



Shadman

Cotton Mills Limited

Half Yearly Report
December 31, 2020

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COMPANY INFORMATION

BOARD OF DIRECTORS	MR. SHAHID MAZHAR (Chief Executive) MRS. GHAZALA SHAHID (Chairperson) MR. AHMED BIN SHAHID MR. MUHAMMAD AFNAN SHAHID MR. MUHAMMAD AKHTAR MR. NADEEM BHATTI MR. HAMID BASIR
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	MR. NADEEM BHATTI (Chairman) MRS. GHAZALA SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
H.R. AND REMUNERATION COMMITTEE	MR. HAMID BASIR (Chairman) MR. AHMED BIN SHAHID (Member) MR. MUHAMMAD AFNAN SHAHID (Member)
CHIEF FINANCIAL OFFICER	MR. SHAHID MAHMUD
COMPANY SECRETARY	MR. MUHAMMAD AKHTAR
BANKERS	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED MEEZAN BANK LIMITED
REGISTERED OFFICE	2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG - II, LAHORE-PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
HEAD OFFICE	2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG - II, LAHORE-PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
SHARE REGISTRAR	M/S HAMEED MAJEED ASSOCIATES (PVT.) LTD. H.M.HOUSE, 7-BANK SQUARE LAHORE. TEL: 042-37235081-82 FAX: 042-37358817
MILLS	3.5 K.M. FEROZ WATOAN, WARBURTON ROAD, KOT SHAH MOHAMMAD TEHSIL & DISTRICT: NANKANA SAHIB
URL	www.shadman.com.pk

DIRECTORS' REPORT

Dear Shareholders,

The Directors are presenting the un-audited condensed interim financial statements of the company for the six months period ended December 31, 2020 together with independent auditors review report.

During the six months under review, the net turnover of the company is Rs. 21.037 million including export sale of Rs. 17.956 Million as compared to net turnover of Rs. 94.247 million of corresponding period of previous year. The turnover decreased mainly due to temporary closure of spinning process. During the half year after tax loss of the company is Rs. (19.139) million as compared to after tax profit of Rs. 5.160 million. Loss per share is Rs. (1.09) as compared to earnings per share of Rs. 0.29 of the corresponding half year of the previous year.

During the period under review the company mainly utilized the export oriented apparel division manufacturing process in a well-planned manner and also adopted alternative strategies to keep up the project. Unfortunately, initial high cost of production and high prices of fabrics in the market resulted in loss during the period.

The textile sector is now started growing in the country having handsome export orders in hand. The management is mainly focusing to decrease the cost of production with increase in productivity of apparel division along with alternative measures. The maintenance work of spinning unit is also under progress as the demand of yarn in local and international markets are favorable. We anticipate positive financial performance during the remaining period of current financial year.

We remain committed to the difficult task to improve the financial results. We would like to highlight the hard work put in by the member of corporate family. We look forward to same dedication and cooperation in the days ahead.

For and on behalf of the Board
Board



CHIEF EXECUTIVE

For and on behalf of the



DIRECTOR

Lahore: February 26, 2021

مجلس نظاماء کی رپورٹ

محترم حصص یافتگان،

ہم آزاد آڈیٹر کے جائزے کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات اختصار کے گوشوارے برائے ختم ہونے والی چھ ماہ کی مدت 31 دسمبر 2020 کو آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر چھ ماہ کی مدت میں کمپنی نے 21.037 ملین روپے بشمول برآمدات 17.956 ملین روپے کی فروخت کی جب کہ پچھلے سال اسی مدت کی فروخت 94.247 ملین روپے تھی۔ فروخت میں کمی اسپننگ یونٹ کی عارضی بندش کی وجہ سے ہوئی ہے۔ کمپنی کو زیر جائزہ چھ مہینوں میں (19.139) ملین روپے کا نقصان ہوا۔ جب کہ پچھلے سال کی اسی مدت میں یہ منافع 5.160 ملین روپے تھا۔ اس مدت کے دوران نقصان فی حصص (1.09) روپے رہا۔ جب کہ پچھلے سال کی اسی مدت میں یہ نفع فی حصص 0.29 روپے تھا۔

