910)
Finance cost paid		(4,904,089)	(6,611,664)
Gratuity paid		(453,594)	(255,205)
Net cash flows from operating activities		24,217,782	55,332,102
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(33,835,563)	(38,095,476)
Long term deposits		(2,277,490)	-
Proceeds from sale of assets		1,528,000	460,000
		(34,585,053)	(37,635,476)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings from directors and associates		23,219,952	5,075,000
Repayment of lease finance liabilities		(7,382,747)	(6,286,641)
Net cash flows from financing activities		15,837,205	(1,211,641)
Net (Decrease) in cash and cash equivalents		5,469,934	16,484,985
Cash and Cash Equivalents at the Beginning of the Year		(31,821,874)	(46,746,954)
Cash and Cash Equivalents at the End of the Year	B	(26,351,940)	(30,261,969)

The annexed notes 1 to 15 form an integral part of this condensed financial information.

CHIEF EXECUTIVE

DIRECTOR

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

FOR THE PERIOD ENDED MARCH 31, 2016

	Note	NINE MONTHS ENDED JULY TO MARCH	
		2016	2015
		Rupees	Rupees
A - CASH GENERATED FROM OPERATIONS			
Profit before taxation		22,954,519	17,778,052
Adjustment of non cash and other items:			
Provision for gratuity		1,958,100	1,697,488
Depreciation		17,552,833	15,172,627
Profit on disposal of fixed assets		(554,342)	(399,243)
Deferred income recognised		(2,844,240)	(2,844,216)
Finance cost		4,752,783	6,820,361
		20,865,134	20,447,017
Cash flows before working capital changes		43,819,653	38,225,069
EFFECT ON CASH FLOWS OF WORKING CAPITAL CHANGES			
(Increase)/Decrease in current assets			
Stores, spares and loose tools		(132,141)	(241,813)
Stocks in trade		(3,890,162)	18,262,932
Trade debts		(3,837,417)	20,702,670
Loan and advances		1,558,674	10,484,825
Trade deposit and short term prepayments		1,573,453	(3,223,325)
Accrued interest		1,029	(18,131,930)
Due from Government		(7,789,867)	5,688
Increase/(Decrease) in current liabilities			
Trade and other payables		4,828,293	2,481,765
		(7,688,139)	30,340,812
		36,131,514	68,565,881
B - CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,208,689	6,611,944
Short term borrowings		(31,560,628)	(36,873,912)
		(26,351,940)	(30,261,969)

The annexed notes 1 to 15 form an integral part of this condensed financial information.

CHIEF EXECUTIVE

DIRECTOR

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

FOR THE PERIOD ENDED MARCH 31, 2016

	SHARE CAPITAL	UN- APPROPRIATE D PROFIT	TOTAL
	----- R u p e e s -----		
Balance as at June 30, 2014	155,531,740	25,021,743	180,553,483
Profit for the year	-	13,024,443	13,024,443
Other comprehensive income	-	514,895	514,895
Total comprehensive profit	-	13,539,338	13,539,338
Balance as at June 30, 2015	155,531,740	38,561,081	194,092,821
Profit for the year	-	10,803,017	10,803,017
Other comprehensive income	-	386,383	386,383
Total comprehensive profit	-	11,189,400	11,189,400
Balance as at March 31, 2016	155,531,740	49,750,481	205,282,221

The annexed notes 1 to 15 form an integral part of this condensed financial information.

CHIEF EXECUTIVE

DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2016

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, 2015.

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, 2015.

- 3.1** New standards, amendments to approved accounting standards and new interpretations which became effective during the nine months period ended March 31, 2016; 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, 2015, 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, 2015.

3.2 Taxation

3.2.1 Current

Company's export sales fall under final tax regime under Section 154 of the Income Tax Ordinance, 2001. Charge for the 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 available, if any, or one percent of turnover, whichever is higher.

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.

