



# QUARTERLY REPORT

September 30, 2016

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 **Shadab Textile Mills Limited**



## 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. Yasir Naseem Mr. Hamza Naseem Mrs. Fatima Aamir Mrs. Hina Farrukh	Chief Executive Chairman
AUDIT COMMITTEE	Mian Farrukh Naseem Mr. Hamza Naseem Mrs. Hina Farrukh	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Aamir Naseem Mr. Hamza Naseem	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Mazhar Hussain	
COMPANY SECRETARY	Mr. Mazhar Hussain	
AUDITORS	M/s. Fazal Mehmood & 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: No. 35788714-16	
WEBSITE ADDRESS	<a href="http://www.shadabtextile.com">www.shadabtextile.com</a>	
MILLS	Nasimabad, Shakhot, 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, 2016.

During the period under review, the Company earned profit after tax Rs.3.588 million as compared to loss after tax of Rs.9.691 million of the corresponding quarter of previous year. Sales were made amounting to Rs.487.083 million as compared to corresponding quarter of previous year sales of Rs.436.929 million showing increase of Rs. 50.154 million against previous year quarter. Earning per share is Rs.1.20 as compared to Rs. (3.23) per share.

The profitability of the Company has increased as compared to corresponding quarter of previous year due to continuous supply of energy to the textile sector in the shape of RLNG and reduction in electricity tariff by Rs.3.00/kwh w.e.f. January 01, 2016 and reduction in finance cost due to repayment of long term loans, decline in market rate and efficient working capital management.

The management is continuously making efforts to make BMR of the existing facilities and take new investment initiative to cope with regional competitors in technology related advantage through own resources. The Company has strategic plan to diversify its product line, addition of new qualities and blends of yarn and improvement in production capacity to compete with other spinning units.

However, the management is striving hard to achieve the better results by improving performance of mills in terms of production, yield, quality and utilization of installed capacity within the available facilities.

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 27, 2016



## ڈائریکٹرز رپورٹ

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی پہلی سہ ماہی ختمہ 30 ستمبر 2016، آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت میں کمپنی نے ٹیکس ادا کرنے کے بعد 3.588 بلین روپے کا منافع حاصل کیا ہے جو گذشتہ برس اسی مدت کیلئے 9.691 بلین روپے نقصان تھا۔ اس سہ ماہی میں سیلز کی مجموعی رقم 487.083 بلین روپے ہے جو گذشتہ برس کی سہ ماہی سیلز کی رقم 436.929 بلین روپے سے 50.154 بلین روپے کا اضافہ ظاہر کر رہی ہے۔ فی شیئر آمدنی گذشتہ سہ ماہی (3.23 روپے) فی شیئر کے مقابلے میں 1.20 روپے فی شیئر ہے

RLNG کی شکل میں ٹیکسٹائل کے شعبے کو بجلی کی مسلسل فراہمی اور یکم جنوری 2016 سے بجلی کے نرخوں میں 3.00/kwh روپے کی اور طویل مدتی قرضوں کی واپسی کی وجہ سے مالی لاگت میں کمی، مارکیٹ کے نرخوں میں کمی اور موثر ورکنگ کیپٹل مینجمنٹ کے باعث گذشتہ سال کی اسی سہ ماہی کے مقابلے میں کمپنی کے منافع میں اضافہ ہوا ہے۔

انتظامیہ موجودہ سہولیات کی بی ایم آر بڑھانے اور علاقائی حریفوں سے نمٹنے کیلئے اپنے وسائل کے ذریعے مفید ٹیکنالوجی میں نئی سرمایہ کاری کرنے کی مسلسل کوششیں کر رہی ہے۔ کمپنی دیگر سپلائر یونٹوں کے ساتھ مقابلہ کرنے کے لئے اپنی مصنوعات کی لائن کو متنوع کرنے، یاران کی نئی خصوصیات اور بلینڈز کا اضافہ اور پیداواری صلاحیت کو بہتر بنانے کی حکمت عملی کا منصوبہ رکھتی ہے۔

تاہم، انتظامیہ دستیاب سہولیات کے اندر نصب پیداواری صلاحیت، حصالہ، معیار اور استعمال کے لحاظ سے ملوں کی کارکردگی بہتر بنا کر اچھے نتائج حاصل کرنے کے لئے سخت کوشش کر رہی ہے۔

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

منجانب بورڈ

*Aamir Naseem*

میاں عامر نسیم  
چیف ایگزیکٹو

لاہور: 27 اکتوبر 2016ء




# Shadab Textile Mills Limited

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

		(RUPEES IN THOUSAND)	
	NOTE	Sep. 30, 2016 <u>UN-AUDITED</u>	June 30, 2016 <u>AUDITED</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	373,033	381,570
Long term deposits		<u>2,387</u>	<u>2,387</u>
		375,420	383,957
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		38,701	41,220
Stock in trade		117,712	126,138
Trade debts		90,825	78,850
Loans and advances		4,990	4,414
Trade deposits, prepayments		68,844	55,563
Other receivables		1,887	261
Cash and bank balances		<u>22,274</u>	<u>26,834</u>
		345,233	333,280
<b>TOTAL ASSETS</b>		<u><b>720,653</b></u>	<u><b>717,237</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
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		<u>30,000</u>	<u>30,000</u>
Revenue reserves		<u>366,915</u>	<u>363,327</u>
<b>TOTAL EQUITY</b>		396,915	393,327
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		<u>14,167</u>	<u>17,000</u>
Deferred liabilities		<u>47,039</u>	<u>47,039</u>
		61,206	64,039
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>161,577</u>	<u>160,707</u>
Accrued mark up		1,240	1,261
Short term borrowings		66,937	69,869
Current portion of long term loans		11,333	11,333
Provision for taxation		<u>21,445</u>	<u>16,701</u>
		262,532	259,871
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>720,653</b></u>	<u><b>717,237</b></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, 2016 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2016	Sep. 30, 2015
Sales- net	487,083	436,929
Cost of sales	<u>463,496</u>	<u>428,553</u>
GROSS PROFIT	23,587	8,376
Administrative & general	<u>11,411</u>	<u>9,997</u>
Selling and distribution	<u>971</u>	<u>156</u>
	<u>12,382</u>	<u>10,153</u>
OPERATING PROFIT / (LOSS)	11,205	(1,777)
Finance costs	2,255	3,559
Other charges	<u>618</u>	<u>-</u>
	8,332	(5,336)
Other income	-	16
PROFIT / (LOSS) BEFORE TAXATION	<u>8,332</u>	<u>(5,320)</u>
Taxation	<u>4,744</u>	<u>4,371</u>
PROFIT / (LOSS) AFTER TAXATION	<u><u>3,588</u></u>	<u><u>(9,691)</u></u>
Basic and diluted earning per share - (Rupees)	<u>1.20</u>	<u>(3.23)</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, 2016 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2016	Sep. 30, 2015
PROFIT / (LOSS) AFTER TAXATION	3,588	(9,691)
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	<u>3,588</u>	<u>(9,691)</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, 2016 (UN-AUDITED)


	(RUPEES IN THOUSAND)	
	Sep. 30, 2016	Sep. 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	8,332	(5,320)
Adjustments for:		
Depreciation	9,807	10,066
Finance costs	2,255	3,559
Provision for Workers' profit participation fund	448	-
Provision for Workers' welfare fund	170	-
Gain on sale of operating fixed assets	-	(16)
Operating profit before working capital changes	21,012	8,289
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,519	349
Stock-in-trade	8,426	(39,382)
Trade debts	(11,975)	19,756
Loans and advances	(576)	(5,547)
Trade deposits and prepayments	(8,238)	3,663
Other receivables	(1,626)	1,657
	(11,470)	(19,504)
Increase / (decrease) in current liabilities		
Trade and other payables	252	9,796
Cash generated / (used) from operations	9,794	(1,419)
Finance costs paid	(2,277)	(2,990)
Income tax paid	(5,042)	(4,681)
	(7,319)	(7,671)
Net cash generated (used in ) from operating activities	2,475	(9,090)



## Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Sep. 30, 2016	Sep. 30, 2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for fixed capital expenditure	(1,270)	(1,297)
Proceeds from disposal of operating fixed assets	-	23
Long term deposit paid	-	(3)
Net cash (used) in investing activities	(1,270)	(1,277)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments against long term loans	(2,833)	-
Proceeds from short term borrowings -net	(2,932)	(1,424)
Net cash (used) in financing activities	(5,765)	(1,424)
<b>NET CASH (UTILIZED) DURING THE QUARTER</b>	<b>(4,560)</b>	<b>(11,791)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>26,834</b>	<b>18,239</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER</b>	<b>22,274</b>	<b>6,448</b>

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, 2016 ( 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, 2015	30,000	260,000	80,720	370,720
Total comprehensive income				
Profit 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
Total comprehensive income				
Profit after taxation				
from Oct. 01, 2015 to Jun. 30, 2016	-	-	42,498	42,498
Transaction with owners				
Final dividend for the year ended				
June 30, 2015 @Rs. 3.40 per share	-	-	(10,200)	(10,200)
Balance as at June 30, 2016	30,000	260,000	103,327	393,327
Total comprehensive income				
(Loss) after taxation				
from Jul. 01, 2016 to Sep. 30, 2016	-	-	3,588	3,588
Balance as at Sep. 30, 2016	30,000	260,000	106,915	396,915

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, 2016  
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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.

2. BASIS OF PREPARATION

This condensed interim financial information of the company for the three months period ended September 30, 2016 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, 2016 and 2015 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, 2016.

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, 2016, 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, 2016.



## Shadab Textile Mills Limited

		(RUPEES IN THOUSAND)	
		Sep. 30, 2016	June 30, 2016
5.	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets		
	Opening net book value	381,570	396,246
	Additions during the period/ year		
	Plant and machinery	1,270	19,153
	Vehicles	-	7,142
		1,270	26,295
	Disposals during the period/ year		
	Vehicles	-	25
		-	25
	Depreciation charged thereon	9,807	40,946
	Closing net book value	<u>373,033</u>	<u>381,570</u>
6.	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
	The Company has issued counter guarantees of Rs.25.000 million ( June 30,2016: Rs.14.000 million) in favour of the bank for issueing letters of guarantees favouring Sui Northern Gas Pipelines Limited for gas connections.		
	Commitments		
	Commitments for non capital expenditure are amounting to Rs.15.836 million (June 30, 2016: Rs.21.250 million).		
7.	TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING		
	The company sold to associated undertaking goods/material of aggregate sum of Rs. Nil (June 30, 2016 : Rs.4.201 million) and purchased from associated undertaking material of aggregate sum of Rs.Nil ( June 30, 2016 : Rs.37.636 million ) during the period. The maximum aggregate amount due from associated undertaking at the end of the period was Rs.7.101 million (June 30, 2016 : Rs.5.946 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, 2016.		
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 27, 2016.		
10.	GENERAL		
	Figures have been rounded off to the nearest thousand rupee.		

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director