زیر جائزہ اس مدت کے دوران کمپنی نے بنیادی طور پر برآمدی ملبوسات کے حصے کی تیاری کے منصوبے کو منصوبہ بند انداز میں استعمال کیا اور اس منصوبے کو جاری رکھنے کے لیے متبادل حکمت عملی بھی اپنائی۔ بد قسمتی سے، ابتدائی زیادہ لاگت اور مارکیٹ میں کپڑے کی زیادہ قیمتوں کے نتیجے میں اس مدت کے دوران نقصان ہوا۔

ملک میں اب ٹیکنائٹل کے شعبے میں افزائش شروع ہو گئی ہے جس کے برآمدات کے خاطر خواہ آرڈرز ہیں۔ انتظامیہ بنیادی طور پر متبادل اقدامات کے ساتھ ملبوسات کی تیاری کی پیداوری لاگت کو کم کرنے پر توجہ دے رہی ہے۔ اسپننگ یونٹ کی بحالی کا کام بھی جاری ہے کیونکہ مقامی اور بین الاقوامی منڈیوں میں سوت کی طلب سازگار ہے۔ ہم موجودہ مالی سال کی باقی مدت کے دوران مثبت مالی کارکردگی کی توقع کرتے ہیں۔

تاہم انتظامیہ مالیاتی گوشواروں میں بہتری کے مشکل کام میں کوشاں ہے۔ یہاں پر ہم کارپوریٹ خاندان کے ممبران کی انتھک محنت کا ذکر کرنا بہت ضروری سمجھتے ہیں۔ امید کی جاتی ہے کہ آنے والے دنوں میں کارپوریٹ خاندان کے ممبران کی اسی طرح انتھک محنت سے ادارے کو بہتر بنانے کے لیے کوششیں جاری رکھیں گے۔

لاہور: 26 فروری 2021

منجانب بورڈ

منجانب بورڈ



ڈائریکٹر

چیف ایگزیکٹو

Independent auditor's review report to the members of Shadman Cotton Mills Limited

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shadman Cotton Mills Limited as at December 31, 2020 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

1. As referred to in note 6.1.3 to the condensed interim financial statements, during the year ended June 30, 2015, the company has reversed accrued interest/markup amounting to Rs.179.89 million payables to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2020 amounting to Rs.237.281 million and Rs.26.68 million during six months period ended December 31, 2020, based on the advice of the Company's legal advisor. Had the reversal not been made and liability for interest/markup been recognized, the accumulated losses would have been higher by Rs. 417.171 million and profit for the period would have been reduced by Rs.26.68 million. In the matter of Habib Bank Limited, Company had not recognized expenses for the cost of suit and cost of funds on outstanding liability, the decreed in favour of Habib Bank Limited by the Banking Court, appeal of which had been filed in Honorable Lahore High Court. In the absence of any estimate, we are unable to calculate its impact on the financial statements.
2. As referred in note 5.1, this liability of Rs. 18.316 million was payable to Excise and Taxation Officer (ETO) Government of Sindh. Company had filed the suit against ETO in Sindh High Court against this levy. No copy of suit filed provided to us neither legal advisor confirmed this suit in his direct confirmation.

3. Trade debts includes an amount receivable from LESCO of Rs. 16.198 million, this receivable is past due since 30th June, 2011. The balance is not directly confirmed by the party as the said balance is also under litigation. In our opinion, this past due balance has been impaired but no loss allowance in respect of this receivable balance has been made in the financial statements.
4. As fully explained in note 6.1.6, the company has not accounted for the amount of Rs. 28.227 million payable in respect of Gas Infrastructure Development Cess (GIDC) in the financial statements. Had the above amount been recorded in the accounts, the loss would have been increased by Rs. 28.227 million and consequently the liability would have been increased by the same amount.

Qualified Conclusion

Based on our review, with the exception of the matters described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasize of Matter Paragraph

We draw attention to note 2.2 in the financial statements which indicates that the Company has temporarily stopped the production of its spinning unit since October 21, 2018. As at December 31, 2020, the company has accumulated losses of Rs. 365.561 million. Its current liabilities exceed its current assets by Rs. 575.780 million. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 524.639 million. The lenders of debt finances have also filed recovery suits for recovery of these debt finances and interest/mark-up thereon amounting to Rs.577.391 million. These conditions, along with other matters as explained in note 2.2, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern. Our opinion is not modified in respect of this matter.

