



QUARTERLY REPORT
SEPTEMBER 30,
2021



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 Mr. Saad Naseem Mr. Yasir Naseem Mr. Hamza Naseem Mrs. Fatima Aamir Mr. Fahad Shafiq Mr. Ghazanfer Feroz	Chairman/Non Executive Director Non Executive Director Executive Director Non Executive Director Female - Non Executive Director Independent Director Independent Director
AUDIT COMMITTEE	Mr. Fahad Shafiq Mian Farrukh Naseem Mr. Hamza Naseem	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Fahad Shafiq Mr. Ghazanfer Feroz Mr. Saad Naseem	Chairman Member 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. Tel: 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, 2021.

During the period under review, the Company earned profit after tax of Rs.97.848 million as compared to profit after tax of Rs.31.792 million of the corresponding quarter of previous year. Total sales were made amounting to Rs.1144.695 million including unit 2 sales as compared to corresponding quarter of previous year sales of Rs.717.073 million showing increase of Rs.427.622 million i.e 59.63% against previous year quarter. The gross margin has substantially increased to 14.30% as compared to 9.31% of preceding quarter. Earning per share is Rs.5.89 as compared to Rs.1.92 per share.

During the quarter under review, the company has achieved better financial results as compared to previous quarter primarily because of increased quantity and better sales price due to the boost in global economic activity post-pandemic, resulting in an increase in demand in the value-added sector of textile industry. During the quarter the prices of raw material remained on higher side and other input costs increased due to devaluation in Pak Rupees. In spite of these above factors the Company results remained favourable.

The management is continuously making efforts to make BMR of the existing facilities and take new investment initiative to cope with regional competitors in technology related advantage through bank financing and own resources. Management of the company is further striving their best to reduce their production cost by injecting and expanding their new project of MVS to meet the production plans to make the company more profitable and competitive. New markets are being targeted along with putting emphasis on existing markets as well. The management is continuously working toward improvement in efficiencies and productivity as well as enhanced cost controls.

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
(Chairman/Director)

Lahore: October 27, 2021



ڈائریکٹر ز رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے پہلی سہ ماہی ختمہ 30 ستمبر 2021 آپ کی خدمت میں پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران، کمپنی نے ٹیکس ادا کرنے کے بعد 97,848 ملین روپے کا منافع حاصل کیا ہے جو کہ گذشتہ برس اسی مدت کے لیے 31,792 ملین روپے تھا۔ کل فروخت 1144.695 ملین روپے کی گئی جس میں یونٹ نمبر 2 کی فروخت بھی شامل ہے جو کہ پچھلے سال کی اسی سہ ماہی کے مقابلے میں 717.073 ملین روپے کی فروخت ہے جو کہ گذشتہ برس کی سہ ماہی کے مقابلے میں 59.63 فیصد زیادہ 427.622 ملین روپے کا اضافہ دکھاتی ہے۔ مجموعی مارجن پچھلی سہ ماہی کے 9.31 فیصد کے مقابلے میں کافی حد تک بڑھ کر 14.30 فیصد ہو گیا ہے۔ فی شیئر آمدنی گذشتہ سہ ماہی 1.92 روپے کے مقابل 5.89 روپے فی شیئر ہے۔

زیر جائزہ سہ ماہی کے دوران، کمپنی نے وبا کے بعد عالمی اقتصادی عوامل میں اضافے کے باعث بہتر فروخت اور تعداد میں اضافے کی وجہ سے گذشتہ سہ ماہی کے مقابلے بہتر نتائج حاصل کئے، زیر جائزہ سہ ماہی کے دوران خام مال کی قیمتیں زیادہ رہیں پاکستانی روپیہ کی قدر میں کمی ہوئی اور دیگر اخراجات بڑھے، مذکورہ بالا عناصر کے باوجود کمپنی کے نتائج منافع بخش رہے۔

