



Quarterly Report
March 31, 2013
(Un-audited)



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. Saad Naseem Mr. Ahmed Ali Tariq Mst. Nusrat Shamim Mrs. Fatima Aamir	Chief Executive Officer Chairman
AUDIT COMMITTEE	Mr. Saad Naseem Mian Farrukh Naseem Mr. Ahmed Ali Tariq	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Aamir Naseem Mr. Ahmed Ali Tariq	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 Alfalah 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 condensed interim financial information of the Company for the period and 3rd quarter ended March 31, 2013.

During the period under review, the Company earned profit after tax of Rs.77.670 million and in current quarter of Rs. 28.805 million as compared to after tax profit of Rs.1.448 million of the corresponding period and Rs.0.607 million of the corresponding quarter respectively. Sales were made amounting to Rs.455.143 million representing an increase of 11.95% of the corresponding quarter. Increase in sales is mainly due to increase in prices of yarn. The gross margin has substantially increased to 15.12% as compared to 5.01% of corresponding quarter. The Company's net profit margin has also increased to 6.33% as compared to 0.15% of corresponding quarter. Earning per share is Rs. 9.60 as compared to Rs.0.20 per share.

During the quarter under review, the company has achieved better financial results mainly due to good quality of cotton crop, steady market rates of raw materials and increased domestic as well as international yarn market.

However, unscheduled electricity load shedding and sui gas cessation is still prevailing over the economy and adversely affecting the industrial sector in shape of low production, resultantly increasing fixed & variable cost per unit.

The management is continuously making efforts for BMR the existing facilities from own sources to cope with latest improvements in the technology. Further, letters of credits for the amount of Rs. 53.694 million have been established for import of 02 Nos. automatic winder of Italy and uster high volume instruments of Switzerland. The shipment has made in the month of April 2013 and expected to be arrived at mills in the first week of May 2013. With these additions the quality and production of yarn will improve.

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: April 26, 2013



Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2013

	NOTE	(RUPEES IN THOUSAND)	
		March 31, 2013 (Un-Audited)	June 30, 2012 (Audited)
ASSETS			
<u>NON CURRENT ASSETS</u>			
Property, plant and equipment	5	287,961	271,336
LONG TERM DEPOSITS		2,382	2,382
		290,343	273,718
<u>CURRENT ASSETS</u>			
Stores and spares		22,676	28,984
Stock in trade		371,229	129,561
Trade debts		75,995	60,116
Loans and advances		6,146	5,217
Trade deposits, prepayments & other receivables		25,691	24,545
Cash and bank balances	6	58,761	6,652
		560,498	255,075
TOTAL ASSETS		850,841	528,793
<u>EQUITY AND LIABILITIES</u>			
<u>SHARE CAPITAL & RESERVES</u>			
Authorised Capital			
6,000,000 ordinary shares of Rs. 10/- each		60,000	60,000
Issued, subscribed & paid-up capital		30,000	30,000
General reserve		60,000	60,000
Un-appropriated profit		184,908	110,238
TOTAL EQUITY		274,908	200,238
<u>NON - CURRENT LIABILITIES</u>			
Long term loans - secured		26,230	46,973
Deferred liabilities		39,890	42,492
		66,120	89,465
<u>CURRENT LIABILITIES</u>			
Trade and other payables		127,046	84,915
Accrued mark up on secured loans		9,180	8,153
Short term borrowings - secured		331,780	109,393
Current portion of long term loans		23,487	23,487
Provision for taxation		18,320	13,142
		509,813	239,090
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		850,841	528,793

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

Amin Naseem

(Mian Aamir Naseem)
Chief Executive Officer

Farrukh Naseem

(Mian Farrukh Naseem)
Director




Shadab Textile Mills Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER PERIOD ENDED MARCH 31, 2013

(RUPEES IN THOUSAND)

	For The Period Ended		For The Quarter Ended	
	Jul.-Mar. 2013	Jul.-Mar. 2012	Jan.-Mar. 2013	Jan.-Mar. 2012
Sales- net	1,320,818	1,175,089	455,143	406,565
Cost of sales	<u>1,155,524</u>	<u>1,124,796</u>	<u>386,304</u>	<u>386,183</u>
GROSS PROFIT	165,294	50,293	68,839	20,382
OPERATING EXPENSES				
Administrative and general	26,249	19,591	9,472	6,370
Selling and distribution	<u>401</u>	<u>327</u>	<u>183</u>	<u>155</u>
	26,650	19,918	9,655	6,525
OPERATING PROFIT	138,644	30,375	59,184	13,857
Financial charges	23,380	30,195	10,249	12,777
Other charges	<u>19,960</u>	<u>92</u>	<u>15,300</u>	<u>74</u>
	95,304	88	33,635	1,006
Other income	<u>1,216</u>	<u>1,154</u>	-	-
PROFIT BEFORE TAXATION	96,520	1,242	33,635	1,006
TAXATION:				
-Current	18,320	11,808	7,099	4,085
-Prior	<u>3,132</u>	<u>(687)</u>	-	-
-Deferred	<u>(2,602)</u>	<u>(11,327)</u>	<u>(2,269)</u>	<u>(3,686)</u>
	18,850	(206)	4,830	399
PROFIT AFTER TAXATION	<u>77,670</u>	<u>1,448</u>	<u>28,805</u>	<u>607</u>
BASIC EARNING PER SHARE				
- Rupees	<u>25.89</u>	<u>0.48</u>	<u>9.60</u>	<u>0.20</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 (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER PERIOD ENDED MARCH 31, 2013

	(RUPEES IN THOUSAND)			
	For The Period Ended		For The Quarter Ended	
	Jul.-Mar. 2013	Jul.-Mar. 2012	Jan.-Mar. 2013	Jan.-Mar. 2012
PROFIT AFTER TAXATION	77,670	1,448	28,805	607
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>77,670</u>	<u>1,448</u>	<u>28,805</u>	<u>607</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 (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013

	(RUPEES IN THOUSAND)	
	March 31, 2013	March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	96,520	1,242
Adjustments for:		
Depreciation	22,277	20,516
Profit on sale of fixed assets	(1,216)	(1,154)
Financial charges	23,380	30,195
Workers' profit participation fund	5,183	67
Workers' welfare fund	1,970	25
Amortization of financial liability	-	1,647
Operating profit before working capital changes	148,114	52,538
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores and spares	6,308	834
Stock in trade	(241,668)	(119,574)
Trade debts	(15,879)	(27,753)
Loans and advances	(929)	1,060
Trade deposits, prepayments and other receivables	(11,613)	(604)
	(263,781)	(146,037)
Increase / (decrease) in current liabilities		
Trade and other payables	34,953	22,702
	34,953	22,702
Cash (utilized in) operations	(80,714)	(70,797)
Financial charges paid	(22,354)	(26,979)
Income tax paid	(5,807)	(5,518)
	(28,161)	(32,497)
Net cash (utilized in) operating activities	(108,875)	(103,294)



Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	March 31, 2013	March 31, 2012
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed capital expenditures	(39,151)	(31,837)
Sale proceeds of fixed assets	1,465	1,605
Net cash (out flow) from investing activities	(37,686)	(30,232)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term loans - repayment	(20,743)	(18,267)
Short term borrowings (net)	222,387	151,750
Dividend paid	(2,974)	(1,392)
Net cash inflow from financing activities	198,670	132,091
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	52,109	(1,435)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,652	6,652
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	58,761	5,217

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 (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013

	(RUPEES IN THOUSAND)			
	Share Capital	Revenue Reserve		
	Issued, subscribed & Paid up capital	General Reserve	Un-appropriated profit	TOTAL
BALANCE AS AT JUNE 30, 2011	30,000	60,000	92,394	182,394
Total comprehensive income				
Profit after taxation for the period ended March 31, 2012	-	-	1,448	1,448
Other comprehensive income	-	-	-	-
	-	-	1,448	1,448
Owner changes in equity				
Final Dividend for the year ended June 30, 2011 @Rs. 1.00 per share	-	-	(3,000)	(3,000)
BALANCE AS AT MARCH 31, 2012	30,000	60,000	90,842	180,842
Total comprehensive income				
Profit after taxation for the period ended June 30, 2012	-	-	19,396	19,396
Other comprehensive income	-	-	-	-
	-	-	19,396	19,396
BALANCE AS AT JUNE 30, 2012	30,000	60,000	110,238	200,238
Total comprehensive income				
Profit after taxation for the period ended March 31, 2013	-	-	77,670	77,670
Other comprehensive income	-	-	-	-
	-	-	77,670	77,670
Owner changes in equity				
Final Dividend for the year ended June 30, 2012 @Rs. 1.00 per share	-	-	(3,000)	(3,000)
BALANCE AS AT MARCH 31, 2013	30,000	60,000	184,908	274,908

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

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013

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 6th Floor, 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 nine months period ended March 31, 2013 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 has, however, been subjected to limited scope, as required by the Code of Corporate Governance 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 March 31, 2013 and 2012 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 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, 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)	
	March 31, 2013	June 30, 2012
Opening net book value	271,336	258,062
<u>Additions during the period/ year</u>		
Building on freehold land	21,000	6,896
Plant and machinery	11,815	31,324
Vehicles	6,336	3,569
Office equipments	-	29
	39,151	41,818
<u>Disposals during the period/ year</u>		
Plant and machinery	-	283
Vehicles	249	169
	249	452
Depreciation charged thereon	22,277	28,092
Closing net book value	287,961	271,336

6. CASH AND BANK BALANCES

It includes an amount of Rs. 55.200 million deposited for the payment against documents of letters of credit established for import of machinery and the bank has lien on these deposits.

7. 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 expenditures amounted to Rs.53.694 million (June 30, 2012 : Rs.1.505 million) and for non capital expenditures amounted to Rs.9.975 million (June 30, 2012:Rs.8.996 million).

8. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking material of aggregate sum of Rs. 0.128 million (June 30, 2012 : Rs. Nil) and purchased from associated undertaking office building of aggregate sum of Rs.21.000 million (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).

9. 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, 2012.

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 April 26 , 2013.

11. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Aamir Naseem

(Mian Aamir Naseem)
Chief Executive Officer

Farrukh Naseem

(Mian Farrukh Naseem)
Director