



## Fateh Textile Mills Limited

### Company Information

#### Board of Directors

Mr. Gohar Ullah	Chairman
Mr. Asad Ullah Barkat	
Mr. Humayun Barkat	Chief Executive
Mr. Maqsood Ahmed Khan	
Mr. Muhammad Saleem	
Mr. Abdul Razzak Memon	
Mr. Muhammad Ayub	NIT Nominee

#### Company Secretary

Mr. Muhammad Nadeem Aqeel

#### Audit Committee

Mr. Gohar Ullah	Chairman
Mr. Maqsood Ahmed Khan	Member
Mr. Abdul Razzak Memon	Member

#### External Auditors

M/s. Rahim Jan & Co.  
Chartered Accountants,  
Karachi.

#### Bankers

Allied Bank Limited  
Askari Bank Limited  
Deutsche Bank  
Habib Bank Limited  
Meezan Bank Limited  
Metropolitan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank

#### Registered Office

A/4, Hali Road, S.I.T.E., Hyderabad - Sindh.  
Phone No: 022-3880463-66  
Fax No: 022-3880042 & 3880514  
E-mail: [fatehmills@aol.com](mailto:fatehmills@aol.com)  
URL: [www.ftml.com.pk](http://www.ftml.com.pk)

#### Liaison Office

114-A, S.M.C.H.S., Near Mehdi Tower,  
Shahra-e-Faisal, Karachi.

#### Mills

Hali Road, S.I.T.E., Hyderabad - Sindh,  
Pakistan.



## BOARD'S REVIEW TO THE MEMBERS

Dear Members,

For and on behalf of the Board of Directors it gives me pleasure to present before you the un-audited financial statements of the company for the 3<sup>rd</sup> quarter ended on March 31, 2008.

Textile industry in general continued to face a tough time throughout the period under review. Apart from increasing of input cost, the intense competition from regional players keen on taking a market share, even if at a loss, continued to provide a challenging environment for your Company.

### Financial Results:

During the period under review, your company has achieved net Sales of Rs 1,028,812,251/- a reduction up to 36% as compared to Rs 1,614,077,530/- during the corresponding period of the last year, achieving a gross profit of Rs 84,760,020/-.

After charging administration, selling, financial expenses and adding other income the Company suffered pre-tax loss of Rs.28,746,070/-. An amount of Rs.5,600,000/- was provided for the current year taxation. Your Company thus, suffered a net loss of Rs.34,346,070/- resulting a negative earning per share of Rs.(27.48).

The Election of Directors held during the period and following persons were elected as Directors on the Board for a next term of three year.

Mr. Gohar Ullah	Chairman
Mr. Asad Ullah Barkat	Director
Mr. Humayun Barkat	Chief Executive
Mr. Maqsood Ahmed Khan	Director
Mr. Muhammad Saleem	Director
Mr. Abdul Razzak Memon	Director

In compliance with the requirements of the Code of Corporate Governance, an Audit Committee has been established which comprise the following members:

Mr. Gohar Ullah	Chairman
Mr. Maqsood Ahmed Khan	Member
Mr. Abdul Razzak Memon	Member

Your management is very concerned with the current situation, its impact on the financial viability of the Company and committed for improving performance through costs consciousness, sustainable quality growth and to attain better selling prices.

Hyderabad 27th April 2008

**GOHAR ULLAH**  
Chairman  
Board of Directors

**BALANCE SHEET AS AT  
MARCH 31, 2008 (UN-AUDITED)**

**CAPITAL & LIABILITIES**

**SHARE CAPITAL AND RESERVES**

Authorised Capital  
2,000,000 ordinary shares of Rs. 10/- each

March , 2008  
Rupees

June, 2007  
Rupees

20,000,000

20,000,000

Issued, subscribed and paid up share capital  
General reserve  
Investment revaluation reserve  
Unappropriated profit

12,500,000  
1,481,000,000  
4,196,092  
(6,328,444)  
1,491,367,648

12,500,000  
1,481,000,000  
4,196,092  
11,774,065  
1,509,470,157

**SURPLUS ON REVALUATION OF  
FIXED ASSETS**

1,222,226,464

1,272,106,756

**LOAN SUBORDINATE TO EQUITY**

51,000,000

51,000,000

**LONG TERM LOANS**

1,547,672,692

1,547,672,692

**LIABILITIES AGAINST ASSETS SUBJECT  
TO FINANCE LEASE**

128,849,263

97,252,804

**DEFERRED LIABILITIES**

Provision for gratuity  
Deferred Taxation

12,270,470  
26,000,000  
38,270,470

13,764,613  
26,000,000  
39,764,613

**CURRENT LIABILITIES**

Trade and other payable  
Mark-up on secured finances  
Short term running finances  
Current portion of long term liabilities  
Provision for taxation

546,773,626  
917,685,560  
2,820,099,033  
226,268,149  
27,899,379  
4,538,725,747

531,927,857  
730,210,346  
1,885,484,238  
229,681,153  
26,286,291  
3,403,589,885

9,018,112,284

7,920,856,907

**PROPERTY & ASSETS**

**FIXED ASSETS TANGIBLE**

Operating fixed assets

2,180,309,746

2,300,148,442

**LONG TERM INVESTMENTS**

528,134,792

528,134,792

**LONG TERM DEPOSITS**

3,817,546

3,817,546

**CURRENT ASSETS**

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

61,423,267  
2,509,558,070  
3,471,465,180  
77,450,771  
148,748,206  
37,204,706  
6,305,850,200

86,446,765  
2,267,553,713  
2,335,579,503  
75,236,396  
267,067,216  
56,872,534  
5,088,756,127

9,018,112,284

7,920,856,907



**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED MARCH 31, 2008  
(UN-AUDITED)**

	Quarter Ended March 31, 2008 Rupees	Period Ended March 31, 2008 Rupees	Quarter Ended March 31, 2007 Rupees	Period Ended March 31, 2007 Rupees
Sales	1,028,812,251	4,222,100,379	1,614,077,530	5,217,610,886
Cost of Sales	944,052,231	3,885,785,581	1,452,059,379	4,731,373,968
Gross Profit	84,760,020	336,314,798	162,018,151	486,236,918
Administration and selling expenses	30,699,514	98,084,910	43,403,604	142,837,976
Operating profit	54,060,506	238,229,888	118,614,547	343,398,942
Other income	7,898,058	12,589,758	773,935	1,496,459
Profit before financial expenses & other charges	61,958,564	250,819,646	119,388,482	344,895,401
Financial expenses	91,383,658	244,546,344	97,475,382	259,385,029
Other charges	(679,024)	3,175,811	2,858,067	10,375,796
	90,704,634	247,722,155	100,333,449	269,760,825
Profit/(loss) before taxation	(28,746,070)	3,097,491	19,055,033	75,134,576
Provision for taxation				
Current	5,600,000	21,200,000	7,600,000	26,100,000
Profit/(loss) after taxation	(34,346,070)	(18,102,509)	11,455,033	49,034,576
Unappropriated profit brought forward	28,017,626	11,774,065	38,686,182	10,481,639
	(6,328,444)	(6,328,444)	50,141,215	59,516,215
Final dividend payment (2007 Rs. 7.5 per share)	0	0	0	9,375,000
Unappropriated profit/(Loss) carried forward	(6,328,444)	(6,328,444)	50,141,215	50,141,215
Earning/(loss) per share	(27.48)	(14.48)	9.16	39.23

The notes given below form an integral part of these accounts

Notes:

- Fateh Textile Mills Limited was incorporated in Pakistan as private limited company in 1952 and converted into public limited company in 1960 and subsequently listed on the Karachi Stock Exchange. The company is engaged in the business of manufacturing, bleaching, dyeing, printing, buying, selling and dealing in yarn, cloth, ready made garments and bed wear items made from cotton and polyester fiber.
- These accounts are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of IAS - 34.
- The accounting policies adopted by the company for preparation of these accounts are the same as those applied for the annual accounts.
- Other charges include workers' profit participation fund allocation which is provisional and the final liability will be determined on the basis of annual results and that actuarial valuation for provision for gratuity is yet to be made which has been incorporated an adhoc basis.
- Provision for taxation represents the amount of provision for minimum tax as required by the Income Tax Ordinance, 2001. However, the final tax liability will be calculated at the end of the year after consideration of assessment completed and the available tax credits, if any.
- Contingencies and commitments for letters of credit other than for capital expenditure amounting to Rs. 7.069 million and payment against documents (PAD) Rs. 11.441 million.
- The company is contesting a number of cases under foreign exchange regulation in respect of non - repatriation of export proceeds. However, the legal advisor of the company has opined that no financial loss is expected.
- These accounts have been authorized by the Board for issue on 27th April, 2008.