انتظامیہ موجودہ سہولیات کا ایم آر بنانے اور بینک فنانسنگ اور اپنے وسائل کے ذریعے ٹیکنالوجی سے متعلق فوائد میں علاقائی حریفوں سے نمٹنے کے لیے سرمایہ کاری کی نئی پہل کرنے کی مسلسل کوشش کر رہی ہے کمپنی کی انتظامیہ کمپنی کو زیادہ منافع بخش اور مسابقتی بنانے کے پیداواری منصوبوں کو پورا کرنے کے لیے ایم وی ایس کے اپنے نئے منصوبے میں اضافہ کر کے اور توسیع دے کر اپنی پیداواری لاگت کو کم کرنے کی پوری کوشش کر رہی ہے۔ موجودہ مارکیٹوں پر بھی دھیان دینے کے ساتھ ساتھ نئی مارکیٹوں کو منتخب کیا جا رہا ہے۔ انتظامیہ کارکردگی اور پیداواری صلاحیت میں بہتری کے ساتھ ساتھ لاگت پر قابو پانے میں اضافے کی طرف مسلسل کام کر رہی ہے۔

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

منجانب بورڈ

میاں فرخ نسیم
(چئیرمین / ڈائریکٹر)

Aamir Nazeem

میاں عامر نسیم
(چیف ایگزیکٹو)

لاہور 27 اکتوبر 2021



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021 (UN-AUDITED)

(RUPEES IN THOUSAND)

		Sep. 30, 2021	June 30, 2021
	NOTE	<u>UN-AUDITED</u>	<u>AUDITED</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,478,230	1,502,395
Right of use assets	6	22,014	7,551
Long term deposits		<u>2,434</u>	<u>2,434</u>
		1,502,678	1,512,380
CURRENT ASSETS			
Stores, spares and loose tools		71,758	71,612
Stock in trade		555,628	405,225
Trade debts		287,649	226,487
Loans and advances		30,067	37,350
Trade deposits and prepayments		42,374	33,932
Other receivables		113,066	132,889
Cash and bank balances		<u>36,686</u>	<u>23,022</u>
		1,137,228	930,517
TOTAL ASSETS		<u><u>2,639,906</u></u>	<u><u>2,442,897</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
40,000,000 ordinary shares of Rs. 10/- each		<u>400,000</u>	<u>400,000</u>
Issued, subscribed & paid-up share capital		<u>166,000</u>	<u>166,000</u>
Capital reserves		204,000	204,000
Revenue reserves		744,793	646,945
Equity contributions from sponsors		<u>389,600</u>	<u>385,600</u>
TOTAL EQUITY		1,504,393	1,402,545
NON - CURRENT LIABILITIES			
Long term loans		<u>301,589</u>	<u>328,677</u>
Gas Infrastructure Development Cess (GIDC)		-	1,074
Lease liabilities		8,483	-
Deferred liabilities		<u>108,233</u>	<u>107,177</u>
		418,305	436,928
CURRENT LIABILITIES			
Trade and other payables		<u>259,536</u>	<u>251,713</u>
Unclaimed dividend		705	705
Accrued mark up		9,912	5,562
Short term borrowings		292,006	218,247
Current portion of long term liabilities		90,808	77,347
Provision for taxation		<u>64,241</u>	<u>49,850</u>
		717,208	603,424
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>2,639,906</u></u>	<u><u>2,442,897</u></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 PROFIT OR LOSS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

(RUPEES IN THOUSAND)

	Sep. 30, 2021	Sep. 30, 2020
Sales- net	1,144,695	717,073
Cost of sales	<u>980,991</u>	<u>650,318</u>
GROSS PROFIT	163,704	66,755
Administrative & general expenses	<u>26,630</u>	<u>20,850</u>
Selling and distribution expenses	<u>2,392</u>	<u>1,591</u>
	<u>29,022</u>	<u>22,441</u>
OPERATING PROFIT	134,682	44,314
Finance costs	13,240	2,258
Other charges	<u>8,397</u>	<u>3,319</u>
	113,045	38,737
Other income	<u>250</u>	<u>6,038</u>
PROFIT BEFORE TAXATION	113,295	44,775
Taxation	<u>15,447</u>	<u>12,983</u>
PROFIT AFTER TAXATION	<u>97,848</u>	<u>31,792</u>
Basic and diluted earning per share - (Rupees)	<u>5.89</u>	<u>1.92</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, 2021 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2021	Sep. 30, 2020
PROFIT AFTER TAXATION	97,848	31,792
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>97,848</u>	<u>31,792</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, 2021 (UN - AUDITED)

