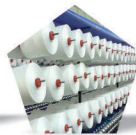




QUARTERLY
REPORT
SEPTEMBER 30
2020



Shadab Textile Mills Limited



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Shadab Textile Mills Limited

COMPANY INFORMATION

CHIEF EXECUTIVE	Mian Aamir Naseem
BOARD OF DIRECTORS	Mian Farrukh Naseem Chairman/Non Executive Director Mr. Saad Naseem Non Executive Director Mr. Yasir Naseem Executive Director Mr. Hamza Naseem Non Executive Director Mrs. Fatima Aamir Female - Non Executive Director Mr. Fahad Shafiq Independent Director Mr. Ghazanfer Feroz Independent Director
AUDIT COMMITTEE	Mr. Fahad Shafiq Chairman Mian Farrukh Naseem Member Mr. Hamza Naseem Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Fahad Shafiq Chairman Mr. Ghazanfer Feroz Member Mr. Saad Naseem Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Aslam
COMPANY SECRETARY	Mr. Khurram Zahoor
AUDITORS	M/s. Fazal Mehmood & Company, Chartered Accountants
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35887262, 35839182 Fax: 042-35869037
BANKERS	Bank Al-Falah Limited Bank Al-Habib Limited
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore Ph: No. 042-35788714-16
WEBSITE ADDRESS	www.shadabtextile.com
MILLS	Unit # 1: Nasimabad, Shahkot, District Nankana Sahib. Unit # 2: Habibabad, Pattoki, District Kasur



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, 2020.

During the period under review, the Company earned profit after tax of Rs.31.792 million as compared to profit after tax of Rs.12.816 million of the corresponding quarter of previous year. Sales were made amounting to Rs.717.073 million as compared to corresponding quarter of previous year sales of Rs.650.549 million showing increase of Rs.66.524 million against previous year quarter. Earning per share is Rs.1.92 as compared to Rs.3.99 per share. The Earning per share for the current quarter is low due to right issue and if we exclude the effect of right issue then company earning per share will be Rs.10.60 as compared to Rs.4.27.

The profitability of the company has increased as compared to corresponding quarter of previous year due to increase in yarn sale prices. During the period, the prices of raw material remained stable as compared to yarn sale prices and on the other side input costs increased due to devaluation in Pak Rupees.

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. In order to make project more efficient, cost effective and profitable, the management has decided to add new project of 480 spindles (Murata Vortex Spun Yarn) with back process machinery at new Unit No. 2, situated at Habibabad, Tehsil Chunian, District Kasur through Right shares capital and sponsors loan. In this connection land & building has also been acquired for new project and construction work of building is in progress. Further, letters of credit for import of all machinery have been established, Some machinery have been arrived at mills and balance machinery expected to be arrived at mills in November 2020. The management is confident that expansion of production facility will be achieved with in target period. We are pleased to mention here that 02 sets of imported Drawing Machines – Reiter have been arrived during the period under review and 02 Gas Generators of 02 M.W each expected to be arrived in November 2020 in unit No.1 located at Nasimabad, Shahkot. With these additions the quality of production will be improve and cost of power generation will be decreased.

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)



ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی سال پہلی سہ ماہی ختمہ 30 ستمبر 2020 آپ کی خدمت میں پیش کرتے ہیں۔

زیر مدت میں کمپنی نے ٹیکس ادا کرنے کے بعد 31.792 ملین روپے کا منافع حاصل کیا ہے جو کہ گزشتہ برس اسی مدت کے لیے 12.816 ملین روپے تھا۔ اس سہ ماہی میں سلازی مجموعی رقم 717.073 ملین روپے ہے جو گزشتہ برس کی سہ ماہی سلازی رقم 650.549 ملین روپے سے 66.524 ملین روپے کا اضافہ کر رہی ہے۔ گزشتہ سہ ماہی 3.99 فی سینٹر کے مقابلے میں 1.92 روپے فی سینٹر ہے۔ موجودہ سہ ماہی میں رائٹ الیٹوکی وجہ سے رواں سال کے لیے فی سینٹر آمدنی کم ہے اور اگر ہم رائٹ الیٹو کے اثر کو نکال دیں تو کمپنی کے شیئرز کی آمدنی 4.27 روپے کے مقابلے میں 10.60 روپے ہوگی۔

دھاکہ فروخت کی قیمتوں میں اضافے کی وجہ سے پچھلے سال کی اسی سہ ماہی کے مقابلے میں کمپنی کا منافع بڑھ گیا ہے۔ اس عرصے کے دوران، دھاکہ فروخت کی قیمتوں کے مقابلے میں خام مال کی قیمتیں مستحکم رہیں اور دوسری طرف پاک روپے میں کمی کی وجہ سے قیمتوں میں اضافہ ہوا۔

دیگر کتناہی پونوں کے ساتھ مقابلہ کرنے کے لیے کمپنی کا اپنی پروڈکٹ لائن کو متنوع بنانے، نئی خصوصیات اور سوت کی آمیزش کا اضافہ اور پیداواری صلاحیت میں بہتری لانے کے لیے سٹرینگ منصوبہ ہے۔ منصوبے کو زیادہ پراثر، موثر لاگت اور منافع بخش بنانے کے لیے، انتظامیہ نے رائٹ حصص کمپنٹل اور اسپانسرز قرض کے ذریعے حبیب آباد، تحصیل چویناں، ضلع قصور میں واقع، پونٹ نمبر 2، میں بیک پروسس مشینری کے ساتھ 1480 سپنڈلز (Murata Vortex Spun Yarn) کا نیا پروجیکٹ شامل کرنے کا فیصلہ کیا ہے اس سلسلے میں اراضی اور عمارت کو بھی سنے منصوبے کے لیے حاصل کر لیا گیا ہے اور عمارت کا تعمیراتی کام جاری ہے مزید برآں تمام مشینری کی درآمد کے لیے لیٹرز آف کریڈٹ قائم ہو چکے ہیں۔ کچھ مشینری ملز پہنچ چکی ہے اور توقع ہے کہ بقیہ مشینری نومبر 2020 تک ملز پہنچ جائے گی۔ مدتی جائزہ کے دوران ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ پونٹ نمبر 1 نسیم آباد، شاہوٹ میں درآمدی ڈرائنگ مشین - Reiter کے 2 سیٹ پہنچ چکے ہیں۔ اور 2 میگا واٹ کے 2 گیس جنرٹرز نومبر 2020 میں ان کے پہنچنے کی امید ہے ان اضافوں سے پیداوار کے معیار میں بہتری آئے گی اور بجلی کی پیداوار کی لاگت میں کمی واقع ہوگی۔

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

منجانب بورڈ

میاں فرخ نسیم
(ڈائریکٹر)

Aamir Naseem

میاں عامر نسیم
(چیف ایگزیکٹو)

لاہور 27 اکتوبر 2020



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

(RUPEES IN THOUSAND)

	NOTE	Sep. 30, 2020 <u>UN-AUDITED</u>	June 30, 2020 <u>AUDITED</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	408,376	374,019
Right of use assets	6	14,243	14,993
Long term deposits		<u>2,434</u>	<u>2,434</u>
		425,053	391,446
CURRENT ASSETS			
Short term investments		145,000	236,000
Stores, spares and loose tools		67,575	64,430
Stock in trade		212,045	224,545
Trade debts		120,207	116,616
Loans and advances		26,315	11,113
Trade deposits and prepayments		558,332	72,450
Other receivables		3,900	8,060
Cash and bank balances		<u>83,087</u>	<u>251,798</u>
		1,216,461	985,012
TOTAL ASSETS		<u>1,641,514</u>	<u>1,376,458</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital		200,000	200,000
20,000,000 ordinary shares of Rs. 10/- each			
Issued, subscribed & paid-up share capital		166,000	166,000
Capital reserves		204,000	204,000
Revenue reserves		516,396	484,604
TOTAL EQUITY		886,396	854,604
NON - CURRENT LIABILITIES			
Long term loans - secured		113,084	-
Lease liabilities		311	1,262
Deferred liabilities		<u>32,430</u>	<u>32,899</u>
		145,825	34,161
CURRENT LIABILITIES			
Trade and other payables		247,901	248,737
Unclaimed dividend		654	654
Accrued mark up		790	775
Sponsor's loan		248,500	160,600
Short term borrowings		51,427	37,478
Current portion of long term liabilities		12,211	5,091
Provision for taxation		<u>47,810</u>	<u>34,358</u>
		609,293	487,693
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>1,641,514</u>	<u>1,376,458</u>

