



**HIRA TEXTILE MILLS LIMITED.**

## COMPANY INFORMATION

### CHAIRMAN

Mr. Muhammad Umar Virk

### CHIEF EXECUTIVE OFFICER

Mr. Nadeem Aslam Butt

### BOARD OF DIRECTORS

Mr. Muhammad Umar Virk  
Mr. Nadeem Aslam Butt  
Mr. Umair Umar  
Mrs. Shahnaz Umar  
Mrs. Fatima Nadeem  
Mrs. Sadiya Umair  
Mr. Saeed Ahmad Khan

### AUDIT COMMITTEE

Mr. Umair Umar	Chairman
Mrs. Shahnaz Umar	Member
Mrs. Sadiya Umair	Member

### COMPANY SECRETARY & C.F.O.

Mr. Saeed Ahmad Khan

### AUDITORS

Messrs M.Yousuf Adil Saleem & CO.  
A Member Firm of Deloitte Touch Tohmatsch  
Chartered Accountants  
66-E- FCC, Syed Maratab Ali Road, Gulberg IV, Lahore

### REGISTRAR OF THE COMPANY

Vision Consulting Ltd.  
3 - C , 1st Floor, LDA Flats  
Lawrance Road, Lahore  
Ph: +92 42 3637 5531, 3637 5339

### REGISTERED OFFICE

44-E-1, Gulberg III,  
Lahore  
Ph: + 92 42 3571 4191  
Fa: + 92 42 3571 0048  
W: [www.hiramills.com.pk](http://www.hiramills.com.pk)

### MILLS

8-km Manga Raiwind Road  
Raiwind District Kasur



HIRA TEXTILE MILLS LIMITED.

## **DIRECTORS' REPORT**

We hereby present the un-audited financial statements of the Company for 1<sup>st</sup> Quarter ended on September 30, 2010. The Company's sales are Rs. 1,158.04 million as compared to Rs.598.589 million during the corresponding period of last year which shows an increase of 93%. Gross Profit for the period is Rs.198.011 million showing an increase of 158.62 % over the gross profit of Rs.76.565 million in the corresponding period. Increase in gross profit is mainly due to increase in production and change in production pattern and better sales rate.

Profit from operations is Rs.95.796 million as compared to Rs.2.509 million in the corresponding period. The increase in operational profit is due to increase in gross profit. Distribution cost is increased by 25.14% which is mainly due to increase in export sales. Administrative cost has increased by 36.13%, which is due to high inflation and payments of Ijarah. Financial cost has increased by Rs. 14.58 million which is due to increase in rate of finance. Profit after tax is Rs.94.92 million as compared to Rs.7.04 million in the corresponding period. Hira Terry Mills Limited has contributed Rs.9.03 million of profit in the current profit of the company. The result of the current three months is quite satisfactory. The management is putting its best efforts to maximize Company's profit for remaining period of the financial year and are positive of continued good results.

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the success & growth of the company.

On behalf of the Board

Lahore  
Oct 28, 2010

Nadeem Aslam Butt  
(Chief Executive officer)



**HIRA TEXTILE MILLS LIMITED.**

**BALANCE SHEET AS AT SEPTEMBER 30, 2010**

	<b>Un-Audited September 30, 2010</b>	<b>Audited June 30, 2010</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,624,111,618	1,480,324,982
Long term investment- note 3	303,886,925	294,863,341
Long term deposits	13,835,506	13,835,506
	1,941,834,049	1,789,023,829
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	70,853,012	64,128,162
Stock in trade	954,536,084	1,333,959,513
Trade debts	89,667,901	79,498,463
Advances	33,306,764	29,202,575
Deposits and short term prepayments	7,616,447	8,716,447
Advance income tax - net of provision for tax	17,939,321	17,129,597
Sales tax refundable	33,051,840	29,161,673
Cash and bank balances	7,117,204	6,020,659
	1,214,088,572	1,567,817,089
<b>TOTAL ASSETS</b>	<b>3,155,922,621</b>	<b>3,356,840,918</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorized capital	750,000,000	750,000,000
75,000,000 ordinary shares of Rs. 10 each		
Issued, subscribed and paid-up capital	715,520,000	715,520,000
71,552,000 ordinary shares of Rs. 10 each		
Reserves	82,500,000	82,500,000
Unappropriated profit	609,137,055	514,221,837
<b>Shares Holders' Equity</b>	<b>1,407,157,055</b>	<b>1,312,241,837</b>
<b>Surplus on revaluation of property, plant and equipment</b>	<b>65,892,542</b>	<b>65,892,542</b>
<b>NON CURRENT LIABILITIES</b>		
Long term loans	270,503,330	170,308,944
Liabilities against assets subject to finance Lease	34,083,917	15,988,167
Deferred Liabilities	83,586,711	82,023,911
<b>CURRENT LIABILITIES</b>		
Trade and other payables	237,515,950	256,198,252
Mark-up accrued	66,086,151	73,892,845
Short term borrowings	874,800,323	1,255,437,905
Current maturity of long term liabilities	116,296,642	124,856,515
	1,294,699,066	1,710,385,517
<b>CONTINGENCIES AND COMMITMENTS -note 4</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,155,922,621</b>	<b>3,356,840,918</b>

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2010

Muhammad Umar Virk  
Chairman

Nadeem Aslam Butt  
Chief Executive



## HIRA TEXTILE MILLS LIMITED.

### PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010	September 30, 2009
	----- Rupees -----	
Sales - net	1,158,041,003	598,589,132
Cost of goods sold	<u>960,029,153</u>	<u>522,024,098</u>
Gross profit	198,011,850	76,565,034
Other operating income	-	-
Distribution cost	<u>11,739,697</u>	<u>9,380,895</u>
Administrative expenses	15,601,368	11,460,256
Other operating expenses	7,210,498	132,056
Finance cost	<u>67,663,673</u>	<u>53,082,754</u>
	102,215,236	74,055,961
Profit from Operations	<u>95,796,614</u>	<u>2,509,073</u>
Share of profit of Hira Terry Mills Limited	9,023,584	6,762,343
Profit/(Loss) before tax	104,820,198	9,271,416
Provision for taxation	9,904,979	2,231,100
Profit/(Loss) after tax	<u><u>94,915,218</u></u>	<u><u>7,040,316</u></u>
Earnings/(Loss) per share - basic and diluted	1.33	0.10

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2010

Muhammad Umar Virk  
Chairman

Nadeem Aslam Butt  
Chief Executive



# HIRA TEXTILE MILLS LIMITED.

## CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Quarter ended	
	Sept. 30, 2010	Sept. 30, 2009
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	104,820,198	9,271,416
Add Depreciation of property, plant and equipment	19,203,110	19,592,490
Employee benefits- provision for the period	3,000,000	2,135,000
Share of Profit of Hira Terry Mills Limited	(9,023,584)	(6,762,343)
Finance cost	67,663,673	53,082,754
	<u>185,663,397</u>	<u>77,319,317</u>
(Increase)/ decrease in store, spare and loose tools	(6,724,850)	1,873,102
(Increase)/ decrease in stock in trade	370,863,556	(86,839,459)
(Increase)/ decrease in trade debts	(10,169,438)	(13,871,051)
(Increase)/ decrease in loans & advances	(4,104,189)	(1,164,667)
(Increase)/ decrease in deposits and short term prepayments	1,100,000	(137,860)
(Increase)/ decrease in other receivables	(3,890,167)	(195,812)
Increase/ (decrease) in trade & other payables	(18,682,302)	129,884,020
<b>Cash generated from operations</b>	514,056,007	106,867,590
Finance cost paid	(75,470,367)	(91,667,852)
Gratuity paid	(1,437,200)	(1,865,800)
Income taxes paid	(10,714,703)	(2,231,142)
Net cash used operating activities	<u>426,433,737</u>	<u>11,102,796</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(162,989,746)	(7,887,705)
Long term deposits	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(162,989,746)</u>	<u>(7,887,705)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	100,194,386	(14,328,753)
Payment of liabilities against assets subject to finance lease	18,095,750	(1,969,713)
Short term borrowings - secured	(380,637,582)	12,894,323
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<u>(262,347,446)</u>	<u>(3,404,143)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	1,096,545	(189,053)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6,020,659	17,585,924
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>7,117,204</u>	<u>17,396,871</u>

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2010

Muhammad Umar Virk  
Chairman

Nadeem Aslam Butt  
Chief Executive



## HIRA TEXTILE MILLS LIMITED.

### STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Share capital	Share premium	Unappropriated profits	Total
	----- Rupees -----			
Balance as at June 30, 2009	715,520,000	82,500,000	265,393,865	1,063,413,865
Profit for the period	-	-	7,040,316	7,040,316
Balance as at Sep 30, 2009	715,520,000	82,500,000	272,434,181	1,070,454,181
Profit for the period		-	241,787,656	241,787,656
Balance as at June 30 ,2010	715,520,000	82,500,000	514,221,837	1,312,241,837
Profit for the period		-	94,915,218	94,915,218
Balance as at Sep 30 ,2010	715,520,000	82,500,000	609,137,055	1,407,157,055

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2010

Muhammad Umar Virk  
Chairman

Nadeem Aslam Butt  
Chief Executive



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

### 1 CORPORATE INFORMATION

The Company was incorporated in Pakistan on January 31, 1991 as a Public Limited Company and its shares are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the Company is to manufacture and sale of yarn. The registered office of the Company is located at 44-E/1 Gulberg III, Lahore and its mill is located at Raiwind Road Lahore.

### 2 BASIS OF PREPARATION

#### 2.1

These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

#### 2.2

The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended June 30, 2010.

### 3 LONG TERM INVESTMENTS

Investment in related parties- unquoted  
Hira Terry Mills Limited -associated company  
18,450,000 fully paid ordinary shares of Rs. 10 each  
Share of Profit

Un-Audited September 30, 2010	Audited June 30, 2010
Rupees	Rupees

184,500,000	184,500,000
119,386,925	110,363,341
<u>303,886,925</u>	<u>294,863,341</u>

### 4 CONTINGENCIES AND COMMITMENTS

Contingencies

- (i) In case of default in payments of rescheduled loan from Habib Bank Limited the restructured package would automatically stands cancelled and consequently the original terms of loan shall apply. In such case an amount equal to adjustment of finance cost i.e Rs. 54,361,084 shall be payable by the company

Guarantees

Habib Bank Limited to Sui Northren Gas Pipelines Limited

27,979,420	27,979,420
<u>27,979,420</u>	<u>27,979,420</u>

Commitments

Letters of credit for import of machinery  
Letters of credit for import of raw material  
Letters of credit for import of stores and spares/Others

146,551,565	164,104,778
261,556,040	123,689,374
11,276,169	21,238,095
<u>419,383,774</u>	<u>309,032,247</u>

### 5 COST OF SALES

	Note
Stock - opening	
Cost of goods manufactured	5.1
Stocks - closing	

Un-Audited September 30, 2010	Un-Audited September 30, 2009
Rupees	Rupees

164,569,978	120,902,948
918,260,192	521,418,330
122,801,017	120,297,180
<u>960,029,153</u>	<u>522,024,098</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Un-Audited September 30, 2010 Rupees	Un-Audited September 30, 2009 Rupees
<b>5.1 Cost of goods manufactured</b>		
Work in process - opening	16,293,628	17,430,120
Raw materials consumed	775,175,952	397,899,112
Overheads	148,041,879	122,881,435
Work in process - closing	21,251,267	16,792,337
	<u>918,260,192</u>	<u>521,418,330</u>

## 6 RELATED PARTY TRANSACTIONS

The Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties

	Un-Audited September 30, 2010 Rupees	Audited June 30, 2010 Rupees
<b>Transactions with Associated undertaking - Hira Terry Mills Limited (H.T.L)</b>		
Sale of yarn and store etc	267,416,147	446,616,446
Purchases of Towels, Stores & Spares	782,135	882,992
Expenses charged	3,338,048	12,330,398
Mark-up charged on balance due from HTL	-	6,396
Other transactions in ordinary course of business-net	59,954	(584,021)
<b>Transactions with Other related parties</b>		
Remuneration paid to directors and chief executive of the Company	2,622,210	7,884,235
Payment to Employees' Provident Fund Trust	315,569	585,990
	<u>274,534,063</u>	<u>467,722,436</u>

## 7 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28th October, 2010 by the Board of Directors of the Company.

## 8 PRESENTATION

- Figures in the financial statements have been rounded-off to the nearest Rupee.

Lahore  
Oct 28, 2010

Muhammad Umar Virk  
Chairman

Nadeem Aslam Butt  
Chief Executive