

Al Nasr Textiles Limited

Financial Statements for the Period Ended
30 June 2017

AL NASR TEXTILES LIMITED

Directors Report for the Year Ending 30th June, 2017



The Directors of **Al Nasr Textiles Limited** are pleased to present the Annual report along with Audited Financial Statements for the year ended 30th June, 2017.

FINANCIAL HIGHLIGHTS

Comparison of Audited result for the year ended June 30th, 2017 as against June 30th, 2016 is as follows:

	30.06.2017	30.06.2016
	(Rs.)	(Rs.)
Sales (Net)	2,995,806,674	2,818,581,230
Gross Profit	332,423,066	176,187,105
Profit before taxation	202,837,771	42,598,174
Taxation	(77,038,350)	(42,598,174)
Profit after taxation	125,799,421	8,048,696
Total Comprehensive Income for the year	126,759,803	9,603,059
Un-appropriated Profit/ (Loss) brought forward	914,529,961	904,926,902
Un-appropriated Profit carried forward	1,041,289,764	914,529,961
Earnings per Share	3.68	0.24

COMPANY PERFORMANCE

During the year, your company earned a pre-tax Profit of Rs. 202,837,771 as against a pre-tax Profit of Rs. 42,598,174 in the last financial year representing 376 % year on year increase. The Gross Profit Margin increased by 89 % as compared to F/Y 2016. This increase reflects the tireless efforts by the management during a slump in the textile industry. The cost efficiency gain in Unit-1 after the installation of new Ring Frames and good margins earned in Unit-2 are a major contributing factor in this turn around. Your company earned a profit after tax of Rs. 125,799,421 as compared to last year's profit after tax of Rs. 8,048,696 (F/Y 2016) which is a substantial 15 times year on year increase.

AL Nasr Textiles Limited

Head office: 29 Shadman-II, Lahore, Pakistan. Phone: +92 42-111-888-600 Fax: +92 42-37421469

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

AL NASR TEXTILES LIMITED

Directors Report for the Year Ending 30th June, 2017



BALANCING MODERNIZATION & REPLACEMENT (BMR)

Addition to Plant & Machinery was made during the year ended 30th June, 2017. These additions will ensure the production of high quality yarn in the future. The details of the machines acquired are as follows:

- Auto Leveller For Toyoda DX8 LT

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 minimum wage announced by the Government the production cost of the company will increase in the next year. Availability of Gas for electricity generation will be important to balance the increase in cost of production. The yarn rates have been depressed, which would adversely impact the financial results of the year 2017 / 2018.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on 30 June 2017, as required under Section 236(2) (d) of the Companies Ordinance 1984, is annexed.

AUDITORS

M/S KPMG Taseer Hadi & Co., Chartered Accountants, retires and being eligible, offers themselves for reappointment as Company's auditors for the year ending 30 June 2018.

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
9th October 2017


(TARIQ MEHMOOD)
Chief Executive

AL Nasr Textiles Limited

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KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House
2-Main Gulberg Jail Road,
Lahore Pakistan

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

Auditor's Report to the Members

We have audited the annexed balance sheet of **Al Nasr Textiles Limited** ("the Company") as at 30 June 2017 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
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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- c) 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 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date 09 OCT 2017

Lahore



KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

Al Nasr Textiles Limited
Balance Sheet
As at 30 June 2017

EQUITY AND LIABILITIES

Share capital and reserves

Authorised share capital
40,000,000 (2016: 40,000,000) ordinary shares
of Rs. 10 each

Issued, subscribed and paid-up capital
Accumulated profit

Non-current liabilities

Long term financing - secured
Deferred liabilities

Current liabilities

Current portion of long term financing
Short term borrowings - secured
Trade and other payables
Mark-up accrued on borrowings

Contingencies and commitments

Note

2017
Rupees

2016
Rupees

400,000,000	400,000,000
342,000,000	342,000,000
1,041,289,764	914,529,961
1,383,289,764	1,256,529,961

135,001,930	242,607,863
207,950,805	195,808,338
342,952,735	438,416,201

107,605,994	115,410,959
380,651,184	471,885,185
155,596,646	145,269,143
10,621,122	15,192,037
654,474,946	747,757,324

2,380,717,445	2,442,703,486
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Note

2017
Rupees

2016
Rupees

ASSETS

Non-current assets

Property, plant and equipment
Intangibles
Long term deposits

1,267,291,081	1,352,891,330
493,283	887,907
7,075,600	6,777,600
1,274,859,964	1,360,556,837

Current assets

Stores, spare parts and loose tools
Stock-in-trade
Trade debts
Advances, deposits and prepayments
Other receivables
Advance tax - net
Cash and bank balances

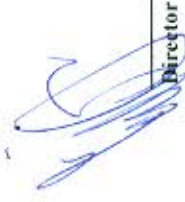
44,500,552	46,845,158
710,549,824	638,977,273
82,034,362	63,315,127
177,686,064	153,282,751
13,826,987	4,703,354
54,972,586	101,130,814
22,287,106	73,892,172
1,105,857,481	1,082,146,649

2,380,717,445	2,442,703,486
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The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


Chief Executive


Director

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Al Nasr Textiles Limited
Profit and Loss Account
For the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	21	2,995,806,674	2,818,581,230
Cost of sales	22	<u>(2,663,383,608)</u>	<u>(2,642,394,125)</u>
Gross profit		332,423,066	176,187,105
Administrative expenses	23	<u>(34,666,044)</u>	<u>(29,222,966)</u>
Distribution cost	24	<u>(26,098,280)</u>	<u>(36,455,576)</u>
Other expenses	25	<u>(15,379,208)</u>	<u>(31,148,171)</u>
		<u>(76,143,532)</u>	<u>(96,826,713)</u>
Other income	26	<u>6,316,104</u>	<u>28,734,259</u>
Operating profit		262,595,638	108,094,651
Finance cost	27	<u>(59,757,867)</u>	<u>(65,496,477)</u>
Profit before taxation		202,837,771	42,598,174
Taxation	28	<u>(77,038,350)</u>	<u>(34,549,478)</u>
Profit after taxation		<u>125,799,421</u>	<u>8,048,696</u>