	March 31, 2016 Rupees (Unaudited)	June 30, 2015 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		
Gratuity	13,659,065	12,722,769
Deferred taxation	27,155,869	19,692,369
	<u>40,814,934</u>	<u>32,415,138</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	24,169,908	23,471,633
Excess of accounting book value of leased assets over liabilities	3,040,213	1,493,405
	<u>27,210,121</u>	<u>24,965,038</u>
Deferred tax asset on deductible temporary differences arising in respect of:		
Deferred debits arising in respect of staff gratuity	(4,370,901)	(4,071,286)
Deferred debits arising on brought forward losses	4,183,157	(1,201,383)
	<u>(187,744)</u>	<u>(5,272,669)</u>
	<u>27,022,377</u>	<u>19,692,369</u>
Balance as at July 01,	19,692,369	11,085,316
Add: Charge during the year to:		
Profit and loss account	7,281,673	8,364,750
Other comprehensive income	181,827	242,303
	<u>7,463,500</u>	<u>8,607,053</u>
	<u>27,155,869</u>	<u>19,692,369</u>
7 SHORT TERM BORROWINGS		
7.1 From Banking Companies-secured:		
Cash Finance	23,639,930	29,052,673
Running Finance	7,920,698	7,944,190
	<u>31,560,628</u>	<u>36,996,863</u>
7.2 From related parties:		
Director's and their associates - unsecured and interest free	48,584,952	25,365,000
	<u>80,145,580</u>	<u>62,361,863</u>

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- Sui Northern Gas Pipelines Limited (SNGPL) has raised a demand amounting Rs.39.805 million (June 2015:Rs. 39.805 million), which has been contested by the Company as unsubstantiated and unjustified. The Company has deposited Rs. Nil (June 30, 2015 :Rs. 6.858 million) during the period/year with SNGPL under protest.SNGPL had constituted a Review Committee to examine and resolve the matter and bring the facts on record. Hearing was fixed on February 11, 2016. However, decision has not been passed yet. The Company is hopeful the the decision of OGRA would be in favour of the Company.

8.2 Commitments

- Commitments in respect of letters of credit for capital expenditures were amounting to Rs.10.000 million (June 30, 2015: Rs.Nil)
- Commitments in respect of letters of credits other than for capital expenditures were amounting Rs. 54.600 million (June 30, 2015: Rs.35.730 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, 2015.

9 PROPERTY, PLANT AND EQUIPMENT

		March 31, 2016	June 30, 2015
		Rupees (Unaudited)	Rupees (Audited)
Operating fixed assets	9.1	377,395,315	369,243,706
Capital work in progress	9.2	25,171,798	18,014,335
		<u>402,567,113</u>	<u>387,258,041</u>
9.1 OPERATING FIXED ASSETS			
Opening book value		369,243,706	348,460,460
Add: Additions during the period / year-cost		26,678,100	41,657,165
Less: Disposal during the period/ year-net book value		(1,900,250)	(595,620)
		<u>394,021,556</u>	<u>389,522,005</u>
Less: Depreciation charged for the period / year		16,626,241	20,278,299
		<u>377,395,315</u>	<u>369,243,706</u>
9.2 CAPITAL WORK IN PROGRESS			
Building		15,606,811	18,014,335
Pipeline and electric fitting		9,564,987	-
		<u>25,171,798</u>	<u>18,014,335</u>

	NINE MONTHS ENDED JULY TO MARCH		QUARTER ENDED JANUARY TO MARCH	
	2016	2,015	2016	2015
	Rupees	Rupees	Rupees	Rupees
10 SALES				
Exports	-	8,742,820	-	-
Processing receipts	485,944,363	474,112,294	175,491,832	174,485,276
	<u>485,944,363</u>	<u>482,855,114</u>	<u>175,491,832</u>	<u>174,485,276</u>
11 OTHER OPERATING INCOME				
Income from non financial assets				
Sale of scrap	1,038,550	799,320	399,800	167,500
Profit on disposal of fixed asset	554,342	399,243	554,342	-
Deferred income recognised	2,844,240	2,844,216	948,096	948,072
Income from financial assets				
Profit on TDRs / Bank deposits	15,450	17,362	7,993	5,806
	<u>4,452,582</u>	<u>4,060,141</u>	<u>1,910,231</u>	<u>1,121,378</u>

12 TRANSACTIONS WITH RELATED PARTIES

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

13 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.

14 DATE OF AUTHORISATION

The condensed interim financial information was authorised for issued on April 28, 2016.

15 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

3rd Quarter Financial Statements 2015-16



The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

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