



SHAMS TEXTILE MILLS LIMITED

QUARTERLY REPORT

September 30, 2020

(Un-Audited)



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COMPANY INFORMATION

Board of Directors

Muhammad Anwar (Chairman)

Adil Bashir

Asif Bashir

Khurram Mazhar Karim

Muhammad Shafiq Gill (Nominee: NIT)

Shahid Arshad

Minail Mishal Adamjee

Chief Executive Officer

Khalid Bashir

Chief Financial Officer

Tariq Javed

Company Secretary

Muhammad Haroon Arif

Audit Committee

Shahid Arshad (Chairman)

Khurram Mazhar Karim (Member)

Asif Bashir (Member)

Human Resource Nomination & Remuneration Committee

Minail Mishal Adamjee (Chairman)

Asif Bashir (Member)

Khurram Mazhar Karim (Member)

Share Registrar

Corptec Associates (Pvt) Ltd.

503-E, Johar Town, Lahore.

Auditors

Riaz Ahmad & Company

Chartered Accountants

Bankers

MCB Bank Limited

National Bank of Pakistan

The Bank of Punjab

United Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore

Ph: +92-423-576 0379, 576 0382

Fax: +92-423-576 0376

Email: info@shams.com.pk

Web: www.shams.com.pk

Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab

3-KM, Faisalabad Road, Chiniot, Punjab

DIRECTORS' REPORT

The Board of Directors is pleased to present Directors' report on the operation and financial performance of the Company for the period July 2020 to September 2020.

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

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

Financial summary of the current quarter is as follow:

Rs. in million	30 September 2020	30 September 2019
Sales	1,332.53	847.08
Gross profit	81.19	51.62
Operating expenses	36.47	27.95
Other income	2.38	1.09
Profit from operation	47.10	24.76
Finance cost	15.28	12.26
Profit before taxation	31.82	12.49
Provision for taxation	19.25	11.91
Profit after taxation	12.57	0.58
Profit per share (Rs.)	1.45	0.07

Future Outlook:

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

Acknowledgment:

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

For and On behalf of Board of Directors



Khalid Bashir
Chief Executive

October 27, 2020
Lahore



Asif Bashir
Director

ڈائریکٹر رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے سہ ماہی 30 ستمبر 2020ء کے فنانشل پیش کرتا ہوں۔

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

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

30 ستمبر 2019ء	30 ستمبر 2020ء	(مبلغ ملین میں)
847.08	1,332.53	سیلز
51.62	81.19	خام منافع
27.95	36.47	آپریٹنگ خرچہ
1.09	2.38	دیگر آمدنی
24.76	47.10	آپریٹنگ نفع
12.26	15.28	فنانشل خرچہ
12.49	31.82	ٹیکسیشن سے پہلے نفع
11.91	19.25	ٹیکسیشن کے لیے پروویژن
0.58	12.57	ٹیکسیشن کے بعد نفع
0.07	1.45	نیٹ شیئر نفع روپے

مستقبل کے امکانات:

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

اظہار تشکر:

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

محمد آصف بشیر

آصف بشیر
ڈائریکٹر

lund roses

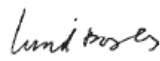
خالد بشیر
چیف ایگزیکٹو

27 اکتوبر 2020ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At September 30, 2020

	Un Audited September 30, 2020	Audited June 30, 2020
	Note	(Rupees in thousands)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
25,000,000 (30 June 2020: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid-up share capital		
8,640,000 (30 June 2020: 8,640,000) ordinary shares of Rupees 10 each	86,400	86,400
Reserves	455,524	447,216
Total equity	541,924	533,616
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	5	10,769
		14,036
CURRENT LIABILITIES		
Trade and other payables		839,599
Accrued mark-up		5,559
Short term borrowings		324,420
Current portion of long term financing	6	2,250
Unclaimed dividend		4,424
		1,176,252
Total liabilities		1,190,288
CONTINGENCIES AND COMMITMENTS	7	-
TOTAL EQUITY AND LIABILITIES		1,723,904

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



Chief Executive



Chief Financial Officer



Director

	Un Audited September 30, 2020	Audited June 30, 2020
Note	(Rupees in thousands)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 766,139	780,355
Long term investments	41,883	46,144
Long term deposits	1,576	1,576
	809,598	828,075
CURRENT ASSETS		
Stores, spare parts and loose tools	56,636	63,053
Stock-in-trade	616,581	634,399
Trade debts	510,922	94,477
Advances	6,841	11,949
Short term prepayments	5,319	-
Other receivable	23,370	24,060
Sales tax refundable	25,721	25,721
Taxation - net	22,448	35,096
Cash and bank balances	8,727	7,074
	1,276,565	895,829
TOTAL ASSETS	2,086,163	1,723,904



Chief Executive



Chief Financial Officer



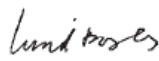
Director

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(Un-Audited)
For The Period Ended September 30, 2020

	Note	September 30, 2020 (Rupees in thousands)	September 30, 2019
REVENUE	9	1,332,528	847,075
COST OF SALES	10	(1,251,341)	(795,453)
GROSS PROFIT		81,187	51,622
DISTRIBUTION COST		(15,403)	(7,330)
ADMINISTRATIVE EXPENSES		(19,284)	(19,602)
OTHER EXPENSES		(1,781)	(1,023)
		(36,468)	(27,955)
		44,719	23,667
OTHER INCOME		2,377	1,091
PROFIT FROM OPERATIONS		47,096	24,758
FINANCE COST		(15,279)	(12,262)
PROFIT BEFORE TAXATION		31,817	12,496
TAXATION		(19,249)	(11,914)
PROFIT AFTER TAXATION		12,568	582
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		1.45	0.07

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



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Un-audited)
For The Period Ended September 30, 2020

	September 30, 2020	September 30, 2019
	(Rupees in thousands)	
PROFIT AFTER TAXATION	12,568	582
OTHER COMPREHENSIVE (LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments to fair value	(4,260)	(1,793)
Other comprehensive loss for the period	(4,260)	(1,793)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	8,308	(1,211)

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



Chief Executive



Chief Financial Officer



Director

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)
For The Period Ended September 30, 2020

	September 30, 2020	September 30, 2019
	Note	
	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated (used in) / from operations	11	(194,699)
Finance cost paid		(310,689)
		(6,601)
Income tax paid		(6,994)
		(13,433)
Dividend paid		(17,148)
		(89)
Net cash generated (used in) operating activities		(214,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment		(440)
		(2,436)
Dividend received		90
		90
Net cash (used in) / from investing activities		(2,346)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing		(3,267)
		-
Short term borrowings - net		314,391
		218,821
Net cash from financing activities		218,821
Net increase / (decrease) in cash and cash equivalents		1,653
		(24,073)
Cash and cash equivalents at the beginning of the period		7,074
		27,298
Cash and cash equivalents at the end of the period		8,727
		3,225

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


Chief Executive


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
For The Period Ended September 30, 2020

	Reserves							TOTAL EQUITY
	SHARE CAPITAL	Capital		Revenue			Total reserves	
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit / accumulated loss		
	(Rupees in thousands)							
Balance as at 30 June 2019 (Audited)	86,400	20,439	106,839	600,000	(116,811)	483,189	590,028	676,428
Profit for the period ended 30 September 2019	-	-	-	-	582	582	582	582
Other comprehensive loss for the period ended 30 September 2019	-	(1,793)	(1,793)	-	-	-	(1,793)	(1,793)
Total comprehensive income for the period ended 30 September 2019	-	(1,793)	(1,793)	-	582	582	(1,211)	(1,211)
Balance as at 30 September 2019 (Un-audited)	86,400	18,646	105,046	600,000	(116,229)	483,771	588,817	675,217
Profit for the period ended 30 June 2020	-	-	-	-	(140,788)	(140,788)	(140,788)	(140,788)
Final dividend year ended June 30, 2019 @ Rs.1.05 P. Share	-	-	-	-	-	-	(9,072)	(9,072)
Other comprehensive loss for the period ended 30 June 2020	-	8,259	8,259	-	-	-	8,259	8,259
Total comprehensive income for the period ended 30 June 2020	-	8,259	8,259	-	(140,788)	(140,788)	(141,601)	(141,601)
Balance as at 30 June 2020 (Audited)	86,400	26,905	113,305	600,000	(257,017)	342,983	447,216	533,616
Profit for the period ended 30 September 2020	-	-	-	-	12,568	12,568	12,568	12,568
Other comprehensive loss for the period ended 30 September 2020	-	(4,260)	(4,260)	-	-	-	(4,260)	(4,260)
Total comprehensive loss for the period ended 30 September 2020	-	(4,260)	(4,260)	-	12,568	12,568	8,308	8,308
Balance as at 30 September 2020 (Un-audited)	86,400	22,645	109,045	600,000	(244,449)	355,551	455,524	541,924

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

Amir Bano
Chief Executive

Yogendra
Chief Financial Officer

Asif Bano
Director

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

For The Period Ended September 30, 2020

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

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

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

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

This condensed interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 June 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2020.

	Unaudited September 30, 2020	Audited June 30, 2020
	(Rupees in thousands)	
5. LONG TERM FINANCING - SECURED		
Opening balance	16,286	27,103
Less: Repayments during the period / year	-	10,817
	16,286	16,286
6. Less: Current portion shown under current liabilities	5,517	2,250
	10,769	14,036

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

For The Period Ended September 30, 2020

7. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees of Rupees 69.596 million (30 June 2020: Rupees 69.596 million) are given by the bank of the company in favour of Sui Northern Gas Pipelines Limited against gas connections.

Commitments

Letters of credit for other than capital expenditures amounted to Rupees 40.886 million (30 June 2020: Rupees 218.812 million).

	Un-audited September 30, 2020 (Rupees in thousands)	Audited June 30, 2020
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8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
Owned (Note 8.1)	766,139	780,355
Capital work-in-progress (Note 8.2)	-	-
	766,139	780,355
8.1 Operating fixed assets - owned		
Opening book value	780,355	817,790
Add: Cost of additions during the period / year (Note 8.1.1)	2,436	34,291
	782,791	852,081
Less: Book value of deletions during the period / year (Note 8.1.2)	-	501
	782,791	851,580
Less: Depreciation charged during the period / year	16,654	71,225
Closing book value	766,139	780,355
8.1.1 Cost of additions		
Plant and machinery	2,436	31,737
Vehicles	-	2,554
	2,436	34,291
8.1.2 Book value of deletions		
Plant and machinery	-	501
	-	501

	Unaudited September 30, 2020 (Rupees in thousands)	Unaudited September 30, 2019
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9. REVENUE

Export	147,746	158,345
Local	1,184,782	688,730
	1,332,528	847,075

SHAMS TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
For The Period Ended September 30, 2020

	Unaudited September 30, 2020	Unaudited September 30, 2019
	(Rupees in thousands)	
10. COST OF SALES		
Raw material consumed	998,358	1,057,599
Stores, spares and loose tools consumed	30,907	30,011
Packing materials	20,229	19,480
Salaries, wages and other benefits	100,377	107,536
Fuel and power	136,544	152,838
Repairs and maintenance	3,153	2,282
Insurance	1,393	1,381
Depreciation	1,098	1,849
Other factory overheads	15,292	15,956
	1,307,351	1,388,932
Work-in-process:		
Opening stock	44,886	49,915
Closing stock	(34,930)	(37,052)
	9,956	12,863
Cost of goods manufactured	1,317,307	1,401,795
Finished goods:		
Opening stock	416,975	256,654
Closing stock	(482,941)	(862,996)
	(65,966)	(606,342)
	1,251,341	795,453
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	31,817	12,496
Adjustments for non-cash charges and other items:		
Depreciation	16,654	17,453
Dividend received	(90)	(90)
Gain on sale of property, plant and equipment	-	-
Finance cost	15,279	12,262
Working capital changes (Note 11.1)	(258,359)	(352,810)
	(194,699)	(310,689)
11.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	6,417	1,751
- Stock-in-trade	17,818	(524,340)
- Trade debts	(416,445)	40,235
- Loans and advances	5,108	13,666
- Trade deposit and short term prepayments	(5,319)	(4,537)
- Other receivables	690	(90)
	(391,731)	(473,315)
Decrease in trade and other payables	133,372	120,505
	(258,359)	(352,810)

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
For The Period Ended September 30, 2020

12. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 September 2020	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
At fair value through other comprehensive income assets	41,483	-	-	41,483
Total financial assets	41,483	-	-	41,483

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
At fair value through other comprehensive income assets	46,144	-	-	64,323
Total financial assets	46,144	-	-	64,323

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

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

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

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

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

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

ii. Valuation techniques used to determine fair values

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

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

For The Period Ended September 30, 2020

13. TRANSACTION WITH RELATED PARTIES

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

	Un-audited September 30, 2020	Un-audited September 30, 2019
	(Rupees in thousands)	
Associated Companies		
Sale of goods and services	7,646	61,727
Purchase of goods and services	2,429	112
Insurance premium	3,069	7,147
Rent expense	600	600
Other related parties		
Company's contribution to employees' provident fund trust	1,822	1,542

14. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2020

15. DATE OF AUTHORIZATION FOR ISSUE

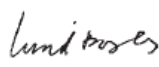
This condensed interim financial information was approved by the Board of Directors of the company and authorized for issue on October 27, 2020.

16. CORRESPONDING FIGURES

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

17. GENERAL


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



Chief Executive



Chief Financial Officer



Director

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- 🗑️ FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
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- 📖 Online Quizzes



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