

**Al Nasr Textiles Limited**

Financial statements for the year ended  
30 June 2013



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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Lahore Pakistan

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## Auditors' Report to the Members

We have audited the annexed balance sheet of **Al Nasr Textiles Limited ("the Company")** as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:


- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and

*KPMG*

- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- d) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, its cash flows and changes in equity for the year then ended; and
- e) in our opinion no Zakat was deductible at source by the Company under Section 7 of the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore

Date: 09 October 2013

  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Bilal Ali)





## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of **Al Nasr Textiles Limited** are pleased to present the Annual report along with Audited Financial Statements for the year ended 30 June 2013.

### FINANCIAL HIGHLIGHTS

Comparison of Audited result for the year ended June 30, 2013 as against June 30, 2012 is as follows:

	<b>30.06.2013</b>	<b>30.06.2012</b>
	(Rupees)	(Rupees)
Sales (Net)	3,384,448,094	3,080,424,417
Gross Profit	509,657,119	317,648,306
Profit before taxation	315,293,488	126,168,226
Taxation	(57,192,147)	(57,774,135)
Profit after taxation	258,101,341	68,394,091
Un-appropriated Profit/ (Loss) brought forward	478,560,339	410,166,248
Un-appropriated Profit carried forward	<b>736,661,680</b>	<b>478,560,339</b>
Earnings per Share	<b>7.55</b>	<b>2.00</b>

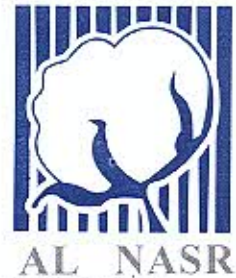
### COMPANY PERFORMANCE

During the year, your Company earned a pretax Profit of Rs. 315,293,488 as against pretax Profit of Rs. 126,168,226 in the last financial year representing a growth of 150 %. The main factors towards high turnover were better yarn prices and product mix while maintaining high quality of the company's brand. The gross profit ratio was also higher than last year. The conversion cost kept on increasing throughout the year owing to general inflationary trends. The conversion cost increases were offset by achieving higher production efficiency and higher sale prices of the products. Therefore, your Company's was able to produce the result by earning profit after tax of Rs.258,101,341 as compared to last year profit after tax of Rs.68,394,091 which represents 277 % year on year increase.

The financing cost decreased by 10.76 % as compared to previous year due to lower markup rates.

## **AL Nasr Textiles Limited**

**Head office:** 29 Shadman-II, Lahore, Pakistan. **Phone:** +92 42-111-888-600 **Fax:** +92 42-37575531, 37587977  
**E-Mail:** yarn@pakuwait.com **Web Site:** www.pakuwait.com  
**Factory:** 5 Km Raiwind - Manga Road, District Kasur. **Phone:** +92 42-35391141, 35392064 **Fax:** +92 42-35391140



### BALANCING MODERNIZATION & REPLACEMENT (BMR)

During the year under review, our periodic BMR plan continued major improvements including two sets Drawing Frame SB-D22 & RSB-D45, two sets Roving Frame FL200, four sets C-70 Cards, two sets cards C-51, one Draw frame RSB-D22, two sets Rieter Blow room line and one set Jossi Vision Shield. These additions/replacements enhance production efficiency and are essential for maintaining consistency in quality of our yarn.

### FUTURE PROSPECTS

Currently Cotton prices are extremely volatile efforts are being made to procure cotton at reasonable rates in order to maintain profitability to a reasonable level during the current year. Due to continuous increase in energy cost and minimum wage announced by the Government, the production cost of the Company would increase further. The yarn rates lately have depressed considerably which would adversely impact the profitability of the year 2013 / 2014.

### PATTERN OF SHAREHOLDING

Pattern of shareholding as on 30 June 2013, as required under Section 236(2) (d) of the Companies Ordinance 1984, is annexed.

### AUDITORS

M/S KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment as Company's auditors for the year ending 30 June 2014.

### ACKNOWLEDGEMENT

The directors acknowledge the efforts made by Company's employees at all levels during the year under review and expect continued endeavors for the achievement of improved results in the current year as well.

