



Quarterly Report |

September 30, 2012



Shadab Textile Mills Limited



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## Shadab Textile Mills Limited

### COMPANY INFORMATION

|  |   |                              |
|--|---|------------------------------|
| BOARD OF DIRECTORS                         | Mian Aamir Naseem<br>Mian Farrukh Naseem<br>Mian Shahzad Aslam<br>Mst. Nusrat Shamim<br>Mr. Ahmed Ali Tariq<br>Mr. Mazhar Hussain<br>Mr. Tariq Javaid | Chief Executive Officer      |
| AUDIT COMMITTEE                            | Mian Farrukh Naseem<br>Mian Shahzad Aslam<br>Mr. Ahmed Ali Tariq  | Chairman<br>Member<br>Member |
| HUMAN RESOURCE &<br>REMUNERATION COMMITTEE | Mian Farrukh Naseem<br>Mian Aamir Naseem<br>Mr. Ahmed Ali Tariq   | Chairman<br>Member<br>Member |
| CHIEF FINANCIAL OFFICER                    | Mr. Mazhar Hussain  |                              |
| COMPANY SECRETARY                          | Mr. Mazhar Hussain  |                              |
| AUDITORS                                   | M/s. Fazal Mahmood & Company<br>Chartered Accountants   |                              |
| SHARE REGISTRAR                            | Corplink (Pvt) Limited<br>Wings Arcade, 1-K, Commercial,<br>Model Town, Lahore.<br>Tel: 042-35887262, 35839182<br>Fax: 042-35869037                   |                              |
| BANKERS                                    | National Bank of Pakistan<br>Bank Al-falah Limited  |                              |
| REGISTERED OFFICE                          | A-601/A, City Towers,<br>6-K Main Boulevard,<br>Gulberg-II, Lahore.<br>Ph: 042-35788714-16  |                              |
| WEBSITE ADDRESS                            | <a href="http://www.shadabtextile.com">www.shadabtextile.com</a>  |                              |
| MILLS                                      | Nasimabad, Shahkot,<br>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, 2012.

During the period under review, the Company earned profit after tax Rs.26.860 million as compared to after tax loss of Rs.7.868 million of the corresponding period. Sales during the period are made Rs.431.697 million as compared to Rs.355.389 million during the corresponding period representing an increase of 21.47%. Increase in sales is mainly due to comparatively steady yarn market and increase in quantum of sales. With increase in sales, gross margin has substantially increased to 13.20% as compared to 1.91% of corresponding period. The Company's net profit margin also improved to 6.22% as compared to net loss of 2.21%.

This year, the cotton crop prospects are encouraging and cotton & yarn markets are relatively stable. We are pleased to mention here that in order to make the project more viable and to compete with the other spinning units equipped with the latest machinery, it is planned to BMR the existing facilities by importing machinery consisting 06 cards Crosrol MK-7, 01 Cone Winder 21-C and 03 Swiss Draw Frames and arrangements are being made with the bank for import of machinery.

However, the major issues faced by the company are non-availability of gas and power, high interest rate, impact of wages increased and inflationary trend in the cost of all major inputs. The management is trying its best to get better results by controlling the factors which are under its control.

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 Officer)

Lahore: October 23, 2012



## Shadab Textile Mills Limited

### CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2012

|   | NOTE | (RUPEES IN THOUSAND)                  |                                    |
|---|------|---------------------------------------|------------------------------------|
|   |      | Sep. 30,<br>2012<br><u>UN-AUDITED</u> | June 30,<br>2012<br><u>AUDITED</u> |
| PROPERTY AND ASSETS                             |      |                                       |                                    |
| NON CURRENT ASSETS                              |      |                                       |                                    |
| Property, plant and equipment                   |      |                                       |                                    |
| Operating fixed assets                          | 5    | 272,330                               | 271,336                            |
| LONG TERM DEPOSITS                              |      | <u>2,382</u>                          | <u>2,382</u>                       |
|   |      | 274,712                               | 273,718                            |
| CURRENT ASSETS                                  |      |                                       |                                    |
| Stores, spares                                  |      | 28,349                                | 28,984                             |
| Stock in trade                                  |      | 131,796                               | 129,561                            |
| Trade debts                                     |      | 61,377                                | 60,116                             |
| Loans and advances                              |      | 13,635                                | 5,217                              |
| Trade deposits, prepayments & other receivables |      | 28,496                                | 24,545                             |
| Cash and bank balances                          |      | 3,076                                 | 6,652                              |
|   |      | <u>266,729</u>                        | <u>255,075</u>                     |
| TOTAL ASSETS                                    |      | <u>541,441</u>                        | <u>528,793</u>                     |
| EQUITY AND LIABILITIES                          |      |                                       |                                    |
| SHARE CAPITAL & RESERVES                        |      |                                       |                                    |
| Authorized 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                             |
| Reserves  |      | 60,000                                | 60,000                             |
| Un-appropriated profit                          |      | 137,098                               | 110,238                            |
| TOTAL EQUITY                                    |      | 227,098                               | 200,238                            |
| NON - CURRENT LIABILITIES                       |      |                                       |                                    |
| Long term loans                                 |      | 35,230                                | 46,973                             |
| Deferred liabilities                            |      | 52,539                                | 42,492                             |
|   |      | 87,769                                | 89,465                             |
| CURRENT LIABILITIES                             |      |                                       |                                    |
| Trade and other payables                        |      | 114,948                               | 84,915                             |
| Accrued mark up on secured loans                |      | 5,269                                 | 8,153                              |
| Short term borrowings                           |      | 57,038                                | 109,393                            |
| Current portion of long term loans              |      | 32,630                                | 23,487                             |
| Provision for taxation                          |      | 16,689                                | 13,142                             |
|   |      | 226,574                               | 239,090                            |
| CONTINGENCIES AND COMMITMENTS                   | 6    |                                       |                                    |
| TOTAL EQUITY AND LIABILITIES                    |      | <u>541,441</u>                        | <u>528,793</u>                     |

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

(Mian Aamir Naseem)  
Chief Executive Officer

(Mian Farrukh Naseem)  
Director



## Shadab Textile Mills Limited

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

|                                  | (RUPEES IN THOUSAND) |                  |
|----------------------------------|----------------------|------------------|
|                                  | Sep. 30,<br>2012     | Sep. 30,<br>2011 |
| Sales- net                       | 431,697              | 355,389          |
| Cost of sales                    | <u>374,699</u>       | <u>348,596</u>   |
| GROSS PROFIT                     | 56,998               | 6,793            |
| Administrative & general         | <u>8,185</u>         | <u>6,499</u>     |
| Selling and distribution         | <u>130</u>           | <u>92</u>        |
| OPERATING PROFIT                 | <u>48,683</u>        | <u>202</u>       |
| Financial charges                | 6,446                | 7,236            |
| Other charges                    | <u>2,999</u>         | <u>-</u>         |
|                                  | 39,238               | (7,034)          |
| Other income                     | <u>1,216</u>         | <u>456</u>       |
| PROFIT / (LOSS) BEFORE TAXATION  | <u>40,454</u>        | <u>(6,578)</u>   |
| Taxation                         | <u>13,594</u>        | <u>1,290</u>     |
| PROFIT / (LOSS) AFTER TAXATION   | <u>26,860</u>        | <u>(7,868)</u>   |
| Basic earning per share (Rupees) | <u>8.95</u>          | <u>(2.62)</u>    |

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

(Mian Aamir Naseem)  
Chief Executive Officer

(Mian Farrukh Naseem)  
Director



## Shadab Textile Mills Limited

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

|                                   | (RUPEES IN THOUSAND) |                  |
|-----------------------------------|----------------------|------------------|
|                                   | Sep. 30,<br>2012     | Sep. 30,<br>2011 |
| PROFIT/ (LOSS ) AFTER TAXATION    | 26,860               | (7,868)          |
| Other Comprehensive Income        | -                    | -                |
| TOTAL COMPREHENSIVE INCOME/(LOSS) | <u>26,860</u>        | <u>(7,868)</u>   |

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

(Mian Aamir Naseem)  
Chief Executive Officer

(Mian Farrukh Naseem)  
Director



## Shadab Textile Mills Limited

### CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

|   | (RUPEES IN THOUSAND) |                      |
|---|----------------------|----------------------|
|   | Sep. 30,<br>2012     | Sep. 30,<br>2011     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |                      |
| Profit /(Loss) before taxation  | 40,454               | (6,578)              |
| Adjustments for:  |                      |                      |
| Depreciation  | 7,087                | 6,650                |
| Financial charges   | 6,446                | 6,686                |
| Workers' profit participation fund  | 2,173                | -                    |
| Workers' welfare fund   | 826                  | -                    |
| Profit on sale of fixed assets  | (1,216)              | (456)                |
| Remeasurement of financial liability<br>at fair value                               | -                    | 550                  |
| Operating profit before working capital changes                                     | <u>55,770</u>        | <u>6,852</u>         |
| Adjustments for working capital changes:<br>(Increase) / decrease in current assets |                      |                      |
| Stores, spares  | 635                  | 4,321                |
| Stock-in-trade  | (2,235)              | 9,485                |
| Trade debts   | (1,261)              | (17,357)             |
| Loans and advances  | (8,418)              | (6,393)              |
| Deposits and other receivables  | (3,427)              | 5,956                |
|   | <u>(14,706)</u>      | <u>(3,988)</u>       |
| Increase / (decrease) in current liabilities  |                      |                      |
| Trade and other payables  | <u>27,034</u>        | <u>21,409</u>        |
|   | <u>27,034</u>        | <u>21,409</u>        |
| Cash generated from operations  | <u>68,098</u>        | <u>24,273</u>        |
|   |                      |                      |
| Financial charges paid  | <u>(9,330)</u>       | <u>(8,565)</u>       |
| Income tax paid   | <u>(524)</u>         | <u>(3,556)</u>       |
|   | <u>(9,854)</u>       | <u>(12,121)</u>      |
| Net cash in flow from operating activities  | <u><u>58,244</u></u> | <u><u>12,152</u></u> |





## Shadab Textile Mills Limited

|   | (RUPEES IN THOUSAND) |                  |
|---|----------------------|------------------|
|   | Sep. 30,<br>2012     | Sep. 30,<br>2011 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                      |                  |
| Fixed capital expenditures  | (8,330)              | (4,943)          |
| Capital work in progress  | -                    | (4,049)          |
| Sale proceed of fixed assets  | 1,465                | 525              |
| Net cash (out flow) from investing activities                       | (6,865)              | (8,467)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                      |                  |
| Long term loans - repayments  | (2,600)              | (4,000)          |
| Short term borrowings (net)   | (52,355)             | 840              |
| Net cash (out flow) from financing activities                       | (54,955)             | (3,160)          |
| <b>NET (DECREASE) / INCREASE IN CASH &amp;<br/>CASH EQUIVALENTS</b> | <b>(3,576)</b>       | <b>525</b>       |
| <b>CASH AND CASH EQUIVALENTS AT THE<br/>BEGINNING OF THE YEAR</b>   | <b>6,652</b>         | <b>4,361</b>     |
| <b>CASH AND CASH EQUIVALENTS AT THE<br/>END OF THE QUARTER</b>      | <b>3,076</b>         | <b>4,886</b>     |

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

(Mian Aamir Naseem)  
Chief Executive Officer

(Mian Farrukh Naseem)  
Director



## Shadab Textile Mills Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2012 ( UN - AUDITED )

(RUPEES IN THOUSAND)

|  | Issued,<br>subscribed<br>and<br>Paid up<br>share<br>capital | General<br>Reserve | Accumulated<br>(loss)<br>Un-<br>Appropriated<br>Profit | Total<br>Equity |
|--|---|--------------------|--|-----------------|
| Balance as at June 30, 2011  | 30,000  | 60,000             | 92,394   | 182,394         |
| Total comprehensive income<br>(Loss) after taxation<br>from Jul. 01,2011 to Sep. 30,2011         | -   | -                  | (7,868)  | (7,868)         |
| Balance as at Sep. 30, 2011  | 30,000  | 60,000             | 84,526   | 174,526         |
| Total comprehensive income<br>Profit after taxation<br>from Oct. 01,2011 to Jun.30,2012          | -   | -                  | 28,712   | 28,712          |
| Transaction with owners<br>Final dividend for the year ended<br>June 30, 2011 @Rs.1.00 per share | -   | -                  | (3,000)  | (3,000)         |
| Balance as at June 30, 2012  | 30,000  | 60,000             | 110,238  | 200,238         |
| Total comprehensive income<br>Profit after taxation<br>from Jul. 01,2012 to Sep. 30,2012         | -   | -                  | 26,860   | 26,860          |
| Balance as at Sep. 30, 2012  | 30,000  | 60,000             | 137,098  | 227,098         |

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

*Aamir Naseem*

(Mian Aamir Naseem)  
Chief Executive Officer

*Farrukh Naseem*

(Mian Farrukh Naseem)  
Director



## Shadab Textile Mills Limited

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (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, 2012 is un-audited 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, 2012 and 2011 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, 2012.

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, 2012, 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, 2012.



## Shadab Textile Mills Limited

### 5. PROPERTY, PLANT AND EQUIPMENT

Detail of additions and disposals at net book value alongwith depreciation charged during the period/ year are as follows:

|                                   | (RUPEES IN THOUSAND) |                  |
|-----------------------------------|----------------------|------------------|
|                                   | Sep. 30,<br>2012     | June 30,<br>2012 |
| Opening net book value            | 271,336              | 258,062          |
| Additions during the period/ year |                      |                  |
| Building on freehold land         | -                    | 6,896            |
| Plant and machinery               | 5,024                | 31,324           |
| Vehicles                          | 3,306                | 3,569            |
| Office equipments                 | -                    | 29               |
|                                   | 8,330                | 41,818           |
| Disposals during the period/ year |                      |                  |
| Plant and machinery               | -                    | 283              |
| Vehicles                          | 249                  | 169              |
|                                   | 249                  | 452              |
| Depreciation charged thereon      | 7,087                | 28,092           |
| Closing net book value            | <u>272,330</u>       | <u>271,336</u>   |

### 6. CONTINGENCIES AND COMMITMENTS

#### Contingencies

Counter guarantees of Rs.14.487 million (June 30, 2012 : 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 capital expenditure are amounting to Rs.Nil (June 30, 2012 : Rs.1.505 million) and for non capital expenditure are amounting to Rs.8.325 million (June 30, 2012: Rs.8.996 million).

### 7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking material of aggregate sum of Rs. NIL (June 30, 2012 : Rs. NIL) and purchased from associated undertaking material of aggregate sum of Rs.NIL (June 30, 2012 : Rs.3.364 million) during the period. The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs.NIL (June 30, 2012 : 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, 2012.

### 9. DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of of the company and authorized for issue on October 23, 2012.

### 10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)  
Chief Executive Officer

(Mian Farrukh Naseem)  
Director