



QUARTERLY
REPORT
SEPTEMBER 30
2019



Printed & Design by: EASY GRAPHIC - 942-3727670



Shadab Textile Mills Limited



Shadab Textile Mills Limited

CONTENTS

Company Information	2
Directors' Report	3
Directors' Report (urdu)	4
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Profit or Loss	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Statement of Changes in Equity	8
Condensed Interim Statement of Cash Flows	9-10
Selected Notes to the Condensed Interim Financial Information	11-12



Shadab Textile Mills Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	Mian Farrukh Naseem Mian Aamir Naseem Mr. Saad Naseem Mr. Yasir Naseem Mr. Hamza Naseem Mrs. Fatima Aamir Mr. Fahad Shafiq	(Chairman) Chief Executive
AUDIT COMMITTEE	Mr. Fahad Shafiq Mian Farrukh Naseem Mr. Hamza Naseem	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Fahad Shafiq Mian Aamir Naseem Mr. Saad Naseem	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Aslam	
COMPANY SECRETARY	Mr. Abdul Wahab	
AUDITORS	M/s. Fazal Mahmood & Company Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35887262, 35839182 Fax: 042-35869037	
BANKER	Bank Al-falah Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore. Ph: 042-35788714-16	
WEBSITE ADDRESS	www.shadabtextile.com	
MILLS	Nasimabad, Shahkot, District Nankana Sahib.	



Shadab Textile Mills Limited

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2019.

During the period under review, the Company earned profit after tax of Rs.12.816 million as compared to profit after tax of Rs.24.971 million of the corresponding quarter of previous year. Sales were made amounting to Rs.650.549 million as compared to corresponding quarter of previous year sales of Rs.680.932 million showing decrease of Rs.30.383 million against previous year quarter. Sales revenue decreased due to reduction in unit sales price of yarn. Earning per share is Rs.4.27 as compared to Rs.8.32 per share.

The profitability of the Company affected mainly due to decrease in demand and continuous declining trend in yarn prices. During the period, the prices of raw material remained on higher side as compared to yarn sale prices, devaluation in Pak Rupees, resulting increase in energy cost, higher mark-up rate and other input cost. In spite of these above factors the Company results remained favourable.

The Company has strategic plan to diversify its product line with addition of new qualities and blends of yarn and improvement in production capacity to compete with other spinning units. The proposal for import of 01 Complete Ge Jenbacher Natural Gas Generator set for the value of Rs. 120.000 million is under approval with the bank. With this addition the cost of power generation will be decreased. In order to make project more efficient, cost effective and profitable, the management has decided to add 384 spindles (Murata Vortex Spun Yarn) through Right shares issue and sponsors loan. This addition will also increase liquidity and diversification of products.

However, the management of the company remained committed to business growth and focused its attention to increase the efficiency and profitability of the company despite all challenges, adverse circumstances and expecting favourable results in the coming period.

The board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

For and on behalf of the Board

For and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

MIAN FARRUKH NASEEM
(Director)

Lahore: October 25, 2019



ڈائریکٹرز رپورٹ

محترم مہص یا فنگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی سال پہلی سہ ماہی ختمہ 30 ستمبر 2019 آپ کی خدمت میں پیش کر رہے ہیں۔

زیر مدت میں کمپنی نے ٹیکس ادا کرنے کے بعد 12.816 ملین روپے کا منافع حاصل کیا ہے جو کہ گذشتہ برس اسی مدت کے لیے 24.971 ملین روپے تھا۔ اس سہ ماہی میں سیلز کی مجموعی رقم 650.549 ملین روپے ہے جو گذشتہ برس کی سہ ماہی سیلز کی رقم 680.932 ملین روپے سے 30.383 ملین روپے کی کمی ظاہر کر رہی ہے۔ دھاگے کی یونٹ فروخت قیمت میں کمی کی وجہ سے سیلز کی آمدنی میں کمی واقع ہوئی۔ گذشتہ سہ ماہی 8.32 فی سینٹر کے مقابلے میں 4.27 روپے فی سینٹر ہے۔

بنیادی طور پر طلب میں کمی اور دھاگے کی قیمتوں میں مسلسل گھٹنے ہوئے رجحان کی وجہ سے کمپنی کا منافع متاثر ہوا۔ اس عرصے کے دوران دھاگے کی فروخت کے مقابلے میں خام مال کی قیمتوں میں اضافہ رہا۔ پاکستانی روپیہ کی قدر میں کمی کے نتیجے میں توانائی کی لاگت میں اضافہ، سود کی شرح میں اضافہ اور دیگر قیمتوں کی لاگت میں اضافہ ہوا۔ مذکورہ بالا عناصر کے باوجود کمپنی کے نتائج منافع بخش رہے۔

کمپنی میں اسٹریٹجک منصوبہ یہ ہے کہ اس کی مصنوعات کی لائن، نئی خصوصیات کے علاوہ اور دھاگے کا مرکب اور سپننگ ٹیکنس کے ساتھ مقابلہ کرنے کے لیے پیداواری صلاحیت میں بہتری پیدا ہو۔ بینک کے ساتھ منظوری کے عمل میں 120.000 ملین روپے کی قیمت کے لیے 01 عدد مکمل جی قدرتی جینیکلر گیس جز بیڑیٹ کے درآمد کی تجویز ہے۔ اس اضافے کی وجہ سے بجلی کی پیداواری لاگت میں کمی واقع ہوگی۔ منصوبہ کو مزید مکمل، لاگت موثر اور منافع بخش بنانے کیلئے انتظامیہ نے رائٹ حصص کے اجرا اور اسپانسرز قرض کے ذریعہ 384 سپنڈلز (مورانہ وور ٹیکس سپن بارن) اضافہ کرنے کا فیصلہ کیا ہے۔ یہ اضافہ کیوٹیٹی اور مصنوعات کی تنوع میں اضافہ کرے گا۔

تاہم، کمپنی کی انتظامیہ کاروباری ترقی کے لیے پر عزم ہے اور اس نے تمام پہلوئوں اور منفی حالات کے باوجود کمپنی کی کارکردگی اور افادیت کو بڑھانے اور آنے والی مدت میں سازگار نتائج کی توقع کی ہے۔

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتھک کوششوں کا شکر گزار ہے۔

منجانب بورڈ

میاں فرخ نسیم
(ڈائریکٹر)

منجانب بورڈ

Aamir Naseem

میاں عامر نسیم
(چیف ایگزیکٹو)

لاہور 25 اکتوبر 2019

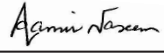


Shadab Textile Mills Limited


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019 (UN-AUDITED)

		(RUPEES IN THOUSAND)	
	NOTE	Sep. 30, 2019 <u>UN-AUDITED</u>	June 30, 2019 <u>AUDITED</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	295,553	301,426
Assets subject to finance lease		17,804	18,741
Long term deposits		<u>2,434</u>	<u>2,434</u>
		315,791	322,601
CURRENT ASSETS			
Stores, spares and loose tools		53,110	54,868
Stock in trade		211,675	132,230
Trade debts		109,015	114,590
Loans and advances		36,140	9,278
Trade deposits, prepayments		62,341	77,454
Other receivables		24,500	32,126
Cash and bank balances		<u>60,988</u>	<u>35,881</u>
		557,769	456,427
TOTAL ASSETS		<u>873,560</u>	<u>779,028</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
20,000,000 ordinary shares of Rs. 10/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed & paid-up capital		<u>30,000</u>	<u>30,000</u>
Revenue reserves		<u>472,169</u>	<u>459,354</u>
TOTAL EQUITY		502,169	489,354
NON - CURRENT LIABILITIES			
Sponsors loan		24,800	-
Liabilities against assets subject to finance lease		3,578	6,092
Deferred liabilities		<u>4,392</u>	<u>10,767</u>
		32,770	16,859
CURRENT LIABILITIES			
Trade and other payables		232,386	216,281
Unclaimed dividend		523	523
Accrued mark up		1,202	538
Short term borrowings		53,688	15,601
Current portion of long term liabilities		6,922	5,730
Provision for taxation		<u>43,900</u>	<u>34,142</u>
		338,621	272,815
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>873,560</u>	<u>779,028</u>

The annexed notes form an integral part of this condensed interim financial information.


