



HALF YEARLY REPORT  
DECEMBER 31  
**2018**  
(UN-AUDITED)



Shadab Textile Mills Limited



## Shadab Textile Mills Limited

### CONTENTS

Company Information	3
Directors' Report	4
Directors' Report (urdu)	5
Independent Auditors' Report to the Members on Review of Condensed Interim Financial Statements	6
Condensed Interim Statement of Financial Position	7
Condensed Interim Statement of Profit or Loss	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Statement of Cash Flows	10-11
Condensed Interim Statement of Changes in Equity	12
Selected Notes to the Condensed Interim Financial Information	13-14



## 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 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 financial statements of the Company for the half year ended December 31, 2018 reviewed by the auditors of the Company.

During the period under review, the Company earned profit after tax of Rs.18.529 million as compared to profit after tax of Rs.8.418 million of the corresponding period of previous year. Sales were made amounting to Rs. 1,358.347 million as compared to previous half year sales of Rs. 1,101.823 million showing increase of Rs. 256.524 million. Due to continuous supply of energy to the textile sector your Company saved its production losses and production increased as compared to the corresponding period. Earning per share is Rs.6.18 as compared to Rs.2.81 per share.

The financial results of the 2nd quarter affected mainly due to increase in prices of raw material i.e Cotton, Polyester & Viscose as compared to yarn sale prices and continuous declining in Pak rupees, resulting increase in energy cost, high mark-up rate of bank and other input cost.

Meanwhile, the Government has taken steps for the revival of textile industry and further notified the electricity rate @ 7.50 cent /kwh w.e.f 01.01.2019 as special relief package for zero rated industrial consumers, resulting, the energy cost will be decreased, which is the major part of manufacturing cost. We are hopeful that if the Government support to textile industry continuous, then the industry will take boost again.

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

For and on behalf of the Board

MIAN AAMIR NASEEM  
(Chief Executive)

MIAN FARRUKH NASEEM  
(Director)

Lahore: February 26, 2019



## ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی ششماہی ختمہ 31 دسمبر 2018، کمپنی کے آڈیٹران کی نظر ثانی کے بعد آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت کمپنی نے ٹیکس ادا کرنے کے بعد 18.529 ملین روپے کا منافع حاصل کیا ہے جو گزشتہ سال اسی مدت کے لیے 8.418 ملین روپے تھا۔ اس ششماہی میں سیلز کی مجموعی رقم 1,358.347 ملین روپے ہے جو گزشتہ سال کی ششماہی سیلز کی رقم 1,101.823 ملین روپے سے 256.524 ملین روپے زیادہ ہے۔ ٹیکسٹائل کی صنعت کو توانائی کی مسلسل فراہمی سے فائدہ اٹھاتے ہوئے آپ کی کمپنی کو پیداواری خسارہ میں بچت کے ساتھ گزشتہ سال کے مقابلے میں پیداوار میں اضافہ ہوا ہے۔ فی شیئر آمدنی گزشتہ ششماہی 2.81 روپے شیئر کے مقابلے میں 6.18 روپے فی شیئر ہے۔

دوسری سہ ماہی میں مالی نتائج اشراندار ہوا ہے۔ بنیادی طور پر یہ کی خام مال جیسے روئی، پولیسٹر، وکوز کی قیمتوں میں اضافہ رہا جبکہ دھاگے کی قیمت میں کمی رہی اور پاکستانی روپوں میں مسلسل کمی کے نتیجے میں توانائی کی قیمت، بنک کی شرح سود اور دوسرے ان پٹ کی لاگت میں اضافہ رہا۔

دریں اثناء ٹیکسٹائل صنعت کی بہتری کے لیے حکومتی اقدامات کیے گئے ہیں اور مزید زیورر ٹینڈر صنعتی صارفین کے لیے خصوصی امدادی کیلج کے مطابق یکم جنوری 2019ء سے بجلی کی قیمت 7.50 سینٹ پر کھول کر مطلع کیا ہے۔ نتیجے میں توانائی کی قیمت کم ہو جائے گی جو کہ مینوفیکچرنگ لاگت کا بڑا حصہ ہے۔ ہم پر امید ہیں کہ اگر حکومت نے ٹیکسٹائل صنعت کی حمایت کو جاری رکھا تو یہ صنعت ایک بار پھر عروج پائے گی۔

کمپنی میں اسٹریٹجک منصوبہ یہ ہے کہ اس کی مصنوعات کی لائن، نئی خصوصیات کے علاوہ اور دھاگے کا مرکب اور دیگر سپلنگ پونٹس کے ساتھ مقابلہ کرنے کے لیے پیداواری صلاحیت میں بہتری پیدا ہو۔ تاہم، انتظامیہ دستیاب ہولیات کے اندر نصب پیداواری صلاحیت، معیار اور استعمال کے لحاظ سے مملوں کی کارکردگی بہتر بنا کر اچھے نتائج حاصل کرنے کے لیے سخت کوشش کر رہی 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 Nazam

میاں عامر نسیم  
(چیف ایگزیکٹو)

لاہور: 26 فروری 2019ء



## Shadab Textile Mills Limited

---

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of SHADAB TEXTILE MILLS LIMITED as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and notes to the financial statements for the half year ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Imran Akhtar.

Date: February 26, 2019  
Place: Lahore

FAZAL MAHMOOD & COMPANY  
Chartered Accountants





## Shadab Textile Mills Limited


### CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUTIDED) AS AT DECEMBER 31, 2018

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2018 (Un-audited)	Jun. 30, 2018 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	307,454	314,245
Assets subject to finance lease		21,083	23,426
Long term deposits		<u>2,389</u>	<u>2,387</u>
		330,926	340,058
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<u>51,505</u>	<u>52,908</u>
Stock in trade		164,832	193,371
Trade debts		74,692	86,908
Loans and advances		5,087	5,526
Trade deposits and prepayments		46,413	56,229
Other receivables		24,406	18,104
Cash and bank balances		<u>39,359</u>	<u>10,633</u>
		406,294	423,679
<b>TOTAL ASSETS</b>		<u><b>737,220</b></u>	<u><b>763,737</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital			
20,000,000 ordinary shares of Rs. 10/- each		<u>200,000</u>	<u>60,000</u>
Issued, subscribed & paid-up capital		30,000	30,000
Revenue reserves		<u>399,838</u>	<u>386,259</u>
<b>TOTAL EQUITY</b>		<u>429,838</u>	<u>416,259</u>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		-	-
Liabilities against assets subject to finance lease		<u>8,752</u>	<u>11,729</u>
Deferred liabilities		<u>2,428</u>	<u>14,557</u>
		11,180	26,286
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>197,500</u>	<u>196,335</u>
Unclaimed dividend		465	465
Accrued mark up		833	701
Short term borrowings		75,560	84,646
Current portion of long term loan		5,676	10,949
Provision for taxation		<u>16,168</u>	<u>28,096</u>
		296,202	321,192
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>737,220</b></u>	<u><b>763,737</b></u>

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

  
(Mian Aamir Naseem)  
Chief Executive

  
(Mian Farrukh Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer




## Shadab Textile Mills Limited

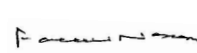
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
(UN-AUDITED)  
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2018

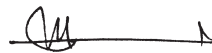
(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2018	Jul.-Dec. 2017	Oct.-Dec. 2018	Oct.-Dec. 2017
Sales- net	1,358,347	1,101,823	677,415	559,943
Cost of sales	<u>1,296,643</u>	<u>1,059,997</u>	<u>670,403</u>	<u>542,629</u>
GROSS PROFIT	61,704	41,826	7,012	17,314
Distribution and selling expenses	2,946	2,339	1,553	1,172
Administrative expenses	29,505	24,354	14,987	11,850
Other expenses	1,621	1,109	(878)	437
	<u>34,072</u>	<u>27,802</u>	<u>15,662</u>	<u>13,459</u>
	27,632	14,024	(8,650)	3,855
Other income	-	1,666	-	720
PROFIT FROM OPERATIONS	<u>27,632</u>	<u>15,690</u>	<u>(8,650)</u>	<u>4,575</u>
Finance cost	4,892	3,792	2,328	1,739
PROFIT BEFORE TAXATION	<u>22,740</u>	<u>11,898</u>	<u>(10,978)</u>	<u>2,836</u>
TAXATION:				
-Current	16,339	13,558	7,592	6,784
-Prior	1	-	1	-
-Deferred	(12,129)	(10,078)	(12,129)	(10,078)
	<u>4,211</u>	<u>3,480</u>	<u>(4,536)</u>	<u>(3,294)</u>
PROFIT AFTER TAXATION	<u>18,529</u>	<u>8,418</u>	<u>(6,442)</u>	<u>6,130</u>
Basic and diluted earning per share - (Rupees)	<u>6.18</u>	<u>2.81</u>	<u>(2.15)</u>	<u>2.04</u>

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

  
(Mian Aamir Naseem)  
Chief Executive

  
(Mian Farrukh Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer






## Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED)  
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2018

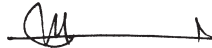
(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2018	Jul.-Dec. 2017	Oct.-Dec. 2018	Oct.-Dec. 2017
PROFIT AFTER TAXATION	18,529	8,418	(6,442)	6,130
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>18,529</u>	<u>8,418</u>	<u>(6,442)</u>	<u>6,130</u>

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

  
(Mian Aamir Naseem)  
Chief Executive

  
(Mian Farrukh Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer



## Shadab Textile Mills Limited

### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018


	(RUPEES IN THOUSAND)	
	Dec. 31, 2018	Dec. 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	22,740	11,898
Adjustments for:		
Depreciation	18,436	18,819
Finance cost	4,892	3,792
Workers' profit participation fund	1,221	645
Workers' welfare fund	464	245
Profit on sale of fixed assets	-	(1,630)
Operating profit before working capital changes	47,753	33,769
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,403	(890)
Stock in trade	28,539	(14,831)
Trade debts	12,216	10,216
Loans and advances	439	(3,528)
Trade deposits and prepayments	(1,818)	20,410
Other receivables	(6,302)	(4,713)
	34,477	6,664
Increase in current liabilities		
Trade and other payables	60	28,017
Cash generated from operations	82,290	68,450
Finance cost paid	(4,760)	(4,343)
Income tax paid	(17,272)	(13,603)
	(22,032)	(17,946)
Net cash generated from operating activities	60,258	50,504



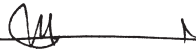
## Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Dec. 31, 2018	Dec. 31, 2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for fixed capital expenditure	(9,303)	(2,150)
Long term deposits	(2)	-
Proceeds from disposal of operating fixed assets	-	2,965
Net cash (used in) / generated from investing activities	(9,305)	815
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment against long term loans	(5,667)	(5,667)
Repayment of lease liability - net	(2,582)	(1,602)
Proceeds from short term borrowings ( net )	(9,086)	(32,146)
Dividend paid	(4,892)	(7,518)
Net cash (used in) from financing activities	(22,227)	(46,933)
<b>NET CASH GENERATED DURING THE PERIOD</b>	<b>28,726</b>	<b>4,386</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>10,633</b>	<b>13,224</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>39,359</b>	<b>17,610</b>

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

  
(Mian Aamir Naseem)  
Chief Executive

  
(Mian Farrukh Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer




## Shadab Textile Mills Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

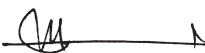
(RUPEES IN THOUSAND)

	Share Capital		Revenue Reserve		Total Equity
	Issued, Subscribed & Paid up Ordinary share	General Reserve	Un-appropriated profit		
Balance as at July 01, 2017	30,000	260,000	109,146	399,146	
Total comprehensive income					
Profit after taxation for the period ended December 31, 2017	-	-	8,418	8,418	
Other comprehensive income	-	-	-	-	
Total comprehensive income for the period	-	-	8,418	8,418	
Transaction with owners					
Final dividend for the year ended June 30, 2017 @Rs. 2.530 per share	-	-	(7,590)	(7,590)	
Balance as at December 31, 2017	30,000	260,000	109,974	399,974	
Total comprehensive income					
Profit after taxation for the period ended June 30, 2018	-	-	16,285	16,285	
Balance as at June 30, 2018	30,000	260,000	126,259	416,259	
Total comprehensive income					
Profit after taxation for the period ended December 31, 2018	-	-	18,529	18,529	
Other comprehensive income	-	-	-	-	
Total comprehensive income for the period	-	-	18,529	18,529	
Transaction with owners					
Final Dividend for the year ended June 30, 2018 @Rs. 1.650 per share	-	-	(4,950)	(4,950)	
Balance as at December 31, 2018	30,000	260,000	139,838	429,838	

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

  
(Mian Aamir Naseem)  
Chief Executive

  
(Mian Farrukh Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer



## Shadab Textile Mills Limited

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

#### 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.

#### 2. BASIS OF PREPARATION

This condensed interim financial information of the company for the six months period ended December 31, 2018 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 repealed Companies Act 2017. In case where 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 December 31, 2018 and 2017 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, 2018.

#### 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, 2018, 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 (IFRS 15 revenue from contracts with customers).

#### 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, 2018.



## Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2018	Jun. 30, 2018
5. <u>PROPERTY, PLANT AND EQUIPMENT</u>		
Operating fixed assets		
Opening net book value	314,245	349,784
Additions during the period/ year		
Plant and machinery	8,115	2,975
Vehicles	1,188	-
	9,303	2,975
Disposals during the period/ year		
Vehicles	-	2,948
	-	2,948
Depreciation charged thereon	16,094	35,566
Closing net book value	<u>307,454</u>	<u>314,245</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.25.000 million ( June 30, 2018 : Rs. 25.000 million ) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

Commitments

Commitments for non capital expenditures amounted to Rs.22.121 million ( June 30, 2018 : Rs.21.422 million ).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company purchased from associated undertaking material of aggregate sum of Rs.5.614 million (June 30, 2018:Rs.2.707 million) during the period. The maximum aggregate amount due to associated undertaking at the end of any month during the period was Rs. 0.114 million ( June 30, 2018 : Rs. Nil ).

8. FINANCIAL RISK MANAGEMENT


The company's 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, 2018.

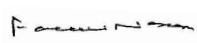
9. DATE OF AUTHORIZATION

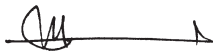
This condensed interim financial information has been approved by the Board of Directors of the company and authorized for issue on February 26, 2019.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

  
(Mian Aamir Naseem)  
Chief Executive

  
(Mian Farrukh Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer

