



*Condensed Interim
Financial Statements
for the half year ended
December 31, 2020*

Shahtaj Textile Limited

Shahtaj Textile Limited

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Shahtaj Textile Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Chief Executive
Mr. Abid Nawaz	
Mr. Aamir Amin (NIT)	
Mr. Farooq Hassan	
Mr. Syed Nadeem Ali Kazmi	
Mr. Toqueer Nawaz	
Mrs. Sadia Mohammad	
Mr. Muhammad Usman Khalid	
Lt. Col. (Retd.) R.D. Shams	

COMPANY SECRETARY

Mr. Jamil Ahmad Butt, FCMA

AUDIT COMMITTEE OF THE BOARD

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD

Mr. Farooq Hassan	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Toqueer Nawaz	Member
Mrs. Sadia Muhammad	Member
Mr. Jamil Ahmad Butt, FCMA	Secretary

AUDITORS

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

Jwaff's 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, 2020 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.80.56 million with an EPS of Rs.8.34 in comparison to Rs.6.57 reported during the same period last year. During the period, the company booked certain sale orders on weaving charges only against which the yarn was arranged by the buyer. Although, this reduced the net sales as compared to corresponding period of last year but the overall impact on profitability was positive. Resultantly, gross profit rate during the period increased to 10.16% from 9.94% as compared to corresponding period of last year.

The 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 less as compared to corresponding period due to decrease in export sales. Finance cost during the period decreased significantly on account of prudent financial management and reduction in policy rate.

The company is planning to expand its operations by installing another 44 high speed looms along with other support and allied equipment. The financing arrangement will be mainly based on State bank of Pakistan's concessionary Temporary Economic Finance Scheme (TERF) / Long Term Financing Facility (LTFF) scheme for textile sector.

Efforts will continue as always for more improvement.

Board and its Committees

During the period election of the Board were held on 28 December 2020 for the new tenure of 3 years starting from 1st January, 2021. This election brought three new independent directors on the Board. NIT nominated Mr. Aamir Amin replacing Mr. Saleem Zamindar who remained on the Board for 6 years. Further Mr. Farooq Hassan and Mr. Syed Nadeem Ali Kazmi have been elected as other independent directors. Company hopes to equally benefit from the positive contribution and support of the new directors.

Now total number of directors is ten as per the following:

a) Male: 9 b) Female: 1

Category	Names
Independent Directors	Mr. Aamir Amin (NIT)
	Mr. Farooq Hassan
	Mr. Syed Nadeem Ali Kazmi
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 as below:

a) Audit Committee

- 01. Mr. Aamir Amin (Chairman)
- 02. Mr. Muneer Nawaz
- 03. Mr. Toqueer Nawaz
- 04. Mr. Muhammad Usman Khalid

b) HR and Remuneration Committee

- 01. Mr. Farooq Hassan (Chairman)
- 02. Mr. Muneer Nawaz
- 03. Mr. Muhammad Naeem
- 04. Mr. Toqueer Nawaz
- 05. Mrs. Sadia Muhammad


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 26, 2021


(M. Naeem)
Chief Executive


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

ڈائریکٹر ز رپورٹ برائے حصہ داران

ڈائریکٹر ز مسرت کے ساتھ 31 دسمبر 2020 کو ختم ہونے والی ششماہی پر کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات آڈیٹر کی محدود دائرہ کار پر مشتمل رپورٹ کے ساتھ پیش کرتے ہیں۔

الحمد للہ کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 80.56 ملین روپے رہا یعنی 8.34 روپے فی حصہ بالمقابل 6.57 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ اس مدت کے دوران کمپنی نے ایسے مخصوص آرڈر بھی وصول کئے جن کے لئے یارن کا انتظام خریدار نے خود کیا اور کمپنی نے کپڑا تیار کر کے فراہم کیا۔ اگرچہ، اس طریقہ کار سے گزشتہ سال کے اسی عرصے کے مقابلے میں خالص فروخت میں کمی آئی لیکن مجموعی منافع پر مثبت اثر پڑا۔ نتیجتاً، اس عرصے کے دوران مجموعی منافع کی شرح گزشتہ سال کے اسی عرصے کے مقابلے میں 9.94 فیصد سے بڑھ کر 10.16 فیصد ہو گئی ہے۔

منافع پچھلے سال کے اسی عرصے سے زیادہ ہے جس کی بنیادی وجہ لاگت پر مؤثر کنٹرول ہے جس سے آپریٹنگ/فنانسنگ کی لاگت میں بچت ممکن ہوئی۔ برآمدات میں کمی کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں اخراجات بھی کم ہیں۔ مؤثر مالیاتی انتظام اور شرح سود میں کمی کی وجہ سے اس عرصے کے دوران فنانس کی لاگت میں نمایاں کمی واقع ہوئی۔

کمپنی مزید 44 ہائی اسپینڈیٹ لومز کی تنصیب کے ساتھ دیگر معاونت اور اس سے وابستہ آلات کے ذریعے اپنے کاموں کو بڑھانے کا منصوبہ بنا رہی ہے۔ مالی اعانت کا انتظام بنیادی طور پر ٹیکسٹائل کے شعبے کے لئے اسٹیٹ بینک آف پاکستان کی مراعات یافتہ عارضی معاشی فنانس اسکیم (ٹی ای آر ایف) / طویل مدتی فنانسنگ سہولت (ایل ٹی ایف ایف) اسکیم پر مبنی ہوگا۔

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

Shahtaj Textile Limited

بورڈ اور اس کی کمیٹیاں

مجموعی طور پر دس وڈائریکٹرز ہیں جن کی تفصیل درج ذیل ہے:

(ا) مرد: 9 (ب) خواتین: 1

بورڈ کی ساخت درج ذیل ہے:

اقسام/کیٹگری	نام
انڈیپنڈینٹ ڈائریکٹر/آزاد ڈائریکٹر	جناب عامر امین (این آئی ٹی)
	جناب سید ندیم علی کاظمی
دیگر غیر انتظامی ڈائریکٹرز	جناب منیر نواز
	محترمہ سعدیہ محمد
	جناب عبد نواز
ایگزیکٹو ڈائریکٹر/انتظامی ڈائریکٹر	جناب محمد نعیم
	لیفٹینینٹ کرنل (ریٹائر) رشید الدین شمس

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

(الف) آڈٹ کمیٹی

1- جناب عامر امین (چیرمین)	2- جناب منیر نواز	3- جناب توقیر نواز	4- جناب محمد عثمان خالد
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(ب) ایچ آر اینڈ ریوینو نیشن کمیٹی

1- جناب فاروق حسن (چیرمین)	2- جناب منیر نواز	3- جناب محمد نعیم
4- جناب توقیر نواز	5- محترمہ سعدیہ محمد	

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

/ Nam Muner Nawaz

(ایم نعیم)

(منیر نواز)

کراچی

چیف ایگزیکٹو آفیسر

چیرمین

26 فروری 2021

Shahtaj Textile Limited

INDEPENDENT AUDITOR'S REVIEW REPORT

Report on review of Interim Financial Statements

We have reviewed the accompanying condensed interim statement of financial position of **SHAHTAJ TEXTILE LIMITED** (the Company) as at December 31, 2020, and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of cash flows and the condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year 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 statements 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 at and for the half year ended December 31, 2020 are not prepared, in all material respects, in accordance with 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 matters

The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income and related notes for the quarter ended December 31, 2020 have not been reviewed, as we are only required to review the cumulative figures for the half year ended December 31, 2020.



