

Fateh

Quarterly Report

31st March 2009



Fateh Textile Mills Limited

Company Information

Board of Directors

Mr. Gohar Ullah	Chairman
Mr. Asad Ullah Barkat	Chief Executive
Mr. Humayun Barkat	
Mr. Maqsood Ahmed Khan	
Mr. Muhammad Saleem	
Mr. Soofi Taj Muhammad	
Mr. Muhammad Ayub	NIT Nominee

Company Secretary

Mr. Muhammad Nadeem Aqeel

Audit Committee

Mr. Gohar Ullah	Chairman
Mr. Humayun Barkat	Member
Mr. Soofi Taj Muhammad	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

Hali Road, S.I.T.E., Hyderabad - Sindh.
Phone No: 022-3880463-66
Fax No: 022-3880042 & 3880514
E-mail: fatehmills@aol.com
URL: www.ftml.com.pk

Liaison Office

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

Mills

A/4, 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 3rd quarter ended on March 31, 2009.

Textile industry in general continued to face a tough time throughout the period under review. There is a degree of uncertainty associated with the turbulence in international markets, having directly impact on country's economy up to some extent. These tough and difficult conditions put negative impact on textile export which is being declined gradually.

Financial Results:

During the period under review, your company achieved net Sales of Rs 433,306,472/- as compared to Rs.1,028,812,251/- over a corresponding period of last year results, a reduction up to 58%. However, the gross profit margin showing improvement due to close monitoring and tight control over costs.

After charging administration, selling, financial expenses and adding other income the Company suffered pre-tax loss of Rs.8,502,280/-. An amount of Rs.2,200,000/- was provided for the current year taxation. Your Company thus, suffered a net loss of Rs.10,702,280/- resulting a loss per share of Rs.(8.56).

The Management endeavors to attain a more professional and efficient working environment by establishing and maintaining adequate and effective internal control systems and shall continue their efforts with great focus being placed on quality and service to achieve the required skill levels and better machine efficiencies including improvements of Sales and more economical consumption of energy and reduction in costs significantly.

Due to the sad demise of Mr. Abdul Razzak Memon, Director of the Company, Mr. Soofi Taj Muhammad has been co-opted as Director as well as Member of Audit Committee in his place for the remaining tenure.

Hyderabad 26th April 2009

GOHAR ULLAH
Chairman
Board of Directors

**BALANCE SHEET AS AT
MARCH 31, 2009 (UN-AUDITED)**

	March , 2009 Rupees	June, 2008 Rupees
CAPITAL & LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised Capital 2,000,000 ordinary shares of Rs. 10/- each	20,000,000	20,000,000
Issued, subscribed and paid up share capital	12,500,000	12,500,000
General reserve	1,481,000,000	1,481,000,000
Investment revaluation reserve	2,095,014	2,095,014
Unappropriated profit	665,556	10,455,450
	1,496,260,570	1,506,050,464
SURPLUS ON REVALUATION OF FIXED ASSETS	1,160,707,435	1,205,599,699
LOAN SUBORDINATE TO EQUITY	51,000,000	51,000,000
LONG TERM LOANS	1,390,786,692	1,390,786,692
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	75,619,694	75,619,694
DEFERRED LIABILITIES		
Provision for gratuity	8,481,226	9,082,328
Deferred Taxation	26,000,000	26,000,000
	34,481,226	35,082,328
CURRENT LIABILITIES		
Trade and other payable	435,771,638	442,581,324
Mark-up on secured finances	1,134,126,477	980,385,137
Short term running finances	3,057,381,910	2,708,582,466
Current portion of long term liabilities	463,518,433	465,326,470
Provision for taxation	38,198,839	32,599,190
	5,128,997,297	4,629,474,587
	9,337,852,914	8,893,613,464
PROPERTY & ASSETS		
FIXED ASSETS TANGIBLE		
Operating fixed assets	2,031,760,603	2,140,103,181
LONG TERM INVESTMENTS	526,032,414	526,032,414
LONG TERM DEPOSITS	3,817,546	3,817,546
CURRENT ASSETS		
Stores, spare parts and loose tools	35,196,975	30,127,609
Stock in trade	2,148,086,625	2,125,628,131
Trade debts	4,340,450,140	3,848,163,811
Advances, deposits and prepayments	61,181,756	51,861,477
Other receivables	175,000,644	155,281,029
Cash and bank balances	16,326,211	12,598,265
	6,776,242,351	6,223,660,323
	9,337,852,914	8,893,613,464

Hyderabad: 26th April 2009

HUMAYUN BARKAT
CHIEF EXECUTIVE

MAQSOOD AHMED KHAN
DIRECTOR



**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2009
(UN-AUDITED)**

	Quarter Ended March 31, 2009 Rupees	Period Ended March 31, 2009 Rupees	Quarter Ended March 31, 2008 Rupees	Period Ended March 31, 2008 Rupees
Sales	433,306,472	2,119,296,599	1,028,812,251	4,222,100,379
Cost of Sales	372,801,901	1,883,187,794	944,052,231	3,885,785,581
Gross Profit	60,504,571	236,108,805	84,760,020	336,314,798
Administration and selling expenses	20,484,061	58,665,482	30,699,514	98,084,910
Operating profit	40,020,510	177,443,323	54,060,506	238,229,888
Other income	90,741	582,792	7,898,058	12,589,758
Profit before financial expenses & other charges	40,111,251	178,026,115	61,958,564	250,819,646
Financial expenses	47,623,413	170,424,405	91,383,658	244,546,344
Other charges	990,118	5,541,604	(679,024)	3,175,811
	48,613,531	175,966,009	90,704,634	247,722,155
Profit/(Loss) before taxation	(8,502,280)	2,060,106	(28,746,070)	3,097,491
Provision for taxation				
Current	2,200,000	10,600,000	5,600,000	21,200,000
Profit/(Loss) after taxation	(10,702,280)	(8,539,894)	(34,346,070)	(18,102,509)
Unappropriated profit brought forward	11,367,836	10,455,450	28,017,626	11,774,065
	665,556	1,915,556	(6,328,444)	(6,328,444)
General reserve	0	0	0	0
Final dividend payment (2008 Rs. 1.00 per share)	0	(1,250,000)	0	0
Unappropriated profit carried forward	665,556	665,556	(6,328,444)	(6,328,444)
Earning/(Loss) per share	(8.56)	(6.83)	(27.48)	(14.48)

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.
- 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. 37.393 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.
- The Company entered into an agreement with National Bank of Pakistan for restructuring the liabilities, whereby it was agreed that the liabilities shall be charged on cost of funds.
- These accounts have been authorized by the Board for issue on 26-04-2009 .

HUMAYUN BARKAT
CHIEF EXECUTIVE

MAQSOOD AHMED KHAN
DIRECTOR

**CASH FLOW STATEMENT
FOR PERIOD ENDED MARCH 31, 2009**

	March, 2009 Rupees	March, 2008 Rupees
CASH FROM OPERATING ACTIVITIES		
Net profit before taxation	2,060,106	3,097,491
Adjustment for:		
Depreciation	63,850,313	71,146,665
Profit on bank deposits	(373,005)	0
Provision for gratuity	450,000	900,000
Dividend Income	(78,977)	(76,342)
Financial charges	169,704,919	242,296,735
Cash generated before working capital change	235,613,356	317,364,549
Change In Working Capital (INCREASE)/ DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(5,069,366)	25,023,498
Stock-in-trade	(22,458,494)	(242,004,357)
Trade debts	(492,286,329)	(1,135,885,677)
Advances, deposits & prepayments	(9,320,279)	(2,214,375)
Other receivable	(19,719,615)	118,319,010
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Trade and other payable	(6,809,686)	36,108,361
	(555,663,769)	(1,200,653,540)
Cash generated from operations	(320,050,413)	(883,388,991)
Gratuity paid	(1,051,102)	(2,394,143)
Taxes paid	(5,000,349)	(19,586,913)
	(6,051,451)	(21,981,056)
Net cash generated from operations (OUTFLOW)/ INFLOW DUE TO INVESTING ACTIVITIES	(326,101,864)	(905,270,047)
Additions in Fixed Assets	(400,000)	(1,188,263)
Profit on bank deposits received	373,005	0
Dividend received	78,977	76,342
	51,982	(1,111,921)
INFLOW / (OUTFLOW) DUE TO FINANCING ACTIVITIES		
Repayment of long term loan	0	0
Repayment of finance lease	(1,808,037)	(35,388,787)
Increase in finance lease	0	42,309,652
Payment of dividend	(1,250,000)	0
Financial charges paid	(15,963,579)	(54,821,521)
	(19,021,616)	(47,900,656)
Net Decrease in cash and its equivalent during the period	(345,071,498)	(954,282,624)
Cash & cash equivalent at the beginning of the period	(2,695,984,201)	(1,828,611,704)
Cash & cash equivalent at the end of the period	(3,041,055,699)	(2,782,894,328)
CASH & CASH EQUIVALENT		
Cash & bank balances	16,326,211	37,204,706
Short term bank borrowings	(3,057,381,910)	(2,820,099,034)
	(3,041,055,699)	(2,782,894,328)

HUMAYUN BARKAT
CHIEF EXECUTIVE

MAQSOOD AHMED KHAN
DIRECTOR



**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2009**

(Amount in Rs.)

	Paid-up Capital	General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit	Total
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 March 31, 2008	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>
Balance as at July 01, 2008	12,500,000	1,481,000,000	2,095,014	10,455,450	1,506,050,464
Net profit for the nine months ended on March 31, 2009	0	0	0	(8,539,894)	(8,539,894)
Less: Dividend Payment	0	0	0	(1,250,000)	(1,250,000)
Balance as at March 31, 2009	<u>12,500,000</u>	<u>1,481,000,000</u>	<u>2,095,014</u>	<u>665,556</u>	<u>1,496,260,570</u>

HUMAYUN BARKAT
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DIRECTOR