



# Quarterly Report

March 31, 2014 (Un-audited)

 Shadab Textile Mills Limited



**CONTENTS**

Company Information	3
Directors' Report	4
Condensed Interim Balance Sheet	5
Condensed Interim Profit & Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Cash Flow Statement	8-9
Condensed Interim Statement of Changes in Equity	10
Selected Notes to the Condensed Interim Financial Information	11-12



## 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 Mr. Yasir Naseem Mrs. Fatima Aamir	Chief Executive 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 Al-falah Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore. Ph: 042-35788714-16	
WEBSITE ADDRESS	<a href="http://www.shadabtextile.com">www.shadabtextile.com</a>	
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, 2014.

During the period under review, the Company earned pretax profit of Rs.66.271 million as compared to pretax profit of Rs.96.520 million of the corresponding period of previous year. Third quarter of the year showed pretax profit of Rs.3.433 million as compared to profit of corresponding quarter of previous year Rs.33.635 million. The sales made in this quarter are amounting to Rs.540.055 million as compared to sales of corresponding quarter of previous year Rs.452.897 million. Nine months sales are increased to Rs.1,518.670 million as compared to sales of corresponding period Rs.1,318.572 million. Earning per share is Rs.13.45 per share as compared to Rs.25.89 per share.

The profitability of the company in the third quarter affected mainly due to increase in raw cotton prices, high energy cost and depression in international market. The demand of yarn from China has substantially decreased which has badly affected the prices of yarn and fabrics in the local market. The gas was provided for a short period and the mills was operated on electricity which is expensive as compared to captive power resulting Company suffered production loss and increase in cost of production.

The Company is regularly investing in expansion, balancing, modernization and replacement (BMR) of its machinery and other fixed assets. During the period, the Company has invested Rs.90.000 million in BMR and other assets from its own resources.

The expectations about remaining period of the current financial period are not positive as rise in demand for yarn is not visible due to recession in international market and phenomenal increase in cost of production. The textile sector has already faced with a number of issues including availability of subsidized and cheap Indian cotton yarn. The last quarter of this fiscal year looks very challenging unless there is a considerable demand of yarn and improvement in price line.

The Directors placed on record their appreciation for 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)

Lahore: April 25, 2014




## Shadab Textile Mills Limited

### CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2014

	NOTE	(RUPEES IN THOUSAND)	
		March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	397,587	338,069
LONG TERM DEPOSITS		<u>2,382</u>	<u>2,382</u>
		399,969	340,451
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		40,986	30,633
Stock in trade		263,089	211,838
Trade debts		62,462	91,522
Loans and advances		14,746	2,451
Trade deposits, prepayments		21,304	22,617
Other receivables		6,085	7,829
Cash and bank balances		4,930	5,511
		<u>413,602</u>	<u>372,401</u>
<b>TOTAL ASSETS</b>		<u><b>813,571</b></u>	<u><b>712,852</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital 6,000,000 ordinary shares of Rs. 10/- each		<u>60,000</u>	<u>60,000</u>
Issued, subscribed & paid-up capital		<u>30,000</u>	<u>30,000</u>
Revenue reserves		<u>315,269</u>	<u>279,420</u>
<b>TOTAL EQUITY</b>		<u>345,269</u>	<u>309,420</u>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		-	23,486
Deferred liabilities		<u>66,436</u>	<u>48,857</u>
		66,436	72,343
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>139,983</u>	<u>135,803</u>
Accrued mark up		<u>7,824</u>	<u>7,141</u>
Short term borrowings		<u>222,228</u>	<u>149,569</u>
Current portion of long term loans		<u>23,487</u>	<u>23,487</u>
Provision for taxation		<u>8,344</u>	<u>15,089</u>
		401,866	331,089
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>813,571</b></u>	<u><b>712,852</b></u>

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

  
(Mian Aamir Naseem)  
Chief Executive

  
(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, 2014

(RUPEES IN THOUSAND)

	Nine months ended		Quarter ended	
	Jul.-Mar. 2014	Jul.-Mar. 2013	Jan.-Mar. 2014	Jan.-Mar. 2013
Sales- net	1,518,670	1,318,572	540,055	452,897
Cost of sales	<u>1,400,906</u>	<u>1,166,085</u>	<u>517,601</u>	<u>396,865</u>
GROSS PROFIT	117,764	152,487	22,454	56,032
OPERATING EXPENSES				
Administrative and general	28,548	26,249	9,497	9,472
Selling and distribution	285	401	72	183
	<u>28,833</u>	<u>26,650</u>	<u>9,569</u>	<u>9,655</u>
OPERATING PROFIT	88,931	125,837	12,885	46,377
Finance cost	20,261	23,380	9,198	10,249
Other charges	4,911	7,153	254	2,493
	<u>63,759</u>	<u>95,304</u>	<u>3,433</u>	<u>33,635</u>
Other income	2,512	1,216	-	-
PROFIT BEFORE TAXATION	66,271	96,520	3,433	33,635
TAXATION:				
-Current	8,344	18,320	(1,750)	7,099
-Prior	(1)	3,132	-	-
-Deferred	17,579	(2,602)	458	(2,269)
	<u>25,922</u>	<u>18,850</u>	<u>(1,292)</u>	<u>4,830</u>
PROFIT AFTER TAXATION	<u>40,349</u>	<u>77,670</u>	<u>4,725</u>	<u>28,805</u>
Basic and diluted earning per share - (Rupees)	<u>13.45</u>	<u>25.89</u>	<u>1.58</u>	<u>9.60</u>

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

  
(Mian Aamir Naseem)  
Chief Executive

  
(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, 2014

(RUPEES IN THOUSAND)

	Nine months ended		Quarter ended	
	Jul.-Mar. 2014	Jul.-Mar. 2013	Jan.-Mar. 2014	Jan.-Mar. 2013
PROFIT AFTER TAXATION	40,349	77,670	4,725	28,805
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>40,349</u>	<u>77,670</u>	<u>4,725</u>	<u>28,805</u>

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

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director



## Shadab Textile Mills Limited

### CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	(RUPEES IN THOUSAND)	
	March 31, 2014	March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	66,271	96,520
Adjustments for:		
Depreciation	28,336	22,277
Finance cost	20,261	23,380
Workers' profit participation fund	3,559	5,183
Workers' welfare fund	1,352	1,970
Profit on sale of fixed assets	(2,512)	(1,216)
Operating profit before working capital changes	117,267	148,114
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(10,353)	6,308
Stock in trade	(51,251)	(241,668)
Trade debts	29,060	(15,879)
Loans and advances	(12,295)	(929)
Trade deposits and prepayments	912	(7,043)
Other receivables	1,744	(4,570)
	(42,183)	(263,781)
Increase / (decrease) in current liabilities		
Trade and other payables	6,574	36,368
Cash generated / (utilized) from operations	81,658	(79,299)
Finance cost paid	(19,578)	(22,354)
Income tax paid	(14,685)	(5,807)
Workers' profit participation fund paid	(7,345)	(1,415)
	(41,608)	(29,576)
Net cash generated / (utilized) from operating activities	40,050	(108,875)





## Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	March 31, 2014	March 31, 2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for fixed capital expenditure	(73,114)	(39,151)
Capital work in progress	(16,428)	-
Proceeds from disposal of operating fixed assets	4,200	1,465
Net cash (used in) investing activities	(85,342)	(37,686)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment against long term loans	(23,487)	(20,743)
Proceeds from short term borrowings (net)	72,659	222,387
Dividend paid	(4,461)	(2,974)
Net cash generated from financing activities	44,711	198,670
<b>NET CASH (UTILIZED) / GENERATED DURING THE PERIOD</b>	<b>(581)</b>	<b>52,109</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>5,511</b>	<b>6,652</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>4,930</u></b>	<b><u>58,761</u></b>

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

(Mian Aamir Naseem)  
Chief Executive

(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, 2014

(RUPEES IN THOUSAND)

	Share Capital Issued, subscribed & Paid up Ordinary share	Revenue Reserves		
		General Reserve	Un-appropriated profit	TOTAL
Balance as at July 01, 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
Transaction with owners				
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
Total comprehensive income				
Profit after taxation for the period ended June 30, 2013	-	-	34,512	34,512
Balance as at June 30, 2013	30,000	60,000	219,420	309,420
Total comprehensive income				
Profit after taxation for the period ended March 31, 2014	-	-	40,349	40,349
Transaction with owners				
Final Dividend for the year ended June 30, 2013 @Rs. 1.50 per share	-	-	(4,500)	(4,500)
Transfer to general reserve	-	200,000	(200,000)	-
Balance as at March 31, 2014	30,000	260,000	55,269	345,269

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

(Mian Aamir Naseem)  
Chief Executive

(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, 2014

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, 2014 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, 2014 and 2013 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, 2013.

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, 2013, 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 year ended June 30, 2013.



## Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	March 31, 2014	June 30, 2013
5. <u>PROPERTY, PLANT AND EQUIPMENT</u>		
Operating fixed assets	379,577	336,487
Capital work-in-progress	18,010	1,582
	<u>397,587</u>	<u>338,069</u>
5.1 Operating fixed assets		
Opening net book value	336,487	271,336
Additions during the period/ year		
Buildings	-	22,260
Plant and machinery	73,114	67,798
Vehicles	-	6,426
	73,114	96,484
Disposals during the period/ year		
Plant and machinery	1,688	-
Vehicles	-	249
	1,688	249
Depreciation charged thereon	28,336	31,084
Closing net book value	<u>379,577</u>	<u>336,487</u>
6. <u>CONTINGENCIES AND COMMITMENTS</u>		
<u>Contingencies</u>		
Counter guarantees of Rs.14.487 million ( June 30, 2013 : Rs. 14.487 million ) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.		
<u>Commitments</u>		
Commitments for capital expenditures amounted to Rs.Nil (June 30, 2013 : Rs.19.314 million) and for non capital expenditures amounted to Rs.19.944 million (June 30, 2013:Rs.26.109 million).		
7. <u>TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING</u>		
The company sold to associated undertaking machinery/material of aggregate sum of Rs. 4.200 million (June 30, 2013 : Rs.0.128 million) and purchased from associated undertaking office building of aggregate sum of Rs.NIL ( June 30, 2013 : Rs.21.000 million ) during the period. The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs.4.200 million ( June 30, 2013 : Rs. NIL ).		
8. <u>FINANCIAL RISK MANAGEMENT</u>		
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, 2013.		
9. <u>DATE OF AUTHORIZATION</u>		
This condensed interim financial information has been approved by the Board of Directors of the company and authorized for issue on April 25, 2014.		
10. <u>GENERAL</u>		
Figures have been rounded off to the nearest thousand rupees. The Comparative figures have been rearranged wherever necessary for the purpose of comparison.		

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director