



*Condensed Interim  
Financial Statements  
for the quarter ended  
September 30, 2019*

**Shahtaj Textile Limited**

# Shahtaj Textile Limited

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# Shahtaj Textile Limited

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Muneer Nawaz Mr. M. Naeem Mr. Mahmood Nawaz Mr. Saleem Zamindar (NIT) Mr. Sohail Habib Mr. Toqueer Nawaz Mrs. Sadia Mohammad Mr. Muhammad Usman Khalid Lt. Col. (Retd.) R.D. Shams	Chairman Chief Executive
<b>COMPANY SECRETARY</b>	Mr. Jamil Ahmad Butt, FCMA	
<b>AUDIT COMMITTEE OF THE BOARD</b>	Mr. Sohail Habib Mr. Muneer Nawaz Mr. Toqueer Nawaz Mr. Muhammad Usman Khalid Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Member Secretary
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD</b>	Mr. Saleem Zamindar Mr. Muneer Nawaz Mr. M. Naeem Mr. Muhammad Usman Khalid Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Member Secretary
<b>AUDITORS</b>	Deloitte Yousuf Adil. Chartered Accountants. Cavish Court, A-35, Block 7 & 8 KCHS, Shahrah-e-Faisal, Karachi 75350.	
<b>BANKS</b>	Bank Alfalah Limited United Bank Limited Meezan Bank Ltd. The Bank of Punjab MCB Bank Limited Faysal Bank Limited National Bank of Pakistan	
<b>LEGAL ADVISOR</b>	Mr. Ras Tariq Chaudhary 30-Mall Mansion The Mall Lahore.	
<b>HEAD OFFICE</b>	Shahnawaz Building, 19-Dockyard Road, West Wharf, Karachi-74000 Ph: 32313934-8, 32312834, 32310973 Fax: 32205723, 32310623 Website: <a href="http://www.shahtaj.com">www.shahtaj.com</a>	
<b>REGISTERED OFFICE</b>	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
<b>MARKETING OFFICE</b>	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
<b>FACTORY</b>	46 K.M. Lahore/Multan Road Chunian Industrial Estate Bhai Pheru, Distt. Kasur, Punjab. Ph: (049) 4540430-32, 4540133, 4540234 Fax: (049) 4540031	
<b>SHARE REGISTRAR</b>	Jwaffs Registrar Services (Pvt.) Ltd. Suite # 407, 408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Near Passport Office, Saddar Karachi. Tel: 35662023-24 Fax: 35221192	

# Shahtaj Textile Limited

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Directors are pleased to present un-audited Condensed Interim Financial Statements of the Company for the First Quarter ended on September 30, 2019.

By the grace of Allah operating results of the Company have been positive and Company has earned after tax profit of Rs.24.13 million with an EPS of Rs 2.50 in comparison to Re 0.02 reported during the same period last year. The profit is higher inspite of recording exchange loss on export receivables amounting to Rs 11.9 million resulting from Pakistani rupee appreciation against the USD and EURO during the current quarter. Net sales increased by almost 8% from corresponding period of last year due to increase in unit selling prices. Government policy of providing gas and electricity at competitive rates has helped in control of energy costs. Resultantly, gross profit rate during period increased to 10.27% from 5.35% as compared to corresponding period of last year.

Distribution and administration costs for the period are higher than previous corresponding period due to inflationary effect. The increase in other operating expenses is mainly attributable to exchange loss on export receivables. Because of rising interest rates, finance cost has increased significantly.

One of the major problem is liquidity issue on account of delayed sales tax refund payments to textile sector. There is massive increase in sales tax refunds for export sector after abolishing SRO 1125 from 1st July, 2019 onwards. This situation may become fatal for the textile sector if not addressed immediately. Further, continuity of reduced RLNG and electricity tariff for export industry is also imperative to compete in the international market.

Efforts will continue as always for more improvement.

### Composition of Board

The total number of directors are nine as per the following:

- a) Male: 8
- b) Female: 1

The composition of the board is as follows:

Category	Names
Independent Directors	Mr. Saleem Zamindar (NIT) Mr. Sohail Habib
Other Non-Executive Directors	Mr. Muneer Nawaz Mr. Mahmood Nawaz Mr. Toqueer Nawaz Mrs. Sadia Muhammad Mr. Muhammad Usman Khalid
Executive Directors	Mr. Muhammad Naeem Lt. Col(Retd.) Rashiduddin Shams

# Shahtaj Textile Limited

The board has formed committees comprising of members given below:

## a) Audit Committee

- Mr. Sohail Habib (Chairman)
- Mr. Muneer Nawaz
- Mr. Toqueer Nawaz
- Mr. Muhammad Usman Khalid

## b) HR and Remuneration Committee

- Mr. Saleem Zamindar (Chairman)
- Mr. Muneer Nawaz
- Mr. Muhammad Naeem
- Mr. Muhammad Usman Khalid

## Appreciation

Directors acknowledge with thanks the hard work put in by all employees of the Company.

for and on behalf of the Board of Directors

Karachi:  
October 23, 2019

  
(Muneer Nawaz)  
Chairman

  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

## ڈائریکٹر زر پورٹ برائے حصہ داران

ڈائریکٹر زر مسٹر کے ساتھ 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات کی روپورٹ پیش کرتے ہیں۔

الحمد للہ کمپنی کے مالیاتی متانج مثبت رہے اور بعد از ٹیکس منافع 24.13 ملین روپے رہا یعنی 2.50 روپے فی حصہ بال مقابل 0.02 روپے فی حصہ جو گز شستہ سال کے اسی دورانی میں روپورٹ ہوا تھا۔

یہ منافع اس امر کے باوجود تھا کہ رواں سہ ماہی کے دوران برآمدی وصولیوں پر 11.9 ملین روپے کی زر مبادلہ کا نقصان ریکارڈ کیا گیا ہے جس کی وجہ امریکی ڈالر اور یورو کے مقابلے میں پاکستانی روپے کی قدر میں اضافہ ہے۔ زیر فروخت میں گز شستہ سال کے اسی دورانی میں نسبت تقریباً 8% اضافہ ہوا جس کی وجہ فی میٹر قیمت فروخت میں بہتری ہے۔ مسابقاتی زرخوں پر گیس اور بجلی فراہم کرنے کی حکومتی پالیسی نے تو انکی کے اخراجات پر قابو پانے میں مدد کی ہے۔ نتیجتاً سہ ماہی کے مالیاتی متانج کے مجموعی منافع میں اضافہ ہوا جو گز شستہ سال کے 5.35 فیصد کے مقابلہ میں 10.27 فیصد رہا۔

مہنگائی کی وجہ سے اس مدت کے لئے تقسیم اور انتظامیہ کے اخراجات پچھلے اسی مدت سے زیادہ ہیں۔ دیگر آپریٹنگ اخراجات میں اضافہ بنیادی طور پر برآمدی وصولیوں پر ہونے والے شرح تبادلہ میں نقصان کے باعث ہوا۔ شرح سود میں اضافے کی وجہ سے، فناں لگت میں نمایاں اضافہ ہوا ہے۔ ٹیکسٹائل کے شعبے میں سب سے بڑا مسئلہ سیلز ٹیکس کی واپسی میں تاخیر کی وجہ سے لیکوئیدیٹی کا معاملہ ہے۔ یکم جولائی، 2019 سے ایس آر او 1125 کو ختم کرنے کے بعد ایکسپورٹ سیکٹر کے سیلز ٹیکس ریفینڈر میں بڑے پیمانے پر اضافہ ہوا ہے۔ ٹیکسٹائل کے شعبے کے لئے اگر فوری طور پر اس پر توجہ نہ دی گئی تو یہ صورت حال مزید خطرناک ہو سکتی ہے۔ مزید برآل، برآمدی صنعت کے لئے آر ایل این جی اور بجلی کے زرخوں میں کمی کا تسلسل بھی بین الاقوامی مارکیٹ میں مسابقت کے لئے ضروری ہے۔

مزید بہتری کے لئے کوششیں ہمیشہ کی طرح جاری رہیں گی۔

### بورڈ کی ساخت

مجموعی طور پر نو ڈائریکٹر ہیں جن کی تفصیل درج ذیل ہے:

ا) مرد: 8 ب) خواتین: 1

# Shahtaj Textile Limited

ڈائریکٹر زر پورٹ برائے حصہ داران

بورڈ کی ساخت درج ذیل ہے:

نام	اقام / کیبلگری
جناب سہیل جبیب	انڈینڈپنڈنٹ ڈائریکٹر / آزاد ڈائریکٹر
جناب منیر نواز	
جناب تو قیر نواز	دیگر غیر انتظامی ڈائریکٹر
جناب محمد عثمان خالد	
لیٹینینٹ کریل (ریٹائر) رشید الدین شمس	ایگزیکٹو ڈائریکٹر / انتظامی ڈائریکٹر
جناب محمد نعیم	

بورڈ نے درج ذیل کمیٹیاں تشکیل دیں جن کے ممبران درج ذیل ہیں:

الف) آٹھ کمیٹی

- 1-جناب سہیل جبیب (چیئرمین)
- 2-جناب منیر نواز
- 3-جناب تو قیر نواز
- 4-جناب محمد عثمان خالد

ب) ایچ آر اینڈریو نیر لیشن کمیٹی

- 1-جناب سلیم زمیندار (چیئرمین)
- 2-جناب منیر نواز
- 3-جناب محمد نعیم
- 4-جناب محمد عثمان خالد

حوالہ افزائی

ڈائریکٹر زر کمپنی کے تمام ملازمین کی انتہک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹر

Mian Naseer      Usman Nadeem  
(منیر نواز)      (محمد عثمان خالد)  
چیئرمین      ڈائریکٹر

کراچی  
23 اکتوبر 2019

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	September 30, 2019 Unaudited	June 30, 2019 Audited
<b>EQUITY AND LIABILITIES</b>		-----Rupees-----
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised		
10,000,000 Ordinary shares of Rs.10/-each	<b>100,000,000</b>	<b>100,000,000</b>
Issued, subscribed and paid-up capital	<b>96,600,000</b>	96,600,000
Reserves	<b>1,071,196,552</b>	1,045,151,008
Surplus on revaluation of plant and machinery	<b>74,109,583</b>	75,983,470
	<b>1,241,906,135</b>	1,217,734,478
<b>NON-CURRENT LIABILITIES</b>		
Long-term financing	<b>336,314,447</b>	338,888,385
Deferred liabilities	<b>117,641,178</b>	116,100,678
	<b>453,955,625</b>	454,989,063
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>336,600,441</b>	353,820,015
Unclaimed dividend	<b>10,170,015</b>	10,186,077
Interest accrued	<b>23,804,637</b>	23,623,781
Short term borrowings	<b>682,066,756</b>	791,167,872
Current portion of long-term financing	<b>47,511,936</b>	47,511,936
	<b>1,100,153,785</b>	1,226,309,681
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,796,015,545</b>	<b>2,899,033,222</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>1,057,735,782</b>	1,080,825,651
Long-term loans	<b>1,082,901</b>	884,873
Long-term deposits	<b>33,108,482</b>	33,108,482
Sales tax refund bond	<b>21,067,329</b>	16,513,562
	<b>1,112,994,494</b>	1,131,332,568
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	<b>40,956,736</b>	41,335,837
Stock-in-trade	<b>673,362,286</b>	529,343,085
Trade debts	<b>646,367,212</b>	948,906,688
Loans and advances	<b>5,294,612</b>	1,819,870
Trade deposits and short-term prepayments	<b>5,101,613</b>	2,420,728
Other receivables	<b>7,840,608</b>	6,839,924
Taxation - net	<b>70,619,131</b>	70,681,383
Sales tax refundable	<b>190,407,140</b>	134,183,809
Cash and bank balances	<b>43,071,713</b>	32,169,330
	<b>1,683,021,051</b>	1,767,700,654
<b>TOTAL ASSETS</b>	<b>2,796,015,545</b>	<b>2,899,033,222</b>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

*Munner Nawaz*  
(Munner Nawaz)  
Chairman

*Amir Ahmed*  
(Amir Ahmed)  
Chief Financial Officer

*Usman Khalid*  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	Note	2019	2018
		Rupees	
Sales - net	2	1,149,550,414	1,064,964,448
Cost of goods sold	3	(1,031,437,302)	(1,008,041,517)
Gross profit		118,113,112	56,922,931
Distribution cost		(17,216,808)	(14,915,149)
Administrative expenses		(26,671,853)	(22,725,672)
Other operating expenses		(14,523,251)	(419,002)
Finance cost		(25,171,758)	(17,886,733)
		(83,583,670)	(55,946,556)
Other income	4	453,767	4,677,117
Profit before taxation		34,983,209	5,653,492
Taxation		(10,853,933)	(5,449,904)
Profit after taxation		24,129,276	203,588
Earnings per share - basic and diluted		2.50	0.02

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

  
(Munner Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	2019	2018
	Rupees	
Profit after taxation	24,129,276	203,588
Other comprehensive income	-	-
Total comprehensive income for the period	24,129,276	203,588

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

  
(Munner Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

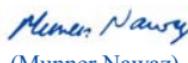
  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

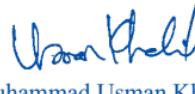
## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	September 30, 2019	September 30, 2018
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	34,983,209	5,653,492
<b>Adjustments for:</b>		
Depreciation	26,820,107	26,703,224
Finance cost	25,171,758	17,886,733
Gain on disposal of property, plant and equipment	-	(107,500)
Provision for gratuity and leave encashment	7,889,853	4,578,753
Interest on sales tax refund bond	(453,767)	
Operating cash flows before movements in working capital	94,411,160	54,714,702
<b>(Increase)/decrease in current assets</b>		
Stores, spares and loose tools	379,101	(7,199,316)
Stock-in-trade	(144,019,201)	(95,033,254)
Trade debts	302,539,476	128,488,818
Loans and advances	(3,474,742)	4,706,360
Trade deposits and short term prepayments	(2,680,885)	(7,501,258)
Other receivables	(1,000,684)	(1,047,812)
Sales tax refundable	(56,223,331)	(5,489,102)
<b>(Decrease) in current liabilities</b>		
Trade and other payables	(17,219,574)	(91,073,135)
Cash used in operations	172,711,320	(19,433,997)
Gratuity and leave encashment paid	(3,510,829)	(6,694,095)
Finance cost paid	(24,990,902)	(17,023,963)
Income taxes paid	(13,587,823)	(13,195,982)
Net cash generated from /(used in) operating activities	130,621,766	(56,348,037)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(3,730,239)	(7,866,914)
Proceeds from disposal of property, plant and equipment	-	1,500,000
(Investment in) Sales tax refund bond	(4,100,000)	-
Long-term loans	(198,028)	(95,741)
Net cash used in investing activities	(8,028,267)	(6,462,655)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term finance obtained	-	99,002,560
Repayment of long-term financing	(2,573,938)	-
Dividend paid	(16,062)	(8,144)
Short term borrowings- net	124,978,161	-
Net cash generated from financing activities	122,388,161	98,994,416
<b>Net increase/(decrease) in cash and cash equivalents</b>	244,981,660	36,183,724
<b>Cash and cash equivalents at July 1</b>	(758,998,542)	(751,301,193)
<b>Cash and cash equivalents at September 30</b>	(514,016,882)	(715,117,469)
<b>Cash and Cash Equivalents</b>		
Running finances	(557,088,595)	(722,848,923)
Cash and bank balances	43,071,713	7,731,454
	(514,016,882)	(715,117,469)

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

  
**Munner Nawaz**  
 (Munner Nawaz)  
 Chairman

  
**Amir Ahmed**  
 Chief Financial Officer

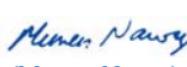
  
**Muhammad Usman Khalid**  
 Director

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

Share capital	Revenue Reserves		Capital Reserve		Total
	General reserve	Unappropriated profit	Surplus on revaluation on plant & machinery		
Rupees .....					
<b>Balance as at July 01, 2018</b>	<b>96,600,000</b>	<b>710,000,000</b>	<b>165,592,815</b>	<b>86,946,656</b>	<b>1,059,139,471</b>
<b>Comprehensive income</b>					
Profit for the period	-	-	203,588	-	203,588
Other comprehensive income - net of tax	-	-	-	-	-
Total Comprehensive income for the period	-	-	203,588	-	203,588
Transferred from surplus on revaluation of plant and machinery on account of:					
-incremental depreciation net of deferred taxation	-	-	2,190,366	(2,190,366)	-
-disposal net of deferred tax	-	-	139,813	(139,813)	-
-change in rate of tax	-	-	204,530	204,530	204,530
Transferred to general reserve	-	35,000,000	(35,000,000)	-	-
<b>Balance at September 30, 2018</b>	<b>96,600,000</b>	<b>745,000,000</b>	<b>133,126,582</b>	<b>84,821,007</b>	<b>1,059,547,589</b>
<b>Balance at July 01, 2019</b>	<b>96,600,000</b>	<b>745,000,000</b>	<b>300,151,008</b>	<b>75,983,470</b>	<b>1,217,734,478</b>
<b>Comprehensive income</b>					
Profit for the period	-	-	24,129,276	-	24,129,276
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	24,129,276	-	24,129,276
Transferred from surplus on revaluation of plant and machinery on account of:					
-incremental depreciation net of deferred taxation	-	-	1,916,268	(1,916,268)	-
-change in rate of tax	-	-	-	42,381	42,381
Transferred to general reserve	-	80,000,000	(80,000,000)	-	-
<b>Balance at September 30, 2019</b>	<b>96,600,000</b>	<b>825,000,000</b>	<b>246,196,552</b>	<b>74,109,583</b>	<b>1,241,906,135</b>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

  
**(Munner Nawaz)**  
 Chairman

  
**(Amir Ahmed)**  
 Chief Financial Officer

  
**(Muhammad Usman Khalid)**  
 Director

# Shahtaj Textile Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

### 1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation followed in the preparation of these condensed interim financial statements are same as those applied in the preparation of the published annual audited financial statements for the year ended June 30, 2019.

	First Quarter ended on	
	Sep 30, 2019	Sep 30, 2018
	----- Rupees-----	
<b>2. SALES-NET</b>		
Gross Sales	<b>1,158,283,722</b>	1,071,179,912
Less: Commission	<b>(8,733,308)</b>	(6,215,464)
	<b>1,149,550,414</b>	<b>1,064,964,448</b>
<b>3. COST OF GOODS SOLD</b>		
Cost of goods manufactured	<b>1,125,651,556</b>	1,085,105,706
Opening stock of finished goods	<b>254,854,842</b>	285,013,290
Closing stock of finished goods	<b>(349,069,096)</b>	(362,077,479)
	<b>1,031,437,302</b>	<b>1,008,041,517</b>
<b>4. OTHER INCOME</b>		
Net income from trading	-	900
Interest on sales tax refund bond	<b>453,767</b>	-
Exchange gain	-	4,568,717
Gain on disposal of property, plant & equipment	-	107,500
	<b>453,767</b>	<b>4,677,117</b>

### 5. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial statements were authorised for issue on October 23, 2019 by the Board of Director of the Company.

### 6. GENERAL

Figures have been rounded off to the nearest rupee.

  
(Munner Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director



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