



SHAMS TEXTILE MILLS LIMITED

QUARTERLY REPORT

September 30, 2019

(Un-Audited)



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COMPANY INFORMATION

Board of Directors

Muhammad Anwar (Chairman)
 Adil Bashir
 Asif Bashir
 Khurram Mazhar Karim
 Muhammad Shafiq Gill (Nominee: NIT)
 Shahid Arshad
 Sharik Bashir

Chief Executive Officer

Khalid Bashir

Chief Financial Officer

Farooq Ahmad

Company Secretary

Tariq Javed

Audit Committee

Khurram Mazhar Karim (Chairman)
 Muhammad Anwar (Member)
 Asif Bashir (Member)

Human Resource & Remuneration Committee

Asif Bashir (Chairman)
 Muhammad Anwar (Member)
 Khurram Mazhar Karim (Member)

Share Registrar

Corptec Associates (Pvt) Ltd.
 503-E, Johar Town, Lahore.

Auditors

Riaz Ahmad & Company
 Chartered Accountants

Bankers

Allied Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 The Bank of Punjab
 United Bank Limited
 Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore
 Ph: +92-423-576 0379, 576 0382
 Fax: +92-423-576 0376
 Email: info@shams.com.pk
 Web: www.shams.com.pk

Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab
 3-KM, Faisalabad Road, Chiniot, Punjab

DIRECTORS' REPORT

The Board of Directors is pleased to present Directors' report on the operation and financial performance of the Company for the period July 2019 to September 2019.

Despite efforts on the part of the management your Company continues to struggle. The Textile Industry in Pakistan is not showing any signs of a significant recovery. Our basic raw material is not available to us in quality and quantity. The cotton crop has been extensively damaged and the target of production is likely to be missed by a large margin. Add to this the quality this year has been lower as compared to previous years which is alarming.

Financially the Company has not achieved its budgeted targets. Our cost of doing business remains higher and we are facing stiff competition from our competitors.

Financial summary of the current quarter is as follow:

Rs. in million	30 September 2019	30 September 2018
Sales	847.08	998.96
Gross profit	51.62	45.84
Operating expenses	27.95	23.16
Other income	1.09	2.69
Profit from operation	24.76	25.37
Finance cost	12.26	7.68
Profit before taxation	12.49	17.69
Provision for taxation	11.91	12.44
Profit after taxation	0.58	5.25
Profit per share (Rs.)	0.07	0.61

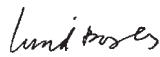
Future Outlook:

Unfortunately we are not able to project a positive outlook for the current year. Based on current factors no significant recovery can be foreseen.

Acknowledgment:

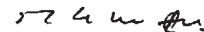
We would like to thank the Board of Directors for their guidance at all times and to all employees and shareholders for their cooperation.

For and On behalf of Board of Directors



Khalid Bashir
Chief Executive

October 26, 2019
Lahore



Muhammad Anwar
Director

ڈائریکٹر رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے سہ ماہی 30 ستمبر 2019ء کے فنانشل پیش کرتا ہوں۔

انتظامیہ کی کوشش کے باوجود آپ کی کمپنی مسلسل جدوجہد کر رہی ہے۔ پاکستان کی ٹیکسٹائل کی صنعت کوئی واضح بہتری نہیں دکھا رہی ہے۔ صنعت کا خام مال اچھی کوالٹی اور مقدار میں میسر نہیں ہے۔ کپاس کی فصل کو بڑے پیمانے پر نقصان پہنچا ہے اور پیداوار کے اہداف کو بڑے مارجن سے ضائع ہونے کا امکان ہے۔ اس کے ساتھ پچھلے سالوں کے مقابلے میں اس سال معیار کم رہا ہے جو کہ تشویشناک ہے۔

فنانشل معاملات بھی اس سہ ماہی میں بہتر نہیں رہے۔ ہماری کاروباری لاگت ابھی بھی کافی زیادہ ہے اور ہمیں اپنے مقابل کے ساتھ سخت مقابلہ کا سامنا ہے۔

