



*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

BOARD OF DIRECTORS

Mr. Muneer Nawaz Chairman
Mr. M. Naeem Chief Executive
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

COMPANY SECRETARY

Mr. Jamil Ahmad Butt, FCMA

AUDIT COMMITTEE OF THE BOARD

Mr. Sohail Habib Chairman
Mr. Muneer Nawaz Member
Mr. Toqueer Nawaz Member
Mr. Muhammad Usman Khalid Member
Mr. Jamil Ahmad Butt, FCMA Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD

Mr. Saleem Zamindar Chairman
Mr. Muneer Nawaz Member
Mr. M. Naeem Member
Mr. Muhammad Usman Khalid Member
Mr. Jamil Ahmad Butt, FCMA Secretary

AUDITORS

Deloitte Yousuf Adil.
Chartered Accountants.
Cavish Court, A-35, Block 7 & 8 KCHS,
Shahrah-e-Faisal, Karachi 75350.

BANKS

Bank Alfalah Limited
United Bank Limited
Meezan Bank Ltd.
The Bank of Punjab
MCB Bank Limited
Faysal Bank Limited
National Bank of Pakistan

LEGAL ADVISOR

Mr. Ras Tariq Chaudhary
30-Mall Mansion
The Mall
Lahore.

HEAD OFFICE

Shahnawaz Building, 19-Dockyard Road,
West Wharf, Karachi-74000
Ph: 32313934-8, 32312834, 32310973
Fax: 32205723, 32310623
Website: www.shahtaj.com

REGISTERED OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

MARKETING OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

FACTORY

46 K.M. Lahore/Multan Road
Chunian Industrial Estate
Bhai Pheru, Distt. Kasur, Punjab.
Ph: (049) 4540430-32, 4540133, 4540234
Fax: (049) 4540031

SHARE REGISTRAR

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 ز رپورٹ برائے حصہ داران

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

الحمد للہ کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 24.13 ملین روپے رہا یعنی 2.50 روپے فی حصہ بالمقابل 0.02 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ 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۔ زر فروخت میں گزشتہ سال کے اسی دورانیہ کی نسبت تقریباً 8% اضافہ ہوا جس کی وجہ فی میٹر قیمت فروخت میں بہتری ہے۔ مسابقتی نرخوں پر گیس اور بجلی فراہم کرنے کی حکومتی پالیسی نے توانائی کے اخراجات پر قابو پانے میں مدد کی ہے۔ نتیجتاً سہ ماہی کے مالیاتی نتائج کے مجموعی منافع میں اضافہ ہوا جو گزشتہ 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 آپرٹنگ 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، فنانس لاگت میں نمایاں اضافہ ہوا ہے۔ ٹیکسٹائل کے شعبے میں سب سے بڑا مسئلہ سیلزن ٹیکس کی واپسی میں تاخیر کی وجہ سے لیکویڈیٹی کا معاملہ ہے۔ یکم جولائی، 2019 سے ایس آر او 1125 کو ختم کرنے کے بعد ایکسپورٹ سیکٹر کے سیلزن ٹیکس ریفرنڈم میں بڑے پیمانے پر اضافہ ہوا ہے۔ ٹیکسٹائل کے شعبے کے لئے اگر فوری طور پر اس پر توجہ نہ دی گئی تو یہ صورتحال مزید خطرناک ہو سکتی ہے۔ مزید برآں، برآمدی صنعت کے لئے آر ایل این جی اور بجلی کے نرخوں 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 ز ہیں جن کی تفصیل درج ذیل ہے:

(ا) مرد: 8 (ب) خواتین: 1

Shahtaj Textile Limited

ڈائریکٹر ز رپورٹ برائے حصہ داران

بورڈ کی ساخت درج ذیل ہے:

نام	اقسام / کیٹگری
جناب سہیل حبیب	انڈیپنڈنٹ ڈائریکٹر / آزاد ڈائریکٹر
جناب منیر نواز	دیگر غیر انتظامی ڈائریکٹر
جناب توقیر نواز	
جناب محمد عثمان خالد	
لیفٹینینٹ کرمل (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) آڈٹ کمیٹی

1- جناب سہیل حبیب (چئیرمین)

2- جناب منیر نواز

3- جناب توقیر نواز

4- جناب محمد عثمان خالد

ب) ایچ آر اینڈ ریمونیشن کمیٹی

1- جناب سلیم ز میندار (چئیرمین)

2- جناب منیر نواز

3- جناب محمد نعیم

4- جناب محمد عثمان خالد

حوصلہ افزائی

ڈائریکٹر ز کمپنی کے تمام ملازمین کی انتھک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹر ز

Miner Nawaz

(منیر نواز)

چئیرمین

Muhammad Khalid

(محمد عثمان خالد)

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

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

		2019	2018
	Note	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 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	34,983,209	5,653,492
Adjustments for:		
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
(Increase)/decrease in current assets		
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)
(Decrease) in current liabilities		
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)
CASH FLOWS FROM INVESTING ACTIVITIES		
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)
CASH FLOWS FROM FINANCING ACTIVITIES		
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
Net increase/(decrease) in cash and cash equivalents	244,981,660	36,183,724
Cash and cash equivalents at July 1	(758,998,542)	(751,301,193)
Cash and cash equivalents at September 30	(514,016,882)	(715,117,469)
Cash and Cash Equivalents		
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)
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	General reserve	Revenue Reserves Unappropriated profit	Capital Reserve Surplus on revaluation on plant & machinery	Total
	Rupees				
Balance as at July 01, 2018	96,600,000	710,000,000	165,592,815	86,946,656	1,059,139,471
Comprehensive income					
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
Transferred to general reserve	-	35,000,000	(35,000,000)	-	-
Balance at September 30, 2018	96,600,000	745,000,000	133,126,582	84,821,007	1,059,547,589
Balance at July 01, 2019	96,600,000	745,000,000	300,151,008	75,983,470	1,217,734,478
Comprehensive income					
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)	-	-
Balance at September 30, 2019	96,600,000	825,000,000	246,196,552	74,109,583	1,241,906,135

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.

2. SALES-NET

	First Quarter ended on	
	Sep 30, 2019	Sep 30, 2018
	-----Rupees-----	
Gross Sales	1,158,283,722	1,071,179,912
Less: Commission	(8,733,308)	(6,215,464)
	<u>1,149,550,414</u>	<u>1,064,964,448</u>

3. COST OF GOODS SOLD

Cost of goods manufactured	1,125,651,556	1,085,105,706
Opening stock of finished goods	254,854,842	285,013,290
Closing stock of finished goods	(349,069,096)	(362,077,479)
	<u>1,031,437,302</u>	<u>1,008,041,517</u>

4. OTHER INCOME

Net income from trading	-	900
Interest on sales tax refund bond	453,767	-
Exchange gain	-	4,568,717
Gain on disposal of property, plant & equipment	-	107,500
	<u>453,767</u>	<u>4,677,117</u>

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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- Risk profiler*
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