



QUARTERLY REPORT
SEPTEMBER 30,
2022

SHADAB TEXTILE MILLS LIMITED



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Shadab Textile Mills Limited

COMPANY INFORMATION

CHIEF EXECUTIVE	Mian Aamir Naseem	
BOARD OF DIRECTORS	Mian Farrukh Naseem	Chairman/Non Executive Director
	Mr. Saad Naseem	Non Executive Director
	Mr. Yasir Naseem	Executive Director
	Mr. Hamza Naseem	Non Executive Director
	Mrs. Fatima Aamir	Female - Non Executive Director
	Mr. Fahad Shafiq	Independent Director
	Mr. Ghazanfer Feroz	Independent Director
AUDIT COMMITTEE	Mr. Fahad Shafiq	Chairman
	Mian Farrukh Naseem	Member
	Mr. Hamza Naseem	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Fahad Shafiq	Chairman
	Mr. Ghazanfer Feroz	Member
	Mr. Saad Naseem	Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Aslam	
COMPANY SECRETARY	Mr. Muhammad Adeel Anwar Khan	
AUDITORS	M/s. Fazal Mehmood & Company, Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35887262, 35839182 Fax: 042-35869037	
BANKERS	Bank Al-falah Limited Bank Al- Habib Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore Ph: No. 042-35788714-16	
WEBSITE ADDRESS	www.shadabtextile.com	
MILLS	Unit # 1: Nasimabad, Shahkot, District Nankana Sahib. Unit # 2: Habibabad, Pattoki, District Kasur	



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, 2022.

During the period under review, the Company earned pretax profit of Rs.2.258 million as compared to pretax profit of Rs.113.295 million of the corresponding quarter of previous year. Total sales were made amounting to Rs.1372.608 million as compared to corresponding quarter of previous year sales of Rs.1144.695 million showing increase of Rs.227.913 million i.e 19.91% against previous year quarter. Earning per share is Rs. (1.09) as compared to Rs.5.89 per share.

The textile industry has probably never been in such a dire situation. Many units are closed during the period being no longer economically viable under the prevailing circumstances. Performance of textile sector overall remain depressed. During the quarter under review, the financial results of the company mainly affected due to the market conditions is very slow down because of unfortunately heavy flood came in Pakistan and overall recession period in the world. In this situation the company reduced its production capacity by 20% and operated at 80% of its production capacity and sustained all fixed cost of the company. During the quarter the prices of raw material remained on higher side, increase in energy cost, higher mark-up rates and other input costs increased due to devaluation in Pak Rupees.

The textile industry has probably never faced such a depressing operating environment and still passing through severe crises. In these circumstances, our textile industry is not competing with the other countries. The above stated factors have negative impacts on the textile sector along with other businesses. The government should have to take further well planned concrete steps to uplift the economy and textile industry especially for spinning sector which is the core industry of Pakistan. Despite adverse factors your management is making best efforts to improve the financial results of the company.

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)

MIAN FARRUKH NASEEM
(Chairman/Director)

Lahore: October 26, 2022



ڈائریکٹر ز رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی سال پہلی سہ ماہی ختمہ 30 ستمبر 2022 آپ کی خدمت میں پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران، کمپنی نے گزشتہ سال کی اسی سہ ماہی کے 113.295 ملین روپے کے قبل از ٹیکس منافع کے مقابلے میں 2.258 ملین روپے کا قبل از ٹیکس منافع کمایا۔ مجموعی فروخت 1372.608 ملین روپے کی گئی جس میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 1144.695 ملین روپے کی فروخت ہے جو کہ گزشتہ سال کی سہ ماہی کے مقابلے میں 227.913 ملین روپے یعنی 19.91 فیصد کا اضافہ ظاہر کرتی ہے۔ فی شیئر آمدنی گزشتہ سہ ماہی 5.89 روپے کے مقابلے میں (1.09) روپے فی شیئر ہے۔

ٹیکسٹائل کی صنعت کو شاید اس طرح کی سنگین صورتحال کبھی نہیں ملی۔ بہت سے یونٹ اس مدت کے دوران بند ہیں جو کہ موجودہ حالات میں معاشی طور پر قابل عمل نہیں ہیں۔ مجموعی طور پر ٹیکسٹائل سیکٹر کی کارکردگی اتر رہی ہے۔ زیر نظر سہ ماہی کے دوران، کمپنی کے مالیاتی نتائج بنیادی طور پر مارکیٹ کی وجہ سے بہت مست رہے کیونکہ بد قسمتی سے پاکستان میں شدید سیلاب آیا اور دنیا میں مجموعی طور پر کساد بازاری کا دور رہا۔ اس صورتحال میں کمپنی نے اپنی پیداواری صلاحیت میں 20% کمی کی اور اپنی پیداواری صلاحیت کے 80% پر کام کیا اور کمپنی کی تمام مقررہ لاگت کو برقرار رکھا۔ سہ ماہی کے دوران خام مال کی قیمتیں بلند رہیں، توانائی کی لاگت میں اضافہ، مارک اپ کی بلند شرحیں اور پاک روپے کی قدر میں کمی کی وجہ سے دیگر لاگت میں اضافہ ہوا۔

ٹیکسٹائل کی صنعت کو شاید کبھی بھی اتنے مایوس کن آپریٹنگ ماحول کا سامنا نہیں کرنا پڑا اور وہ اب بھی شدید بحرانوں سے گزر رہی ہے۔ ان حالات میں ہماری ٹیکسٹائل انڈسٹری دوسرے ممالک سے مقابلہ نہیں کر پا رہی۔ مذکورہ بالا عوامل ٹیکسٹائل کے شعبے کے ساتھ ساتھ دیگر کاروباروں پر بھی منفی اثرات مرتب کرتے ہیں۔ حکومت کو معیشت اور ٹیکسٹائل انڈسٹری بالخصوص سپنگ سیکٹر جو کہ پاکستان کی بنیادی صنعت ہے کی بہتری کے لیے مزید منصوبہ بند ٹھوس اقدامات کرنے چاہئیں۔ منفی عوامل کے باوجود آپ کی انتظامیہ کمپنی کے مالیاتی نتائج کو بہتر بنانے کے لیے بہترین کوششیں کر رہی ہے۔

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتھک کوششوں کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ

میاں فرخ نسیم
(چئیرمین / ڈائریکٹر)

Aamir Nadeem

میاں عامر نسیم
(چیف ایگزیکٹو)

لاہور 26 اکتوبر 2022



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022 (UN-AUDITED)

(RUPEES IN THOUSAND)

		Sep. 30, 2022	June 30, 2022
	NOTE	<u>UN-AUDITED</u>	<u>AUDITED</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,470,728	1,478,907
Right of use assets	6	38,936	40,985
Long term deposits		2,434	2,434
		<u>1,512,098</u>	<u>1,522,326</u>
CURRENT ASSETS			
Stores, spares and loose tools		115,255	100,379
Stock in trade		729,905	747,603
Trade debts		414,656	333,150
Loans and advances		43,082	46,852
Trade deposits and prepayments		122,246	128,047
Other receivables		97,579	75,195
Cash and bank balances		15,810	16,343
		<u>1,538,533</u>	<u>1,447,569</u>
TOTAL ASSETS		<u>3,050,631</u>	<u>2,969,895</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
40,000,000 ordinary shares of Rs. 10/- each		400,000	400,000
		<u>166,000</u>	<u>166,000</u>
Issued, subscribed & paid-up share capital		204,000	204,000
Capital reserves		810,593	825,600
Revenue reserves		375,600	375,600
Equity contributions from sponsors		1,556,193	1,571,200
TOTAL EQUITY			
NON - CURRENT LIABILITIES			
Long term loans		300,021	322,285
Lease liabilities		17,207	19,596
Deferred liabilities		114,808	114,151
		<u>432,036</u>	<u>456,032</u>
CURRENT LIABILITIES			
Trade and other payables		271,367	257,715
Unclaimed dividend		773	773
Accrued mark up		21,652	12,610
Short term borrowings		587,696	515,731
Current portion of long term liabilities		87,567	79,752
Provision for taxation		93,347	76,082
		<u>1,062,402</u>	<u>942,663</u>
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>3,050,631</u>	<u>2,969,895</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, 2022 (UN-AUDITED)

(RUPEES IN THOUSAND)

	Sep. 30, 2022	Sep. 30, 2021
Sales- net	1,372,608	1,144,695
Cost of sales	<u>1,302,297</u>	<u>980,991</u>
GROSS PROFIT	70,311	163,704
Administrative & general expenses	<u>36,318</u>	<u>26,630</u>
Selling and distribution expenses	<u>865</u>	<u>2,392</u>
	<u>37,183</u>	<u>29,022</u>
OPERATING PROFIT	33,128	134,682
Finance costs	32,040	13,240
Other charges	<u>167</u>	<u>8,397</u>
	921	113,045
Other income	<u>1,337</u>	<u>250</u>
PROFIT BEFORE TAXATION	2,258	113,295
Taxation	<u>17,265</u>	<u>15,447</u>
(LOSS) / PROFIT AFTER TAXATION	<u>(15,007)</u>	<u>97,848</u>
Basic and diluted earning per share - (Rupees)	<u>(0.90)</u>	<u>5.89</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, 2022 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2022	Sep. 30, 2021
PROFIT AFTER TAXATION	(15,007)	97,848
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(15,007)</u>	<u>97,848</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, 2022 (UN - AUDITED)

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserve	Equity contribution from shares	Total Equity
	Issued, subscribed and Paid up ordinary shares	General Reserve	Un-appropriated profit	Share Premium		
Balance as at July 01, 2021	166,000	260,000	386,945	204,000	385,600	1,402,545
Total comprehensive income						
Profit after taxation						
from Jul. 01, 2021 to Sep. 30, 2021	-	-	97,848	-	-	97,848
Balance as at Sep. 30, 2021	166,000	260,000	484,793	204,000	385,600	1,500,393
Total comprehensive income						
Profit after taxation						
from Oct. 01, 2021 to Jun. 30, 2022	-	-	97,407	-	-	97,407
Transaction with owners						
Final dividend for the year ended						
June 30, 2021 @Rs. 1.00 per share	-	-	(16,600)	-	-	(16,600)
Transfer from equity contribution to sponsors	-	-	-	-	(10,000)	(10,000)
Balance as at June 30, 2022	166,000	260,000	565,600	204,000	375,600	1,571,200
Total comprehensive income						
(Loss) after taxation						
from Jul. 01, 2022 to Sep. 30, 2022	-	-	(15,007)	-	-	(15,007)
Balance as at Sep. 30, 2022	166,000	260,000	550,593	204,000	375,600	1,556,193

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

Aamir Naseem

(Mian Aamir Naseem)
Chief Executive

Farrukh Naseem

(Mian Farrukh Naseem)
Director

Muhammad Aslam

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2022	Sep. 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,258	113,295
Adjustments for non cash charges & other items:		
Depreciation of property, plant and equipment	36,124	35,402
Depreciation of right of use assets	2,049	629
Finance costs	32,040	13,240
Workers' profit participation fund	121	6,085
Workers' welfare fund	46	2,312
Gain on sale of operating fixed assets	(1,008)	-
Profit on deposits with banks	(329)	(250)
Operating profit before working capital changes	71,301	170,713
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(14,876)	(146)
Stock-in-trade	17,698	(150,403)
Trade debts	(81,506)	(61,162)
Loans and advances	3,770	7,283
Trade deposits and prepayments	5,801	(8,442)
Other receivables	(5,471)	24,816
	(74,584)	(188,054)
Increase / (decrease) in current liabilities		
Trade and other payables	13,484	792
Cash generated / (used in) from operations	10,201	(16,549)
Finance costs paid	(22,998)	(8,890)
Income tax paid	(16,914)	(4,994)
Profit on deposits with banks	329	250
	(39,583)	(13,634)
Net cash (used in) from operating activities	(29,382)	(30,183)



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Sep. 30, 2022	Sep. 30, 2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of property, plant and equipment	(28,075)	(14,352)
Proceeds from disposal of property, plant and equipment	1,138	-
Net cash (used in) investing activities	(26,937)	(14,352)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings - net	(13,790)	(14,128)
Re-payment of lease - net	(2,389)	(1,432)
Proceeds from short term borrowings - net	71,965	73,759
Net cash generated from financing activities	55,786	58,199
NET CASH (USED IN) / GENERATED DURING THE QUARTER	(533)	13,664
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16,343	23,022
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	15,810	36,686

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, 2022 (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, Shahkot, District Nankana Sahib and 1-K.M Chunnia Road, Habibabad, Pattoki, District Kasur.

2. BASIS OF PREPARATION

This condensed interim statement of financial position of the company for the three months period ended September 30, 2022 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.

These condensed interim financial statements (un-audited) are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017 (the "Act").

The comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended September 30, 2022 and 2021 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, 2022.

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, 2022, 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, 2022.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Note	Sep. 30, 2022	June 30, 2022
5.	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 1,440,464	1,394,388
	Capital work in progress	5.2 30,264	84,519
		<u>1,470,728</u>	<u>1,478,907</u>
5.1	Operating fixed assets		
	Opening net book value	1,394,388	1,436,036
	Additions during the period/ year		
	Buildings	-	60,775
	Plant and machinery	33,440	29,767
	Electric installations	48,890	376
	Factory equipments	-	2,584
	Vehicles	-	14,050
		82,330	107,552
	Disposals during the period/ year		
	Plant and machinery	-	341
	Vehicles	130	1,457
		130	1,798
	Depreciation charged thereon	36,124	147,402
	Closing net book value	<u>1,440,464</u>	<u>1,394,388</u>
5.2	CAPITAL WORK IN PROGRESS		
	Buildings	30,264	16,860
	Plant and machinery	-	19,299
	Electric installations	-	48,360
		<u>30,264</u>	<u>84,519</u>
6.	RIGHT OF USE ASSETS		
	Opening net book value	40,985	7,551
	Additions	-	48,055
	Less: Transferred to owned assets	-	(16,087)
	Depreciation transferred	-	9,043
	Less: Depreciation charge	(2,049)	(7,577)
	Net book value	<u>38,936</u>	<u>40,985</u>

7. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.49.706 million (June 30, 2022: Rs.36.545 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited, Lahore Electric Supply Company and State Bank of Pakistan against connections & TUF rebate.

Commitments

Capital expenditure commitments are amounting to Rs. 36.518 million (June 30, 2022:Rs. 91.248 million) and non capital expenditure commitments are amounting to Rs. 107.905 million (June 30, 2022: Rs. 365.905 million).



8. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

No transactions from associated undertaking (June 30, 2022 : Rs.Nil) during the period. The maximum aggregate amount due from associated undertaking at the end of the period was Rs.Nil (June 30, 2022 : Rs.Nil).

9. 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, 2022.

10. 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 26, 2022.

11. 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