



# 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 Aqel

### 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  
Habibs 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

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## BOARD'S REVIEW TO THE MEMBERS

Dear Members,

For and on behalf of the Board of Directors, I take pleasure to present before you the business performance of your Company for the 2nd quarter ended on December 31, 2009 along with half yearly operating results, reviewed by the auditors of the Company.

During the period under review your company has achieved a Sales Volume of Rs.1.260 million as compared to Rs.1.686 million in the same period of the last year, a decline up to 25%. However, cost of sales registered a decline from 90% to 83% due to better management control as compared to the corresponding period of last year, resulting in improvement in gross profit by around 7% in respect of sales.

Administration and selling expenses declined mainly due to reduction in sales volume. The provisions for financial charges have been provided because of differences between the Bank and the Company. After charging financial expenses and other charges and adding other income, the Company earned profit before taxation Rs.6.513 million. The net profit stood at Rs.0.213 million in spite of adverse market condition. The earning per share was Rs.0.17.

Our market is witnessing tight supplies and higher prices of cotton and other raw material that forced the buyers to keep away from the routine business. Further unprecedented financial crunch that has gripped the sector and the situation has become so grim.

In order to meet the challenges, your Directors applied some aggressive steps which have succeeded up to some extent in the shape of reduction in cost and control of overhead/ non productive expenses. The outcome of the steps that have taken by your Directors is likely will improve the turnover. Further the Directors foresee improvements in the market which will enhance the profitability of your Company and it is hoped to demonstrate better results in the next quarter.



**GOHAR ULLAH**  
Chairman  
Board of Directors

Hyderabad: 23<sup>rd</sup> February 2010

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed balance sheet of Fateh Textile Mills Limited as at December 31, 2009 and the related condensed profit and loss account, condensed statement of changes in equity and condensed cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed profit and loss account for the quarter ended 31st December, 2009 and 2008 have not been reviewed as we are required to review only the cumulative figures for six months period ended December 31, 2009.

### **Scope of Review**

We conducted our review in accordance with International Standards for Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



**Rahim Jan & Company**

Chartered Accountants

Engagement Partner: Badrur Rahman

Date: 23<sup>rd</sup> February 2010  
Karachi

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

**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  
General reserve  
Investment revaluation reserve  
Unappropriated profit

12,500,000

1,481,000,000

420,180

42,195,702

1,536,115,882

12,500,000

1,481,000,000

420,180

43,231,812

1,537,151,992

**SURPLUS ON REVALUATION OF  
FIXED ASSETS**

1,118,807,991

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  
Deferred Taxation

8,519,600

26,000,000

34,519,600

8,380,600

26,000,000

34,380,600

**CURRENT LIABILITIES**

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

405,181,723

1,459,618,401

3,104,596,073

667,053,179

34,226,535

5,670,675,911

438,766,033

1,296,503,082

3,153,938,733

667,053,179

31,212,407

5,587,473,433

9,674,959,998

9,619,589,985

**PROPERTY & ASSETS**

**FIXED ASSETS TANGIBLE**

Operating fixed assets

1,978,842,879

1,995,513,077

**CAPITAL WORK IN PROGRESS**

166,352,875

112,655,825

**LONG TERM INVESTMENTS**

524,357,579

524,357,579

**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

30,063,827

1,866,475,741

4,842,118,014

54,789,750

192,251,005

15,890,782

7,001,589,119

29,368,562

1,761,621,326

4,949,818,505

40,525,638

190,906,763

11,005,163

6,983,245,958

9,674,959,998

9,619,589,985



HUMAYUN BARKAT  
CHIEF EXECUTIVE



MAQSOOD AHMED KHAN  
DIRECTOR

**PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009  
(UN-AUDITED)**



	Quarter Ended December 31, 2009 Rupees	Half Year Ended December 31, 2009 Rupees	Quarter Ended December 31, 2008 Rupees	Half Year Ended December 31, 2008 Rupees
Sales	556,177,582	1,259,876,281	777,562,284	1,685,990,127
Cost of Sales	432,216,188	1,042,237,754	698,087,206	1,510,385,893
Gross Profit	123,961,394	217,638,527	79,475,078	175,604,234
Administration and selling expenses	12,273,516	32,236,899	17,019,168	38,181,421
Operating profit	111,687,878	185,401,628	62,455,910	137,422,813
Other income	588,690	602,279	66,370	492,051
Profit before financial expenses & other charges	112,276,568	186,003,907	62,522,280	137,914,864
Financial expenses	107,975,952	177,158,328	54,106,768	122,800,992
Other charges	1,353,800	2,331,690	2,651,555	4,551,486
	109,329,752	179,490,018	56,758,323	127,352,478
Profit before taxation	2,946,816	6,513,889	5,763,957	10,562,386
Provision for taxation				
Current	2,800,000	6,300,000	3,850,000	8,400,000
Profit after taxation	146,816	213,889	1,913,957	2,162,386
Unappropriated profit brought forward	42,048,885	43,231,812	9,453,879	10,455,450
	42,195,701	43,445,701	11,367,836	12,617,836
Final dividend payment (2009 Re. 1.00 per share)		(1,250,000)		(1,250,000)
Unappropriated profit carried forward	42,195,701	42,195,701	11,367,836	11,367,836
Earning per share	0.12	0.17	1.53	1.73

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 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 payment against documents (PAD) Rs.4.436 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 23.02.2010.

**HUMAYUN BARKAT  
CHIEF EXECUTIVE**

**MAQSOOD AHMED KHAN  
DIRECTOR**

**CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

CASH FROM OPERATING ACTIVITIES	December, 2009 Rupees	December, 2008 Rupees
Net profit before taxation	6,513,890	10,562,387
Adjustment for:		
Depreciation	40,443,558	42,546,875
Profit on bank deposits	0	(373,005)
Provision for gratuity	300,000	450,000
Dividend Income	0	(78,977)
Financial charges	176,649,014	122,258,735
Cash generated before working capital change	223,906,462	175,366,015
Change In Working Capital (INCREASE)/ DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(695,265)	4,689,222
Stock-in-trade	(104,854,415)	25,415,922
Trade debts	107,700,491	(506,743,513)
Advances, deposits & prepayments	(14,264,112)	1,180,514
Other receivable	(1,344,242)	(38,445,425)
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Trade and other payable	(33,584,310)	(4,978,029)
	(47,041,853)	(518,881,309)
Cash generated from operations	176,864,609	(343,515,294)
Gratuity paid	(161,000)	(956,902)
Taxes paid	(3,285,868)	(3,516,543)
	(3,446,868)	(4,473,445)
Net cash generated from operations (OUTFLOW)/ INFLOW DUE TO INVESTING ACTIVITIES	173,417,741	(347,988,739)
Additions in Fixed Assets	(50,708,718)	0
Capital work - in - progress	(53,697,050)	0
Profit on bank deposits received	0	373,005
Dividend received	0	78,977
	(104,405,768)	451,982
INFLOW / (OUTFLOW) DUE TO FINANCING ACTIVITIES		
Repayment of long term loan	0	0
Repayment of finance lease	0	(1,358,477)
Increase in finance lease	0	0
Payment of dividend	(1,250,000)	(1,250,000)
Financial charges paid	(13,533,695)	(11,506,776)
	(14,783,695)	(14,115,253)
Net Increase in cash and its equivalent during the period	54,228,278	(361,652,010)
Cash & cash equivalent at the beginning of the period	(3,142,933,569)	(2,695,984,201)
Cash & cash equivalent at the end of the period	(3,088,705,291)	(3,057,636,211)
CASH & CASH EQUIVALENT		
Cash & bank balances	15,890,782	18,624,864
Short term bank borrowings	(3,104,596,073)	(3,076,261,075)
	(3,088,705,291)	(3,057,636,211)



**HUMAYUN BARKAT  
CHIEF EXECUTIVE**



**MAQSOOD AHMED KHAN  
DIRECTOR**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

(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 half year ended December 31, 2008	0	0	0	2,162,386	2,162,386
Less: Dividend Payment	0	0	0	(1,250,000)	(1,250,000)
Balance as at December 31, 2008	<u>12,500,000</u>	<u>1,481,000,000</u>	<u>2,095,014</u>	<u>11,367,836</u>	<u>1,506,962,850</u>
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 half year ended December 31, 2009	0	0	0	213,890	213,890
Less: Dividend Payment	0	0	0	(1,250,000)	(1,250,000)
Balance as at December 31, 2009	<u>12,500,000</u>	<u>1,481,000,000</u>	<u>420,180</u>	<u>42,195,702</u>	<u>1,536,115,882</u>



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**MAQSOOD AHMED KHAN**  
DIRECTOR