



*Condensed Interim
Financial Statements
for the quarter ended
September 30, 2020*

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. Abid 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
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
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, 2020.

By the grace of Allah operating results of the Company have been positive and Company has earned after tax profit of Rs.43.61 million with an EPS of Rs 4.51 in comparison to Rs 2.50 reported during the same period last year. This profit is more than the corresponding period of last year mainly because of effective cost controls which enabled savings in other operating / financing costs.

The distribution expenses for the period are lower as compared to corresponding period because of decrease in export sales. Finance cost during the period decreased significantly on account of prudent financial management and reduction in policy rate.

Period under review has been satisfactorily profitable. However, the global business outlook is still challenging due to COVID-19. The markets are fearful of a second wave of the pandemic. Currently export sales are under pressure. However, we hope that with global markets re-opening the export demand will surge. Therefore, Management is optimistic that the financial year 2020-21 would remain reasonably profitable.

Efforts will continue as always for more improvement.

Board and its Committees

a) Male: 8

b) Female: 1

Category	Names
Independent Directors	Mr. Saleem Zamindar (NIT)
	Mr. Sohail Habib
Other Non-Executive Directors	Mr. Muneer Nawaz
	Mr. Toqueer Nawaz
	Mr. Muhammad Usman Khalid
	Mr. Abid Nawaz
Female Non-Executive Director	Mrs. Sadia Muhammad
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 29, 2020


(M. Naeem)
Chief Executive


(Muhammad Usman Khalid)
Director

Shahtaj Textile Limited

ڈائریکٹر ز رپورٹ برائے حصہ داران

ڈائریکٹر ز مسرت کے ساتھ 30 ستمبر 2020 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 43.61 ملین روپے رہا یعنی 4.51 روپے فی حصہ بالقابل 2.50 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ یہ منافع پچھلے سال کے اسی عرصے سے زیادہ ہے جس کی بنیادی وجہ بہتر مالیاتی کنٹرول ہے جس سے دیگر آپریٹنگ / فنانسنگ لاگت میں چٹت ہوئی۔

گزشتہ سال کے مقابلہ میں تقسیم کے اخراجات کم رہے جس کی وجہ ایکسپسورٹ میں کمی ہے۔ بہتر مالیاتی انتظام اور شرح سود میں کمی کی وجہ سے اس عرصے کے دوران فنانس لاگت میں نمایاں کمی واقع ہوئی۔

زیر جائزہ مدت اطمینان اور منافع بخش رہی۔ تاہم، COVID-19 کی وجہ سے عالمی کاروباری حالات اب بھی چیلینجنگ ہیں۔ بازار اس وبائی مرض کی دوسری لہر سے خوفزدہ ہے۔ فی الحال برآمدات دباؤ میں ہیں۔ تاہم، ہم امید کرتے ہیں کہ عالمی منڈیوں کے دوبارہ کھلنے کے ساتھ ہی برآمدات کی طلب میں اضافہ ہوگا۔ لہذا، انتظامیہ پر امید ہے کہ مالی سال 2020-21 مناسب حد تک منافع بخش رہے گا۔

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

بورڈ کی ساخت درج ذیل ہے:

نام	اقسام / کیٹگری
جناب سلیم ز میندار (این آئی ٹی)	انڈیپنڈنٹ ڈائریکٹر / آزاد ڈائریکٹر
جناب سہیل حبیب	
جناب منیر نواز	دیگر غیر انتظامی ڈائریکٹرز
جناب توقیر نواز	
جناب محمد عثمان خالد	
جناب عابد نواز	
محترمہ سعدیہ محمد	خاتون غیر انتظامی ڈائریکٹر
جناب محمد نعیم	ایگزیکٹو ڈائریکٹر / انتظامی ڈائریکٹر
لیفٹیننٹ کرنل (ریٹائر) رشید الدین شمس	

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

الف) آؤٹ کمیٹی

- جناب سہیل حبیب (چیرمین)
- جناب منیر نواز
- جناب توقیر نواز
- جناب محمد عثمان خالد

ب) ایچ آر اینڈ ریویریشن کمیٹی

- جناب سلیم ز میندار (چیرمین)
- جناب منیر نواز
- جناب محمد نعیم
- جناب محمد عثمان خالد

حوصلہ افزائی

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

برائے اور از طرف بورڈ آف ڈائریکٹرز



(محمد عثمان خالد)

ڈائریکٹر



(محمد نعیم)

چیف ایگزیکٹو

کراچی

29 اکتوبر 2020

Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

		Un-audited September 30, 2020	Audited June 30, 2020
EQUITY AND LIABILITIES	Note	-----Rupees-----	
Share capital and reserves			
Authorized share capital 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
Revenue reserves		1,082,530,172	1,037,349,820
Surplus on revaluation of plant and machinery		60,980,431	63,066,369
TOTAL EQUITY		1,240,110,603	1,197,016,189
LIABILITIES			
Non-current liabilities			
Long-term finance	5	535,896,724	513,501,375
Deferred liabilities		115,890,803	111,170,011
		651,787,527	624,671,386
Current liabilities			
Trade and other payables		357,841,440	544,510,286
Advance from customers - contract liabilities		19,196,501	15,421,800
Unclaimed dividend		12,156,285	12,156,285
Interest accrued		13,837,133	12,594,533
Short-term borrowings		484,841,419	390,460,673
Current portion of long-term finance		42,115,776	27,219,458
		929,988,554	1,002,363,035
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		2,821,886,684	2,824,050,610
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,129,352,609	1,152,175,286
Long-term loans		501,297	389,039
Long-term deposits		33,108,482	33,108,482
		1,162,962,388	1,185,672,807
Current assets			
Stores, spares and loose tools		51,449,451	44,995,691
Stock-in-trade		646,793,134	690,701,414
Trade debts		703,215,049	590,579,260
Loans and advance		21,407,741	4,207,995
Trade deposits and prepayments		5,040,005	2,414,933
Other receivables		3,831,028	6,448,505
Taxation - net		83,889,254	88,163,737
Sales tax refundable		137,690,343	161,619,078
Cash and bank balances		5,608,291	49,247,190
		1,658,924,296	1,638,377,803
TOTAL ASSETS		2,821,886,684	2,824,050,610

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 ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	Note	September 30, 2020 Rupees	September 30, 2019 Rupees
Sales - net		1,174,074,838	1,149,550,414
Cost of goods sold		(1,052,802,472)	(1,031,437,302)
Gross profit		121,272,366	118,113,112
Distribution expenses		(13,170,914)	(17,216,808)
Administrative expenses		(26,632,612)	(26,671,853)
Other operating expenses		(6,072,770)	(14,523,251)
Finance cost		(15,541,310)	(25,171,758)
		(61,417,606)	(83,583,670)
		59,854,760	34,529,442
Other income		-	453,767
Profit before taxation		59,854,760	34,983,209
Taxation	8	(16,247,420)	(10,853,933)
Profit after taxation		43,607,340	24,129,276
Earnings per share - basic and diluted		4.51	2.50

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 FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	September 30, 2020 Rupees	September 30, 2019 Rupees
Profit after taxation	43,607,340	24,129,276
Other comprehensive income	-	-
Total comprehensive income for the period	43,607,340	24,129,276

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 FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	September 30 2020	September 30 2019
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	59,854,760	34,983,209
Adjustments for:		
Depreciation	24,778,327	26,820,107
Finance cost	15,541,310	25,171,758
Exchange (gain)/loss	1,523,770	-
Provision for gratuity and leave encashment	7,085,346	7,889,853
Interest on sales tax refund bonds	-	(453,767)
Operating cash flows before movements in working capital	108,783,513	94,411,160
(Increase) / decrease in current assets		
Stores, spares and loose tools	(6,453,760)	379,101
Stock-in-trade	43,908,280	(144,019,201)
Trade debts	(114,159,559)	302,539,476
Loans and advances	(17,199,746)	(3,474,742)
Trade deposits and prepayments	(2,625,072)	(2,680,885)
Other receivables	2,617,477	(1,000,684)
Sales tax refundable	23,928,735	(56,223,331)
(Decrease) / increase in current liabilities		
Trade and other payables	(186,668,846)	(17,918,543)
Advance from customers - contract liabilities	3,774,701	698,969
Cash (used in) / generated from operations	(144,094,277)	172,711,320
Gratuity and leave encashment paid	(4,336,037)	(3,510,829)
Finance cost paid	(14,298,710)	(24,990,902)
Income taxes paid	(10,514,380)	(13,587,823)
Net cash (used in) / generated from operating activities	(173,243,404)	130,621,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,955,650)	(3,730,239)
(Investment in) Sales tax refund bond	-	(4,100,000)
Long-term loans	(112,258)	(198,028)
Net cash used in investing activities	(2,067,908)	(8,028,267)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term finance	(1,515,579)	(2,573,938)
Long term finance obtained	38,807,246	-
Dividend paid	-	(16,062)
Short term borrowings- FE-25 loan	-	124,978,161
Net cash generated from financing activities	37,291,667	122,388,161
Net (decrease) / increase in cash and cash equivalents	(138,019,645)	244,981,660
Cash and cash equivalents at July 1	(341,213,483)	(758,998,542)
Cash and cash equivalents at September 30	(479,233,128)	(514,016,882)
Cash and cash equivalents at September 30		
Short-term borrowings	(484,841,419)	(557,088,595)
Cash and bank balances	5,608,291	43,071,713
	(479,233,128)	(514,016,882)

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 FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	Issued, Subscribed and Paid up Capital	Revenue reserve		Capital Surplus on revaluation of plant and machinery	Total
		General	Unappropriated profit		
		Rupees			
Balance as at July 01, 2019	96,600,000	745,000,000	300,151,008	75,983,470	1,217,734,478
Total Comprehensive income for the quarter ended sep 30, 2019.					
Profit after taxation	-	-	24,129,276	-	24,129,276
Other comprehensive income	-	-	-	-	-
	-	-	24,129,276	-	24,129,276
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	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 as at September 30, 2019	96,600,000	825,000,000	246,196,552	74,109,583	1,241,906,135
Balance as at July 01, 2020	96,600,000	825,000,000	212,349,820	63,066,369	1,197,016,189
Total comprehensive income for the quarter ended Sep 30, 2020					
Profit after taxation	-	-	43,607,340	-	43,607,340
Other comprehensive income	-	-	-	-	-
	-	-	43,607,340	-	43,607,340
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	1,573,012	(1,573,012)	-
- Change in rate of tax	-	-	-	(512,926)	(512,926)
Transferred to general reserve	-	25,000,000	(25,000,000)	-	-
Balance as at September 30, 2020	96,600,000	850,000,000	232,530,172	60,980,431	1,240,110,603

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 STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

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, 2020.

- 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 un-audited. The comparative condensed statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2020, 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 un-audited condensed interim financial statements for the quarter ended September 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 3.1 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, 2020.

- 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, 2020.

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, 2020.

Shahtaj Textile Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
5. LONG-TERM FINANCE		
Secured		
From banking companies	578,012,500	540,720,833
Less: Current portion shown under current liabilities	(42,115,776)	(27,219,458)
	535,896,724	513,501,375

5.1 Details and movement are as follows:

	The Bank of Punjab	Bank Alfalah Limited	United Bank Limited	Faysal Bank Limited	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	Term Finance*	Term Finance 1	Term Finance 2*	Term Finance	Term Finance	Total
Balance at July 01	105,311,010	220,811,247	83,226,000	131,372,576	-	540,720,833
Obtained during the period/year	-	-	-	-	38,807,246	38,807,246
	105,311,010	220,811,247	83,226,000	131,372,576	38,807,246	579,528,079
Repaid during the period/year	-	-	-	(1,515,579)	-	(1,515,579)
	105,311,010	220,811,247	83,226,000	129,856,997	38,807,246	540,720,833
Payable within one year	-	(15,869,376)	-	(16,544,588)	(9,701,812)	(42,115,776)
Balance at	105,311,010	204,941,871	83,226,000	113,312,409	29,105,434	535,896,724
Mark up	SBP rate + 80 bps (June 2020: 6 month KIBOR +100 bps)	SBP rate + 75 bps (June 2020: SBP rate + 75 bps)	SBP rate + 150 bps (June 2020: 3 month KIBOR +175 bps)	SBP rate + 50 bps (June 2020: SBP rate + 50 bps)	SBP rate + 250 bps -	
Installment repayable	Bi-annually	Bi-annually	Bi-annually	Quarterly	Quarterly	
Mark up payable	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	
Loan period	10 years	10 years	10 years	10 years	2.5 years	
Grace period	2 year from last drawn date	2 year from last drawn date	2 year from last drawn date	2 year from last drawn date	6 months from last drawn date	
Sub-note	5.2	5.3 & 5.3.1	5.3	5.4	5.5	

* These loans were converted to LTFF after SBP approval during the period.

- 5.2** The loan is secured by way of first pari passu hypothecation charge over present and future fixed assets of the Company (including land, building, plant and machinery) with 25% margin.
- 5.3** The loan is secured by way of first pari passu charge over fixed assets of the Company (including land, building, plant and machinery) with 25% margin.
- 5.3.1** As a measure to dampen the adverse effects of COVID-19 on the Country (refer note 45.1), the State Bank of Pakistan vide Banking Policy and Regulations Department (BPRD) circular letter No. 13 of 2020 and circular letter No. 20 of 2020 permitted the banks to reschedule / restructure the deferment of principal amount for one year subject to certain conditions. The Company has availed this benefit for the loan.
- 5.4** The loan is secured by way of first pari passu charge over plant and machinery of the Company for an amount of Rs. 534 million.
- 5.5** This represents loan obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 65 million. The facility is secured against first pari passu charge on plant and machinery upto Rs. 100 million.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Contingencies are not materially changed as disclosed in the note 11 to the annual financial statements for the year ended June 30, 2020.

Shahtaj Textile Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

		(Un-audited) September 30, 2020	(Audited) June 30, 2020
6.2 Commitments	Note	-----Rupees-----	
Capital expenditure		69,299,550	67,354,150

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1	1,101,794,851	931,658,960
Capital work in progress	7.2	27,557,758	220,516,326
		1,129,352,609	1,152,175,286

7.1 Details of additions and disposals during the period / year pertaining to operating fixed assets are as under:

	(Un-audited) Quarter ended September 30, 2020		(Audited) June 30, 2020	
Additions during the period / year	Additions / transfers at / from cost / cwip	Disposals at book value	Additions / transfers at / from cost / cwip	Disposals at book value
	-----Rupees-----			
Buildings on freehold land	-	-	2,164,630	-
Plant and machinery	191,404,838	-	3,086,990	50,050,212
Furniture and fixtures	7,000	-	3,282,378	-
Equipment and installations	24,000	-	449,699	-
Computer equipment	189,185	-	572,215	9,659
Vehicles	3,289,196	-	2,098,430	1,503,899
	194,914,219	-	11,654,342	51,563,770

7.2 Details of additions and transfers from capital work-in-progress during the period / year are as under:

	(Un-audited) Quarter ended September 30, 2020		(Audited) June 30, 2020	
	Additions	Transfers	Additions	Transfers
	-----Rupees-----			
Buildings on freehold land	408,789	-	14,165,445	2,164,630
Plant and machinery	1,270,480	191,404,838	205,438,861	3,086,990
Vehicles	56,196	3,289,196	3,233,000	-
	1,735,465	194,694,034	222,837,306	5,251,620

	Quarter ended (Un-audited) September 30, 2020		September 30, 2019
8. TAXATION			
Current	14,788,863		13,650,075
Deferred	1,458,557		(2,796,142)
	16,247,420		10,853,933

There is no change in the status of tax contingencies that are disclosed in the note 30 to the annual financial statements for the year ended June 30, 2020.

9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

9.1 Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

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.

Shahtaj Textile Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

- 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 depreciated replacement cost method. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. Value determined by independent valuer is classified as Level 2 in the fair value hierarchy.

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:

		Quarter ended (Un-audited)	
		September 30, 2020	September 30, 2019
		Rupees	
Nature of relationship	Nature of transactions		
Key management personnel	Remuneration	5,244,400	5,244,400
Associated undertakings - Shah Nawaz (Private) Limited	Purchase of computer equipment and supplies	23,985	19,980
	Administrative services received	682,500	696,295
Other related party- Close Family Member			
- FGE LLC	Sale of fabric	-	15,054,812
- Lionsmill General Trading LLC	Sale of fabric	11,375,816	-
		(Un-audited) September 30, 2020	(Audited) June 30, 2020
		Rupees	
Balances due to related parties - Shah Nawaz (Private) Limited		2,262,970	1,556,485
Balances due from related parties - Lionsmill General Trading LLC		6,992,585	-

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)	(Un-audited)		
	June 30, 2020	Financing cash inflows	Financing cash outflows	Non Cash changes
				September 30, 2020
		Rupees		
Unclaimed dividend	12,156,285	-	-	-
	12,156,285	-	-	-
		Rupees		
	(Audited)	(Un-audited)		
	June 30, 2019	Financing cash	Financing cash	Non Cash changes
				September 30, 2019
		Rupees		
Unclaimed dividend	10,186,077	-	(16,062)	-
	10,186,077	-	(16,062)	-

- 11.1** The reconciliation of long term finance is disclosed in note 5 to these condensed interim financial statements.

12. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on October 29, 2020 by the Board of Directors of the Company.



(M. Naem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer



(Muhammad Usman Khalid)
Director



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