



**QUARTERLY
REPORT
SEPTEMBER 30
2017**



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. 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 condensed interim financial statements of the Company for the 1st quarter ended September 30, 2017.

During the period under review, the Company earned profit after tax Rs.2.288 million as compared to profit after tax of Rs.3.588 million of the corresponding quarter of previous year. Sales were made amounting to Rs.541.880 million as compared to corresponding quarter of previous year sales of Rs.487.083 million showing increase of Rs.54.797 million against previous year quarter. Due to continuous supply of energy to the textile sector, your company saved its production losses and produced more yarn as compared to the previous period quarter. Earning per share is Rs.0.76 as compared to Rs.1.20 per share.

The profitability of the Company affected mainly due to unstable raw material prices, continuous declining trend in yarn prices in export and local market, rise in energy cost, declining in Pak Rupees, global recession in textile sector. The current period is very challenging for the textile industry. Many textile units are on the closure of their operation due to heavy losses.

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. The proposal for 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.

In future, Company's ability to produce better results depend on uninterrupted energy supply, continued demand of yarn both in local as well as international market, stability of yarn prices, rate reduction in energy cost, single digit inflation and controlled law & order situation in the country.

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
(Director)

Lahore: October 26, 2017



ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی سال پہلی سہ ماہی ختم شدہ 30 ستمبر 2017 آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت میں کمپنی نے ٹیکس ادا کرنے کے بعد 2,288 ملین روپے کا منافع حاصل کیا ہے۔ جو گذشتہ برس اسی مدت کے لئے 3,588 ملین روپے تھا۔ اس سہ ماہی میں سیلز کی مجموعی رقم 541,680 ملین روپے ہے جو گذشتہ برس کی سہ ماہی سیلز کی رقم 487,083 ملین روپے سے 54,797 ملین روپے کا اضافہ ظاہر کر رہی ہے۔ ٹیکسٹائل کی صنعت کو توانائی کی مسلسل فراہمی سے فائدہ اٹھاتے ہوئے آپ کی کمپنی نے پیداواری خسارہ میں چھت کے ساتھ گذشتہ برس کی سہ ماہی کے مقابلے میں زیادہ دھاگہ تیار کیا ہے۔ فی شیئر آمدنی گذشتہ سہ ماہی 1.20 روپے فی شیئر کے مقابلے میں 0.76 روپے فی شیئر ہے۔

کمپنی کا منافع بنیادی طور پر غیر مستحکم خام مال کی قیمتوں، برآمد اور مقامی مارکیٹ میں یارن کی مسلسل کمی کے رجحان، توانائی کی لاگت میں اضافہ، پاکستانی کرنی میں گراوٹ، ٹیکسٹائل سیکٹر میں عالمی مندی کی وجہ سے متاثر ہوا ہے۔ موجودہ مدت ٹیکسٹائل کی صنعت کے لئے بہت مشکل ہے۔ بھاری نقصانات کی وجہ سے بہت سے ٹیکسٹائل پینس ان کے آپریشن کی بندش پر ہیں۔

کمپنی میں اسٹریٹجک منصوبہ ہے کہ اس کی مصنوعات کی لائن، نئی خصوصیات کے علاوہ اور یارن کا مرکب اور دیگر سپنگ پینس کے ساتھ مقابلہ کرنے کے لئے پیداواری صلاحیت میں بہتری پیدا ہو۔ 01 عدد گیس جز بیٹریٹ EKW-2000 کی شکل میں موجودہ ہولیات کی مزید B MR کی تجویز جسکی ماہیت 65,000 ملین روپے کے لئے بینک کے ساتھ منظوری کے تحت ہے۔ اس اضافے کی وجہ سے بجلی کی پیداواری لاگت میں کمی واقع ہوگی۔

مستقبل میں بہتر نتائج پیدا کرنے کیلئے کمپنی کی صلاحیت کو بے حد توانائی کی فراہمی، مقامی اور ساتھ ہی بین الاقوامی مارکیٹ میں یارن کی قیمتوں میں استحکام، توانائی کے اخراجات میں کمی، واحد بیجینٹل افراط زر اور ملکی صورت حال میں توانیوں کے کنٹرول اور نظم و ضبط پر منحصر ہے۔

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتھک کوششوں کا شکر گزار ہے۔

منجانب بورڈ

Aamir Naseem

میاں عامر نسیم

(چیف ایگزیکٹو)

میاں فرخ نسیم

(ڈائریکٹر)

لاہور: 26 اکتوبر 2017ء




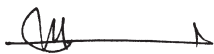
Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017

			(RUPEES IN THOUSAND)	
	NOTE	Sep. 30, 2017 <u>UN-AUDITED</u>	June 30, 2017 <u>AUDITED</u>	
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	5	340,593	349,784	
Assets subject to finance lease		10,296	8,124	
Long term deposits		2,387	2,387	
		<u>353,276</u>	<u>360,295</u>	
CURRENT ASSETS				
Stores, spares and loose tools		42,374	43,806	
Stock in trade		135,709	122,258	
Trade debts		83,125	98,355	
Loans and advances		7,117	5,140	
Trade deposits, prepayments		46,949	65,268	
Other receivables		15,011	12,317	
Cash and bank balances		16,487	13,224	
		<u>346,772</u>	<u>360,368</u>	
TOTAL ASSETS		<u>700,048</u>	<u>720,663</u>	
EQUITY AND LIABILITIES				
SHARE CAPITAL & RESERVES				
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		30,000	30,000	
Revenue reserves		371,434	369,146	
TOTAL EQUITY		<u>401,434</u>	<u>399,146</u>	
NON - CURRENT LIABILITIES				
Long term financing		2,833	5,667	
Liabilities against assets subject to finance lease		5,987	4,875	
Deferred liabilities		<u>32,923</u>	<u>32,923</u>	
		41,743	43,465	
CURRENT LIABILITIES				
Trade and other payables		180,470	166,378	
Accrued mark up		1,002	929	
Short term borrowings		35,509	78,210	
Current portion of long term loans		13,845	13,264	
Provision for taxation		<u>26,045</u>	<u>19,271</u>	
		256,871	278,052	
CONTINGENCIES AND COMMITMENTS	6	-	-	
TOTAL EQUITY AND LIABILITIES		<u>700,048</u>	<u>720,663</u>	

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director




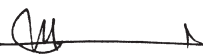
Shadab Textile Mills Limited

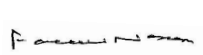
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2017	Sep. 30, 2016
Sales- net	541,880	487,083
Cost of sales	<u>517,368</u>	<u>463,496</u>
GROSS PROFIT	24,512	23,587
Administrative & general	<u>12,504</u>	<u>11,411</u>
Selling and distribution	<u>1,167</u>	<u>971</u>
OPERATING PROFIT	<u>13,671</u>	<u>12,382</u>
Finance costs	2,053	2,255
Other charges	<u>672</u>	<u>618</u>
	8,116	8,332
Other income	946	-
PROFIT BEFORE TAXATION	<u>9,062</u>	<u>8,332</u>
Taxation	<u>6,774</u>	<u>4,744</u>
PROFIT AFTER TAXATION	<u>2,288</u>	<u>3,588</u>
Basic and diluted earning per share - (Rupees)	<u>0.76</u>	<u>1.20</u>

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director




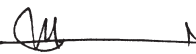
Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2017	Sep. 30, 2016
PROFIT AFTER TAXATION	2,288	3,588
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME	<u>2,288</u>	<u>3,588</u>

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


(Mian Amir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)


	(RUPEES IN THOUSAND)	
	Sep. 30, 2017	Sep. 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,062	8,332
Adjustments for:		
Depreciation	9,415	9,807
Finance costs	2,053	2,255
Workers' profit participation fund	487	448
Workers' welfare fund	185	170
Gain on sale of operating fixed assets	(909)	-
Operating profit before working capital changes	20,293	21,012
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,432	2,519
Stock-in-trade	(13,451)	8,426
Trade debts	15,230	(11,975)
Loans and advances	(1,977)	(576)
Trade deposits and prepayments	24,949	(8,238)
Other receivables	(2,694)	(1,626)
	23,489	(11,470)
Increase / (decrease) in current liabilities		
Trade and other payables	13,418	252
Cash generated from operations	57,200	9,794
Finance costs paid	(1,979)	(2,277)
Income tax paid	(6,630)	(5,042)
	(8,609)	(7,319)
Net cash generated from operating activities	48,591	2,475

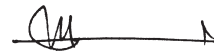


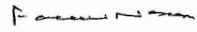
Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Sep. 30, 2017	Sep. 30, 2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for capital expenditure	-	(1,270)
Proceeds from disposal of operating fixed assets	1,180	-
Net cash generated / (used) in investing activities	1,180	(1,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments against long term loans	(2,833)	(2,833)
Payment of lease liability - net	(974)	-
Proceeds from short term borrowings -net	(42,701)	(2,932)
Net cash (used) in financing activities	(46,508)	(5,765)
NET CASH GENERATED DURING THE QUARTER	3,263	(4,560)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,224	26,834
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	16,487	22,274

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director




Shadab Textile Mills Limited

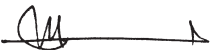
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN - AUDITED)

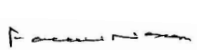
(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Total Equity
	Issued, subscribed and Paid up ordinary shares	General Reserve	Un-appropriated profit	
Balance as at July 01, 2016	30,000	260,000	103,327	393,327
Total comprehensive income				
Profit after taxation				
from Jul. 01, 2016 to Sep. 30, 2016	-	-	3,588	3,588
Balance as at Sep. 30, 2016	30,000	260,000	106,915	396,915
Total comprehensive income				
Profit after taxation				
from Oct. 01, 2016 to Jun. 30, 2017	-	-	15,353	15,353
Transaction with owners				
Final dividend for the year ended				
June 30, 2016 @Rs.4.37 per share	-	-	(13,122)	(13,122)
Balance as at June 30, 2017	30,000	260,000	109,146	399,146
Total comprehensive income				
Profit after taxation				
from Jul. 01, 2017 to Sep. 30, 2017	-	-	2,288	2,288
Balance as at Sep. 30, 2017	<u>30,000</u>	<u>260,000</u>	<u>111,434</u>	<u>401,434</u>

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

SELECTED NOTES TO
THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2017
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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.

2. BASIS OF PREPARATION

Companies Act, 2017 ("the Act"), was promulgated, which repealed the existing Companies Ordinance, 1984 ("the Ordinance"), with effect from May 30, 2017. However, as per Circular No. 23 of 2017 dated October 04, 2017, SECP has notified, that Companies whose financial year closes on / or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance. This condensed interim financial information of the company for the three months period ended September 30, 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 Repealed Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 245 of the Repealed Companies Ordinance, 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended September 30, 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, 2017.

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, 2017, 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, 2017.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Sep. 30, 2017	June 30, 2017
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Opening net book value	349,784	381,570
Additions during the period/ year		
Buildings	-	6,451
Plant and machinery	-	11,518
Office Equipments	-	524
	-	18,493
Disposals during the period/ year		
Plant and machinery	-	11,260
Vehicles	271	-
	271	11,260
Depreciation charged thereon	8,920	39,019
Closing net book value	<u>340,593</u>	<u>349,784</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.25.000 million (2017: Rs.25.000 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

Commitments

There are no capital expenditure commitment during the year and non capital expenditure commitments are amounting to Rs.58.269 million (2017: Rs.26.634 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking goods/material of aggregate sum of Rs. Nil (June 30, 2017 : Rs. Nil) and purchased from associated undertaking office building, goods/material of aggregate sum of Rs. Nil (June 30, 2017 : Rs. 11.280 million) during the period. The maximum aggregate amount due from associated undertaking at the end of the period was Rs.0.216 million (June 30, 2017 : Rs.0.216 million).

8. FINANCIAL RISK MANAGEMENT

The company 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, 2017.

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 October 26, 2017.

10. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)
Chief Executive

(Mazhar Hussain)
Chief Financial Officer

(Mian Farrukh Naseem)
Director