1/11/2017

The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

Al Nasr Textiles Limited
 Statement of Comprehensive Income
 For the year ended 30 June 2017

	2017 Rupees	2016 Rupees
Profit after taxation	125,799,421	8,048,696
<u>Other comprehensive income</u>		
<i>Items that will never be reclassified to profit and loss account</i>		
Remeasurement of defined benefit obligation	1,288,533	2,029,195
Related deferred tax	(328,151)	(474,832)
	960,382	1,554,363
Total comprehensive income for the year	126,759,803	9,603,059

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The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

Al Nasr Textiles Limited
Cash Flow Statement
For the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees
<u>Cash flows from operating activities</u>			
Profit before taxation		202,837,771	42,598,174
<i>Adjustments for non-cash items:</i>			
Depreciation	13	96,242,564	92,381,682
Amortisation	14	394,624	394,624
Finance cost	27	59,757,867	65,496,477
Loss on disposal of property, plant and equipment	23	1,217,954	206,189
Provision for doubtful debts	18	1,853,458	857,758
Provision for Worker's Profit Participation Fund	25	11,059,209	2,432,534
Provision for Worker's Welfare Fund	25	4,468,359	869,350
Staff retirement benefits	7.1.2	10,127,138	11,755,072
		<u>185,121,173</u>	<u>174,393,686</u>
Operating profit before working capital changes		387,958,944	216,991,860
<u>Effect on cash flow due to working capital changes</u>			
<i>(Increase)/decrease in current assets:</i>			
Trade debts		(20,572,693)	26,897,261
Stores, spare parts and loose tools		2,344,606	(13,404,361)
Stock-in-trade		(71,572,551)	58,967,077
Advances deposits and prepayments		(24,403,313)	(77,190,699)
Other receivables		(9,123,633)	21,228,628
<i>Decrease in current liabilities:</i>			
Trade and other payables		(1,894,591)	(17,052,713)
		<u>(125,222,175)</u>	<u>(554,807)</u>
Cash generated from operations		262,736,769	216,437,053
Finance cost paid		(64,328,782)	(66,488,907)
Staff retirement benefits paid		(10,426,242)	(10,255,780)
Payment made to Worker's Profit Participation Fund		(2,436,124)	(2,557,600)
Payment made to Worker's Welfare Fund		(869,350)	(1,362,966)
Long term deposits paid		(298,000)	-
Income Taxes paid		(17,478,169)	(36,039,131)
		<u>(95,836,667)</u>	<u>(116,704,384)</u>
Net cash generated from operating activities		166,900,102	99,732,669
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment (Including CWIP)		(11,860,269)	(232,311,252)
Proceeds from disposal of property, plant and equipment		-	2,705,529
Net cash used in investing activities		(11,860,269)	(229,605,723)
<u>Cash flows from financing activities</u>			
Long term loans - net		(115,410,898)	78,415,879
Payment of finance lease liabilities		-	(583,691)
Net movement in short term borrowings - secured		(128,786,908)	24,816,969
Net cash (used in) / generated from financing activities		(244,197,806)	102,649,157
Net decrease in cash and cash equivalents		(89,157,973)	(27,223,897)
Cash and cash equivalents at beginning of the year		72,944,534	100,168,431
Cash and cash equivalents at end of the year		(16,213,439)	72,944,534
Cash and cash equivalents comprise of the following:			
Cash and bank balances	20	22,287,106	73,892,172
Running finance	9	(38,500,545)	(947,638)
		<u>(16,213,439)</u>	<u>72,944,534</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Al Nasr Textiles Limited
Statement of Changes in Equity
For the year ended 30 June 2017

	Share capital	Accumulated profit	Total
	-----Rupees-----		
Balance as at 30 June 2015	342,000,000	904,926,902	1,246,926,902
<i>Total comprehensive income for the year</i>			
Profit for the year ended 30 June 2016	-	8,048,696	8,048,696
Other comprehensive income for the year ended 30 June 2016	-	1,554,363	1,554,363
	-	9,603,059	9,603,059
Balance as at 30 June 2016	342,000,000	914,529,961	1,256,529,961
<i>Total comprehensive income for the year</i>			
Profit for the year ended 30 June 2017	-	125,799,421	125,799,421
Other comprehensive income for the year ended 30 June 2017	-	960,382	960,382
	-	126,759,803	126,759,803
Balance as at 30 June 2017	342,000,000	1,041,289,764	1,383,289,764

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The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

Al Nasr Textiles Limited

Notes to the Financial Statements

For the year ended 30 June 2017

1 Reporting entity

Al Nasr Textiles Limited ("the Company") was incorporated in Pakistan in July 2001 as an unquoted public limited company. The Company is a subsidiary of Pak Kuwait Textiles Limited ("the Parent Company"), which holds 96.84% of total paid-up share capital of the Company. The principal activity of the Company is manufacturing and sale of 100% cotton yarn. The registered address of the Company is situated at 29-Shadman II, Lahore, Pakistan.

2 Statement of compliance

2.1 These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 17 of 2017 dated 20 July 2017 has advised the Companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984.

3 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto

3.1 The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of land to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This amendment is not likely to have an impact on the Company's financial statements.

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

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