



*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  
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](http://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 زر پورٹ برائے حصہ داران

ڈائریکٹر زر مسروت کے ساتھ 30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی کے کمپنی کے غیر آٹھ شدہ مالیاتی حسابات کی رپورٹ پیش کرتے ہیں۔

الحمد اللہ کمپنی کے مالیاتی نتائج ثبت رہے اور بعد از ٹیکس منافع 43.61 ملین روپے رہا یعنی 4.51 روپے فی حصہ بال مقابل 2.50 روپے فی حصہ جو گزشتہ سال کے اسی دورانی میں رپورٹ ہوا تھا۔ یہ منافع پچھلے سال کے اسی عرصے سے زیادہ ہے جس کی بنیادی وجہ بہتر مالیاتی کنڑوں ہے جس سے دیگر آپریشنگ / فناں لگت میں بچت ہوتی۔

گزشتہ سال کے مقابلہ میں تقسیم کے اخراجات کم رہے جس کی وجہ ایک پورٹ میں کمی ہے۔ بہتر مالیاتی انتظام اور شرح سود میں کمی کی وجہ سے اس عرصے کے دوران فناں لگت میں نمایاں کمی واقع ہوتی۔

زیر جائزہ مدت اطینان اور منافع بخش رہی۔ تاہم، COVID-19 کی وجہ سے عالمی کاروباری حالات اب بھی چیلینجنگ ہیں۔ بازار اس وبا کی 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 ہو گا۔ 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 ہیں جن کی تفصیل درج ذیل ہے:

ا) مرد: 8      ب) خواتین: 1

# Shahtaj Textile Limited

بورڈ کی ساخت درج ذیل ہے:

نام	اقام / کیمپری
جناب سلیم ز میندار (ایں آئیٹی)	انڈ پینٹنگز ڈاکٹریکٹر / آزاد ڈاکٹریکٹر
جناب سمیل حبیب	
جناب منیر نواز	دیگر غیر انتظامی ڈاکٹریکٹر
جناب تو قیر نواز	
جناب محمد عثمان خالد	خاتون غیر انتظامی ڈاکٹریکٹر
جناب عبدال نواز	
محمد مددیہ محمد	ایگزیکٹو ڈاکٹریکٹر / انتظامی ڈاکٹریکٹر
جناب محمد نعیم	
لیفیٹیننٹ کرنل (ریٹائر) رشید الدین شمس	

بورڈ نے درج ذیل کمیٹیاں تشکیل دیں جن کے ممبر ان درج ذیل ہیں:

## الف) آٹھ کمیٹی

- جناب سمیل حبیب (چیرین)
- جناب منیر نواز
- جناب تو قیر نواز
- جناب محمد عثمان خالد

## ب) ایک آئینڈری یونیوریشن کمیٹی

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

## حوالہ افزائی

ڈاکٹریکٹر کمپنی کے تمام ملازمین کی انتخک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈاکٹریکٹر

کراچی  
29 اکتوبر 2020  
  
 (محمد عثمان خالد)  
 ڈاکٹریکٹر  
  
 (محمد نعیم)  
 چیف ایگزیکٹو

# Shahtaj Textile Limited

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

EQUITY AND LIABILITIES	Note	Un-audited September 30, 2020	Audited June 30, 2020
		-----Rupees-----	-----Rupees-----
<b>Share capital and reserves</b>			
Authorized share capital 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
Revenue reserves		<b>1,082,530,172</b>	1,037,349,820
Surplus on revaluation of plant and machinery		<b>60,980,431</b>	63,066,369
<b>TOTAL EQUITY</b>		<b>1,240,110,603</b>	<b>1,197,016,189</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term finance	5	<b>535,896,724</b>	513,501,375
Deferred liabilities		<b>115,890,803</b>	111,170,011
		<b>651,787,527</b>	<b>624,671,386</b>
<b>Current liabilities</b>			
Trade and other payables		<b>357,841,440</b>	544,510,286
Advance from customers - contract liabilities		<b>19,196,501</b>	15,421,800
Unclaimed dividend		<b>12,156,285</b>	12,156,285
Interest accrued		<b>13,837,133</b>	12,594,533
Short-term borrowings		<b>484,841,419</b>	390,460,673
Current portion of long-term finance		<b>42,115,776</b>	27,219,458
		<b>929,988,554</b>	<b>1,002,363,035</b>
<b>Contingencies and Commitments</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,821,886,684</b>	<b>2,824,050,610</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>1,129,352,609</b>	1,152,175,286
Long-term loans		<b>501,297</b>	389,039
Long-term deposits		<b>33,108,482</b>	33,108,482
		<b>1,162,962,388</b>	<b>1,185,672,807</b>
<b>Current assets</b>			
Stores, spares and loose tools		<b>51,449,451</b>	44,995,691
Stock-in-trade		<b>646,793,134</b>	690,701,414
Trade debts		<b>703,215,049</b>	590,579,260
Loans and advance		<b>21,407,741</b>	4,207,995
Trade deposits and prepayments		<b>5,040,005</b>	2,414,933
Other receivables		<b>3,831,028</b>	6,448,505
Taxation - net		<b>83,889,254</b>	88,163,737
Sales tax refundable		<b>137,690,343</b>	161,619,078
Cash and bank balances		<b>5,608,291</b>	49,247,190
		<b>1,658,924,296</b>	<b>1,638,377,803</b>
<b>TOTAL ASSETS</b>		<b>2,821,886,684</b>	<b>2,824,050,610</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 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	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>59,854,760</b>	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	<b>108,783,513</b>	<b>94,411,160</b>
<b>(Increase) / decrease in current assets</b>		
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)
<b>(Decrease) / increase in current liabilities</b>		
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	<b>(173,243,404)</b>	<b>130,621,766</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<b>(2,067,908)</b>	<b>(8,028,267)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<b>37,291,667</b>	<b>122,388,161</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(138,019,645)</b>	<b>244,981,660</b>
<b>Cash and cash equivalents at July 1</b>	<b>(341,213,483)</b>	<b>(758,998,542)</b>
<b>Cash and cash equivalents at September 30</b>	<b>(479,233,128)</b>	<b>(514,016,882)</b>
<b>Cash and cash equivalents at September 30</b>		
Short-term borrowings	(484,841,419)	(557,088,595)
Cash and bank balances	5,608,291	43,071,713
	<b>(479,233,128)</b>	<b>(514,016,882)</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 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;
- 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)**

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

**5.1 Details and movement are as follows:**

	The Bank of Punjab	Bank Alfalah Limited		United Bank Limited	Faysal Bank Limited	(Un-audited)	(Audited)
	Term Finance*	Term Finance I	Term Finance 2*	Term Finance	Term Finance	September 30, 2020	June 30, 2020
Balance at July 01	105,311,010	220,811,247	83,226,000	131,372,576	-	<b>540,720,833</b>	386,400,321
Obtained during the period/year	-	-	-	-	38,807,246	<b>38,807,246</b>	188,537,010
	<b>105,311,010</b>	<b>220,811,247</b>	<b>83,226,000</b>	<b>131,372,576</b>	<b>38,807,246</b>	<b>579,528,079</b>	<b>574,937,331</b>
Rепaid during the period/year	-	-	-	(1,515,579)	-	<b>(1,515,579)</b>	(34,216,498)
	<b>105,311,010</b>	<b>220,811,247</b>	<b>83,226,000</b>	<b>129,856,997</b>	<b>38,807,246</b>	<b>578,012,500</b>	<b>540,720,833</b>
Payable within one year	-	(15,869,376)	-	(16,544,588)	(9,701,812)	<b>(42,115,776)</b>	(27,219,458)
Balance at	<b>105,311,010</b>	<b>204,941,871</b>	<b>83,226,000</b>	<b>113,312,409</b>	<b>29,105,434</b>	<b>535,896,724</b>	<b>513,501,375</b>
Mark up	SBP rate + 80 bps (June 2020: 6 month KIBOR rate + 75 bps +100 bps)	SBP rate + 75 bps (June 2020: SBP rate + 75 bps)	SBP rate + 150 bps (June 2020: 3 month KIBOR rate + 50 bps +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	<b>5.2</b>	<b>5.3 &amp; 5.3.1</b>	<b>5.3</b>	<b>5.4</b>	<b>5.5</b>		

\* 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)**

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
		<b>Rupees</b>	<b>Rupees</b>
<b>6.2 Commitments</b>		<b>69,299,550</b>	<b>67,354,150</b>

## 7. PROPERTY, PLANT AND EQUIPMENT

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

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

Additions during the period / year	(Un-audited) Quarter ended September 30, 2020		(Audited) June 30, 2020	
	Additions / transfers at from cost / cwip	Disposals at book value	Additions / transfers at from cost / cwip	Disposals at book value
	<b>Rupees</b>			
Buildings on freehold land	-	-	2,164,630	-
Plant and machinery	<b>191,404,838</b>	-	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	<b>3,289,196</b>	-	2,098,430	1,503,899
	<b>194,914,219</b>	-	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
	<b>Rupees</b>			
Buildings on freehold land	408,789	-	14,165,445	2,164,630
Plant and machinery	<b>1,270,480</b>	<b>191,404,838</b>	205,438,861	3,086,990
Vehicles	<b>56,196</b>	<b>3,289,196</b>	3,233,000	-
	<b>1,735,465</b>	<b>194,694,034</b>	222,837,306	5,251,620

## 8. TAXATION

	Quarter ended (Un-audited) September 30,		September 30, 2019	
	Additions	Transfers	Additions	Transfers
	<b>Rupees</b>			
Current	<b>14,788,863</b>	-	13,650,075	
Deferred	<b>1,458,557</b>	-	(2,796,142)	
	<b>16,247,420</b>	-	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:

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

### 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, 2020	(Un-audited)		
		Financing cash inflows	Financing cash outflows	Non Cash changes
	Rupees			
Unclaimed dividend	12,156,285	-	-	-
	12,156,285	=====	=====	=====
				12,156,285
	(Audited) June 30, 2019	(Un-audited)		
	Financing cash	Financing cash	Non Cash changes	September 30, 2019
	Rupees			
Unclaimed dividend	10,186,077	-	(16,062)	-
	10,186,077	=====	=====	10,170,015

- 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. Naeem)  
Chief Executive



(Amir Ahmed)  
Chief Financial Officer



(Muhammad Usman Khalid)  
Director



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