



Shadman

Cotton Mills Limited

**REPORT FOR THE 1ST QUARTER ENDED
SEPTEMBER 30, 2021**

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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 present the un-audited condensed interim financial statements of the company for the 1st quarter and three months period ended September 30, 2021.

During the three months under review, the net turnover of the company is Rs.63.571 million including export sales of Rs. 62.282 million as compared to net turnover of Rs. 6.293 million of corresponding period of previous year. During the 1st quarter the company sustained after tax loss of Rs. (9.476) million as compared to after tax loss of Rs. (3.456)million. Loss per share is Rs. (0.54) as compared to loss per share of Rs. (0.20) of the corresponding 1st quarter of the previous year.

During the period under review the results of the company affected due to higher prices of fabric and other overheads and slow pace of manufacturing process. However, the company utilized the alternative strategies to keep the project in running position. All these strategic activities helped to reduce the loss to minimum level and to run the affairs of the company in a smooth manner.

After a very long period of crisis, the textile sector of Pakistan started rising and getting better day by day with the increase in demand of Pakistani textile products in the international market. This increase in international market also accelerated the pace of demand in local market which is a good sign for textile industry in Pakistan. Similarly management of your company is under negotiation with different international buyers for export of apparel products. The future of apparel division seems to be bright. The management is also adopting alternative strategies to increase the inflow of funds. Consequently, 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



CHIEF EXECUTIVE

For and on behalf of the Board



DIRECTOR

Lahore: November 29, 2021

مجلس انضمام کی رپورٹ

محترم حصص یافتگان

ہم کمپنی کے غیر آڈٹ شدہ حسابات اختصار کے گوشوارے برائے ختم ہونے والی پہلی سہ ماہی 30 ستمبر 2021 کو آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت میں کمپنی کی مجموعی فروخت 63.571 ملین روپے رہی جس میں 62.282 ملین روپے بیرون ملک برآمدات شامل ہیں۔ جب کہ پچھلے سال اسی مدت کی فروخت 6.293 ملین روپے تھی۔ کمپنی کو زیر جائزہ تین مہینوں میں (9.476) ملین روپے کا نقصان ہوا۔ جب کہ پچھلے سال کی اسی مدت میں کمپنی کو (3.456) ملین روپے کا نقصان ہوا تھا۔ اس مدت کے دوران فی حصص نقصان (0.54) روپے رہا۔ جب کہ پچھلے سال کی اسی مدت میں نقصان فی حصص (0.20) روپے تھا۔

زیر جائزہ مدت کے دوران فیبرک اور دیگر اوروں پر زیادہ قیمتوں اور مینوفیکچرنگ کے عمل کی سست رفتاری وجہ سے کمپنی کے نتائج متاثر ہوئے۔ تاہم، کمپنی نے منصوبے کو چلانے کی پوزیشن میں رکھنے کے لیے متبادل حکمت عملیوں کا استعمال کیا۔ ان تمام حکمت عملی سرگرمیوں نے نقصان کو کم سے کم سطح تک کم کرنے اور کمپنی کے معاملات کو ہموار طریقے سے چلانے میں مدد کی۔

انہائی طویل بحران کے بعد پاکستان کے ٹیکسٹائل کا شعبہ بین الاقوامی منڈی میں ٹیکسٹائل کی مصنوعات کی طلب میں اضافہ روز بروز ہوتا جا رہا ہے۔ بین الاقوامی منڈی میں اس اضافے نے مقامی منڈی میں مانگ کی رفتار کو بھی تیز کیا جو پاکستان میں ٹیکسٹائل انڈسٹری کے لئے ایک اچھی علامت ہے۔ اسی طرح آپ کی کمپنی کی انتظامیہ ملبوسات کی برآمد کے لئے مختلف بین الاقوامی خریداروں سے بات چیت کر رہی ہے۔ ملبوسات بنانے کے کاروبار کا مستقبل روشن دکھائی دیتا ہے۔ انتظامی فنڈز کی آمد کو بڑھانے کے لئے متبادل حکمت عملی بھی اپنائے ہوئے ہے۔ اس کے نتیجے میں، 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۔

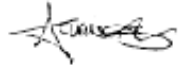
لاہور 29 نومبر 2021

منجانب بورڈ



ڈائریکٹر

منجانب بورڈ



چیف ایگزیکٹو

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

	Note	Sept. 30, 2021 Rupees (Un-Audited)	June 30, 2021 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>			
18,000,000 (2021: 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		(408,313,188)	(400,293,309)
Equity portion of Directors loan		120,000,000	120,000,000
Surplus on revaluation of property, plant and equipment		494,286,814	495,743,069
TOTAL EQUITY		435,559,568	445,035,702
NON-CURRENT LIABILITIES			
Long term finances - secured	4	-	-
Long term payables	5	40,458,224	41,118,479
Employees benefit obligation	6	5,282,055	5,993,171
		45,740,279	47,111,650
CURRENT LIABILITIES			
Trade and other payables		172,108,422	152,543,702
Accrued interest/markup		103,514,885	103,514,885
Short term borrowings		413,107,148	381,875,148
Current portion of non-current liabilities		101,868,864	101,868,864
Current portion of GIDC payable		2,641,020	2,641,020
Ijara rentals payable		28,544,690	28,544,690
Provision for taxation		10,782,919	10,140,770
		832,567,948	781,129,079
TOTAL LIABILITIES		878,308,227	828,240,729
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		1,313,867,795	1,273,276,431
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	919,088,465	923,543,917
Investment Property	9	116,417,493	117,149,678
Long term deposits - unsecured, considered good		28,180,774	28,180,774
Deferred taxation		-	-
		1,063,686,732	1,068,874,369
CURRENT ASSETS			
Stores, spares and loose tools		22,871,873	34,346,259
Stock in trade		109,144,618	82,866,581
Trade debts - unsecured		20,131,966	27,140,981
Loans and advances		22,740,744	11,858,421
Trade deposits and short term prepayments		4,052,167	3,622,729
Other receivables		11,763,578	12,647,546
Tax refunds due from govt.		33,687,108	28,430,894
Short term investments		10,336,597	2,449,619
Cash and bank balances		15,452,412	1,039,032
		250,181,063	204,402,062
TOTAL ASSETS		1,313,867,795	1,273,276,431

The annexed notes 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 FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	<i>Note</i>	Three months ended	
		Sept. 30, 2021	Sept. 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
Turnover - net		63,570,631	6,292,680
Cost of sales		(76,394,910)	(15,586,535)
Gross loss		(12,824,279)	(9,293,855)
Selling and distribution expenses		(3,289,530)	(287,387)
Administrative and general expenses		(9,811,652)	(8,365,681)
		(13,101,182)	(8,653,068)
		(25,925,461)	(17,946,923)
Other income		17,847,765	15,253,078
Operating loss		(8,077,696)	(2,693,845)
Finance cost		(24,104)	(6,972)
Other Expenses		(732,185)	(750,960)
Loss before taxation		(8,833,985)	(3,451,777)
Taxation		(642,149)	(94,390)
Loss after taxation		(9,476,134)	(3,546,167)
Profit/ (loss) per share - <i>basic and diluted</i>		(0.54)	(0.20)

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	Three months ended	
	Sept. 30, 2021	Sept. 30, 2020
	Rupees	Rupees
Loss after taxation for the period	(9,476,134)	(3,546,167)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation surplus on Property, plant and machinery	-	-
Remeasurements of defined benefit obligation	-	-
Total comprehensive loss	(9,476,134)	(3,546,167)

The annexed notes 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 FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	Three months ended	
	Sept. 30, 2021	Sept. 30, 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,833,985)	(3,451,777)
Adjustments for non-cash items		
Depreciation	5,187,637	5,402,798
Finance cost	24,104	6,972
	5,211,741	5,409,770
Operating profit/(loss) before changes in working capital	(3,622,244)	1,957,993
Changes in working capital		
Stores, spares and loose tools	11,474,386	(1,313,183)
Stock in trade	(26,278,037)	(5,233,516)
Trade debts	7,009,015	4,742,673
Advances, prepayments and other receivables	(14,083,641)	(8,896,791)
Trade and other payables	18,904,465	16,068,771
	(2,973,812)	5,367,954
Net cash generated from/ (used in) operations	(6,596,056)	7,325,947
Payments for		
Finance cost	(24,104)	(6,972)
Income tax	(1,600,366)	(1,093,510)
Employees retirement benefits	(711,116)	(113,749)
Net cash generated from / (used in) operating activities	(8,931,642)	6,111,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(8,268,184)
Short term investment	(7,886,978)	13,081,925
Net cash generated from/(used in) investing activities	(7,886,978)	4,813,741
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase / (decrease) in short term borrowings	31,232,000	(31,950,000)
Net cash generated from/ (used in) financing activities	31,232,000	(31,950,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	14,413,380	(21,024,543)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,039,032	27,405,912
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,452,412	6,381,369

The annexed notes 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 FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	Share capital	Reserves		Equity	Revaluation Surplus	
	Issued subscribed and paid-up capital	Capital reserve	Accumulated losses	Equity portion of directors loan	Revaluation Surplus on Property, plant and machinery	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2020 - Audited	176,367,190	53,218,752	(349,498,947)	120,000,000	501,717,449	501,804,444
Loss after taxation for the three months Period	-	-	(3,546,167)	-	-	(3,546,167)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss	-	-	(3,546,167)	-	-	(3,546,167)
Transactions with owners	-	-	-	-	-	-
Incremental Depreciation-net of deferred tax	-	-	1,493,596	-	(1,493,596)	-
Balance as at September 30, 2020 - Un-audited	176,367,190	53,218,752	(351,551,518)	120,000,000	500,223,853	498,258,277
Balance as at July 01, 2021 - Audited	176,367,190	53,218,752	(400,293,309)	120,000,000	495,743,069	445,035,702
Loss after taxation for the three months Period	-	-	(9,476,134)	-	-	(9,476,134)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss	-	-	(9,476,134)	-	-	(9,476,134)
Transactions with owners	-	-	-	-	-	-
Incremental Depreciation-net of deferred tax	-	-	1,456,255	-	(1,456,255)	-
Balance as at September 30, 2021 - Un-audited	176,367,190	53,218,752	(408,313,188)	120,000,000	494,286,814	435,559,568

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

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, 2021.

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

This 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.

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, 2021.

	Sept. 30, 2021	June 30, 2021
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
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	17,863,256	17,863,256
The Bank of Punjab - Demand finance - II	80,000,000	80,000,000
Habib Bank Limited - Term finance	4,005,608	4,005,608
	101,868,864	101,868,864
Current maturity presented under current liabilities	(101,868,864)	(101,868,864)
	-	-
5 LONG TERM PAYABLES		
Infrastructure fee payable - ETO	18,316,926	18,316,926
Infrastructure cess payable - Gas	22,141,298	22,801,553
	40,458,224	41,118,479
6 EMPLOYEES BENEFIT OBLIGATION		
Balance at the beginning of the year	5,993,171	2,930,556
Charged to profit or loss for the period/ year	-	3,443,653
Benefits paid during the period/year	(711,116)	(396,249)
Remeasurements recognized in the other comprehensive income	-	15,211
Balance at the end of the period/ year	5,282,055	5,993,171

Shadman Cotton Mills Limited

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 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 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 are pending before the Lahore High Court and has been fixed for arguments.

7.1.2 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. An amount of Rs.4.100 million was paid through Court.

7.1.3 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.

7.1.4 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 alongwith costs of suit as well as costs of funds. Appeal is pending in Lahore High Court.

7.2 Commitments

7.2.1 There are no known commitments as at the reporting date.

	<i>Note</i>	Sept. 30, 2021 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2021 <i>Rupees</i> <i>(Audited)</i>
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	<i>8.1</i>	919,088,465	923,543,917
Capital work in progress		-	-
		919,088,465	923,543,917
8.1 Operating fixed assets			
Assets owned by the Company	<i>8.1.1</i>	919,088,465	923,543,917
		919,088,465	923,543,917
8.1.1 Assets owned by the Company			
Net book value at the beginning of the period/year		923,543,917	932,745,235
Additions during the period/year		-	22,355,891
Net book value transfer from capital work in progress		-	1,498,242
Net book value of assets disposed during the period/year		-	(14,362,076)
Depreciation for the period/year		(4,455,452)	(18,693,375)
Net book value at end of the period/year		919,088,465	923,543,917
9 INVESTMENT PROPERTY			
Net carrying value at the beginning of the year		117,149,678	120,153,516
Depreciation charged to other operating expnses during the period/year		(732,185)	(3,003,838)
Net book value at the close of the period/year		116,417,493	117,149,678
Gross carrying value			
Cost		122,267,095	122,267,095
Accumulated Depreciation		(5,849,602)	(5,117,417)
Net book value		116,417,493	117,149,678
9.1 Depreciation is charged by reducing balance method at the rate % per annum		2.5%	2.5%

10 TAXATION

10.1 Provision for taxation has been made under section 113, 154 and 169 of the Income Tax Ordinance, 2001.

Shadman Cotton Mills Limited

11 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:

		Sept. 30, 2021	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
11.1 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- Directors	91,736,374	60,949,374
	Short term borrowings - Associated undertaking	31,660,000	31,215,000

12 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.

13 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, 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.

14 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 November 29, 2021.

15 GENERAL

15.1 There are no other significant activities since September 30, 2021 affecting the interim financial information.

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

15.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR