



CMAA Date: 21-04-2016 Standardized quarterly Report

**QUARTERLY REPORT**  
**MARCH 31, 2017**  
(un-audited)

 **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. 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 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	National Bank of Pakistan Bank Al-falah Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore Ph: No. 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, 2017.

During the period under review, the Company earned after tax profit of Rs.21.958 million as compared to after tax profit of Rs.19.714 million of the corresponding period of previous year. Sales were made amounting to Rs. 1,522.067 million as compared to previous nine months sales of Rs. 1,378.715 million showing increase of Rs. 143.352 million. Due to continuous supply of energy to the textile sector your Company saved its production losses and produced more yarn as compared to the corresponding period of previous nine months. Earning per share is Rs.7.32 as compared to Rs.6.57 per share.

The financial results of the 3rd quarter slightly improved over the 2nd quarter of the year mainly due to increase in yarn sale prices. At present, the textile industry is still in crisis. The prices of raw material are on higher side as compared to yarn sale prices resulting, many textile units are on the closure of their operation due to heavy losses.

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 own sources. The proposal for further BMR of existing facilities in shape of 01 Gas Generator set – 2000 EKW for the value of Rs. 65.000 million is under approval with the bank. With this addition the cost of power generation will be decreased.

Meanwhile, the Government has taken steps for the revival of textile industry by withdrawing import duty on cotton & viscose fibre. Further, proportionately Sui Northern Gas Pipe Lines Limited is giving rebate on total RLNG bill which is 35% of the sanctioned load at natural gas rate on the instruction of government. We are hopeful that if the government support to textile industry continuous, then the industry will take boost again.

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)

Lahore: April 27, 2017



## ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات اختصار کے گوشوارے برائے ختم ہونے والی مدت نومبر اور دسمبر 31 مارچ 2017 کو آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت کمپنی نے ٹیکس ادا کرنے سے بعد 21.958 ملین روپے کا منافع حاصل کیا ہے جو گزشتہ سال اسی مدت کے لیے 19.714 ملین روپے تھا۔ اس نومبر میں بیلز کی مجموعی رقم 1,522.067 ملین روپے ہے جو گزشتہ سال کی نومبر میں بیلز کی رقم 1,378.715 ملین روپے سے 143.352 ملین روپے زیادہ ہے۔ ٹیکسٹائل کی صنعت کو توانائی کی مسلسل فراہمی سے فائدہ اٹھاتے ہوئے آپ کی کمپنی نے پیداواری خسارہ میں چھٹ کے ساتھ گزشتہ سال کے مقابلے میں زیادہ یارن تیار کیا ہے۔ اس نومبر میں فی شیئر منافع 7.32 روپے ہو گیا ہے جو گزشتہ برس اس عرصہ میں 6.57 روپے فی شیئر تھا۔

اس سال کی دوسری سہ ماہی کی نسبت تیسری سہ ماہی میں مالی نتائج قدرے بہتر ہوئے ہیں۔ اسکی وجہ دھماگے کی قیمت میں اضافہ ہے۔ اس وقت تک ٹیکسٹائل کی صنعت بحران میں ہے۔ دھماگے کی قیمت فروخت کے مقابلے میں خام مال کی قیمتیں زیادہ ہیں۔ نتیجتاً ٹیکسٹائل پٹس بھاری خسارے کی وجہ سے قریب الاختتام ہیں۔

انتظامیہ موجودہ ہولیات کی بنیاد پر آ رہے ہیں اور علاقائی حربوں سے نمٹنے کیلئے اپنے وسائل کے ذریعے مفید ٹیکنالوجی میں نئی سرمایہ کاری کرنے کی مسلسل کوششیں کر رہی ہے۔ 01 عدد کیس جزیٹ سیٹ EKW-2000 کی شکل میں موجودہ ہولیات کی مزید BMR کی تجویز جس کی مالیت 65.000 ملین روپے کے لیے بینک کے ساتھ منظوری کے تحت ہے۔ اس اضافے کی وجہ سے بجلی کی پیداوار کی لاگت میں کمی واقع ہوگی۔

