



SHAMS TEXTILE MILLS LIMITED

QUARTERLY REPORT

September 30, 2021

(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)

Risk Committee

Asif Bashir	(Chairman)
Shahid Arshad	(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 2021 to September 2021.

During the period under review the economy of Pakistan has continued to improve. The Textile sector has also maintained its performance as production and exports have been shown a rising trend. However, inflation has increased at a fast pace and the rupee has continued to deteriorate. This is a cause for alarm and affect the performance of the economy in the next period.

Financial summary of the current quarter is as follow:

Rs. in million	30 September 2021	30 September 2020
Sales	2,430.27	1,332.53
Gross profit	239.70	81.19
Operating expenses	58.41	36.47
Other income	3.22	2.38
Profit from operation	184.50	47.10
Finance cost	21.73	15.28
Profit before taxation	162.77	31.82
Provision for taxation	29.99	19.25
Profit after taxation	132.78	12.57
Profit per share (Rs.)	15.37	1.45

Future Outlook:

Your company's performance during this period has been satisfactory. We have so far been able to maintain the company's profitability. However, the future is uncertain and nothing can be predicted for the balance period. We are however, keeping our fingers crossed and doing our best to keep up the momentum.

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 28, 2021
Lahore



Asif Bashir
Director

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر 30 ستمبر 2021 کو ختم ہونے والے سہ ماہی کے لیے کمپنی کی کارکردگی کے بارے میں جائزہ لینے اور رپورٹ پیش کرنے پر خوش ہیں۔

عمومی جائزہ:

زیر جائزہ مدت کے دوران پاکستان کی معیشت میں بہتری کا سلسلہ جاری ہے۔ ٹیکسٹائل سیکٹر نے بھی اپنی کارکردگی کو برقرار رکھا ہے۔ کیونکہ پیداوار اور برآمدات میں اضافے کا رجحان دیکھا گیا ہے، تاہم مہنگائی تیز رفتاری سے بڑھی ہے اور روپیہ مسلسل گر رہا ہے۔ یہ ایک خطرے کی گھنٹی ہے اور اگلی مدت میں معیشت کی کارکردگی کو متاثر کرنے کا سبب بن سکتا ہے۔

(مبلغ ملین میں)	30 ستمبر 2021ء	30 ستمبر 2020ء
سیلز	2,430.27	1,332.53
خام منافع	239.70	81.19
آپریٹنگ خرچہ	58.41	36.47
دیگر آمدنی	3.22	2.38
آپریٹنگ نفع	184.50	47.10
فنانشل خرچہ	21.73	15.28
ٹیکسیشن سے پہلے نفع	162.77	31.82
ٹیکسیشن کے لیے پروویژن	29.99	19.25
ٹیکسیشن کے بعد نفع	132.78	12.57
فی شیئر نفع روپے	15.37	1.45

مستقبل کے امکانات:

اس عرصے کے دوران آپ کی کمپنی کی کارکردگی تسلی بخش رہی ہے۔ ہم اب تک کمپنی کے نفع کو برقرار رکھنے میں کامیاب رہے ہیں۔ تاہم مستقبل غیر یقینی ہے اور باقی مدت کے لیے کچھ بھی نہیں کہا جاسکتا۔ تاہم، ہم اچھے نتیجے کی رفتار کو برقرار رکھنے کی پوری کوشش کر رہے ہیں۔

اظہار تشکر:

ہم اس موقع پر اپنے تمام حصص داروں، شراکت داروں کے تعاون اور اپنے ملازمین کے کام کرنے کو سرہاتے ہیں۔ ہم بورڈ آف ڈائریکٹر زکان کی رہنمائی اور ان کے مشوروں کا شکریہ ادا کرتے ہیں۔

سید محمد

آصف بشیر
ڈائریکٹر

lund pasha

خالد بشیر
چیف ایگزیکٹو

28 اکتوبر 2021ء

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As At September 30, 2021

	Un Audited September 30, 2021 Note	Audited June 30, 2021 (Rupees in thousands)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
25,000,000 (30 June 2021: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid-up share capital	86,400	86,400
Reserves	951,687	809,194
Total equity	1,038,087	895,594
LIABILITIES		
NON-CURRENT LIABILITIES		
Gas Infrastructure Development Cess (GIDC)	3,648	3,648
	3,648	3,648
CURRENT LIABILITIES		
Trade and other payables	1,312,605	1,067,130
Accrued mark-up	13,415	7,391
Short term borrowings	883,362	549,008
Current portion of non current liabilities	52,835	46,187
Unclaimed dividend	4,334	4,334
	2,266,551	1,674,050
Total liabilities	2,270,199	1,677,698
CONTINGENCIES AND COMMITMENTS	5	-
TOTAL EQUITY AND LIABILITIES	3,308,286	2,573,292

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


Chief Executive


Chief Financial Officer


Director

		Un Audited September 30, 2021 (Rupees in thousands)	Audited June 30, 2021
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	743,704	758,780
Long term investments		56,337	46,623
Long term deposits		1,576	1,576
		801,617	806,979
CURRENT ASSETS			
Stores, spare parts and loose tools		63,762	64,636
Stock-in-trade		1,399,656	908,546
Trade debts		964,837	735,048
Advances		8,267	7,326
Short term prepayments		4,502	-
Other receivable		32,363	29,929
Taxation - net		354	3,243
Cash and bank balances		32,928	17,585
		2,506,669	1,766,313
TOTAL ASSETS		3,308,286	2,573,292



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, 2021

	Note	September 30, 2021 (Rupees in thousands)	September 30, 2020
REVENUE	7	2,430,272	1,332,528
COST OF SALES	8	(2,190,576)	(1,251,341)
GROSS PROFIT		239,696	81,187
DISTRIBUTION COST		(23,305)	(15,403)
ADMINISTRATIVE EXPENSES		(23,042)	(19,284)
OTHER EXPENSES		(12,064)	(1,781)
		(58,411)	(36,468)
		181,285	44,719
OTHER INCOME		3,216	2,377
PROFIT FROM OPERATIONS		184,501	47,096
FINANCE COST		(21,729)	(15,279)
PROFIT BEFORE TAXATION		162,772	31,817
TAXATION		(29,992)	(19,249)
PROFIT AFTER TAXATION		132,780	12,568
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		15.37	1.45

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 COMPREHENSIVE INCOME
(Un-audited)

For The Period Ended September 30, 2021

	September 30, 2021	September 30, 2020
	(Rupees in thousands)	
PROFIT AFTER TAXATION	132,780	12,568
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	9,713	(4,260)
Other comprehensive profit / loss for the period	9,713	(4,260)
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	142,493	8,308

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, 2021

	September 30, 2021	September 30, 2020
Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated (used in) / from operations	9 (271,934)	(194,699)
Finance cost paid	(15,706)	(6,601)
Income tax paid	(28,108)	(13,433)
Gidc paid	(4,387)	-
Dividend paid	-	(89)
Net cash generated (used in) operating activities	(320,135)	(214,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(1,626)	(2,436)
Proceed from property, plant and equipment	2,660	-
Dividend received	90	90
Net cash (used in) / from investing activities	1,124	(2,346)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	-
Short term borrowings - net	334,354	218,821
Net cash from financing activities	334,354	218,821
Net increase / (decrease) in cash and cash equivalents	15,343	1,653
Cash and cash equivalents at the beginning of the period	17,585	7,074
Cash and cash equivalents at the end of the period	32,928	8,727

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, 2021

	SHARE CAPITAL	Reserves						TOTAL EQUITY	
		Capital		Revenue			Total reserves		
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit / accumulated loss)			Sub total
(Rupees in thousands)									
Balance as at 30 June 2020 (Audited)	86,400	86,400	26,905	113,305	600,000	(266,089)	333,911	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 income 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	86,400	22,645	109,045	600,000	(253,521)	346,479	455,524	541,924
Profit for the period ended 30 June 2021	-	-	-	-	-	348,931	348,931	348,931	348,931
Other comprehensive profit for the period ended 30 June 2021	-	-	4,739	4,739	-	-	-	4,739	4,739
Total comprehensive income for the period ended 30 June 2021	-	-	4,739	4,739	-	348,931	348,931	353,670	353,670
Balance as at 30 June 2021 (Audited)	86,400	86,400	27,384	113,784	600,000	95,410	695,410	809,194	895,594
Profit for the period ended 30 September 2021	-	-	-	-	-	132,780	132,780	132,780	132,780
Other comprehensive profit for the period ended 30 September 2021	-	-	9,713	9,713	-	-	-	9,713	9,713
Total comprehensive income for the period ended 30 September 2021	-	-	9,713	9,713	-	132,780	132,780	142,493	142,493
Balance as at 30 September 2021 (Un-audited)	86,400	86,400	37,097	123,497	600,000	228,190	828,190	951,687	1,038,087

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

lund berg
Chief Executive

Yangford
Chief Financial Officer

Jeff Banda
Director

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

For The Period Ended September 30, 2021

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 2021. 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 2021.

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 2021.

5. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees of Rupees 84.081 million (30 June 2021: Rupees 84.081 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 187.524 million (30 June 2021: Rupees 238.451 million).

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

For The Period Ended September 30, 2021

	Un-audited September 30, 2021 (Rupees in thousands)	Audited June 30, 2021
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 6.1)	743,704	748,210
Capital work-in-progress (Note 6.2)	-	10,570
	743,704	758,780
6.1 Operating fixed assets - owned		
Opening book value	748,210	780,355
Add: Cost of additions during the period / year (Note 6.1.1)	12,196	37,060
	760,406	817,415
Less: Book value of deletions during the period / year (Note 6.1.2)	736	1,554
	759,670	815,861
Less: Depreciation charged during the period / year	15,968	67,651
Closing book value	743,704	748,210
6.1.1 Cost of additions		
Plant and machinery	-	29,654
Building	6,543	7,318
Vehicles	5,653	88
	12,196	37,060
6.1.2 Book value of deletions		
Plant and machinery	-	1,554
Vehicles	736	-
	736	1,554
6.2 Capital work-in-progress		
Advance against purchase of vehicle	-	5,570
Factory Building	-	5,000
	-	10,570
	Unaudited September 30, 2021 (Rupees in thousands)	Unaudited September 30, 2020
7. REVENUE		
Export sales	154,481	147,746
Local sales	2,275,791	1,184,782
	2,430,272	1,332,528

SHAMS TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) For The Period Ended September 30, 2021

	Unaudited September 30, 2021 (Rupees in thousands)	Unaudited September 30, 2020
8. COST OF SALES		
Raw material consumed	1,876,725	998,358
Stores, spares and loose tools consumed	33,713	30,907
Packing materials	29,322	20,229
Salaries, wages and other benefits	137,921	100,377
Fuel and power	158,483	136,544
Repairs and maintenance	3,742	3,153
Insurance	1,462	1,393
Other factory overheads	1,632	1,098
Depreciation	14,679	15,292
	2,257,679	1,307,351
Work-in-process:		
Opening stock	60,331	44,886
Closing stock	(69,163)	(34,930)
	(8,832)	9,956
Cost of goods manufactured	2,248,847	1,317,307
Finished goods:		
Opening stock	606,424	416,975
Closing stock	(664,695)	(482,941)
	(58,271)	(65,966)
	2,190,576	1,251,341
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	162,772	31,817
Adjustments for non-cash charges and other items:		
Depreciation	15,968	16,654
Provision for worker profit participation fund	8,742	-
Provision for worker welfare fund	3,322	-
Dividend received	(90)	(90)
Gain on sale of property, plant and equipment	(1,925)	-
Exchange gain	(24)	-
Finance cost	21,729	15,279
Working capital changes (Note 9.1)	(482,428)	(258,359)
	(271,934)	(194,699)
9.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	874	6,417
- Stock-in-trade	(491,110)	17,818
- Trade debts	(229,789)	(416,445)
- Loans and advances	(941)	5,108
- Trade deposit and short term prepayments	(4,502)	(5,319)
- Other receivables	(2,434)	690
	(727,902)	(391,731)
Decrease in trade and other payables	245,474	133,372
	(482,428)	(258,359)

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

For The Period Ended September 30, 2021

10. 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 2021	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
At fair value through other comprehensive income assets	56,337	-	-	56,337
Total financial assets	56,337	-	-	56,337

Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
At fair value through other comprehensive income assets	46,623	-	-	64,323
Total financial assets	46,623	-	-	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, 2021

11. 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, 2021	Un-audited September 30, 2020
	(Rupees in thousands)	
Associated Companies		
Sale of goods and services	72,928	7,646
Purchase of goods and services	111	2,429
Insurance premium	7,138	3,069
Rent expense	600	600
Other related parties		
Company's contribution to employees' provident fund trust	2,053	1,822

12. 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 2021

13. 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 28, 2021.

14. CORRESPONDING FIGURES

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

15. GENERAL

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



Chief Executive



Chief Financial Officer



Director

www.jamapunji.pk



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- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
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- Online Quizzes



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*Mobile apps are also available for download for android and ios devices



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