For and on behalf of the Board of Directors

Lahore  
09 October 2013

  
(TARIQ MEHMOOD)  
Chief Executive

## **AL Nasr Textiles Limited**

Head office: 29 Shadman-II, Lahore, Pakistan. Phone: +92 42-111-888-600 Fax: +92 42-37575531, 37587977  
E-Mail: yarn@pakuwait.com Web Site: www.pakuwait.com  
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# Al Nasr Textiles Limited

## Balance Sheet

As at 30 June 2013

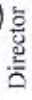
	Note	2013 Rupees	2012 Rupees
<b>LIABILITIES</b>			
<b>Authorised capital</b>			
40,000,000 (2012: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
<b>Issued, subscribed and paid-up capital</b>	4	342,000,000	342,000,000
<b>Accumulated profit</b>		736,661,680	478,560,339
		1,078,661,680	820,560,339
<b>Non-current liabilities</b>		174,943,654	173,805,869
Long term loans - secured	5	1,341,669	2,062,147
Liabilities against assets subject to finance lease	6	181,069,075	144,881,339
Deferred liabilities	7	357,354,398	320,749,355
<b>Current liabilities</b>		587,802,826	434,688,166
Short term borrowing - secured	8	119,098,793	135,939,442
Current maturity of long term liabilities	9	143,966,726	139,170,242
Trade and other payables	10	26,507,077	26,009,045
Mark up payable on secured loans	11	12,342,210	24,464,861
Taxation		889,717,632	760,271,756
Contingencies and commitments	12	2,325,733,710	1,901,581,450
		<b>2,325,733,710</b>	<b>1,901,581,450</b>
<b>ASSETS</b>			
<b>Non-Current assets</b>		1,075,579,035	976,265,077
Property, plant and equipment	13	2,860,128	7,283,002
Capital work in progress		1,078,439,163	983,548,079
<b>Current assets</b>		39,101,334	27,193,108
Stores, spares and loose tools	14	775,276,279	449,476,241
Stock in trade	15	279,479,687	313,578,645
Trade debts	16	108,478,278	90,240,388
Advances, deposits, prepayments and other receivables	17	13,347,818	2,343,578
Short term investments	18	31,611,151	35,201,411
Cash and bank balances	19	1,247,294,547	918,033,371
		<b>2,325,733,710</b>	<b>1,901,581,450</b>

The attached notes 1 to 34 form an integral part of these financial statements.

10/06/13

Lahore

  
Chief Executive

  
Director

# Al Nasr Textiles Limited

## Profit and Loss Account

For the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
Sales - net	20	3,348,448,094	3,080,424,417
Cost of sales	21	(2,838,790,975)	(2,762,776,111)
Gross profit		509,657,119	317,648,306
<b>Operating expenses</b>			
Administrative expenses	22	(17,761,654)	(14,801,063)
Distribution cost	23	(54,969,806)	(46,811,675)
		(72,731,460)	(61,612,738)
<b>Operating profit</b>		436,925,659	256,035,568
Finance cost	24	(110,811,355)	(124,176,490)
		326,114,304	131,859,078
Other operating income	25	10,563,074	4,635,932
Other operating expenses	26	(21,383,890)	(10,326,784)
<b>Profit before taxation</b>		315,293,488	126,168,226
Provision for taxation	27	(57,192,147)	(57,774,135)
<b>Profit after taxation</b>		258,101,341	68,394,091
Earnings per share - Basic and diluted	28	7.55	2.00

The attached notes 1 to 34 form an integral part of these financial statements.

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Lahore

  
Chief Executive

  
Director

Al Nasr Textiles Limited  
Statement of Comprehensive Income  
For the year ended 30 June 2013

	2013 Rupees	2012 Rupees
Profit after taxation	258,101,341	68,394,091
Other comprehensive income	-	-
Total comprehensive income for the year	<u>258,101,341</u>	<u>68,394,091</u>

The attached notes 1 to 34 form an integral part of these financial statements.