Other Matter Paragraph

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

The engagement partner on review resulting in this independent auditor's report is Ayaz Mahmood (ACA)

MUSHTAQ & CO
Chartered Accountants

Lahore.
Dated: February 26, 2021

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	Dec. 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
18,000,000 (2020: 18,000,000) ordinary shares of Rs. 10 each		180,000,000	180,000,000
Issued, subscribed and paid-up capital		176,367,190	176,367,190
Capital reserve		53,218,752	53,218,752
Accumulated losses		(365,651,163)	(349,498,946)
Equity portion of Directors loan		120,000,000	120,000,000
Surplus on revaluation of property, plant and equipment		498,730,258	501,717,448
TOTAL EQUITY		482,665,037	501,804,444
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	4	-	-
Deferred liabilities	5	21,043,733	21,247,482
		21,043,733	21,247,482
CURRENT LIABILITIES			
Trade and other payables		154,432,652	112,769,867
Accrued interest/markup		103,514,885	103,514,885
Short term borrowings		326,805,148	326,762,148
Current portion of non-current liabilities		101,868,864	105,968,864
Ijara rentals payable		28,544,690	28,544,690
Provision for taxation		315,553	9,071,907
		715,481,792	686,632,361
TOTAL LIABILITIES		736,525,525	707,879,843
CONTINGENCIES AND COMMITMENTS			
TOTAL LIABILITIES	6	1,219,190,562	1,209,684,286
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	932,746,135	934,243,477
Investment Property	8	118,651,597	120,153,516
Long term deposits - <i>unsecured, considered good</i>		28,180,774	28,180,774
		1,079,578,506	1,082,577,767
CURRENT ASSETS			
Stores, spares and loose tools		41,910,195	13,924,434
Stock in trade		27,805,985	20,127,893
Trade debts - <i>unsecured</i>		20,030,997	27,039,304
Loans and advances		16,813,096	6,153,603
Trade deposits and short term prepayments		3,944,299	3,578,613
Other receivables		7,721,592	3,765,560
Tax refunds due from govt.		18,267,639	11,971,417
Short term investments		57,859	13,139,784
Cash and bank balances		3,060,394	27,405,912
		139,612,056	127,106,520
TOTAL ASSETS		1,219,190,562	1,209,684,286

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

Note	Six months ended		Three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
Turnover - net	21,036,843	94,247,483	14,744,163	39,531,056
Cost of sales	(50,240,249)	(101,834,311)	(34,653,714)	(43,696,278)
Gross loss	(29,203,406)	(7,586,828)	(19,909,551)	(4,165,222)
Selling and distribution expenses	(987,394)	(398,629)	(700,007)	(75,240)
Administrative and general expenses	(16,578,339)	(10,624,059)	(8,212,658)	(5,247,449)
	(17,565,733)	(11,022,688)	(8,912,665)	(5,322,689)
Other income	(46,769,139)	(18,609,516)	(28,822,216)	(9,487,911)
	23,216,856	27,102,824	7,963,778	14,529,620
Operating (loss)/profit	(23,552,283)	8,493,308	(20,858,438)	5,041,709
Finance cost	(22,472)	(250,634)	(15,500)	(239,716)
Other Expenses	(1,501,919)	(1,149,423)	(750,959)	(915,327)
(Loss)/profit before taxation	(25,076,674)	7,093,252	(21,624,897)	3,886,667
Taxation	5,937,267	(1,932,774)	6,031,657	(1,093,653)
(Loss)/profit after taxation	(19,139,407)	5,160,478	(15,593,240)	2,793,014
(Loss)/Profit per share - basic and diluted	(1.09)	0.29	(0.88)	0.16

