



## 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. (Chartered Accountants)  
A Member Firm of Deloitte Touch Tohmatsch  
66-E- FCC, Syed Maratab Ali Road, Gulberg IV, Lahore

### LEGAL ADVISER

Salman Akram Raja.  
Raja Mohammad Akram & Co., Advocates & Legal Consultants  
33-C Main Gulberg 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

## **DIRECTORS' REPORT**

We hereby present the un-audited financial statements of the Company for 1<sup>st</sup> Quarter ended on September 30, 2011. The Company's sales are Rs. 1,157.99 million as compared to Rs.1,158.04 million during the corresponding period of last year. Gross Profit for the period is Rs.115.296 million showing a decrease of 42.03 % over the gross profit of Rs.198.011 million in the corresponding period. Decrease in G.P. is due to decrease in yarn prices and consumption of high value cotton stock of last year.

Profit from operations is Rs.15.822 million as compared to Rs.95.796 million in the corresponding period. The decrease in operational profit is due to decrease in gross profit. Distribution cost is increased by 19.88% which is mainly due to increase in export sales. Administrative cost has increased by 18.40%, which is due to high inflation and payments of Ijarah. Financial cost has decreased by Rs. 1.91 million which is due to better utilization of funds. Profit after tax is Rs.11.87 million as compared to Rs.94.92 million in the corresponding period. Hira Terry Mills Limited has contributed Rs.7.43 million in the current profit of the company. Though the company could not maintain its profitability levels as compared to the corresponding period and the main reason for this decline is that, the sale prices of cotton yarn has not increased in line with cotton prices in the 1<sup>st</sup> quarter of the year. However the management of the company is putting its best efforts to improve the situation through better production and marketing strategies.

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, 2011

Nadeem Aslam Butt  
(Chief Executive officer)



# HIRA TEXTILE MILLS LIMITED.

## BALANCE SHEET AS AT SEPTEMBER 30, 2011

	<b>Un-Audited September 30, 2011</b>	<b>Audited June 30, 2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,610,074,712	1,631,012,109
Long term investment- note 3	320,579,605	313,150,300
Long term deposits	25,766,626	25,766,626
	<u>1,956,420,943</u>	<u>1,969,929,035</u>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	78,830,939	79,732,862
Stock in trade	1,496,329,299	1,413,499,065
Trade debts	144,637,452	186,752,791
Advances	83,550,119	94,306,390
Deposits and short term prepayments	8,555,697	8,205,697
Advance income tax - net of provision for tax	19,761,745	24,640,568
Sales tax refundable	23,259,645	22,981,338
Cash and bank balances	7,782,885	11,562,301
	<u>1,862,707,781</u>	<u>1,841,681,012</u>
<b>TOTAL ASSETS</b>	<u><u>3,819,128,724</u></u>	<u><u>3,811,610,047</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorized capital		
75,000,000 ordinary shares of Rs. 10 each	<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and paid-up capital		
71,552,000 ordinary shares of Rs. 10 each	<u>715,520,000</u>	<u>715,520,000</u>
Reserves	82,500,000	82,500,000
Unappropriated profit	674,274,206	662,404,239
<b>Shares Holders' Equity</b>	<u>1,472,294,206</u>	<u>1,460,424,239</u>
<b>Surplus on revaluation of property, plant and equipment</b>	65,892,542	65,892,542
<b>NON CURRENT LIABILITIES</b>		
Long term loans	201,326,155	220,877,236
Liabilities against assets subject to finance Lease	22,510,036	26,960,517
Deferred Liabilities	95,028,191	94,392,991
<b>CURRENT LIABILITIES</b>		
Trade and other payables	251,832,231	232,346,388
Mark-up accrued	90,380,124	115,828,088
Short term borrowings	1,500,566,458	1,475,407,444
Current maturity of long term liabilities	119,298,782	119,480,602
	<u>1,962,077,595</u>	<u>1,943,062,522</u>
<b>CONTINGENCIES AND COMMITMENTS -note 4</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,819,128,724</u></u>	<u><u>3,811,610,047</u></u>

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2011

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, 2011

	September 30, 2011	September 30, 2010
	----- Rupees -----	
Sales - net	1,157,993,584	1,158,041,003
Cost of goods sold	<u>1,042,697,396</u>	<u>960,029,153</u>
Gross profit	115,296,188	198,011,850
Other operating income	-	-
Distribution cost	<u>14,073,372</u>	<u>11,739,697</u>
Administrative expenses	<u>18,472,277</u>	<u>15,601,368</u>
Other operating expenses	<u>1,172,652</u>	<u>7,210,498</u>
Finance cost	<u>65,755,588</u>	<u>67,663,673</u>
	99,473,889	102,215,236
Profit from Operations	<u>15,822,300</u>	<u>95,796,614</u>
Share of profit of Hira Terry Mills Limited	<u>7,429,305</u>	<u>9,023,584</u>
Profit/(Loss) before tax	23,251,605	104,820,198
Provision for taxation	11,381,638	9,904,979
Profit/(Loss) after tax	<u><u>11,869,967</u></u>	<u><u>94,915,219</u></u>
Earnings/(Loss) per share - basic and diluted	0.17	1.33