30 ستمبر 2018ء	30 ستمبر 2019ء	(مبلغ ملین میں)
998.96	847.08	سیلز
45.84	51.62	خام منافع
23.16	27.95	آپریٹنگ خرچہ
2.69	1.09	دیگر آمدنی
25.37	24.76	آپریٹنگ نفع
7.68	12.26	فنانشل خرچہ
17.69	12.49	ٹیکسیشن سے پہلے نفع
12.44	11.91	ٹیکسیشن کے لیے پروویژن
5.25	0.58	ٹیکسیشن کے بعد نفع
0.61	0.07	فی شیئر نفع روپے

مستقبل کے امکانات:

اس سال کے بارے میں مثبت نقطہ نظر مشکل ہے اور موجودہ حالات میں کوئی اہم پیش رفت نظر نہیں آتی۔

اظہار تشکر:

ہم تمام بورڈ آف ڈائریکٹرز کی مسلسل رہنمائی کا شکریہ ادا کرتے ہیں اور تمام کارکنوں اور حصہ داروں کا بھی ہمارے ساتھ تعاون کا شکریہ۔

محمد انور

محمد انور

ڈائریکٹر

lund roses

خالد بشیر

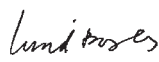
چیف ایگزیکٹو

26 اکتوبر 2019ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At September 30, 2019

	Un Audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in thousands)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
25,000,000 (30 June 2019: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid-up share capital		
8,640,000 (30 June 2019: 8,640,000) ordinary shares of Rupees 10 each	86,400	86,400
Reserves	588,817	590,028
Total equity	675,217	676,428
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	5	14,036
Deferred income tax liability	12,526	12,526
	23,295	26,562
CURRENT LIABILITIES		
Trade and other payables	996,927	876,422
Accrued mark-up	10,941	5,674
Short term borrowings	446,197	131,806
Current portion of long term financing	6	13,067
Unclaimed dividend	4,250	4,266
	1,471,382	1,031,235
Total liabilities	1,494,677	1,057,797
CONTINGENCIES AND COMMITMENTS	7	-
TOTAL EQUITY AND LIABILITIES	2,169,894	1,734,225

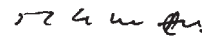
The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer

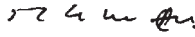


Director

	Un Audited September 30, 2019	Audited June 30, 2019
Note	(Rupees in thousands)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 802,891	819,904
Long term investments	68,496	68,289
Long term deposits	1,576	1,576
	872,963	889,769
CURRENT ASSETS		
Stores, spare parts and loose tools	57,231	58,982
Stock-in-trade	936,320	411,980
Trade debts	183,625	223,860
Advances	4,778	18,444
Short term prepayments	4,537	-
Other receivable	31,018	30,928
Sales tax refundable	34,891	36,891
Taxation - net	41,306	36,073
Cash and bank balances	3,225	27,298
	1,296,931	844,456
TOTAL ASSETS	2,169,894	1,734,225


Chief Executive


Chief Financial Officer

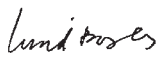

Director

SHAMS TEXTILE MILLS LIMITED

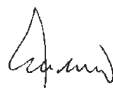
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(Un-Audited)
For The Period Ended September 30, 2019

	Note	September 30, 2019 (Rupees in thousands)	September 30, 2018
REVENUE	9	847,075	998,953
COST OF SALES	10	(795,453)	(953,113)
GROSS PROFIT		51,622	45,840
DISTRIBUTION COST		(7,330)	(3,994)
ADMINISTRATIVE EXPENSES		(19,602)	(18,237)
OTHER EXPENSES		(1,023)	(931)
		(27,955)	(23,162)
		23,667	22,678
OTHER INCOME		1,091	2,694
PROFIT FROM OPERATIONS		24,758	25,372
FINANCE COST		(12,262)	(7,681)
PROFIT BEFORE TAXATION		12,496	17,691
TAXATION		(11,914)	(12,441)
PROFIT AFTER TAXATION		582	5,250
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		0.07	0.61

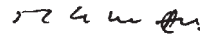
The annexed notes form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

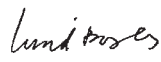


Director

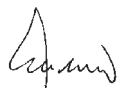
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Un-audited)
For The Period Ended September 30, 2019

	September 30, 2019	September 30, 2018
	(Rupees in thousands)	
PROFIT AFTER TAXATION	582	5,250
OTHER COMPREHENSIVE (LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments to fair value	(1,793)	(3,595)
Other comprehensive loss for the period	(1,793)	(3,595)
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD	(1,211)	1,655

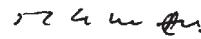
The annexed notes form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
For The Period Ended September 30, 2019

	Reserves							TOTAL EQUITY	
	SHARE CAPITAL		Capital		Revenue				
	Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit / accumulated loss)	Sub total	Total reserves		
	(Rupees in thousands)								
Balance as at 30 June 2018 (Audited)	86,400	31,628	1,18,028	600,000	(160,197)	439,803	557,831	644,231	
Profit for the period ended 30 September 2018	-	-	-	-	5,250	5,250	5,250	5,250	5,250
Other comprehensive loss for the period ended 30 September 2018	-	(3,595)	(3,595)	-	-	-	-	(3,595)	(3,595)
Total comprehensive profit for the period ended 30 September 2018	-	(3,595)	(3,595)	-	5,250	5,250	1,655	1,655	1,655
Balance as at 30 September 2018 (Un-audited)	86,400	28,033	1,14,433	600,000	(154,947)	445,053	559,486	645,886	
Profit for the period ended 30 June 2019	-	-	-	-	38,136	38,136	38,136	38,136	38,136
Other comprehensive loss for the period ended 30 June 2019	-	(7,594)	(7,594)	-	-	-	(7,594)	(7,594)	(7,594)
Total comprehensive income for the period ended 30 June 2019	-	(7,594)	(7,594)	-	38,136	38,136	30,542	30,542	30,542
Balance as at 30 June 2019 (Audited)	86,400	20,439	106,839	600,000	(116,811)	483,189	590,028	676,428	
Profit for the period ended 30 September 2019	-	-	-	-	582	582	582	582	582
Other comprehensive loss for the period ended 30 September 2019	-	(1,793)	(1,793)	-	-	-	(1,793)	(1,793)	(1,793)
Total comprehensive loss for the period ended 30 September 2019	-	(1,793)	(1,793)	-	582	582	(1,211)	(1,211)	(1,211)
Balance as at 30 September 2019 (Un-audited)	86,400	18,646	105,046	600,000	(116,229)	483,771	588,817	675,217	

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

Amal Prasad
Chief Executive

Aditya
Chief Financial Officer

S. K. S. S.
Director

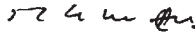
CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)
For The Period Ended September 30, 2019

	September 30, 2019	September 30, 2018
	Note	
	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated (used in) / from operations	11 (310,689)	(204,259)
Finance cost paid	(6,994)	(6,116)
Income tax paid	(17,148)	(9,926)
Dividend paid	(16)	-
Net cash generated (used in) operating activities	(334,847)	(220,301)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(440)	(7,112)
Proceed from property, plant and equipment	-	3,055
Decrease in short term investment - available for sale	-	-
Dividend received	90	75
Net cash (used in) / from investing activities	(350)	(3,982)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(3,267)	(15,767)
Short term borrowings - net	314,391	245,013
Net cash from / (used in) financing activities	311,124	229,246
Net increase in cash and cash equivalents	(24,073)	4,963
Cash and cash equivalents at the beginning of the period	27,298	4,760
Cash and cash equivalents at the end of the period	3,225	9,723

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


Chief Executive


Chief Financial Officer


Director

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**

For The Period Ended September 30, 2019

1. THE COMPANY AND ITS OPERATIONS

Shams Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The company is engaged in the business of manufacturing, sale of yarn.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and 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 published financial statements of the company for the year ended 30 June 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2019.

	Unaudited September 30, 2019	Audited June 30, 2019
	(Rupees in thousands)	
5. LONG TERM FINANCING - SECURED		
Opening balance	27,103	52,670
Less: Repayments during the period / year	3,267	25,567
	23,836	27,103
6. Less: Current portion shown under current liabilities	13,067	13,067
	10,769	14,036

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)

For The Period Ended September 30, 2019

7. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees of Rupees 69.596 million (30 June 2019: Rupees 69.596 million) are given by the bank of the company in favour of Sui Northern Gas Pipelines Limited against gas connections.

Commitments

Letters of credit for other than capital expenditures amounted to Rupees 48.828 million (30 June 2019: Rupees 10.152 million).

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousands)	

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
Owned (Note 8.1)	802,891	817,790
Capital work-in-progress (Note 8.2)	-	2,114
	802,891	819,904
8.1 Operating fixed assets - owned		
Opening book value	817,790	887,854
Add: Cost of additions during the period / year (Note 8.1.1)	2,554	10,532
	820,344	898,386
Less: Book value of deletions during the period / year (Note 8.1.2)	-	3,497
	820,344	987,889
Less: Depreciation charged during the period / year	17,453	77,099
Closing book value	802,891	817,790
8.1.1 Cost of additions		
Plant and machinery	-	3,265
Vehicles	2,554	7,267
	2,554	10,532
8.1.2 Book value of deletions		
Plant and machinery	-	235
Vehicles	-	3,262
	-	3,497
8.2 Capital work-in-progress		
Advance against purchase of vehicle	-	2,114
	-	2,114

	Unaudited September 30, 2019	Unaudited September 30, 2018
	(Rupees in thousands)	

9. REVENUE

Export	158,345	18,041
Local	688,730	980,912
	847,075	998,953

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
For The Period Ended September 30, 2019

	Unaudited September 30, 2019	Unaudited September 30, 2018
	(Rupees in thousands)	
10. COST OF SALES		
Raw material consumed	1,057,599	953,848
Stores, spares and loose tools consumed	30,011	23,993
Packing materials	19,480	19,849
Salaries, wages and other benefits	107,536	95,963
Fuel and power	152,838	141,485
Repairs and maintenance	2,282	4,292
Insurance	1,381	1,828
Depreciation	1,849	17,508
Other factory overheads	15,956	1,240
	1,388,932	1,260,006
Work-in-process:		
Opening stock	49,915	45,449
Closing stock	(37,052)	(42,294)
	12,863	3,155
Cost of goods manufactured	1,401,795	1,263,161
Finished goods:		
Opening stock	256,654	105,787
Closing stock	(862,996)	(415,835)
	(606,342)	(310,048)
	795,453	953,113
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	12,496	17,691
Adjustments for non-cash charges and other items:		
Depreciation	17,453	19,153
Dividend received	(90)	(75)
Gain on sale of property, plant and equipment	-	(1,494)
Finance cost	12,262	7,681
Working capital changes (Note 11.1)	(352,810)	(247,215)
	(310,689)	(204,259)
11.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	1,751	10,767
- Stock-in-trade	(524,340)	(293,538)
- Trade debts	40,235	(7,710)
- Loans and advances	13,666	53,522
- Trade deposit and short term prepayments	(4,537)	(6,368)
- Other receivables	(90)	2,499
- Sales tax refundable	-	(3,899)
	(473,315)	(244,727)
Decrease in trade and other payables	120,505	(2,488)
	(352,810)	(247,215)

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)

For The Period Ended September 30, 2019

12. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 September 2019	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
At fair value through other comprehensive income assets	68,496	-	-	68,496
Total financial assets	68,496	-	-	68,496

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
At fair value through other comprehensive income assets	68,289	-	-	64,323
Total financial assets	68,289	-	-	64,323

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

ii. Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments was use of quoted market prices.

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**

For The Period Ended September 30, 2019

13. TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

	Un-audited September 30, 2019	Un-audited September 30, 2018
(Rupees in thousands)		
Associated Companies		
Sale of goods and services	61,727	-
Purchase of goods and services	112	52
Insurance premium	7,147	8,377
Rent expense	600	600
Other related parties		
Company's contribution to employees' provident fund trust	1,542	1,373

14. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2019

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the company and authorized for issue on 26 October 2019.

16. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

17. GENERAL

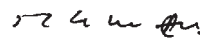
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Executive



Chief Financial Officer



Director

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