

# **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

Mrs. Shahnaz Umar

Mr. Umair Umar

Mrs. Fatima Nadeem

Mrs. Sadiya Umair

Mr. Saeed Ahmad Khan

<b>AUDIT COMMITTEE</b>	Mr. Umair Umar	Chairman
	Mrs. Shahnaz Umar	Member
	Mrs. Sadiya Umair	Member

**COMPANY SECRETARY & CFO** Mr. Saeed Ahmad Khan

## **AUDITORS**

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

## **RESISTRAR OF THE COMPANY**

Vision Consulting Ltd.  
3-C. 1st Floor , LDA Flates,  
Lawrance Road, Lahore  
P: +92 42 637 5531, 637 5339

**TAX CONSULTANT** Tipu Associates

**REGISTERED OFFICE** 44-E-1, Gulberg III,  
Lahore, Pakistan.  
P: +92 42 571 4191  
F: +92 42 571 0048  
[www.hiramills.com.pk](http://www.hiramills.com.pk)

**MILLS** 8-km Manga Raiwind Road,  
Raiwind, District Kasur, Pakistan.

# HIRA TEXTILE MILLS LIMITED

## DIRECTORS' REPORT

We hereby present the un-audited financial statements of Company for the nine months ended 31 March 2010. The Company's sales are Rs. 2,208,164 million as compared to Rs.1,674,040 million during the corresponding period of last year which shows an increase of 31.91%. Gross Profit for the period is Rs.422.540 million showing an increase of 3.65 % over the gross profit of Rs.259.164 million in the corresponding period. The increase in GP is mainly due to increase in better production efficiencies and much improved sales rates.

Profit from operations is Rs. 143.14 million as compared to loss of Rs. 31.066 million in the corresponding period. The operational profit is due to heavy profit in 2nd & 3rd quarter which is mainly due to decrease in financial cost and increase in yarn sale rates. Profit after tax is Rs. 150.040 million as compared to loss of Rs. 13.701 million in the corresponding period. M/S Hira Terry Mills Limited has contributed its share of profit Rs. 32.809 million. A Profit of Rs. 58.514 million in the 3rd quarter of the year has improved the profitability of the company. The management is putting its best efforts to maximize company's profit for remaining period of the financial year and are positive of much better results in the remaining period of the year.

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

On behalf of the Board

Lahore  
April 29, 2010

Nadeem Aslam Butt  
(Chief Executive officer)

**HIRA TEXTILE MILLS LIMITED**  
**BALANCE SHEET AS AT 31 MARCH , 2010**

	<b>Un-Audited March 31, 2010</b>	<b>Audited June 30, 2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment-note 3	1,469,221,267	1,500,809,675
Long term investment-note 4	280,462,219	247,652,640
Long term deposits	13,433,725	9,778,906
	1,763,117,211	1,758,241,221
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	76,174,512	72,651,254
Stock in trade	1,591,582,341	1,194,864,068
Trade debts	111,146,263	136,600,136
Advances	71,362,156	18,423,527
Deposits and Short term Prepayments	8,796,145	5,528,657
Advance Income Tax - net of Provision for tax	15,420,746	12,285,361
Sales tax refundable	13,641,499	7,283,714
Cash and bank balances	17,894,853	17,585,924
	1,906,018,515	1,465,222,641
<b>TOTAL ASSETS</b>	<b>3,669,135,725</b>	<b>3,223,463,862</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital		
75,000,000 ordinary shares of Rs. 10 each	750,000,000	750,000,000
Issued , subscribed and paid-up capital		
71,552,000 ordinary shares of Rs. 10 each	715,520,000	715,520,000
Reserves	82,500,000	82,500,000
Unappropriated profit	415,434,842	265,393,865
<b>Shares Holders' Equity</b>	<b>1,213,454,842</b>	<b>1,063,413,865</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	186,461,871	267,029,477
Liabilities against assets subject to finance Lease	18,227,687	28,722,289
Deferred Liabilities	81,988,803	69,262,723
<b>CURRENT LIABILITIES</b>		
Trade and other payables	181,121,907	255,247,555
Mark-up accrued	78,596,792	90,284,127
Short term borrowings	1,695,819,314	1,275,460,133
Current maturity of long term liabilities	147,571,967	108,151,151
	2,103,109,980	1,729,142,966
<b>CONTINGENCIES AND COMMITMENTS -note 5</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,669,135,725</b>	<b>3,223,463,862</b>

The annexed notes form an integral part of these financial statements

Lahore  
April 29,2010

Muhammad Umar Virk  
Chairman / Director

Nadeem Aslam Butt  
Chief Executive Officer

**HIRA TEXTILE MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2010**

	For the 3rd quarter		Cumulative	
	Jan-March 2010	Jan-March 2009	July-March 2010	July-March 2009
	----- Rupees -----			
Sales - net	848,135,528	547,636,086	2,208,163,775	1,674,040,328
Cost of goods sold	690,827,952	498,249,934	1,785,623,442	1,414,876,425
Gross profit	157,307,576	49,386,152	422,540,333	259,163,904
Other operating income				746,927
	157,307,576	49,386,152	422,540,333	259,910,831
Distribution cost	10,218,192	5,107,196	34,087,827	19,198,798
Administrative expenses	12,109,575	5,602,703	32,770,469	15,215,292
Other operating expenses	4,555,749	-	10,644,126	-
Finance cost	68,954,467	84,085,979	201,901,012	256,562,829
Total Operating Exp.	95,837,983	94,795,878	279,403,434	290,976,919
Share of Profit of Jointly Controlled Company	61,469,593	(45,409,725)	143,136,899	(31,066,088)
Profit / (Loss) before tax	14,123,600		32,809,579	25,418,623
	75,593,193	(45,409,725)	175,946,478	(5,647,465)
Provision for taxation	17,078,748	2,000,000	25,905,501	8,053,920
Profit / (Loss) after tax	58,514,445	(47,409,725)	150,040,977	(13,701,385)
Earnings / (Loss) per share - basic and diluted	0.82	(0.66)	2.10	(0.19)

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Lahore  
April 29, 2010

Muhammad Umar Viri  
Chairman / Director

Nadeem Aslam Butt  
Chief Executive Officer

**HIRA TEXTILE MILLS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE QUARTER ENDED MARCH 31, 2010

	Nine Months Ended	
	March 31,2010	March 31,2009
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit / (Loss) before taxation	175,946,478	(5,647,465)
Add Depreciation of property, plant and equipment	59,031,671	61,564,943
Gain on disposal of property, plant and equipment	25,542	(170,672)
Share of Profit of Jointly Controled Company	(14,123,600)	-
Employee benefits- provision for the period	2,000,000	2,000,000
Finance cost	201,901,012	256,562,829
	<u>424,781,103</u>	<u>314,309,635</u>
(Increase)/ decrease in store, spare and loose tools	(3,523,258)	(1,787,398)
(Increase)/ decrease in stock in trade	(396,718,273)	(139,714,413)
(Increase)/ decrease in trade debts	25,453,873	(53,259,251)
(Increase)/ decrease in loans & advances	(52,938,629)	(58,047,303)
(Increase)/ decrease in deposits and short term prepayments	(3,267,488)	(9,679,186)
(Increase)/ decrease in other receivables	(3,135,385)	100,000
Increase/ (decrease) in trade & other payables	(74,125,648)	21,245,220
<b>Cash generated from operations</b>	<u>(83,473,704)</u>	<u>73,167,304</u>
Finance cost paid	(213,526,681)	(221,544,927)
Gratuity paid	10,726,080	14,353,532
Income taxes paid	(6,357,785)	724,397
Net cash used operating activities	<u>(292,632,090)</u>	<u>(133,299,694)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(31,074,482)	(25,884,355)
Proceeds from sale of plant and equipment	2,045,000	567,140
Long term investments	(32,809,579)	(25,418,623)
Long term deposits	(3,654,819)	(2,870,340)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(65,493,880)</u>	<u>(53,606,178)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long term financing	(49,498,315)	(19,173,482)
Payment of liabilities against assets subject to finance lease	(12,425,967)	(1,754,570)
Short term borrowings - secured	420,359,181	210,130,555
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<u>358,434,899</u>	<u>189,202,503</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	308,929	2,296,632
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	17,585,924	2,080,109
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>17,894,853</u>	<u>4,376,741</u>

The annexed notes form an integral part of these financial statements

Lahore  
April 29,2010

Muhammad Umar Virk  
Chairman / Director

Nadeem Aslam Butt  
Chief Executive Officer

**HIRA TEXTILE MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2010**

	Share capital	Share premium	Unappropriated profits	Total
	----- Rupees -----			
Balance as at June 30, 2008	715,520,000	82,500,000	263,944,861	1,061,964,861
Profit for the period			(13,701,385)	(13,701,385)
Balance as at March 31, 2009	<u>715,520,000</u>	<u>82,500,000</u>	<u>250,243,476</u>	<u>1,048,263,476</u>
Profit for the period		-	15,150,389	15,150,389
Balance as at June 30, 2009	<u>715,520,000</u>	<u>82,500,000</u>	<u>265,393,865</u>	<u>1,063,413,865</u>
Profit for the period	-	-	150,040,977	150,040,977
Balance as at March 31, 2010	<u>715,520,000</u>	<u>82,500,000</u>	<u>415,434,842</u>	<u>1,213,454,842</u>

The annexed notes form an integral part of these financial statements

Lahore  
 April 29, 2010

Muhammad Umar Virk  
 Chairman / Director

Nadeem Aslam Butt  
 Chief Executive Officer

# HIRA TEXTILE MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH, 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, 2009.

3 PROPERTY, PLANT AND EQUIPMENT	Note	Un-Audited 31 March, 2010 Rupees	Audited 30-Jun-09 Rupees
Tangible fixed assets	3.1	1,469,221,267	1,500,809,675
Capital Work in progress		-	-
		1,469,221,267	1,500,809,675
<b>3.1 Tangible fixed assets</b>			
Opening book value		1,500,809,675	1,542,253,509
Additions/Adjustment during the period			
- Building on freeholdland		2,213,184	1,488,279
- plant and machinery		22,538,874	22,312,296
- electric installations		5,053,116	7,448,300
- Generators		-	4,428,757
- power house		-	1,908,160
- telephone installation		8,575	79,100
- computers		66,450	94,850
- furniture and fixtures		114,361	49,209
- vehicles		870,600	-
- Office Equipments		209,322	-
- factory equipments		-	750,000
- vehicles-leased		-	-
		31,074,482	38,558,951
Book value of assets disposed-off during the period		(3,631,219)	(396,467)
Depreciation charge for the period		(59,031,671)	(79,606,318)
Closing book value		1,469,221,267	1,500,809,675

# HIRA TEXTILE MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH, 2010

	Un-Audited 31-Mar-10 Rupees	Audited 30-Jun-09 Rupees
<b>4 LONG-TERM INVESTMENTS</b>		
Investment in related party - equity method		
Hira Terry Mills Limited - jointly controlled entity		
Cost of investment	184,500,000	184,500,000
18,450,000 (June 30, 2009 : 18,450,000) fully paid ordinary shares of Rs. 10 each	95,962,219	63,152,640
Share of profit for the period / year	<u>280,462,219</u>	<u>247,652,640</u>

### 5 CONTINGENCIES AND COMMITMENTS

#### Contingencies

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. 116,466,477 shall be payable by the company

#### Guarantees

Habib Bank Limited to Sui Northren Gas Pipelines Limited	25,373,120	25,373,120
	<u>25,373,120</u>	<u>25,373,120</u>

#### Commitments

Letters of credit for import of machinery	78,838,500	1,174,958
Letters of credit for import of raw material	126,230,900	244,234,352
Letters of credit for import of stores and spares	3,134,023	4,463,053
	<u>208,203,423</u>	<u>249,872,363</u>

### 6 COST OF SALES

	Note	For the 3rd quarter		Cumulative	
		January - March 2010	January - March 2009	July - March 2010	July - March 2009
Stock - opening		106,110,108	128,024,801	120,902,948	92,354,018
Cost of goods manufactured	6.1	<u>678,590,321</u>	<u>532,268,790</u>	<u>1,699,287,432</u>	1,484,566,064
		<u>784,700,429</u>	660,293,591	<u>1,820,190,380</u>	1,576,920,082
Stocks - closing		111,369,625	162,043,657	111,369,625	162,043,657
		<u>673,330,804</u>	<u>498,249,934</u>	<u>1,708,820,755</u>	<u>1,414,876,425</u>



# HIRA TEXTILE MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH, 2010

	For the 3rd quarter		Cumulative	
	January - March 2010	January - March 2009	July - March 2010	July - March 2009
-----Rupees-----				
<b>6.1 Cost of goods manufactured</b>				
Work in process - opening	18,290,027	15,068,646	17,430,120	21,007,454
Raw materials consumed	497,027,291	425,597,556	1,209,983,260	1,120,193,809
Overheads	182,311,725	108,339,505	490,912,774	360,101,718
	<u>679,339,016</u>	<u>533,937,061</u>	<u>1,700,896,034</u>	<u>1,480,295,527</u>
	697,629,043	549,005,707	1,718,326,154	1,501,302,981
Work in process - closing	19,038,722	16,736,917	19,038,722	16,736,917
	<u>678,590,321</u>	<u>532,268,790</u>	<u>1,699,287,432</u>	<u>1,484,566,064</u>

## 7 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 31 March, 2010 Rupees	Un-Audited 31 March, 2009 Rupees
<b>Transactions with Associated undertaking - Hira Terry Mills Limited (H.T.L)</b>		
Sale of yarn and store etc	335,914,951	225,051,837
Purchase of towels	-	26,352
Expenses charged	9,359,661	9,430,821
Mark-up charged on balance due from HTL	-	1,901,158
Other Transaction in ordinary course of business - Net	395,601	8,467,513
<b>Transactions with Other related parties</b>		
Remuneration paid to directors and chief executive of the Company	4,869,646	4,725,252
Payment to Employees' Provident Fund Trust	874,776	746,325
	<u>351,414,635</u>	<u>250,349,258</u>

## 8 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 29th April, 2010 by the Board of Directors of the Company.

## 9 PRESENTATION

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

Lahore  
April 29, 2010

Muhammad Umar Virk  
Chairman / Director

Nadeem Aslam Butt  
Chief Executive Officer