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserve	Equity contribution from shares	Total Equity
	Issued, subscribed and Paid up ordinary shares	General Reserve	Un-appropriated profit	Share Premium		
Balance as at July 01, 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
Total comprehensive income						
Profit after taxation						
from Oct. 01, 2020 to Jun. 30, 2021	-	-	138,849	-	-	138,849
Transaction with owners						
Final dividend for the year ended						
June 30, 2020 @Rs. 0.50 per share	-	-	(8,300)	-	-	(8,300)
Transfer to equity contribution						
from shares	-	-	-	-	385,600	385,600
Balance as at June 30, 2021	166,000	260,000	386,945	204,000	385,600	1,402,545
Total comprehensive income						
Profit after taxation						
from Jul. 01, 2021 to Sep. 30, 2021	-	-	97,848	-	-	97,848
Transfer to equity contribution						
from shares	-	-	-	-	4,000	4,000
Balance as at Sep. 30, 2021	166,000	260,000	484,793	204,000	389,600	1,504,393

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 CASH FLOW FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2021	Sep. 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	113,295	44,775
Adjustments for non cash charges & other items:		
Depreciation	36,031	8,807
Finance costs	13,240	2,258
Workers' profit participation fund	6,085	2,405
Workers' welfare fund	2,312	914
Profit on deposits with banks	(250)	-
Operating profit before working capital changes	170,713	59,159
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Short term investment	-	91,000
Stores, spares and loose tools	(146)	(3,145)
Stock-in-trade	(150,403)	12,500
Trade debts	(61,162)	(3,591)
Loans and advances	7,283	(15,202)
Trade deposits and prepayments	(8,442)	(480,178)
Other receivables	24,816	4,160
	(188,054)	(394,456)
Increase / (decrease) in current liabilities		
Trade and other payables	(3,208)	(4,154)
Cash (used in) from operations	(20,549)	(339,451)
Finance costs paid	(8,890)	(2,243)
Income tax paid	(4,994)	(5,704)
Profit on deposits with banks	250	-
	(13,634)	(7,947)
Net cash (used in) from operating activities	(34,183)	(347,398)



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for capital expenditure

(14,352)

(42,414)

Net cash (used in) from investing activities

(14,352)

(42,414)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long term loans

(14,128)

120,879

Re-payment of lease - net

(1,432)

(1,627)

Proceeds from sponsor's loan

-

87,900

Proceeds from equity contributions from sponsors

4,000

-

Proceeds from short term borrowings -net

73,759

13,949

Net cash generated from financing activities

62,199

221,101

NET CASH GENERATED / (USED IN) DURING
THE QUARTER

13,664

(168,711)

CASH AND CASH EQUIVALENTS AT THE
BEGINNING OF THE YEAR

23,022

251,798

CASH AND CASH EQUIVALENTS AT THE END
OF THE QUARTER

36,686

83,087

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, 2021 (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, 2021 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, 2021 and 2020 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, 2021.

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, 2021, 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, 2021.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Note	Sep. 30, 2021	June 30, 2021
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,410,988	1,436,036
Capital work in progress	5.2	67,242	66,359
		<u>1,478,230</u>	<u>1,502,395</u>
5.1 Operating fixed assets			
Opening net book value		1,436,036	338,499
Additions during the period/ year			
Land Freehold		-	3,641
Buildings		-	34,275
Plant and machinery		6,137	1,074,737
Electric installations		376	37,062
Factory equipments		832	12,767
Furniture & fixture		-	676
Vehicles		3,009	15,303
		10,354	1,178,461
Disposals during the period/ year			
Plant and machinery		-	4,064
Vehicles		-	11,396
		-	15,460
Depreciation charged thereon		35,402	65,464
Closing net book value		<u>1,410,988</u>	<u>1,436,036</u>
5.2 CAPITAL WORK IN PROGRESS			
Building		67,242	66,359
		<u>67,242</u>	<u>66,359</u>
6. RIGHT OF USE ASSETS			
Opening balance		7,551	16,087
Additions for the period / year		15,092	-
Depreciation for the period / year		(629)	(8,536)
Net book value		<u>22,014</u>	<u>7,551</u>

7. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.48.028 million (June 30, 2021: Rs.48.028 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited, Lahore Electric Supply Company and State Bank of Pakistan against connections & TUF rebate.

Commitments

Capital expenditure commitments are amounting to Rs. 54.730 million (June 30, 2021:Rs. 54.730 million) and non capital expenditure commitments are amounting to Rs.233.990 million (June 30, 2021: Rs.203.671 million).



8. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

No transactions from associated undertaking (June 30, 2021 : Rs.Nil) during the period. The maximum aggregate amount due from associated undertaking at the end of the period was Rs.Nil (June 30, 2021 : 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, 2021.

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, 2021.

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