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

Mian Aamir Naseem

(Mian Aamir Naseem)
Chief Executive

Mian Farrukh Naseem

(Mian Farrukh Naseem)
Director

Muhammad Aslam

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

(RUPEES IN THOUSAND)

	Sep. 30, 2020	Sep. 30, 2019
Sales- net	717,073	650,549
Cost of sales	<u>650,318</u>	<u>616,406</u>
GROSS PROFIT	66,755	34,143
Administrative & general expenses	<u>20,850</u>	<u>17,246</u>
Selling and distribution expenses	<u>1,591</u>	<u>1,646</u>
	<u>22,441</u>	<u>18,892</u>
OPERATING PROFIT	44,314	15,251
Finance costs	2,258	2,439
Other charges	<u>3,319</u>	<u>1,201</u>
	38,737	11,611
Other income	<u>6,038</u>	<u>4,588</u>
PROFIT BEFORE TAXATION	44,775	16,199
Taxation	<u>12,983</u>	<u>3,383</u>
PROFIT AFTER TAXATION	<u>31,792</u>	<u>12,816</u>
Basic and diluted earning per share - (Restated in Rupees)	<u>1.92</u>	<u>3.99</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2020	Sep. 30, 2019
PROFIT AFTER TAXATION	31,792	12,816
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>31,792</u>	<u>12,816</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN - AUDITED)

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserve	Total Equity
	Issued, subscribed and Paid up ordinary shares	General Reserve	Un-appropriated profit	Share Premium	
Balance as at July 01, 2019	30,000	260,000	199,354	-	489,354
Total comprehensive income					
Profit after taxation					
from Jul. 01, 2019 to Sep. 30, 2019	-	-	12,816	-	12,816
Balance as at Sep. 30, 2019	30,000	260,000	212,170	-	502,170
Total comprehensive income					
Profit after taxation					
from Oct. 01, 2019 to Jun. 30, 2020	-	-	28,034	-	28,034
Right issue of 13,600,000 shares @Rs. 10 with a premium of Rs. 15	136,000	-	-	204,000	340,000
Transaction with owners					
Final dividend for the year ended June 30, 2019 @Rs. 5.20 per share	-	-	(15,600)	-	(15,600)
Balance as at June 30, 2020	166,000	260,000	224,604	204,000	854,604
Total comprehensive income					
Profit after taxation					
from Jul. 01, 2020 to Sep. 30, 2020	-	-	31,792	-	31,792
Balance as at Sep. 30, 2020	166,000	260,000	256,396	204,000	886,396

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

Aamir Naseem

(Mian Aamir Naseem)
Chief Executive

Farrukh Naseem

(Mian Farrukh Naseem)
Director

Muhammad Aslam

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CASH FLOW FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2020	Sep. 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44,775	16,199
Adjustments for non cash charges & other items:		
Depreciation	8,807	8,477
Finance costs	2,258	2,439
Workers' profit participation fund	2,405	870
Workers' welfare fund	914	331
Gain on sale of operating fixed assets	-	(4,588)
Operating profit before working capital changes	59,159	23,728
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Short term investment	91,000	-
Stores, spares and loose tools	(3,145)	1,758
Stock-in-trade	12,500	(79,445)
Trade debts	(3,591)	5,575
Loans and advances	(15,202)	(26,862)
Trade deposits and prepayments	(480,178)	24,869
Other receivables	4,160	7,626
	(394,456)	(66,479)
Increase / (decrease) in current liabilities		
Trade and other payables	(4,154)	14,903
Cash (used) from operations	(339,451)	(27,848)
Finance costs paid	(2,243)	(1,775)
Income tax paid	(5,704)	(9,755)
	(7,947)	(11,530)
Net cash (used) from operating activities	(347,398)	(39,378)



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Sep. 30, 2020	Sep. 30, 2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital expenditure	(42,414)	(12,079)
Proceeds from disposal of operating fixed assets	-	15,000
Net cash (used) / generated in investing activities	(42,414)	2,921
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term loans	120,879	-
Payment of lease liability - net	(1,627)	(1,323)
Proceeds from sponsor's loan	87,900	24,800
Proceeds from short term borrowings -net	13,949	38,087
Net cash generated in financing activities	221,101	61,564
NET CASH (USED) /GENERATED DURING THE QUARTER	(168,711)	25,107
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	251,798	35,881
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	83,087	60,988

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



Shadab Textile Mills Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Shadab Textile Mills Limited (the Company) was incorporated as a public limited company on 19th August 1979 under the Companies act 1913 which was replaced by Companies Ordinance, 1984 (now the Companies Act, 2017). 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. The manufacturing facilities of the Company are located at Faisalabad Road, Nasimabad, Shahkot, District Nankana Sahib and 1-K.M Chunnia Road, Habibabad, Pattoki, District Kasur.

2. BASIS OF PREPARATION

This condensed interim statement of financial position of the company for the three months period ended September 30, 2020 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 Act 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed. This condensed interim financial information is un-audited and is being submitted to the shareholders as required under the Companies Act 2017.

These condensed interim financial statements (un-audited) are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017 (the "Act").

The comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended September 30, 2020 and 2019 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, 2020.

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, 2020, 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, 2020.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Note	Sep. 30, 2020	June 30, 2020
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	341,449	338,499
Capital work in progress	5.2	66,927	35,520
		<u>408,376</u>	<u>374,019</u>
5.1 Operating fixed assets			
Opening net book value		338,499	301,426
Additions during the period/ year			
Land Freehold		-	39,213
Buildings		-	36,147
Plant and machinery		9,880	-
Vehicles		1,127	5,593
		<u>11,007</u>	<u>80,953</u>
Disposals during the period/ year			
Plant and machinery		-	10,412
Vehicles		-	1,715
		<u>-</u>	<u>12,127</u>
Depreciation charged thereon		8,057	31,753
Closing net book value		<u>341,449</u>	<u>338,499</u>
5.2 CAPITAL WORK IN PROGRESS			
Building		34,986	30,900
Plant & Machinery		18,023	4,620
Electric Installation		13,918	-
		<u>66,927</u>	<u>35,520</u>
6. RIGHT OF USE ASSETS			
Opening balance		14,993	18,741
Depreciation for the period / year		(750)	(3,748)
Net book value		<u>14,243</u>	<u>14,993</u>

7. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.25.000 million (June 30, 2020: Rs.25.000 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

Commitments

Capital expenditure commitments are amounting to Rs. 179.941 million (June 30, 2020:Rs. 681.150 million) and non capital expenditure commitments are amounting to Rs.117.523 million (June 30, 2020: Rs.63.783 million).



8. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

No purchases from associated undertaking (June 30, 2020 : Rs.Nil) during the period. The maximum aggregate amount due from associated undertaking at the end of the period was Rs.Nil (June 30, 2020 : Rs.Nil).

9. 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, 2020.

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 October 27, 2020.

11. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer