



QUARTERLY REPORT **SEPTEMBER 30,
2015**

GRAPHIC - 05.3727870

 **Shadab Textile Mills Limited**



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Shadab Textile Mills Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	Mian Aamir Naseem Mian Farrukh Naseem Mian Shahzad Aslam Mr. Saad Naseem Mr. Ahmed Ali Tariq Mr. Yasir Naseem Mrs. Fatima Aamir	Chief Executive (Chairman)
AUDIT COMMITTEE	Mr. Saad Naseem Mian Farrukh Naseem Mr. Ahmed Ali Tariq	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Aamir Naseem Mr. Ahmed Ali Tariq	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Mazhar Hussain	
COMPANY SECRETARY	Mr. Mazhar Hussain	
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	
BANKERS	National Bank of Pakistan 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, 2015.

During the period under review, the Company suffered loss after tax Rs.9.691 million as compared to profit after tax of Rs.7.115 million of the corresponding period. Sales were made amounting to Rs.436.929 million as compared to previous year quarter sales of Rs.462.457 million showing decrease of Rs.25.528 million against previous year quarter sales. Sale revenue decreased due to reduction in unit sales price of yarn. Your Company produced 4.074 million Kgs. of blended yarn as compared to 3.157 million Kgs. during the corresponding period based on 20/s count.

The profitability of the Company affected mainly due to decrease in demand and continuous declining trend in yarn prices, rise in energy cost and recession in textile sector. The current period is very difficult for textile industry. The prices of cotton are ranging from Rs. 5,500/- to Rs. 5,700/- Per mnd. but the yarn prices are still on the lower side and the mills bearing heavy losses, resulting the textile mills are curtailing their production to minimize losses.

Meanwhile, the government has taken initial step for the revival of textile industry by imposition of 10% regularity duty on the import of yarn from 1st November 2015, the provision of long term financing (LTF) facility to ginning & spinning sector and reduction in mark-up rate by 1% of long term financing & export re-financing. We are hopeful that the government will adopt further measures for the viability of textile industry as proposed by APTMA.

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

MIAN AAMIR NASEEM
(Chief Executive)

Lahore: October 28, 2015

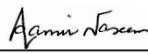


Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

(RUPEES IN THOUSAND)			
	NOTE	Sep. 30, 2015 <u>UN-AUDITED</u>	June 30, 2015 <u>AUDITED</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	387,470	396,246
Long term deposits		<u>2,390</u>	<u>2,387</u>
		389,860	398,633
CURRENT ASSETS			
Stores, spares and loose tools		42,316	42,665
Stock in trade		208,157	168,775
Trade debts		83,754	103,510
Loans and advances		9,754	4,207
Trade deposits, prepayments		32,244	31,226
Other receivables		316	1,973
Cash and bank balances		6,448	18,239
		<u>382,989</u>	<u>370,595</u>
TOTAL ASSETS		<u>772,849</u>	<u>769,228</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
6,000,000 ordinary shares of Rs. 10/- each		<u>60,000</u>	<u>60,000</u>
Issued, subscribed & paid-up capital		30,000	30,000
Revenue reserves		331,029	340,720
TOTAL EQUITY		361,029	370,720
NON - CURRENT LIABILITIES			
Long term financing		25,500	28,333
Deferred liabilities		53,978	53,978
		<u>79,478</u>	<u>82,311</u>
CURRENT LIABILITIES			
Trade and other payables		191,052	181,256
Accrued mark up		2,996	2,427
Short term borrowings		111,418	112,842
Current portion of long term loans		8,500	5,667
Provision for taxation		18,376	14,005
		<u>332,342</u>	<u>316,197</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>772,849</u>	<u>769,228</u>

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


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director




Shadab Textile Mills Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2015	Sep. 30, 2014
Sales- net	436,929	462,457
Cost of sales	<u>428,553</u>	<u>434,410</u>
GROSS PROFIT	8,376	28,047
Administrative & general	<u>9,997</u>	<u>10,073</u>
Selling and distribution	<u>156</u>	<u>18</u>
	<u>10,153</u>	<u>10,091</u>
OPERATING PROFIT / (LOSS)	(1,777)	17,956
Finance costs	3,559	4,860
Other charges	<u>-</u>	<u>904</u>
	(5,336)	12,192
Other income	<u>16</u>	<u>-</u>
PROFIT / (LOSS) BEFORE TAXATION	(5,320)	12,192
Taxation	<u>4,371</u>	<u>5,077</u>
PROFIT / (LOSS) AFTER TAXATION	<u>(9,691)</u>	<u>7,115</u>
Basic and diluted earning per share - (Rupees)	<u>(3.23)</u>	<u>2.37</u>

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


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2015	Sep. 30, 2014
PROFIT / (LOSS) AFTER TAXATION	(9,691)	7,115
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	<u>(9,691)</u>	<u>7,115</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2015	Sep. 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(5,320)	12,192
Adjustments for:		
Depreciation	10,066	9,940
Finance costs	3,559	4,860
Provision for Workers' profit participation fund	-	655
Provision for Workers' welfare fund	-	249
Gain on sale of operating fixed assets	(16)	-
Operating profit before working capital changes	<u>8,289</u>	<u>27,896</u>
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	349	(1,917)
Stock-in-trade	(39,382)	95,553
Trade debts	19,756	(3,933)
Loans and advances	(5,547)	(9,016)
Trade deposits and prepayments	3,663	(24,087)
Other receivables	1,657	1,908
	<u>(19,504)</u>	<u>58,508</u>
Increase / (decrease) in current liabilities		
Trade and other payables	9,796	17,811
Cash (used) / generated from operations	<u>(1,419)</u>	<u>104,215</u>
Finance costs paid	<u>(2,990)</u>	<u>(6,696)</u>
Income tax paid	<u>(4,681)</u>	<u>(4,548)</u>
	<u>(7,671)</u>	<u>(11,244)</u>
Net cash (used) / generated from operating activities	<u><u>(9,090)</u></u>	<u><u>92,971</u></u>



Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Sep. 30, 2015	Sep. 30, 2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for fixed capital expenditure	(1,297)	(4,128)
Proceeds from disposal of operating fixed assets	23	-
Long term deposit paid	(3)	-
Net cash (used in) from investing activities	(1,277)	(4,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings (net)	(1,424)	(75,368)
Net cash (used in) from financing activities	(1,424)	(75,368)
NET CASH (UTILIZED) /GENERATED DURING THE QUARTER	(11,791)	13,475
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	18,239	2,881
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	6,448	16,356

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director




Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (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, 2014	30,000	260,000	58,268	348,268
Total comprehensive income				
Profit after taxation				
from Jul. 01, 2014 to Sep. 30, 2014	-	-	7,115	7,115
Balance as at Sep. 30, 2014	30,000	260,000	65,383	355,383
Total comprehensive income				
Profit after taxation				
from Oct. 01, 2014 to Jun. 30, 2015	-	-	18,337	18,337
Transaction with owners				
Final dividend for the year ended				
June 30, 2014 @Rs. 1.00 per share	-	-	(3,000)	(3,000)
Balance as at June 30, 2015	30,000	260,000	80,720	370,720
Total comprehensive income				
(Loss) after taxation				
from Jul. 01, 2015 to Sep. 30, 2015	-	-	(9,691)	(9,691)
Balance as at Sep. 30, 2015	30,000	260,000	71,029	361,029

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


(Mian Amir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

SELECTED NOTES TO
THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2015
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

The company is registered as a public limited company in Pakistan and quoted on the Karachi and Lahore Stock Exchanges 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 A-601/A, City Towers, 6-K Main Boulevard, Gulberg - II, Lahore.

2. BASIS OF PREPARATION

This condensed interim financial information of the company for the three months period ended September 30, 2015 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 Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended September 30, 2015 and 2014 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, 2015.

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, 2015, 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 company's 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, 2015.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Sep. 30, 2015	June 30, 2015
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Opening net book value	396,246	390,450
Additions during the period/ year		
Plant and machinery	1,231	45,235
Vehicles	66	1,329
	1,297	46,564
Disposals during the period/ year		
Vehicles	7	-
	7	-
Depreciation charged thereon	10,066	40,768
Closing net book value	<u>387,470</u>	<u>396,246</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.14.487 million (June 30, 2015 : Rs. 14.487 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

Commitments

Commitments for non capital expenditure are amounting to Rs.16.478 million (June 30, 2015: Rs.42.754 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking goods/material of aggregate sum of Rs. 4.201 million (June 30, 2015 : Rs.1.576 million) and purchased from associated undertaking material of aggregate sum of Rs.13.834 (June 30, 2015 : Rs.70.978 million) during the period. The maximum aggregate amount due from associated undertaking at the end of the period was Rs.8.138 million (June 30, 2015 : Rs.7.045 million).

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, 2015.

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 28, 2015.

10. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director