



QUARTERLY REPORT
MARCH 31,
2022
(UN-AUDITED)



Shadab Textile Mills Limited



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. Tel: 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.	



Shadab Textile Mills Limited

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present un-audited financial statements of the Company for the nine months period ended and 3rd quarter ended March 31, 2022.

During the period under review, the Company earned profit after tax of Rs.179.714 million as compared to profit after tax of Rs.90.680 million of the corresponding period of previous year. Total sales were made amounting to Rs.3823.745 million including unit 2 sales as compared to corresponding period of previous year sales of Rs.2200.676 million showing increase of Rs.1623.069 million i.e 73.75% against previous year period. The gross margin has increased to 10.04% as compared to 9.75% of preceding period. Earning per share is Rs.10.83 as compared to Rs.5.46 per share.

During the period under review, the company has achieved better financial results as compared to previous period primarily because of increased quantity and better sale prices due to the boost in global economic activity post-pandemic, resulting in an increase in demand in the value-added sector of textile industry. During the period the prices of raw material remained on higher side and other input costs increased due to devaluation in Pak Rupees. In spite of these above factors the Company results remained favourable.

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 bank financing and own resources. Management of the company is further striving their best to reduce their production cost by injecting and expanding their new project of MVS to meet the production plans to make the company more profitable and competitive. New markets are being targeted along with putting emphasis on existing markets as well. The management is continuously working toward improvement in efficiencies and productivity as well as enhanced cost controls.

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: April 27, 2022



ڈائریکٹر رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی نوامیٰ تختہ 31 مارچ 2022 کو آپ کی خدمت میں پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران، کمپنی نے ٹیکس ادا کرنے کے بعد 179.714 ملین روپے کا منافع حاصل کیا ہے جو کہ گزشتہ برس اسی مدت کے لیے 90.680 ملین روپے تھا۔ کل فروخت 3823.745 ملین روپے کی گئی جس میں یونٹ نمبر 2 کی فروخت بھی شامل ہے جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 2200.676 ملین روپے کی فروخت ہے جو کہ گزشتہ برس کی اسی مدت کے مقابلے میں 73.75 فیصد زیادہ 1623.069 ملین روپے کا اضافہ دکھاتی ہے۔ مجموعی مارجن گزشتہ مدت کے 9.75 فیصد کے مقابلے میں بڑھ کر 10.04 فیصد ہو گیا ہے۔ فی شیئر آمدنی گزشتہ مدت 5.46 روپے کے مقابل 10.83 روپے فی شیئر ہے۔

زیر جائزہ مدت کے دوران، کمپنی نے وبا کے بعد عالمی اقتصادی عوامل میں اضافے کے باعث بہتر فروخت اور تعداد میں اضافے کی وجہ گزشتہ مدت کے مقابلے بہتر نتائج حاصل کئے، زیر جائزہ مدت کے دوران خام مال کی قیمتیں زیادہ ہیں پاکستانی روپیہ کی قدر میں کمی ہوئی اور دیگر اخراجات بڑھے، مذکورہ بالا عناصر کے باوجود کمپنی کے نتائج منافع بخش رہے۔

انتظامیہ موجودہ سہولیات کا پی ایم آر بنانے اور بینک فنانسنگ اور اپنے وسائل کے ذریعے ٹیکنالوجی سے متعلق فوائد میں علاقائی حریفوں سے نمٹنے کے لیے سرمایہ کاری کی نئی پہل کرنے کی مسلسل کوشش کر رہی ہے کمپنی کی انتظامیہ کمپنی کو زیادہ منافع بخش اور مسابقتی بنانے کے پیداواری منصوبوں کو پورا کرنے کے لیے ایم وی ایس کے اپنے نئے منصوبے میں اضافہ کر کے اور توسیع دے کر اپنی پیداواری لاگت کو کم کرنے کی پوری کوشش کر رہی ہے۔ موجودہ مارکیٹوں پر بھی دھیان دینے کے ساتھ ساتھ نئی مارکیٹوں کو منتخب کیا جا رہا ہے۔ انتظامیہ کارکردگی اور پیداواری صلاحیت میں بہتری کے ساتھ ساتھ لاگت پر قابو پانے میں اضافے کی طرف مسلسل کام کر رہی ہے۔

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

منجانب بورڈ

میاں فرخ نسیم

(چیئرمین / ڈائریکٹر)

Aamir Akram

میاں عامر نسیم

(چیف ایگزیکٹو)

لاہور 27 اپریل 2022




Shadab Textile Mills Limited


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022 (UN-AUTIDED)

	NOTE	(RUPEES IN THOUSAND)	
		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,445,346	1,502,395
Right of use assets	6	43,690	7,551
Long term deposits		2,434	2,434
		<u>1,491,470</u>	<u>1,512,380</u>
CURRENT ASSETS			
Stores, spares and loose tools		77,551	71,612
Stock in trade		720,806	405,225
Trade debts		262,650	226,487
Loans and advances		47,726	37,350
Trade deposits and prepayments		76,053	33,932
Other receivables		55,929	132,889
Cash and bank balances		59,847	23,022
		<u>1,300,562</u>	<u>930,517</u>
TOTAL ASSETS		<u>2,792,032</u>	<u>2,442,897</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised share capital 40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs. 10/- each		400,000	400,000
Issued, subscribed & paid-up capital		166,000	166,000
Capital reserves		204,000	204,000
Revenue reserves		810,059	646,945
Equity contributions from sponsors		375,600	385,600
TOTAL EQUITY		<u>1,555,659</u>	<u>1,402,545</u>
NON - CURRENT LIABILITIES			
Long term loans		290,936	328,677
Gas Infrastructure Development Cess (GIDC)		-	1,074
Lease liabilities		21,979	-
Deferred liabilities		103,679	107,177
		<u>416,594</u>	<u>436,928</u>
CURRENT LIABILITIES			
Trade and other payables		263,427	251,713
Unclaimed dividend		765	705
Accrued mark up		8,546	5,562
Short term borrowings		406,382	218,247
Current portion of long term liabilities		92,609	77,347
Provision for taxation		48,050	49,850
		<u>819,779</u>	<u>603,424</u>
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>2,792,032</u>	<u>2,442,897</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 NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2022 (UN-AUDITED)

(RUPEES IN THOUSAND)

	Nine months period ended		For the quarter ended	
	Jul.-Mar. 2022	Jul.-Mar. 2021	Jan.-Mar. 2022	Jan.-Mar. 2021
Sales-net	3,823,745	2,200,676	1,336,024	741,523
Cost of sales	<u>3,439,666</u>	<u>1,985,995</u>	<u>1,229,485</u>	<u>665,818</u>
GROSS PROFIT	384,079	214,681	106,539	75,705
Distribution and selling expenses	7,259	4,786	2,148	1,530
Administrative expenses	84,968	65,416	30,354	22,885
Other expenses	17,192	9,217	4,076	2,822
	<u>109,419</u>	<u>79,419</u>	<u>36,578</u>	<u>27,237</u>
	274,660	135,262	69,961	48,468
Other income	6,465	8,280	4,514	416
PROFIT FROM OPERATIONS	<u>281,125</u>	<u>143,542</u>	<u>74,475</u>	<u>48,884</u>
Finance cost	49,160	19,171	19,490	10,801
PROFIT BEFORE TAXATION	<u>231,965</u>	<u>124,371</u>	<u>54,985</u>	<u>38,083</u>
TAXATION	52,251	33,691	17,953	8,408
PROFIT AFTER TAXATION	<u>179,714</u>	<u>90,680</u>	<u>37,032</u>	<u>29,675</u>
Basic and diluted earning per share	<u>10.83</u>	<u>5.46</u>	<u>2.23</u>	<u>1.79</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



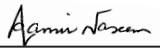
Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2022 (UN-AUDITED)

(RUPEES IN THOUSAND)

	Nine months period ended		For the quarter ended	
	Jul.-Mar. 2022	Jul.-Mar. 2021	Jan.-Mar. 2022	Jan.-Mar. 2021
PROFIT AFTER TAXATION	179,714	90,680	37,032	29,675
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>179,714</u>	<u>90,680</u>	<u>37,032</u>	<u>29,675</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



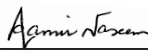
Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UN-AUDITED)


(RUPEES IN THOUSAND)

	Share Capital	Revenue Reserves		Capital Reserves	Equity Contribution from sponsors	Total Equity
	Issued, Subscribed & Paid up Ordinary shares	General Reserve	Un-appropriated profit	Share Premium		
Balance as at July 01, 2020 (Audited)	166,000	260,000	224,604	204,000	-	854,604
Total comprehensive income Profit after taxation for the period ended March 31, 2021	-	-	90,680	-	-	90,680
Transaction with owners Final Dividend for the year ended June 30, 2020 @Rs. 0.50 per share	-	-	(8,300)	-	-	(8,300)
Balance as at March 31, 2021 (Un-audited)	166,000	260,000	306,984	204,000	-	936,984
Total comprehensive income Profit after taxation for the period ended June 30, 2021	-	-	79,961	-	-	79,961
Transfer to equity contribution from sponsors	-	-	-	-	385,600	385,600
Balance as at June 30, 2021 (Audited)	166,000	260,000	386,945	204,000	385,600	1,402,545
Total comprehensive income Profit after taxation for the period ended March 31, 2022	-	-	179,714	-	-	179,714
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 March 31, 2022 (Un-audited)	166,000	260,000	550,059	204,000	375,600	1,555,659

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 CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UN-AUDITED)


	(RUPEES IN THOUSAND)	
	March 31, 2022	March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	231,965	124,371
Adjustments for:		
Depreciation	114,820	35,156
Finance cost	49,160	19,171
Workers' profit participation fund	12,458	6,679
Workers' welfare fund	4,734	2,538
Gain on sale of fixed assets	(5,297)	(64)
Profit on deposits with bank	(960)	(7,752)
Operating profit before working capital changes	406,880	180,099
Adjustments for working capital changes: (Increase) / decrease in current assets		
Short term investment	-	236,000
Stores, spares and loose tools	(5,939)	(5,287)
Stock-in-trade	(315,581)	(205,290)
Trade debts	(36,163)	4,450
Loans and advances	(10,376)	(38,529)
Trade deposits and prepayments	(42,121)	(357,735)
Other receivables	62,046	(77,308)
	(348,134)	(443,699)
Increase in current liabilities		
Trade and other payables	7,384	45,433
Cash generated/(used in) operations	66,130	(218,167)
Finance cost paid	(46,177)	(12,515)
Income tax paid	(34,935)	(32,101)
Workers' profit participation fund paid	(12,862)	(3,416)
Profit on deposits with bank	960	7,752
	(93,014)	(40,280)
Net cash (used in) operating activities	(26,884)	(258,447)



Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	March 31, 2022	March 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment	(47,321)	(733,044)
Proceeds from disposal of property, plant and equipment	7,095	1,000
Net cash (used in) investing activities	(40,226)	(732,044)
CASH FLOWS FROM FINANCING ACTIVITIES		
Sponsor loan received	-	225,000
Sponsor loan paid	(10,000)	-
Proceeds from long term loans	-	280,879
Long term loan paid	(39,550)	-
Payment of lease liability - net	(18,110)	(7,408)
Proceeds from short term borrowings (net)	188,135	330,939
Dividend paid	(16,540)	(8,267)
Net cash generated from financing activities	103,935	821,143
NET CASH GENERATED FROM / (USED IN) DURING THE PERIOD	36,825	(169,348)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	23,022	251,798
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	59,847	82,450

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 NINE MONTHS PERIOD ENDED MARCH 31, 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 financial information of the company for the nine months period ended March 31, 2022 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.

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 March 31, 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, 2021.

3. SIGNIFICANT 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, 2021, except for changes resulting from initial application of standards, amendments or interpretations to existing standards.

3.1 FINANCIAL RISK MANAGEMENT, FINANCIAL INSTRUMENT AND ACCOUNTING ESTIMATES AND JUDGEMENT

3.1.1 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2021.



Shadab Textile Mills Limited

3.1.2 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair value.

3.1.3 Accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that effect the application of the accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2021.

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, 2021.

		(RUPEES IN THOUSAND)	
	Note	March 31, 2022	June 30, 2021
5. <u>PROPERTY, PLANT AND EQUIPMENT</u>			
Operating fixed assets	5.1	1,428,530	1,436,036
Capital work-in-progress	5.2	16,816	66,359
		<u>1,445,346</u>	<u>1,502,395</u>
5.1 Operating fixed assets			
Opening net book value		1,436,036	338,499
Additions during the period / year			
Land freehold		-	3,641
Buildings		60,765	34,275
Plant and machinery		28,774	1,074,737
Electric installations		375	37,062
Factory equipments		2,298	12,767
Furniture & fixtures		-	676
Vehicles		4,652	1,127
		96,864	1,164,285
Disposals during the period / year			
Plant and machinery		341	4,064
Vehicles		1,457	11,396
		1,798	15,460
Transfers from right of use assets		7,045	14,176
Depreciation charged thereon		109,617	65,464
Closing net book value		<u>1,428,530</u>	<u>1,436,036</u>



Shadab Textile Mills Limited

		(RUPEES IN THOUSAND)	
		March 31, 2022	June 30, 2021
5.2.	Capital work in progress		
	Building	16,816	66,359
		<u>16,816</u>	<u>66,359</u>
6.	<u>RIGHT OF USE ASSETS</u>		
	Opening balance	7,551	14,993
	Additions	48,387	9,783
	Transferred to owned assets	(16,087)	(21,256)
	Depreciation transferred	9,042	7,080
	Depreciation charge	(5,203)	(3,049)
	Net book value	<u>43,690</u>	<u>7,551</u>
7.	<u>CONTINGENCIES AND COMMITMENTS</u>		
	Contingencies		
	Counter guarantees of Rs.36.545 million (June 30, 2021 : Rs. 48.028 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 gas, electricity connections and TUF rebate.		
	Commitments		
	Capital expenditures commitments are amounting to Rs.99.367 million (June 30, 2021 Rs. 54.730 million) and non capital expenditures commitments are amounting to Rs.277.786 million (June 30, 2021: Rs.203.671 million).		
8.	<u>TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING</u>		
	The purchases/sales from associated undertaking was Rs.Nil (June 30, 2021 : Rs.Nil) during the period. The maximum aggregate amount due to associated undertaking at the end of any month during the period was Rs.Nil (June 30, 2021 : Rs.Nil).		
9.	<u>EARNINGS PER SHARE - BASIC AND DILUTED</u>		
	There is no dilutive effect on the basic earnings per share of the company.		
		Jul. - Mar. 2022	Jul. - Mar. 2021
	Profit after taxation	179,714	90,680
	Weighted average number of ordinary shares outstanding during the year (No. in '000)	<u>16,600</u>	<u>16,600</u>
	Basic earnings per share (Rupees)	<u>10.83</u>	<u>5.46</u>



Shadab Textile Mills Limited

10. OPERATING SEGMENTS

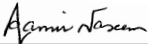
Chief Executive considers the business as a single operating segment as the Company's asset allocation decisions are based on a single side, integrated business strategy, and the Company's performances is evaluated on an overall basis. At the period end, all non-current assets of the Company are located within Pakistan.

11. DATE OF AUTHORIZATION

These condensed interim financial statements has been approved by the Board of Directors of the company and authorized for issue on April 27, 2022.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director


(Muhammad Aslam)
Chief Financial Officer