دریں اثناء ٹیکسٹائل صنعت کی بہتری کے لیے حکومتی اقدامات کیے گئے ہیں جن میں روٹی اور وکوز فابری کی درآمدگی پر ڈیوٹی اٹھالی گئی ہے۔ آگے حکومت کی ہدایات پر سوئی ناردرن گیس پائپ لائن لیم پیڈ نے RLNG کے کل بل پر منظور شدہ لوڈ میں سے 35 فیصد قدرتی گیس کے ریٹ کی صورت میں چھوٹ دی ہے۔ ہم پرامید ہیں کہ اگر حکومت نے ٹیکسٹائل کی صنعت کی حمایت کو جاری رکھا تو یہ صنعت اک بار پھر عروج پائے گی۔

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتخاف کوششوں کا شکریہ ادا ہے۔

منجانب بورڈ

Aqam Nadeem

میاں عامر نسیم

چیف ایگزیکٹو

لاہور: 27 اپریل 2017ء




## Shadab Textile Mills Limited

### CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2017

	NOTE	(RUPEES IN THOUSAND)	
		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	353,430	381,570
Assets subject to finance lease		8,583	-
Long term deposits		2,387	2,387
		<u>364,400</u>	<u>383,957</u>
<b>CURRENT ASSETS</b>			
Short term investment		134	-
Stores, spares and loose tools		38,807	41,220
Stock in trade		138,948	126,138
Trade debts		98,974	78,850
Loans and advances		2,001	4,414
Trade deposits, prepayments		50,119	55,563
Other receivables		9,296	261
Cash and bank balances		21,499	26,834
		<u>359,778</u>	<u>333,280</u>
<b>TOTAL ASSETS</b>		<u><b>724,178</b></u>	<u><b>717,237</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>372,163</u>	<u>363,327</u>
<b>TOTAL EQUITY</b>		<u>402,163</u>	<u>393,327</u>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		<u>8,500</u>	<u>17,000</u>
Liability against assets subject to finance lease		<u>5,357</u>	<u>-</u>
Deferred liabilities		<u>38,445</u>	<u>47,039</u>
		<u>52,302</u>	<u>64,039</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>173,890</u>	<u>160,707</u>
Accrued mark up		<u>1,207</u>	<u>1,261</u>
Short term borrowings		<u>67,282</u>	<u>69,869</u>
Current portion of long term loans		<u>13,265</u>	<u>11,333</u>
Provision for taxation		<u>14,069</u>	<u>16,701</u>
		<u>269,713</u>	<u>259,871</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>724,178</b></u>	<u><b>717,237</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, 2017

(RUPEES IN THOUSAND)

	Nine months ended		Quarter ended	
	Jul.-Mar. 2017	Jul.-Mar. 2016	Jan.-Mar. 2017	Jan.-Mar. 2016
Sales- net	1,522,067	1,378,715	518,007	467,544
Cost of sales	1,447,787	1,307,829	484,588	436,560
GROSS PROFIT	74,280	70,886	33,419	30,984
Distribution and selling expenses	3,019	1,183	1,044	859
Administrative expenses	34,499	29,497	11,717	9,427
Other expenses	2,033	2,116	1,235	1,223
	39,551	32,796	13,996	11,509
	34,729	38,090	19,423	19,475
Other income	608	1,281	180	425
PROFIT FROM OPERATIONS	35,337	39,371	19,603	19,900
Finance cost	7,905	10,821	2,953	3,403
PROFIT BEFORE TAXATION	27,432	28,550	16,650	16,497
TAXATION:				
- Current	14,069	13,787	5,105	4,675
- Prior	(1)	-	-	-
- Deferred	(8,594)	(4,951)	12	(1,098)
	5,474	8,836	5,117	3,577
PROFIT AFTER TAXATION	21,958	19,714	11,533	12,920
Basic and diluted earning per share - (Rupees)	7.32	6.57	3.84	4.31

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, 2017

(RUPEES IN THOUSAND)

	Nine months ended		Quarter ended	
	Jul.-Mar. 2017	Jul.-Mar. 2016	Jan.-Mar. 2017	Jan.-Mar. 2016
PROFIT AFTER TAXATION	21,958	19,714	11,533	12,920
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>21,958</u>	<u>19,714</u>	<u>11,533</u>	<u>12,920</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, 2017


	(RUPEES IN THOUSAND)	
	March 31, 2017	March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,432	28,550
Adjustments for:		
Depreciation	29,094	30,342
Finance cost	7,905	10,821
Workers' profit participation fund	1,473	1,533
Workers' welfare fund	560	583
Profit on sale of fixed assets	(290)	(16)
Operating profit before working capital changes	66,174	71,813
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Short term investment	(134)	-
Stores, spares and loose tools	2,413	1,554
Stock in trade	(12,810)	10,611
Trade debts	(20,124)	14,278
Loans and advances	2,413	(587)
Trade deposits and prepayments	2,055	(6,878)
Other receivables	(9,035)	1,712
	(35,222)	20,690
Increase / (decrease) in current liabilities		
Trade and other payables	13,299	(6,975)
Cash generated from operations	44,251	85,528
Finance cost paid	(7,959)	(10,479)
Income tax paid	(13,310)	(9,625)
Workers' profit participation fund paid	(2,286)	(1,517)
	(23,555)	(21,621)
Net cash generated from operating activities	20,696	63,907



## Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	March 31, 2017	March 31, 2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for fixed capital expenditure	(12,214)	(4,719)
Proceeds from disposal of operating fixed assets	11,550	23
Net cash (used) in investing activities	(664)	(4,696)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment against long term loans	(8,500)	(2,833)
Proceeds from short term borrowings (net)	(2,587)	(32,767)
Payment of lease liability	(1,295)	-
Dividend paid	(12,985)	(8,102)
Net cash (used) in financing activities	(25,367)	(43,702)
<b>NET CASH (UTILIZED) / GENERATED DURING THE PERIOD</b>	<u>(5,335)</u>	<u>15,509</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>26,834</u>	<u>18,239</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>21,499</u></u>	<u><u>33,748</u></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 CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

(RUPEES IN THOUSAND)

	Share Capital Issued, subscribed & Paid up Ordinary share	Revenue Reserves		
		General Reserve	Un-appropriated profit	Total Equity
Balance as at July 01, 2015	30,000	260,000	80,720	370,720
Total comprehensive income Profit after taxation for the period ended March 31, 2016	-	-	19,714	19,714
Transaction with owners Final Dividend for the year ended June 30, 2015 @Rs. 3.40 per share	-	-	(10,200)	(10,200)
Balance as at March 31, 2016	30,000	260,000	90,234	380,234
Total comprehensive income Profit after taxation for the period ended June 30, 2016	-	-	13,093	13,093
Balance as at June 30, 2016	30,000	260,000	103,327	393,327
Total comprehensive income Profit after taxation for the period ended March 31, 2017	-	-	21,958	21,958
Transaction with owners Final Dividend for the year ended June 30, 2016 @Rs. 4.37 per share	-	-	(13,122)	(13,122)
Balance as at March 31, 2017	30,000	260,000	112,163	402,163

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, 2017

1. THE COMPANY AND ITS OPERATIONS

Shadab Textile Mills Limited ("the company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange Limited (formerly on Karachi and Lahore Stock Exchanges Limited). The principal activity of the Company is 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, 2017 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, 2017 and 2016 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, 2016.

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, 2016, 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, 2016.



## Shadab Textile Mills Limited

		(RUPEES IN THOUSAND)	
		March 31, 2017	June 30, 2016
5.	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	353,258	381,570
	Capital work-in-progress	172	-
		<u>353,430</u>	<u>381,570</u>
	5.1 Operating fixed assets		
	Opening net book value	381,570	396,246
	Additions during the period/ year		
	Plant and machinery	11,518	19,153
	Vehicles	-	7,142
	Office equipment	524	-
		12,042	26,295
	Disposals during the period/ year		
	Plant and machinery	(11,260)	-
	Vehicles	-	(25)
		(11,260)	(25)
	Depreciation charged thereon	29,094	40,946
	Closing net book value	<u>353,258</u>	<u>381,570</u>

6. **CONTINGENCIES AND COMMITMENTS**

**Contingencies**

Counter guarantees of Rs.25.000 million (June 30, 2016 : Rs. 14.000 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.36.178 million (June 30, 2016 : Rs. 21.250 million ).

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

The Company sold to associated undertaking goods / material of aggregate sum of Rs. Nil (June 30, 2016: Rs.4.201 million) and purchased from associated undertaking material of aggregate sum of Rs. 5.550 million (June 30, 2016: Rs. 37.636 million) during the period, charged rent during the period of Rs. Nil (June 30, 2016: Rs. 1.260 million). The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs. 5.946 million (June 30, 2016: Rs. 5.946 million).

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, 2016.

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 April 27, 2017.

10. **GENERAL**

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director