

quarterly report

31st March 2010



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. Muhammad Ayub | NIT Nominee |
| Mr. Soofi Taj Muhammad | |

Chief Financial Officer

Mr. Muhammad Saleem

Company Secretary

Mr. Muhammad Nadeem Aqeel

Audit Committee

| | |
|------------------------|----------|
| Mr. Gohar Ullah | Chairman |
| Mr. Maqsood Ahmed Khan | Member |
| Mr. Soofi Taj Muhammad | Member |

External Auditors

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

Legal Advisor

Ansari & Ansari, Advocates.

Bankers

Allied Bank Limited
Askari Bank Limited
Deutsche Bank
Habib 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
URL: 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.

Share Registrar

M/s Progressive Management Services (Pvt.) Ltd.
10th Floor, Mehdi Towers, A-115, S.M.C.H.S. Shahrah-e-Faisal,
Karachi. Tel: 021 34526983, Fax: 021 34526985
E-mail: pmsl-rta@hotmail.com





BOARD'S REVIEW TO THE 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, 2010.

Pakistan Textile Markets remained under tremendous pressure due to continuous and unprecedented increase in input cost including soaring prices of cotton coupled with worst power crises and prevailing inflation, which badly impacted the profitability of this sector.

During the period under review, your company achieved net Sales of Rs.652.937 million as compared to Rs.433.306 million over a corresponding period of last year results, witnessed an increase up to 51%. However, increase in cost of sales eroded gross profit margin by 32% as compared to same quarter of the last year.

Administration & selling expenses were increased by 8% mainly due to rise in freight charges since some consignments were dispatched by Air. Financial expenses were reduced due to reduction in mark up on secured finance since the liabilities were applied on cost of funds as per agreement.

Your Company thus managed to earn a Profit before taxation of Rs 3.365 million during the period under review. A provision of current taxation for Rs.3.275 million was provided. Profit after taxation, thus arrived at Rs.0.090 million, resulting an earning per share of Rs.0.07.

Your Company is facing many challenges including record increase of cotton and yarn prices and their impact on varying degrees. Notwithstanding the foregoing constraints, your Directors are determined to improve the results through developing strategies, and as a part of such strategies, we are also working on different options for diversifying company's product line.

GOHAR ULLAH
Chairman
Board of Directors

Hyderabad: 25th April 2010.

**BALANCE SHEET AS AT
MARCH 31, 2010 (UN-AUDITED)**

| | March, 2010 Rupees | June, 2009 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 | 420,180 | 420,180 |
| Unappropriated profit | 42,286,153 | 43,231,812 |
| | 1,536,206,333 | 1,537,151,992 |
| SURPLUS ON REVALUATION OF FIXED ASSETS | 1,105,340,312 | 1,145,743,347 |
| LOAN SUBORDINATE TO EQUITY | 51,000,000 | 51,000,000 |
| LONG TERM LOANS | 1,235,000,000 | 1,235,000,000 |
| LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE | 28,840,614 | 28,840,614 |
| DEFERRED LIABILITIES | | |
| Provision for gratuity | 8,515,000 | 8,380,600 |
| Deferred Taxation | 26,000,000 | 26,000,000 |
| | 34,515,000 | 34,380,600 |
| CURRENT LIABILITIES | | |
| Trade and others payable | 413,420,225 | 438,766,033 |
| Mark-up on secured finances | 1,473,404,692 | 1,296,503,082 |
| Short term running finances | 3,101,304,131 | 3,153,938,733 |
| Current portion of long term liabilities | 667,053,179 | 667,053,179 |
| Provision for taxation | 35,908,856 | 31,212,407 |
| | 5,691,091,083 | 5,587,473,433 |
| | 9,681,993,342 | 9,619,589,985 |
| PROPERTY & ASSETS | | |
| FIXED ASSETS TANGIBLE | | |
| Operating fixed assets | 2,037,905,421 | 1,995,513,077 |
| CAPITAL WORK IN PROGRESS | 216,752,975 | 112,655,825 |
| LONG TERM INVESTMENTS | 524,357,579 | 524,357,579 |
| LONG TERM DEPOSITS | 3,817,546 | 3,817,546 |
| CURRENT ASSETS | | |
| Stores, spares and loose tools | 34,195,877 | 29,368,562 |
| Stock in trade | 1,698,173,163 | 1,761,621,326 |
| Trade debts | 4,890,500,711 | 4,949,818,505 |
| Advances, deposits and prepayments | 56,564,698 | 40,525,638 |
| Other receivables | 204,556,304 | 190,906,763 |
| Cash and bank balances | 15,169,068 | 11,005,163 |
| | 6,899,159,821 | 6,983,245,958 |
| | 9,681,993,342 | 9,619,589,985 |



HUMAYUN BARKAT
Chief Executive



MAQSOOD AHMED KHAN
Director

**PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2010
(UN-AUDITED)**

| | QUARTER ENDED MARCH 31,2010 Rupees | PERIOD ENDED MARCH 31,2010 Rupees | QUARTER ENDED MARCH 31,2009 Rupees | PERIOD ENDED MARCH 31,2009 Rupees |
|---|--|---|--|---|
| Sales | 652,936,803 | 1,912,813,084 | 433,306,472 | 2,119,296,599 |
| Cost of sales | 611,530,979 | 1,653,768,733 | 372,801,901 | 1,883,187,794 |
| Gross profit | 41,405,824 | 259,044,351 | 60,504,571 | 236,108,805 |
| Administration and selling expenses | 22,163,705 | 54,400,604 | 20,484,061 | 58,665,482 |
| Operating profit | 19,242,119 | 204,643,747 | 40,020,510 | 177,443,323 |
| Other income | 314,135 | 916,414 | 90,741 | 582,792 |
| Profit before financial Expenses and other charges | 19,556,254 | 205,560,161 | 40,111,251 | 178,026,115 |
| Financial expenses | 14,847,180 | 192,005,508 | 47,623,413 | 170,424,405 |
| Other charges | 1,343,622 | 3,675,312 | 990,118 | 5,541,604 |
| Profit before taxation | 16,190,802 | 195,680,820 | 48,613,531 | 175,966,009 |
| Provision for taxation | 3,365,452 | 9,879,341 | (8,502,280) | 2,060,106 |
| Current | 3,275,000 | 9,575,000 | 2,200,000 | 10,600,000 |
| Profit/(Loss) after taxation | 90,452 | 304,341 | (10,702,280) | (8,539,894) |
| Unappropriated profit brought forward | 42,195,701 | 43,231,812 | 11,367,836 | 10,455,450 |
| | 42,286,153 | 43,536,153 | 665,556 | 1,915,556 |
| Final dividend Payment (2009 Rs.1.00 per share) | 0 | (1,250,000) | 0 | (1,250,000) |
| Unappropriated profit carried forward | 42,286,153 | 42,286,153 | 665,556 | 665,556 |
| Earning/(Loss) per share | 0.07 | 0.24 | (8.56) | (6.83) |

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 the textile, yarn, cloth and fabrics made of raw cotton and polyester fiber.
- These accounts are unaudited 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 are 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 amounts to Rs.70.270 million and Local Rs. 10.400 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 25.04.2010.



HUMAYUN BARKAT
Chief Executive



MAQSOOD AHMED KHAN
Director

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2010**

| | March, 2010 Rupees | March, 2009 Rupees |
|---|-----------------------|-----------------------|
| CASH FROM OPERATING ACTIVITIES | | |
| Net profit before taxation | 9,879,341 | 2,060,106 |
| Adjustment for: | | |
| Depreciation | 68,645,884 | 63,850,313 |
| Profit on bank deposits | 0 | (373,005) |
| Provision for gratuity | 300,000 | 450,000 |
| Dividend income | (28,664) | (78,977) |
| Financial charges | 191,270,612 | 169,704,919 |
| Cash generated before working capital change | 270,067,173 | 235,613,356 |
| CHANGE IN WORKING CAPITAL (INCREASE)/ DECREASE IN CURRENT ASSETS | | |
| Stores spares and loose tools | (4,827,315) | (5,069,366) |
| Stock-in-trade | 63,448,163 | (22,458,494) |
| Trade debts | 59,317,794 | (492,286,329) |
| Advances, deposits & prepayments | (16,039,060) | (9,320,279) |
| Other receivable | (13,649,541) | (19,719,615) |
| INCREASE/ (DECREASE) IN CURRENT LIABILITIES | | |
| Trade and other payable | (25,345,808) | (6,809,686) |
| | 62,904,233 | (555,663,769) |
| Cash generated from operations | 332,971,406 | (320,050,413) |
| Gratuity Paid | (165,600) | (1,051,102) |
| Taxes paid | (4,878,549) | (5,000,349) |
| | (5,044,149) | (6,051,451) |
| Net cash generated from operations | 327,927,257 | (326,101,864) |
| (OUTFLOW)/INFLOW DUE TO INVESTING ACTIVITIES | | |
| Additions in fixed assets | (151,441,264) | (400,000) |
| Profit on bank deposit received | 0 | 373,005 |
| Capital work-in progress | (104,097,150) | |
| Dividend Received | 28,664 | 78,977 |
| | (255,509,750) | 51,982 |
| INFLOW/ (OUTFLOW) DUE TO FINANCING ACTIVITIES | | |
| Repayment of long term loans | 0 | 0 |
| Repayment of finance lease | 0 | (1,808,037) |
| Increase in finance lease | 0 | 0 |
| Payment of Dividend | (1,250,000) | (1,250,000) |
| Financial Charges Paid | (14,369,002) | (15,963,579) |
| | (15,619,002) | (19,021,616) |
| Net Increase in cash and its equivalent during the period | 56,798,505 | (345,071,498) |
| Cash & cash equivalents at the beginning of the period | (3,142,933,569) | (2,695,984,201) |
| Cash & cash equivalents at the end of the period | (3,086,135,064) | (3,041,055,699) |
| CASH & CASH EQUIVALENTS | | |
| Cash & Bank Balances | 15,169,068 | 16,326,211 |
| Short Term Bank Borrowings | (3,101,304,131) | (3,057,381,910) |
| | (3,086,135,063) | (3,041,055,699) |



HUMAYUN BARKAT
Chief Executive



MAQSOOD AHMED KHAN
Director



**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31,2010**

(Amount in Rs.)

| | Paid-up Capital | General Reserve | Surplus on Revaluation of Investments | Unappropriated Profit | Total |
|--|-----------------|-----------------|---|--------------------------|---------------|
| Balance as at June 30,2008 | 12,500,000 | 1,481,000,000 | 2,095,014 | 10,455,450 | 1,506,050,464 |
| Net profit for the period ended March 31,2008 | 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 | 12,500,000 | 1,481,000,000 | 2,095,014 | 665,556 | 1,496,260,570 |
| Balance as at June 30,2009 | 12,500,000 | 1,481,000,000 | 420,180 | 43,231,812 | 1,537,151,992 |
| Net profit for the period ended March 31,2010 | 0 | 0 | 0 | 304,341 | 304,341 |
| Less: Dividend Payment | 0 | 0 | 0 | (1,250,000) | (1,250,000) |
| Balance as at March 31,2010 | 12,500,000 | 1,481,000,000 | 420,180 | 42,286,153 | 1,536,206,333 |

HUMAYUN BARKAT
Chief Executive

MAQSOOD AHMED KHAN
Director