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2011

Muhammad Umar Virk  
Chairman

Nadeem Aslam Butt  
Chief Executive



**HIRA TEXTILE MILLS LIMITED.**

## **CASH FLOW STATEMENT (UN-AUDITED)**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Quarter ended	
	Sept. 30,2011	Sept. 30,2010
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	23,251,605	104,820,198
Add Depreciation of property, plant and equipment	20,937,397	19,203,110
Employee benefits- provision for the period	3,200,000	3,000,000
Share of Profit of Hira Terry Mills Limited	(7,429,305)	(9,023,584)
Finance cost	65,755,588	67,663,673
	<u>105,715,285</u>	<u>185,663,397</u>
(Increase)/ decrease in store, spare and loose tools	901,923	(6,724,850)
(Increase)/ decrease in stock in trade	(82,830,234)	370,863,556
(Increase)/ decrease in trade debts	42,115,339	(10,169,438)
(Increase)/ decrease in loans & advances	10,756,271	(4,104,189)
(Increase)/ decrease in deposits and short term prepayments	(350,000)	1,100,000
(Increase)/ decrease in other receivables	(278,307)	(3,890,167)
Increase/ (decrease) in trade & other payables	19,485,843	(18,682,302)
<b>Cash generated from operations</b>	95,516,120	514,056,007
Finance cost paid	(91,203,552)	(75,470,367)
Gratuity paid	(2,393,340)	(1,437,200)
Income taxes paid	(6,502,815)	(10,714,703)
Net cash used operating activities	<u>(4,583,587)</u>	<u>426,433,737</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(353,281)	(162,989,746)
Long term deposits	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(353,281)</u>	<u>(162,989,746)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	(19,551,081)	100,194,386
Payment of liabilities against assets subject to finance lease	(4,450,481)	18,095,750
Short term borrowings - secured	25,159,014	(380,637,582)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<u>1,157,452</u>	<u>(262,347,446)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	(3,779,416)	1,096,545
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	11,562,301	6,020,659
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>7,782,885</u></u>	<u><u>7,117,204</u></u>

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2011

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, 2011

	Share capital	Share premium	Unappropriated profits	Total
	----- Rupees -----			
<b>Balance as at June 30, 2010</b>	715,520,000	82,500,000	514,221,837	1,312,241,837
Profit for the period	-	-	94,915,218	94,915,218
<b>Balance as at Sep 30, 2010</b>	<u>715,520,000</u>	<u>82,500,000</u>	<u>609,137,055</u>	<u>1,407,157,055</u>
Profit for the period		-	124,819,184	124,819,184
<b>Distribution to owners</b>				
Dividend for the year ended June 30, 2010 @ Rs. 1 per share			(71,552,000)	(71,552,000)
<b>Balance as at June 30 ,2011</b>	<u>715,520,000</u>	<u>82,500,000</u>	<u>662,404,239</u>	<u>1,460,424,239</u>
Profit for the period		-	11,869,967	11,869,967
<b>Balance as at Sep 30 ,2011</b>	<u>715,520,000</u>	<u>82,500,000</u>	<u>674,274,206</u>	<u>1,472,294,206</u>

The annexed notes form an integral part of these financial statements

Lahore  
Oct 28, 2011

Muhammad Umar Virk  
Chairman

Nadeem Aslam Butt  
Chief Executive



**HIRA TEXTILE MILLS LIMITED.**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

### 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, 2011.

		Un-Audited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
<b>3 LONG TERM INVESTMENTS</b>			
Investment in related parties- unquoted			
Hira Terry Mills Limited -associated company		184,500,000	184,500,000
18,450,000 fully paid ordinary shares of Rs. 10 each		136,079,605	128,650,300
Share of Profit		<u>320,579,605</u>	<u>313,150,300</u>
<b>4 CONTINGENCIES AND COMMITMENTS</b>			
Contingencies - 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		110,409,475	176,403,579
Letters of credit for import of stores and spares/Others		19,797,756	30,426,009
		<u>130,207,231</u>	<u>206,829,588</u>
<b>5 COST OF SALES</b>			
		Un-Audited September 30, 2011 Rupees	Un-Audited September 30, 2010 Rupees
Stock - opening		330,999,078	164,569,978
Cost of goods manufactured	5.1	936,592,763	918,260,192
Stocks - closing		224,894,446	122,801,017
		<u>1,042,697,396</u>	<u>960,029,153</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Un-Audited September 30, 2011 Rupees	Un-Audited September 30, 2010 Rupees
<b>5.1 Cost of goods manufactured</b>		
Work in process - opening	36,304,540	16,293,628
Raw materials consumed	719,312,787	775,175,952
Overheads	206,162,307	148,041,879
Work in process - closing	25,186,871	21,251,267
	<u>936,592,763</u>	<u>918,260,192</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

DESCRIPTION	Un-Audited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
<b>Transactions with jointly Controlled entity</b>		
Sale of yarn,Cotton,dyes and Chemicals	106,561,999	864,163,108
Purchases of Towels,Waste, Stores & Spares	629,144	13,825,596
Expenses charged	3,781,471	14,574,322
Mark-up expenses / (Income) on balance due	468,619	84,671
sale of Vehicle	-	197,560
<b>Transactions with Other related parties</b>		
Remuneration paid to directors and chief executive of the Company	2,049,648	8,451,376
Remuneration Benefits	22,200	237,222
Payment to Employees' Provident Fund Trust	297,023	1,032,039
Loan from Director	-	20,500,000
Markup expenses on Director Loan	815,889	934,575
<b>Compensation of Key management personnel</b>		
Remuneration of Key management personel are as follows		
Remuneration and other benefits	1,272,819	5,576,091
Post employment benefits	74,151	277,594

## 7 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28th October, 2011 by the Board of Directors of the Company.

## 8 PRESENTATION

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