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months ended		Three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
(Loss)/profit after taxation for the period	(19,139,407)	5,160,478	(15,593,240)	2,793,014
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation surplus on Property, plant and machinery	-	-	-	-
Remeasurements of defined benefit obligation	-	-	-	-
Total comprehensive (loss)/ Income	(19,139,407)	5,160,478	(15,593,240)	2,793,014

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months ended	
	December 31, 2020	December 31, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(25,076,674)	7,093,252
Adjustments for non-cash items		
Depreciation	10,749,945	10,125,961
Provision for employees retirement benefits	-	700,000
Gain on disposal of property, plant and equipment	(4,886,080)	(543,798)
Old liabilities written back	-	(4,521,893)
Changes in fair value of investments at fair value through profit or loss	-	(2,298,276)
Finance cost	22,472	250,634
	5,886,337	3,712,627
Operating (loss)/ profit before changes in working capital	(19,190,337)	10,805,879
Changes in working capital		
Stores, spares and loose tools	(27,985,761)	414,561
Stock in trade	(7,678,092)	(5,298,441)
Trade debts	7,008,307	46,547,889
Advances, prepayments and other receivables	(22,497,127)	3,927,884
Short term investments	13,081,925	(10,325,184)
Trade and other payables	41,662,785	(16,505,332)
	3,592,037	18,761,377
Net cash generated from/(used in) operations	(15,598,300)	29,567,256
Payments for		
Finance cost	(22,472)	(24,362)
Income tax	(1,599,393)	(1,419,238)
Employees retirement benefits	(203,749)	(748,475)
Net cash generated from / (used in) operating activities	(17,423,914)	27,375,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,104,604)	(8,491,749)
Proceeds from disposal of property, plant and equipment	19,240,000	880,000
Net cash generated used in investing activities	(2,864,604)	(7,611,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances repaid	(4,100,000)	-
Net decrease in short term borrowings	43,000	(17,634,000)
Net cash generated used in financing activities	(4,057,000)	(17,634,000)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(24,345,518)	2,129,432
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	27,405,912	24,114,735
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,060,394	26,244,167

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Share capital	Reserves		Equity	Revaluation Surplus	
	Issued subscribed and paid-up capital Rupees	Capital reserve Rupees	Accumulated losses Rupees	Equity portion of directors loan Rupees	Revaluation Surplus on Property, plant and machinery Rupees	Total equity Rupees
Balance as at July 01, 2019 - Audited	176,367,190	53,218,752	(355,834,416)	120,000,000	506,785,111	500,536,637
Profit after taxation for the Period	-	-	5,160,478	-	-	5,160,478
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive Income	-	-	5,160,478	-	-	5,160,478
Incremental Depreciation-net of deferred tax	-	-	3,063,681	-	(3,063,681)	-
Balance as at December 31, 2019 - Un-audited	<u>176,367,190</u>	<u>53,218,752</u>	<u>(347,610,257)</u>	<u>120,000,000</u>	<u>503,721,430</u>	<u>505,697,115</u>
Balance as at July 01, 2020 - Audited	176,367,190	53,218,752	(349,498,946)	120,000,000	501,717,448	501,804,444
Loss after taxation for the period	-	-	(19,139,407)	-	-	(19,139,407)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss	-	-	(19,139,407)	-	-	(19,139,407)
Incremental Depreciation-net of deferred tax	-	-	2,987,190	-	(2,987,190)	-
Balance as at December 31, 2020 - Un-audited	<u>176,367,190</u>	<u>53,218,752</u>	<u>(365,651,163)</u>	<u>120,000,000</u>	<u>498,730,258</u>	<u>482,665,037</u>


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Shadman Cotton Mills Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

1 STATUS AND NATURE OF BUSINESS

Shadman Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company on November 24, 1979 under the then Companies Act, 1973 (now the Companies Act 2017) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and sale of yarn and apparels. The registered office of the Company is situated at 2/E, Block G, Mushtaq Ahmed Gurmani Road, Gulberg II, Lahore.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2020.

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

2.1 Accounting convention

The condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.2 Appropriateness of going concern assumption

The Company has been facing operational losses mainly due to decrease in selling prices in local as well as international markets, dumping of Indian yarn at low prices along with other factors. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained unachieved. Company has stopped its spinning production temporarily since October 21, 2018.

As a result, the company has accumulated losses of Rs. 365.561 million as at the reporting date. The company's current liabilities exceeds its current assets by Rs. 575.780 million. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 524.639 million. The providers of debt finances have filed recovery suits for recovery of these debts finances and interest/mark-up thereon amounting to Rs. 577.391 million. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

- In the opinion of Company's legal counsel the ongoing litigation between the Company and The Bank of Punjab regarding recovery of debt finances and interest/mark-up thereon will take a few years to conclude as such the Company will be able to settle its liabilities to The Bank of Punjab through the stream of cash flows from future sales.
- The management has started utilizing the apparel segment considering the demand of apparel products in local and international markets and further making plan to restart the spinning production process in view of management plan to provide funds to the company according to its requirements.
- The management is taking steps towards reduction of fixed cost and rationalization of other expenses including right sizing of manpower, resource conservation and close monitoring of fixed cost.
- Directors have conveyed their commitment for providing continued financial support

3 SIGNIFICANT 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 financial statements of the Company for the year ended June 30, 2020.

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
4 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
The Bank of Punjab - Demand finance - I	4.1	17,863,256	17,863,256
The Bank of Punjab - Demand finance - II	4.2	80,000,000	80,000,000
Habib Bank Limited - Term finance	4.3	4,005,608	8,105,608
		101,868,864	105,968,864
Current maturity presented under current liabilities		(101,868,864)	(105,968,864)
		-	-

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- 4.1** The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at 7% per annum, payable quarterly. The finance was repayable in ten equal half yearly installments with the first installment was due in September 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 6.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.
- 4.2** The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at six months KIBOR plus 2% per annum payable semi annually. The finance was repayable in eight equal half yearly installments with the first installment was due in October 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 6.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.
- 4.3** The finance was obtained from Habib Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/markup at three months KIBOR plus 1.50% per annum, payable quarterly. The finance was repayable in eighteen equal monthly installments with the first installment was due in June 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 6.1.2 for details of litigation between the Company and Habib Bank Limited regarding recovery of this amount.

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
5 DEFERRED LIABILITIES			
Infrastructure fee payable - ETO	5.1	18,316,926	18,316,926
Employees retirement benefits		2,726,807	2,930,556
		21,043,733	21,247,482

- 5.1** This represents infrastructure cess levied by Excise and Taxation Officer ('ETO') Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court ('SHC') challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1** The Company is contesting recovery suit filed by The Bank of Punjab in year 2011 amounting to Rs. 577.391 million on account of principal and markup claimed in the suit along with cost of funds, estimated at Rs. 672.14 million upto December 31, 2020, and all other claims arising therein till realization. A counter suit has been filed by the Company against The Bank of Punjab, before the Lahore High Court wherein, along other prayers, the Company has claimed Rs. 744.348 million on account of acts and omission committed by the Bank against the Company. The suits is pending before the Lahore High Court and has been fixed for arguments.
- 6.1.2** The Company is contesting recovery suit filed by Habib Bank Limited amounting to Rs. 8.996 million on account of principal and markup claimed in the suit. The suits was decreed by the Banking Court for an amount of Rs. 8.105 million. Appeal is pending in Lahore High Court.
- 6.1.3** The company has reversed accrued interest/markup amounting to Rs.179.89 million payable to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2020 amounting to Rs.237.281 million and Rs.26.68 million during six months period ended December 31, 2020, based on the advice of the Company's legal advisor. Had the reversal not been made and liability for interest/markup been recognized, the accumulated losses and loss for the period would have been higher by Rs. 417.171 million and Rs.26.68 million
- 6.1.4** A suit has been filed by the company before the Civil Court, Lahore against recovery of outstanding balance amounting to Rs. 16.196 million from Lahore Electric Supply Company (LESCO). The case is pending in court however legal advisor is of the view that the outcome of the case will be in favor of the company.
- 6.1.5** A suit was filed by the Meezan bank limited before the Banking Court Lahore against recovery of outstanding balance of ijara rentals amounting to Rs. 51.419 million. The suit is decreed by the banking court for an amount of Rs. 28.545 million along with costs of suit as well as costs of funds. Appeal is pending in Lahore High Court.
- 6.1.6** The Government levied Gas Infrastructure Development Cess (GIDC) amounting to Rs. 53.91 million. Levy was challenged by the company in the High Court of Sindh. The Hon'able Court had granted Stay Order in favour of the company. Which was challenged in Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan Issued Judgement on August 13, 2020 declaring the levy as valid. Subsequent to the decision of the Supreme Court, industry as a whole filed a review petition in the Lahore High Court and Honorable High Court Granted stay against the recovery of the same.

6.2 Commitments

- 6.2.1** There are no known commitments as at the reporting date.

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	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	918,241,531	932,745,235
Capital work in progress		14,504,604	1,498,242
		932,746,135	934,243,477
7.1 Operating fixed assets			
Assets owned by the Company	7.1.1	918,241,531	932,745,235
		918,241,531	932,745,235
7.1.1 Assets owned by the Company			
Net book value at the beginning of the period/year		932,745,235	1,060,980,372
Additions during the period/year		9,098,242	18,154,940
Net book value transfer to investment property		-	(122,267,095)
Net book value of assets disposed during the period/year		(14,353,920)	(5,560,932)
Depreciation for the period/year		(9,248,026)	(18,562,050)
Net book value at end of the period/year		918,241,531	932,745,235
8 INVESTMENT PROPERTY - At Cost		December 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
Net carrying value as at July 01		120,153,516	-
Transferred form PPE		-	122,267,095
Depreciation charged to other operating expenses during the period/year		(1,501,919)	(2,113,579)
Net book value as at Dec 31		118,651,597	120,153,516
Gross carrying value			
Cost		122,267,095	122,267,095
Accumulated Depreciation		(3,615,498)	(2,113,579)
Net book value		118,651,597	120,153,516
8.1 Depreciation is charged by reducing balance method at the rate % per annum		2.5%	2.5%
8.2 Depreciation charge for the period has been allocated as follows:			
Other operating expenses		(1,501,919)	(2,113,579)
9 TAXATION			
9.1 Provision for taxation has been made under section 113, 154 and 169 of the Income Tax Ordinance, 2001.			
9.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.			
10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Related parties from the Company's perspective comprise associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Details of transactions and balances with related parties is as follows:			

	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
10.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Directors	Short term borrowings obtained	36,245,000	18,250,000
	Short term borrowings repaid	33,200,000	25,040,000
	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
10.2 Balances with related parties			
Nature of relationship	Nature of balances		
Directors	Equity portion of director loan	120,000,000	120,000,000
	Short term borrowings	36,094,374	33,049,374

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11 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follow s:

	December 31, 2020	June 30, 2020
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
11.1 Financial assets		
<i>Cash in hand</i>	266,778	16,060
<i>Loans and receivables</i>		
Long term deposits	28,180,774	28,180,774
Trade debts	20,030,997	27,039,304
Security deposits	3,500,000	3,500,000
Cash at bank	2,793,616	27,389,852
	54,505,387	86,109,930
<i>Available for sale financial assets</i>		
Short term investments	12,686,039	13,139,784
	67,458,204	99,265,774
11.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Long term finances	101,868,864	105,968,864
Long term payables	21,043,733	21,247,482
Short term borrow ings	326,805,148	326,762,148
Accrued interest/markup	103,514,885	103,514,885
Trade creditors	56,877,367	50,295,176
ljarah rentals payables	28,544,690	28,544,690
Accrued liabilities	40,370,770	37,953,642
	679,025,457	674,286,887

12 FAIR VALUE MEASUREMENTS

The Company measures some of it financial instruments at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follow s:

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12.1 Financial instruments measured at fair value

12.1.1 Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	December 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
Financial assets at fair value through profit or loss				
Short term investments	Level 1	Quoted bid prices in an active market	12,686,039	13,139,784

12.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

12.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

13 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial information.

14 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, subject to appropriateness of going concern reservation, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in this condensed interim financial information.

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 26, 2021.

16 GENERAL

16.1 There are no other significant activities since December 31, 2020 affecting the interim financial information.

16.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

16.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR