



*Condensed Interim  
Financial Statements  
for the Half Year ended  
December 31, 2019*

Shahtaj Textile Limited

# Shahtaj Textile Limited

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# Shahtaj Textile Limited

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

### COMPANY SECRETARY

Mr. Jamil Ahmad Butt, FCMA

### AUDIT COMMITTEE OF THE BOARD

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

Chairman  
Member  
Member  
Member  
Secretary

### HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD

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

Chairman  
Member  
Member  
Member  
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  
Mezzan 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](http://www.shahtaj.com)

### REGISTERED OFFICE

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

### MARKETING OFFICE

27-C Abdalian Co-oporeitive  
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 six months period ended on December 31, 2019 together with limited scope review report by the Auditors.

By the grace of Allah operating results of the Company have been positive and Company has earned after tax profit of Rs.63.44 million with an EPS of Rs 6.57 in comparison to Re5.44 reported during the same period last year. The profit is higher inspite of recording exchange loss amounting to Rs 12.38 million resulting from Pakistani rupee appreciation against the USD and EURO during the current period. Net sales increased by almost 7.6% from corresponding period of last year due to increase in unit selling prices. Resultantly, gross profit rate during the period increased to 9.94% from 7.35% as compared to corresponding period of last year.

Inflationary pressure has caused rise in distribution and administration expenses over the corresponding period of previous year. The increase in other operating expenses is mainly attributable to exchange loss on export receivables. Finance cost increased due to increase in interest rates.

As earlier explained in Annual Report of June 30, 2019, the Company is continuing with its BMR programme to achieve better energy efficiency by replacement of its 2 gas generators of 1750 KW with brand new 2000 KW generators. The shipment of first generator is expected in current month while the other in May. Further, LC for replacement of warping machine has also been established. The Company also intends to make further investment in replacement of air compressor and other allied and electrical equipment which are currently under negotiation. This BMR will further improve efficiency of the mill and in turn its financial results.

Operating environment is currently not very conducive since industry is facing issues such as high interest costs, stuck up sales tax refunds, which is sucking corporate liquidity, levying of various additional surcharges on earlier notified subsidized electricity tariff of 7.5 cents/kwh for export-oriented sector and rising inflationary pressures pushing up costs. We hope that the Government will address all these issues on priority basis to support the textile industry.

## Composition of Board

The total number of directors are nine as per the following

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

The board has formed committees comprising of members given below:

a) Audit Committee

01. Mr. SohailHabib(Chairman)  
03. Mr. ToqueerNawaz

02. Mr. Muneer Nawaz  
04. Mr. Muhammad Usman Khalid

### b) HR and Remuneration Committee

01. Saleem Zamindar (Chairman)  
03. Muhammad Naeem

02. Mr. Muneer Nawaz  
04. 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:  
February 25, 2020

(M. Naeem)  
Chief Executive

  
**(Muhammad Usman Khalid)**  
Director

# Shahtaj Textile Limited

## ڈائریکٹر زر پورٹ برائے حصہ داران

ڈائریکٹر زر مسٹر کے ساتھ 31 دسمبر 2019 کو ختم ہونے والی ششماہی پر کمپنی کے غیر آٹھ شدہ مالیاتی حسابات آذیٹر کی محدود دارہ کارپوریشن میں مشتمل رپورٹ کے ساتھ پیش کرتے ہیں۔

الحمد اللہ کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 63.44 ملین روپے رہا یعنی 6.57 ملین روپے فی حصہ بال مقابل 5.44 ملین روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ موجودہ مدت کے دوران امریکی ڈالر اور یورو کے مقابلے میں پاکستانی روپے کی قدر میں بہتری کے نتیجے میں شرح مبادلہ میں 12.38 ملین روپے تک کافی نقصان رکارڈ کیا گیا اس کے باوجود منافع زیادہ ہے۔ خالص فروخت میں گزشتہ سال کے اسی دورانیہ کی نسبت تقریباً 7.6 فیصد اضافہ ہوا جس کی وجہ قیمت فروخت میں بہتری ہے۔ تیجھیاً اس عرصے کے دوران مجموعی منافع کی شرح گذشتہ سال کی اسی مدت کے مقابلہ میں 7.35 فیصد سے بڑھ کر 9.94 فیصد ہو گئی۔

مہنگائی کے باوے نے پہلے سال کے اسی عرصے کے مقابلے میں تقسیم اور انتظامی اخراجات میں اضافہ کیا ہے۔ دیگر آپرینگ اخراجات میں اضافہ بنیادی طور پر برآمدات پر ہونے والی وصولیوں پر شرح تبادلہ میں نقصان کے باعث ہے۔ شرح سود میں اضافے کی وجہ سے فانس کی لاگت میں اضافہ ہوا۔

جیسا کہ پہلے ہی 30 جون 2019 کی سالانہ رپورٹ میں وضاحت کی گئی ہے، کمپنی اپنے 1750 کلووات کے 2 گیس جزیرے کوئے 2000 کلووات جزیرے کے ساتھ تبدیل کر کے تو انکی کے شعبہ میں بہتر کارکردگی کے حصول کے لئے اپنے بی ایم آر پروگرام کو جاری رکھے ہوئے ہیں۔ پہلے جزیرے کی شپنٹ روائی اور دوسرے کی ماہ مئی میں متوقع ہے۔ مزید یہ کہ وارپنگ مشین کو تبدیل کرنے کے لئے ایل سی بھی کھولی گئی ہے۔ کمپنی ایئر کمپریسر اور دیگر متعلقہ آلات اور بجلی سے متعلق ساز و سامان کی تبدیلی میں مزید سرمایہ کاری کرنے کا بھی ارادہ رکھتی ہے جس پر اس وقت گفتگو ہو رہی ہے۔ یہ بی ایم آر مل کی کارکردگی میں مزید بہتری لائے گا اور اس کے نتیجے میں مالی نتائج بھی بہتر ہوں گے۔

کاروباری باحول اس وقت زیادہ سازگار نہیں ہے کیونکہ صنعت کو زیادہ شرح سود کی لاگت، سیلز ٹکس ریفینڈنگ ملنے جیسے معاملات کا سامنا کرنا پڑ رہا ہے، جس سے کارپوریٹ لیکوئید میٹاٹر ہو رہی ہے، برآمدی شعبہ کے لئے بجلی کے رعائی تر خود 7.5 سینٹ فی KWH پر عائد مختلف اضافی سرچار جزکی وصولی اور بڑھتا ہوا افراط از لاغت کو مزید بڑھا رہے ہیں۔ ہم امید کرتے ہیں کہ حکومت یکٹائی کی صنعت کو درپیش مسائل کو حل کرنے کے لئے ان تمام امور کو ترجیحی بنیادوں پر حل کرے گی۔

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

### بورڈ کی ساخت

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

1 ب) خواتین: 8 ا) مرد:

# Shahtaj Textile Limited

بورڈ کی ساخت درج ذیل ہے:

نام	اقام/کیمگری
جناب سعیل جبیب	جناب سلیم ز میندار (این آئی فی)
جناب منیر نواز	
محمد سعید محمد	جناب تو قیر نواز
	جناب محمد عثمان خالد
لیفینینٹ کرٹل (ریٹائر) رشید الدین شمس	جناب محمد نعیم

بورڈ نے جو کمیٹیاں تشکیل دی ہوئی ہیں ان کے ممبران درج ذیل ہیں:

الف) آٹ کمیٹی

1-جناب سعیل جبیب (چیر مین)	2-جناب منیر نواز	3-جناب تو قیر نواز	4-جناب محمد عثمان خالد
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ب) انچار اینڈر میونیر یشن کمیٹی

1-جناب سلیم ز میندار (چیر مین)	2-جناب منیر نواز	3-جناب تو قیر نواز	4-جناب محمد نعیم
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حوالہ افراہی

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

براے اور از طرف بورڈ آف ڈائریکٹر

سے  
Name  
(ایم نیم)  
محمد عثمان خالد  
ڈائریکٹر  
چیف ایگریکیو آفسر

کراچی

25 فروری 2020

# Shahtaj Textile Limited

## AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the Members of Shahtaj Textile Limited

### Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SHAHTAJ TEXTILE LIMITED** (the Company) as at December 31, 2019, and related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half-year period then ended (here-in-after to referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statement in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the half-year ended December 31, 2019 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.

#### Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 and December 31, 2018 have not been reviewed and we do not express a conclusion on them.

  
Pratiksha Young & Co  
Chartered Accountants

Date: February 26, 2020

Place: Karachi

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees -----	
<b>EQUITY AND LIABILITIES</b>		
Share capital and reserves		
Authorized share capital		
10,000,000 (June 30, 2019: 10,000,000) ordinary shares of Rs. 10 each	<b>100,000,000</b>	100,000,000
Issued, subscribed and paid-up capital	<b>96,600,000</b>	96,600,000
Revenue reserves	<b>1,015,824,681</b>	1,045,151,008
Surplus on revaluation of plant and machinery	<b>72,243,029</b>	75,983,470
<b>TOTAL EQUITY</b>	<b>1,184,667,710</b>	1,217,734,478
<b>LIABILITIES</b>		
NON - CURRENT LIABILITIES		
Long-term finances	<b>317,840,541</b>	338,888,385
Deferred Liabilities	<b>119,680,153</b>	116,100,678
	<b>437,520,694</b>	454,989,063
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>445,473,653</b>	353,820,015
Unclaimed dividend	<b>12,295,052</b>	10,186,077
Interest accrued	<b>17,702,437</b>	23,623,781
Short-term borrowings	<b>415,297,065</b>	791,167,872
Current portion of long-term finances	<b>37,901,404</b>	47,511,936
	<b>928,669,611</b>	1,226,309,681
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>5</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,550,858,015</b>	2,899,033,222
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	<b>1,033,955,500</b>	1,080,825,651
Long-term loans to employees	<b>1,128,718</b>	884,873
Long-term deposits	<b>33,108,482</b>	33,108,482
Sales tax refund bond	<b>-</b>	16,513,562
	<b>1,068,192,700</b>	1,131,332,568
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	<b>44,819,536</b>	41,335,837
Stock-in-trade	<b>714,746,582</b>	529,343,085
Trade debts	<b>386,519,574</b>	948,906,688
Loans and advance	<b>1,513,412</b>	1,819,870
Trade deposits and prepayments	<b>6,395,408</b>	2,420,728
Other receivables	<b>5,282,516</b>	6,839,924
Taxation - net	<b>78,589,890</b>	70,681,383
Sales tax refundable	<b>208,697,102</b>	134,183,809
Cash and bank balances	<b>36,101,295</b>	32,169,330
	<b>1,482,665,315</b>	1,767,700,654
<b>TOTAL ASSETS</b>	<b>2,550,858,015</b>	2,899,033,222

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
(M. Naeem)  
Chief Executive

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

Note	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees			
Sales - net	7 2,369,462,270	2,202,338,961	1,219,911,856	1,137,374,513
Cost of goods sold	(2,133,858,211)	(2,040,364,691)	(1,102,420,909)	(1,032,323,174)
<b>Gross profit</b>	<b>235,604,059</b>	<b>161,974,270</b>	<b>117,490,947</b>	<b>105,051,339</b>
Distribution expenses	(36,473,734)	(30,745,300)	(19,256,926)	(15,830,151)
Administrative expenses	(52,684,895)	(46,578,778)	(26,013,042)	(23,853,106)
Other operating expenses	(18,421,208)	(4,948,805)	(3,897,957)	(4,529,803)
Finance cost	(46,730,150)	(38,122,898)	(21,558,392)	(20,236,165)
	(154,309,987)	(120,395,781)	(70,726,317)	(64,449,225)
	<b>81,294,072</b>	<b>41,578,489</b>	<b>46,764,630</b>	<b>40,602,114</b>
Other income / (expenses)	<b>150,759</b>	<b>25,194,523</b>	<b>(303,008)</b>	<b>20,517,406</b>
<b>Profit before taxation</b>	<b>81,444,831</b>	<b>66,773,012</b>	<b>46,461,622</b>	<b>61,119,520</b>
Taxation	8 (18,006,333)	(14,264,694)	(7,152,400)	(8,814,790)
<b>Profit after taxation</b>	<b>63,438,498</b>	<b>52,508,318</b>	<b>39,309,222</b>	<b>52,304,730</b>
<b>Earnings per share - basic and diluted</b>	<b>6.57</b>	<b>5.44</b>	<b>4.07</b>	<b>5.41</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
(M. Naeem)

Chief Executive

  
(Amir Ahmed)

Chief Financial Officer

  
(Muhammad Usman Khalid)

Director

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees)			
Profit after taxation	<b>63,438,498</b>	52,508,318	<b>39,309,222</b>	52,304,730
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>63,438,498</b>	<b>52,508,318</b>	<b>39,309,222</b>	<b>52,304,730</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
(M. Naeem)

Chief Executive

  
(Amir Ahmed)

Chief Financial Officer

  
(Muhammad Usman Khalid)

Director

# Shahtaj Textile Limited

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended	
	December 31, 2019	December 31, 2018
	Rupees	Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	81,444,831	66,773,012
<b>Adjustments for</b>		
Depreciation	53,718,426	54,217,558
Finance cost	46,730,150	38,122,898
Gain on disposal of property, plant and equipment	(164,321)	(244,714)
Provision for retirement benefit obligation	14,165,776	11,712,404
Reversal of interest on sales tax refund bond	13,562	-
Operating cash flows before movements in working capital	<b>195,908,424</b>	170,581,158
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(3,483,699)	9,360,877
Stock in trade	(185,403,497)	(181,171,200)
Trade debts	562,387,114	141,244,896
Loans and advance	306,458	5,533,164
Trade deposits and prepayments	(3,974,680)	(5,650,564)
Other receivables	1,557,408	2,198,053
Sales tax refundable	(74,513,293)	(8,731,704)
<b>Decrease / (increase) in current liabilities</b>		
Trade and other payables	91,653,638	(35,027,764)
Cash generated from / (used in) operations	584,437,873	98,336,916
Retirement benefit obligation and leave encashment paid	(5,667,994)	(8,673,987)
Finance cost paid	(52,651,494)	(34,983,534)
Taxes paid	(30,738,413)	(16,771,047)
Net cash generated from operating activities	<b>495,379,972</b>	37,908,348
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,313,954)	(35,284,591)
Proceeds from disposal of property, plant and equipment	1,630,000	1,942,230
Long term loans	(243,845)	(186,238)
Proceeds from encashment of sales tax refund bond	16,500,000	-
Net cash generated from / (used in) investing activities	<b>9,572,201</b>	(33,528,599)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term finances obtained	11	99,002,560
Repayment of long-term finances	11	(30,658,376)
Dividend paid	11	(94,491,025)
Net cash (used in) / generated from financing activities	<b>(125,149,401)</b>	57,995,999
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>379,802,772</b>	62,375,748
<b>Cash and cash equivalents at July 1</b>	<b>(758,998,542)</b>	(751,301,193)
<b>Cash and cash equivalents at December 31</b>	<b>(379,195,770)</b>	(688,925,445)
Cash and bank balances	36,101,295	19,019,038
Short term borrowings	(415,297,065)	(707,944,483)
	<b>(379,195,770)</b>	(688,925,445)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
(M. Naeem)  
Chief Executive

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Issued, subscribed and paid up capital	Revenue reserves		Capital reserve		Total
	General reserve	Unappropriated profit	Revaluation surplus on plant and machinery		
Rupees					
Balance at July 01, 2018	96,600,000	710,000,000	165,592,815	86,946,656	1,059,139,471
<b>Total comprehensive income for the half year ended December 31, 2018</b>					
Profit after tax	-	-	52,508,318	-	52,508,318
Other comprehensive income	-	-	-	-	-
Transferred from surplus on revaluation of plant and machinery on account of :	-	-	52,508,318	-	52,508,318
- incremental depreciation (net of deferred tax)	-	-	4,338,372	(4,338,372)	-
- disposal net of deferred tax	-	-	138,393	(138,393)	-
- change in rate of tax	-	-	-	(793,333)	(793,333)
Transferred to general reserve	-	35,000,000	(35,000,000)	-	-
<b>Transaction with owners</b>					
Final dividend for the year ended June 30, 2018 @ Rs. 2.75 per share	-	-	(26,565,000)	-	(26,565,000)
Balance at December 31, 2018	<u>96,600,000</u>	<u>745,000,000</u>	<u>161,012,898</u>	<u>81,676,558</u>	<u>1,084,289,456</u>
<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>Total comprehensive income for the half year ended December 31, 2019</b>					
Profit after tax	-	-	63,438,498	-	63,438,498
Other comprehensive income	-	-	-	-	-
Transferred from surplus on revaluation of plant and machinery on account of :	-	-	63,438,498	-	63,438,498
- incremental depreciation (net of deferred tax)	-	-	3,835,175	(3,835,175)	-
- change in rate of tax	-	-	-	94,734	94,734
Transferred to general reserve	-	80,000,000	(80,000,000)	-	-
<b>Transaction with owners</b>					
Final dividend for the year ended June 30, 2019 @ Rs. 10 per share	-	-	(96,600,000)	-	(96,600,000)
<b>Balance at December 31, 2019</b>	<b>96,600,000</b>	<b>825,000,000</b>	<b>190,824,681</b>	<b>72,243,029</b>	<b>1,184,667,710</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
(M. Naeem)  
Chief Executive

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 1. STATUS AND NATURE OF BUSINESS

Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of textile goods.

Following is the geographical location and addresses of all business units of the Company:

#### Head Office

Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi, Sindh, Pakistan.

#### Manufacturing Facility

46 KM, Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur, Punjab, Pakistan.

#### Registered Office

27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan.

### 2. STATEMENT OF COMPLIANCE

**2.1** These condensed interim financial statements have 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 comprises 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.

These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

**2.2** The financial statements have been prepared under the historical cost basis modified by:

- revaluation of certain plant and machinery;
- financial instruments at fair value; and
- recognition of retirement benefit obligation at net present value."

**2.3** These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to the nearest rupee.

**2.4** These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements have been performed by the external auditors of the Company in accordance with the requirements of Section 237 of Companies Act, 2017 and they have issued their review report thereon. These condensed interim financial statements are submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

**2.5** The comparative condensed statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial statements for the half year ended December 31, 2018. Condensed interim statement of profit or loss and condensed interim comprehensive income for the quarter ended December 31, 2019 was not subject to review by external auditors.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019 except certain relevant new accounting standards IFRS-16 - Leases which is effective from annual reporting period beginning on or after January 01, 2019 as notified by the SECP and also adopted by the Company as stated below:

#### 3.1 First time adoption of IFRS 16 - Leases

During the period IFRS 16 - Leases became applicable to the Company. IFRS 16 replaces IAS 17 "Leases" and related interpretations and set out the principles for recognition, measurement, presentation and disclosure of leases. The Company has adopted IFRS 16 from July 01, 2019 and its adoption does not have any impact on these condensed interim financial statements as the company do not have any operating lease which need to be recorded as right to use as required by IFRS 16.

**3.2** The preparation of these condensed interim financial statements require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2019.

### 4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2019.

# Shahtaj Textile Limited

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
5.	CONTINGENCIES AND COMMITMENTS	Note	Rupees
5.1	Contingencies		
	Guarantee issued by bank on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)	<u>36,843,000</u>	<u>36,843,000</u>
	Bills discounted with recourse	<u>45,332,303</u>	<u>-</u>
	Other contingencies are not materially changed as disclosed in the note 11.1 to the annual financial statements for the year ended June 30, 2019.		
5.2	Commitments		
	Capital expenditure	<u>180,283,675</u>	<u>82,446,000</u>
	Purchase of raw material	<u>7,235,426</u>	<u>-</u>
	Sales contracts to be executed	<u>1,115,517,178</u>	<u>891,855,934</u>
6.	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6.1 <u>1,031,566,811</u>	1,077,895,013
	Capital work in progress	6.2 <u>2,388,689</u>	2,930,638
		<u>1,033,955,500</u>	<u>1,080,825,651</u>
6.1	Details of additions and disposals during the period / year pertaining to operating fixed assets are as under:		
Additions during the period / year		(Un-audited) Half year ended December 31, 2019	(Audited) June 30, 2019
		Additions / Disposals transfers at book value at / from cost / cwip	Additions / Disposals transfers at book value at / from cost / cwip
		Rupees	Rupees
Buildings on freehold land		-	1,410,240
Plant and machinery		<u>3,086,990</u>	101,709,409
Furniture and fixtures		<u>3,282,378</u>	26,750
Equipment and installations		<u>268,240</u>	1,647,336
Computer equipment		<u>327,665</u>	1,931,191
Vehicles		<u>1,890,630</u>	<u>1,456,020</u>
		<u>8,855,903</u>	<u>1,465,679</u>
		<u>114,612,166</u>	<u>2,627,220</u>
6.1	Details of additions and transfers from capital work-in-progress during the period / year are as under:		
		(Un-audited) Half year ended December 31, 2019	(Audited) June 30, 2019
		Additions      Transfers	Additions      Transfers
		Rupees	Rupees
Buildings on freehold land		<u>1,722,458</u>	1,285,886
Plant and machinery		<u>822,583</u>	<u>3,086,990</u>
Vehicles		-	7,887,240
Equipment		-	1,467,221
		<u>2,545,041</u>	<u>3,086,990</u>
		<u>35,000,276</u>	<u>112,010,858</u>
7.	Sales - net	(Un-audited) Half year ended	(Un-audited) Quarter ended
		December 31, 2019	December 31, 2018
		Rupees	Rupees
Export		<u>715,583,384</u>	661,860,377
Indirect export		<u>840,527,840</u>	683,125,119
Local		<u>826,628,532</u>	869,043,195
		<u>2,382,739,756</u>	2,214,028,691
Waste sales		<u>5,468,602</u>	5,384,379
		<u>2,388,208,358</u>	2,219,413,070
Commission			
-Local		<u>(6,733,501)</u>	(5,651,837)
-Export		<u>(12,012,587)</u>	(11,422,272)
		<u>2,369,462,270</u>	2,202,338,961
		<u>1,219,911,856</u>	1,137,374,513

# Shahtaj Textile Limited

8. TAXATION	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees			
Current	27,915,375	15,440,447	14,265,300	3,959,214
Prior year	(5,085,470)	-	(5,085,470)	-
Deferred	(4,823,572)	(1,175,753)	(2,027,430)	4,855,576
	<b>18,006,333</b>	<b>14,264,694</b>	<b>7,152,400</b>	<b>8,814,790</b>

There is no change in the status of tax contingencies that are disclosed in the note 30.3 to the annual financial statements for the year ended June 30, 2019.

## 9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

9.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values.

### 9.2 Fair value estimation

The Company discloses the financial instruments measured in the condensed interim statement of financial position at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and 2 during the period.

9.3 There are no assets or liabilities to classify under above levels except the Company's plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's plant and machinery carried out as at March 2018, were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer not related to the Company, using depreciable method. The valuer is listed on panel of Pakistan Banks' Association and have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

The fair value of the remaining assets and liabilities are same as their carrying value.

Details of Company's plant and machinery and information about the fair value hierarchy are as follows:

	(Unaudited)			(Audited)		
	December 31, 2019			June 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Rupees						
Plant and machinery	-	876,451,067	-	-	919,782,801	-

## 10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the Company. Transactions with related parties are carried out as per agreed terms. The transaction with related parties during the period generally consist of sales and purchases. Nature and description of related party transactions during the period along with monetary values are as follows:

Nature of relationship	Nature of transactions	Half year ended (Un-audited)	
		December 31, 2019	December 31, 2018
		Rupees	
Key management personnel	Remuneration	10,742,880	11,406,960
Key management personnel	Dividend paid	24,814,790	6,394,427
<b>Associated undertakings</b>			
- Shahtaj Sugar Mills Limited	Dividend paid	11,500,000	3,162,500
- Shahnawaz (Private) Limited	Purchase of computer equipment and supplies	132,280	1,195,460
	Administrative services received	1,474,967	381,516
<b>Other related party- Close Family Member</b>			
- FGE LLC	Sale of fabric	15,251,164	7,019,526
(Unaudited)		(Audited)	
December 31, 2019		June 30, 2019	
		Rupees	
<b>Balances due to related parties</b>			
- Shahnawaz (Private) Limited		1,790,632	350,000

# Shahtaj Textile Limited

## 11. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below states changes in the Company's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cashflows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	(Audited) June 30, 2019	(Unaudited)			
		Financing cash inflows	Financing cash outflows	Non Cash changes	December 31, 2019
		Rupees			
Long-term finances	338,888,385	-	-	(21,047,844)	317,840,541
Current portion of long term finances	47,511,936	-	(30,658,376)	21,047,844	37,901,404
Dividend payable	10,186,077	-	(94,491,025)	96,600,000	12,295,052
	<b>396,586,398</b>		<b>(125,149,401)</b>	<b>96,600,000</b>	<b>368,036,997</b>
(Unaudited)					
	(Audited) June 30, 2018	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	December 31, 2018
		Rupees			
		287,397,722	99,002,560	-	(30,659,337) 355,740,945
Long-term finances	44,235,478	-	(15,310,438)	30,659,337	59,584,377
Current portion of long term finances	9,458,388	-	(25,696,123)	26,565,000	10,327,265
	<b>341,091,588</b>	<b>99,002,560</b>	<b>(41,006,561)</b>	<b>26,565,000</b>	<b>425,652,587</b>

## 12. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on February 25, 2020 by the Board of Directors of the Company.

  
(M. Naeem)  
Chief Executive

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director

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