HUMAYUN BARKAT  
CHIEF EXECUTIVE

MUHAMMAD SALEEM  
DIRECTOR

**CASH FLOW STATEMENT  
FOR PERIOD ENDED MARCH 31, 2008**

CASH FROM OPERATING ACTIVITIES	March, 2008 Rupees	March, 2007 Rupees
Net profit before taxation	3,097,491	75,134,576
Adjustment for:		
Depreciation	71,146,665	79,144,423
Profit on bank deposits	0	(162,499)
Provision for gratuity	900,000	1,000,000
Dividend Income	(76,342)	(35,820)
Financial charges	242,296,735	255,205,885
Cash generated before working capital change	317,364,549	410,286,565
Change In Working Capital (INCREASE)/ DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	25,023,498	4,327,688
Stock-in-trade	(242,004,357)	(69,775,361)
Trade debts	(1,135,885,677)	(157,143,647)
Advances, deposits & prepayments	(2,214,375)	(26,047,482)
Other receivable	118,319,010	(115,791,700)
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Trade and other payable	36,108,361	34,573,671
	(1,200,653,540)	(329,856,831)
Cash generated from operations	(883,288,991)	80,429,734
Gratuity paid	(2,394,143)	(3,377,810)
Taxes paid	(19,586,913)	(33,400,792)
	(21,981,056)	(36,778,602)
Net cash generated from operations (OUTFLOW)/ INFLOW DUE TO INVESTING ACTIVITIES	(905,270,047)	43,651,132
Additions in Fixed Assets	(1,188,263)	(12,656,020)
Dividend received	76,342	35,820
Profit on bank deposits received	0	162,499
	(1,111,921)	(12,457,701)
INFLOW / (OUTFLOW) DUE TO FINANCING ACTIVITIES		
Repayment of long term loan	0	(167,386,200)
Repayment of finance lease	(35,388,787)	(34,787,836)
Increase in finance lease	42,309,652	2,629,045
Payment of dividend	0	(9,375,000)
Financial charges paid	(54,821,521)	(316,138,347)
	(47,900,656)	(525,058,338)
Net Increase in cash and its equivalent during the period	(954,282,624)	(493,864,907)
Cash & cash equivalent at the beginning of the period	(1,828,611,704)	(1,276,004,701)
Cash & cash equivalent at the end of the period	(2,782,894,328)	(1,769,869,608)
CASH & CASH EQUIVALENT		
Cash & bank balances	37,204,706	35,330,725
Short term bank borrowings	(2,820,099,034)	(1,805,200,333)
	(2,782,894,328)	(1,769,869,608)

HUMAYUN BARKAT  
CHIEF EXECUTIVE

MUHAMMAD SALEEM  
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED MARCH 31, 2008**

(Amount in Rs.)

	Paid-up Capital	General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit	Total
Balance as at July 01, 2006	12,500,000	1,441,000,000	2,482,378	10,481,639	1,466,464,017
Net profit for the nine months ended March 31, 2007	0	0	0	49,034,576	49,034,576
Less: Dividend Payment	0	0	0	(9,375,000)	(9,375,000)
Balance as at March 31, 2007	<u>12,500,000</u>	<u>1,441,000,000</u>	<u>2,482,378</u>	<u>50,141,215</u>	<u>1,506,123,593</u>
Balance as at July 01, 2007	12,500,000	1,481,000,000	4,196,092	11,774,065	1,509,470,157
Net profit for the nine months ended on March 31, 2007	0	0	0	(18,102,509)	(18,102,509)
Balance as at March 31, 2008	<u>12,500,000</u>	<u>1,481,000,000</u>	<u>4,196,092</u>	<u>(6,328,444)</u>	<u>1,491,367,648</u>

HUMAYUN BARKAT  
CHIEF EXECUTIVE

MUHAMMAD SALEEM  
DIRECTOR