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director


(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2019	Sep. 30, 2018
Sales- net	650,549	680,932
Cost of sales	<u>616,406</u>	<u>626,240</u>
GROSS PROFIT	34,143	54,692
Administrative & general expenses	<u>17,246</u>	<u>14,518</u>
Selling and distribution expenses	<u>1,646</u>	<u>1,393</u>
	<u>18,892</u>	<u>15,911</u>
OPERATING PROFIT	15,251	38,781
Finance costs	2,439	2,564
Other charges	<u>1,201</u>	<u>2,499</u>
	11,611	33,718
Other income	<u>4,588</u>	-
PROFIT BEFORE TAXATION	16,199	33,718
Taxation	<u>3,383</u>	<u>8,747</u>
PROFIT AFTER TAXATION	<u>12,816</u>	<u>24,971</u>
Basic and diluted earning per share - (Rupees)	<u>4.27</u>	<u>8.32</u>

The annexed notes form an integral part of this condensed interim financial information.


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director


(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2019	Sep. 30, 2018
PROFIT AFTER TAXATION	12,816	24,971
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME	<u>12,816</u>	<u>24,971</u>

The annexed notes form an integral part of this condensed interim financial information.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UN - AUDITED)

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Total Equity
	Issued, subscribed and Paid up ordinary shares	General Reserve	Un-appropriated profit	
Balance as at July 01, 2018	30,000	260,000	126,259	416,259
Total comprehensive income				
Profit after taxation				
from Jul. 01, 2018 to Sep. 30, 2018	-	-	24,971	24,971
Balance as at Sep. 30, 2018	30,000	260,000	151,230	441,230
Total comprehensive income				
Profit after taxation				
from Oct. 01, 2018 to Jun. 30, 2019	-	-	53,073	53,073
Transaction with owners				
Final dividend for the year ended				
June 30, 2018 @Rs.1.65 per share	-	-	(4,950)	(4,950)
Balance as at June 30, 2019	30,000	260,000	199,353	489,353
Total comprehensive income				
Profit after taxation				
from Jul. 01, 2019 to Sep. 30, 2019	-	-	12,816	12,816
Balance as at Sep. 30, 2019	<u>30,000</u>	<u>260,000</u>	<u>212,169</u>	<u>502,169</u>

The annexed notes form an integral part of this condensed interim financial information.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)


	(RUPEES IN THOUSAND)	
	Sep. 30, 2019	Sep. 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,199	33,718
Adjustments for:		
Depreciation	8,477	9,097
Finance costs	2,439	2,563
Workers' profit participation fund	870	1,811
Workers' welfare fund	331	688
Gain on sale of operating fixed assets	(4,588)	-
Operating profit before working capital changes	23,728	47,877
Adjustments for working capital changes: (Increase) / decrease in current assets		
Stores, spares and loose tools	1,758	956
Stock-in-trade	(79,445)	23,288
Trade debts	5,575	(1,367)
Loans and advances	(26,862)	(273)
Trade deposits and prepayments	24,869	(2,348)
Other receivables	7,626	(3,591)
	(66,479)	16,665
Increase / (decrease) in current liabilities		
Trade and other payables	14,903	(5,130)
Cash (used) / generated from operations	(27,848)	59,412
Finance costs paid	(1,775)	(2,289)
Income tax paid	(9,755)	(8,749)
	(11,530)	(11,038)
Net cash (used) / generated from operating activities	(39,378)	48,374

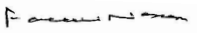


Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Sep. 30, 2019	Sep. 30, 2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital work in progress	(12,079)	-
Proceeds from disposal of operating fixed assets	15,000	-
Long term deposits paid	-	(2)
Net cash generated/(used) in investing activities	2,921	(2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Sponsors loan	24,800	-
Repayments against long term loans	-	(2,833)
Payment of lease liability - net	(1,323)	(1,292)
Proceeds from short term borrowings -net	38,087	(18,953)
Net cash generated/(used) in financing activities	61,564	(23,078)
NET CASH GENERATED DURING THE QUARTER	25,107	25,294
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	35,881	10,633
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	60,988	35,927

The annexed notes form an integral part of this condensed interim financial information.


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director


(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

SELECTED NOTES TO
THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Shadab Textile Mills Limited (the Company) was incorporated as a public limited company on 19th August 1979 under the Companies act 1913 which was replaced by Companies Ordinance, 1984 (now the Companies Act, 2017). The company is registered as a public limited company in Pakistan and quoted on Pakistan Stock Exchange and engaged in the business of manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 6th Floor, A-601/A, City Towers, Main Boulevard, Gulberg - II, Lahore. The manufacturing facilities of the Company are located at Faisalabad Road, Nasimabad, Shakkot, District Nankana Sahib.

2. BASIS OF PREPARATION

This condensed interim statement of financial position of the company for the three months period ended September 30, 2019 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed. This condensed interim financial information is un-audited and is being submitted to the shareholders as required under the Companies Act 2017.

The comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended September 30, 2019 and 2018 are also included in this condensed interim financial information.

This condensed interim financial information does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the company's audited annual financial statements for the year ended June 30, 2019.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual financial statements of the company for the year ended June 30, 2019, except for changes resulting from initial application of standards, amendments or interpretations to existing standards. However, amendments / improvements and new interpretations of approved accounting standards effective during the period, were not relevant to the companies operations and do not have any material impact on the accounting policies of the company.

4. ESTIMATES

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by the management in applying the company's accounting policies and key sources of estimation of uncertainty are the same as those were applied to the annual audited financial statements for the year ended June 30, 2019.



Shadab Textile Mills Limited

		(RUPEES IN THOUSAND)	
	Note	Sep. 30, 2019	June 30, 2019
5.	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	283,474	301,426
	Capital work in progress	<u>12,079</u>	<u>-</u>
		<u>295,553</u>	<u>301,426</u>
5.1	Opening fixed assets		
	Opening net book value	301,426	314,245
	Additions during the period/ year		
	Plant and machinery	-	10,257
	Vehicles	-	10,667
	Office Equipments	-	290
		-	21,214
	Disposals during the period/ year		
	Plant and machinery	10,412	-
	Vehicles	-	815
		10,412	815
	Depreciation charged thereon	7,540	33,218
	Closing net book value	<u>283,474</u>	<u>301,426</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.25.000 million (2019: Rs.25.000 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

Commitments

There are no capital expenditure commitment during the year and non capital expenditure commitments are amounting to Rs.44.107 million (2019:Rs.39.983 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The purchases from associated undertaking, Sargodha Spinning Mills Limited material of aggregate sum of Rs.Nil (June 30, 2019 : Rs.7.735 million) during the period. The maximum aggregate amount due from associated undertaking at the end of the period was Rs.Nil (June 30, 2019 : Rs.Nil).

8. FINANCIAL RISK MANAGEMENT

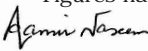
The company financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the company as at and for the year ended June 30, 2019.

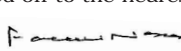
9. DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the company and authorized for issue on October 25, 2019.

10. GENERAL

Figures have been rounded off to the nearest thousand rupee.


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director


(Muhammad Aslam)
Chief Financial Officer