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Lahore

  
Chief Executive

  
Director



# Al Nasr Textiles Limited

## Cash Flow Statement

For the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
<b>Cash flows from operating activities</b>			
Profit before taxation		315,293,488	126,168,226
Adjustments for non cash expense and other items:			
Depreciation		68,366,580	63,346,053
Finance cost		110,140,601	122,285,689
Loss on disposal of property, plant and equipment		2,244,206	1,455,970
Provision for bad debts		2,800,678	-
Interest on worker's profit participation fund		670,756	1,890,801
Worker's profit participation fund		16,721,659	6,751,952
Worker's welfare fund		2,418,025	2,118,862
Staff retirement benefits		12,340,691	8,806,914
		<u>215,703,196</u>	<u>206,656,241</u>
<b>Profit before working capital changes</b>		530,996,684	332,824,467
<b>Effect on cash flow due to working capital changes</b>			
<b>(Increase)/decrease in current assets:</b>			
Trade debts		31,298,277	(136,531,861)
Stores and spares		(11,908,226)	2,532,753
Stock in trade		(325,800,038)	(21,629,965)
Advances deposits, prepayments and other receivables		(17,487,746)	(6,215,181)
<b>Increase in current liabilities:</b>			
Trade and other payables		(5,472,389)	703,380
		<u>(329,370,122)</u>	<u>(161,140,874)</u>
<b>Cash generated from operations</b>		201,626,562	171,683,593
Finance cost paid		(109,642,567)	(125,731,592)
Staff retirement benefits paid		(18,664,252)	(3,297,396)
Worker's profit participation fund paid		(7,422,708)	(22,682,005)
Worker's welfare fund paid		(2,118,862)	(7,900,658)
Taxes paid		(27,553,645)	(16,634,053)
		<u>(165,402,034)</u>	<u>(176,245,704)</u>
<b>Net cash (outflows)/inflows from operating activities</b>		36,224,528	(4,562,111)
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(168,796,696)	(70,138,180)
Sale proceeds of property, plant and equipment		3,294,827	754,310
Short term investments		(11,004,240)	(2,343,578)
<b>Net cash outflows from investing activities</b>		(176,506,109)	(71,727,448)
<b>Cash flows from financing activities</b>			
Repayment of long term loans		(157,825,220)	(142,933,546)
Proceeds from long term loans		140,022,256	51,500,000
Payment of finance lease liabilities		1,379,624	(527,705)
Net movement in short term borrowings - secured		153,114,661	185,859,945
<b>Net cash inflows/(outflows) from financing activities</b>		<u>136,691,321</u>	<u>93,898,694</u>
<b>Increase in cash and cash equivalents</b>		(3,590,260)	17,609,135
<b>Cash and cash equivalents at the beginning of the year</b>		35,201,411	17,592,276
<b>Cash and cash equivalents at the end of the year</b>	19	<u>31,611,151</u>	<u>35,201,411</u>

The attached notes 1 to 34 form an integral part of these financial statements.

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Lahore

  
Chief Executive

  
Director

Al Nasr Textiles Limited  
 Statement of Changes in Equity  
 For the year ended 30 June 2013

	Share capital	Accumulated profit	Total
	-----Rupees-----		
Balance as at 30 June 2011	342,000,000	410,166,248	752,166,248
Total comprehensive income for the year	-	68,394,091	68,394,091
Balance as at 30 June 2012	342,000,000	478,560,339	820,560,339
Total comprehensive income for the year	-	258,101,341	258,101,341
<b>Balance as at 30 June 2013</b>	<u>342,000,000</u>	<u>736,661,680</u>	<u>1,078,661,680</u>

The attached notes 1 to 34 form an integral part of these financial statements.

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Lahore

  
 Chief Executive

  
 Director



**Al Nasr Textiles Limited**  
**Notes to the financial statements**  
*For the year ended 30 June 2013*

**1 Status and nature of business**

Al Nasr Textiles Limited ("the Company") was incorporated in Pakistan in July 2001 as a public limited company (unquoted) under Companies Ordinance, 1984. The Company is a subsidiary of Pak Kuwait Textiles Limited, which holds 96.84% of equity. The principal activity of the Company is manufacturing and sale of 100% cotton yarn. The registered address of the Company is 29-Shadman II, Lahore, Pakistan.

**2 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

**3 Significant accounting policies**

**3.1 Accounting convention and basis of preparation**

These financial statements have been prepared under the historical cost convention except of certain retirement benefits which are stated at present value and short term investment which are stated at fair value.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Residual value and useful life of depreciable assets (note 3.7 & 13)
- Provision for taxation (note 3.3 & 27)
- Staff retirement benefits (note 3.4 & 7.1)

**3.2 Standards, Interpretations and amendments to published approved accounting standards**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

16/11/13