Chartered Accountants

Dated: February 26, 2021


Place: Karachi


Shahtaj Textile Limited

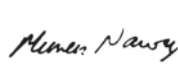
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

		Un-audited December 31, 2020	Audited June 30, 2020
Note		-----Rupees-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 10,000,000 (June 30, 2020: 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		1,082,416,953	1,037,349,820
Surplus on revaluation of plant and machinery		59,310,964	63,066,369
Total equity		1,238,327,917	1,197,016,189
LIABILITIES			
Non-current liabilities			
Long-term finance	5	608,601,701	513,501,375
Deferred liabilities		118,686,171	111,170,011
		727,287,872	624,671,386
Current liabilities			
Trade and other payables		453,424,791	544,510,286
Advance from customers - contract liabilities		14,043,220	15,421,800
Unclaimed dividend		15,344,919	12,156,285
Interest accrued		13,465,102	12,594,533
Short-term borrowings	6	422,373,708	390,460,673
Current portion of long-term finance	5	76,100,650	27,219,458
		994,752,390	1,002,363,035
Contingencies and Commitments	7		
Total equity and liabilities		2,960,368,179	2,824,050,610
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,212,678,130	1,152,175,286
Long-term loans		410,992	389,039
Long-term deposits		33,108,482	33,108,482
		1,246,197,604	1,185,672,807
Current assets			
Stores, spares and loose tools		56,426,744	44,995,691
Stock-in-trade		726,267,520	690,701,414
Trade debts		641,213,421	590,579,260
Loans and advance		830,823	4,207,995
Trade deposits and prepayments		13,767,597	2,414,933
Other receivables		3,489,833	6,448,505
Taxation - net		82,332,588	88,163,737
Sales tax refundable		143,045,119	161,619,078
Cash and bank balances		46,796,930	49,247,190
		1,714,170,575	1,638,377,803
Total assets		2,960,368,179	2,824,050,610

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman


Shahtaj Textile Limited

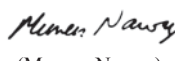
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Note		(Rupees)			
Sales - net	9	2,287,314,156	2,369,462,270	1,113,239,318	1,219,911,856
Cost of goods sold		(2,054,938,106)	(2,133,858,211)	(1,002,135,634)	(1,102,420,909)
Gross profit		232,376,050	235,604,059	111,103,684	117,490,947
Distribution expenses		(28,595,252)	(36,473,734)	(15,424,338)	(19,256,926)
Administrative expenses		(53,294,079)	(52,684,895)	(26,661,467)	(26,013,042)
Other operating expenses		(11,601,391)	(18,421,208)	(5,528,621)	(3,897,957)
Finance cost		(27,626,992)	(46,730,150)	(12,085,682)	(21,558,392)
		(121,117,714)	(154,309,987)	(59,700,108)	(70,726,317)
		111,258,336	81,294,072	51,403,576	46,764,630
Other income / (expenses)		294,379	150,759	294,379	(303,008)
Profit before taxation		111,552,715	81,444,831	51,697,955	46,461,622
Taxation	10	(30,994,234)	(18,006,333)	(14,746,814)	(7,152,400)
Profit after taxation		80,558,481	63,438,498	36,951,141	39,309,222
Earnings per share - basic and diluted		8.34	6.57	3.83	4.07

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

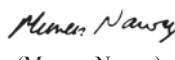
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees)				
Profit after taxation	80,558,481	63,438,498	36,951,141	39,309,222
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>80,558,481</u>	<u>63,438,498</u>	<u>36,951,141</u>	<u>39,309,222</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman


Shahtaj Textile Limited

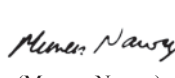
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

	Issued, Subscribed and Paid up Capital	Revenue reserve		Capital reserve	Total
		General	Unappropriated profit	Surplus on revaluation of plant and machinery	
		(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 half year ended December 31, 2019					
Profit after taxation	-	-	63,438,498	-	63,438,498
Other comprehensive income	-	-	-	-	-
	-	-	63,438,498	-	63,438,498
Transferred from surplus on revaluation of plant and machinery on account of:					
- 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)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2019	-	-	(96,600,000)	-	(96,600,000)
Balance as at December 31, 2019	<u>96,600,000</u>	<u>825,000,000</u>	<u>190,824,681</u>	<u>72,243,029</u>	<u>1,184,667,710</u>
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 half year ended December 31, 2020					
Profit after taxation	-	-	80,558,481	-	80,558,481
Other comprehensive income	-	-	-	-	-
	-	-	80,558,481	-	80,558,481
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	3,148,652	(3,148,652)	-
- Change in rate of tax	-	-	-	(606,753)	(606,753)
Transferred to general reserve	-	25,000,000	(25,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2020	-	-	(38,640,000)	-	(38,640,000)
Balance as at December 31, 2020	<u>96,600,000</u>	<u>850,000,000</u>	<u>232,416,953</u>	<u>59,310,964</u>	<u>1,238,327,917</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman


Shahtaj Textile Limited

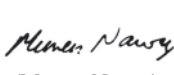
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

	Half year ended	
	December 31, 2020	December 31, 2019
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	111,552,715	81,444,831
Adjustments for:		
Depreciation	53,142,564	53,718,426
Finance cost	27,626,992	46,730,150
Gain on disposal of property, plant and equipment	(82,047)	(164,321)
Exchange loss	3,355,607	-
Provision for gratuity and leave encashment	12,948,700	14,165,776
Reversal of interest on sales tax refund bonds	-	13,562
	208,544,531	195,908,424
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(11,431,053)	(3,483,699)
Stock-in-trade	(35,566,106)	(185,403,497)
Trade debts	(53,989,768)	562,387,114
Loans and advances	3,377,172	306,458
Trade deposits and prepayments	(11,352,664)	(3,974,680)
Other receivables	2,958,672	1,557,408
Sales tax refundable	18,573,959	(74,513,293)
(Decrease) / increase in current liabilities		
Trade and other payables	(91,085,495)	87,006,301
Advance from customers - contract liabilities	(1,378,580)	4,647,337
Cash generated from operations	28,650,668	584,437,873
Gratuity and leave encashment paid	(8,007,832)	(5,667,994)
Finance cost paid	(26,756,423)	(52,651,494)
Income taxes paid	(23,194,546)	(30,738,413)
Net cash (used in) / generated from operating activities	(29,308,133)	495,379,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(113,843,361)	(8,313,954)
Proceeds from disposal of property, plant and equipment	280,000	1,630,000
Proceeds from encashment of sales tax refund bond	-	16,500,000
Long-term loans	(21,953)	(243,845)
Net cash (used in) / generated from investing activities	(113,585,314)	9,572,201
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term finance	(5,651,727)	(30,658,376)
Long term finance obtained	149,633,245	-
Dividend paid	(35,451,366)	(94,491,025)
Net cash generated from / (used in) financing activities	108,530,152	(125,149,401)
Net (decrease) / increase in cash and cash equivalents	(34,363,295)	379,802,772
Cash and cash equivalents at the beginning of the period	(341,213,483)	(758,998,542)
Cash and cash equivalents at the end of the period	(375,576,778)	(379,195,770)
Cash and cash equivalents at the end of the period		
Short-term borrowings	(422,373,708)	(415,297,065)
Cash and bank balances	46,796,930	36,101,295
	(375,576,778)	(379,195,770)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last financial statements of the Company.

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

- revaluation of certain plant and machinery; and
- obligation under defined benefit plan at net present value.

2.3 These condensed interim financial statements are presented in Pakistani 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 has 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 the 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 have been extracted from the unaudited condensed interim financial statements for the half year

Shahtaj Textile Limited

ended December 31, 2019. Condensed interim statement of profit or loss and condensed interim comprehensive income for the quarter ended December 31, 2020 was not subject to review by external auditors.

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 There are certain standards, interpretations on accounting and reporting standards as applicable in Pakistan and amendments to certain existing standards, which have been published and are mandatory for the accounting period beginning on or after July 01, 2020. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant impact on the accounting policies of the Company and therefore not disclosed in these condensed interim financial statements.

3.3 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 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.

(Un-audited)
December 31,
2020
-----Rupees-----
(Audited)
June 30, 2020

5. LONG-TERM FINANCE

Secured

From banking companies

Less: Current portion shown under current liabilities

684,702,351	540,720,833
(76,100,650)	(27,219,458)
<u>608,601,701</u>	<u>513,501,375</u>

5.1 Details and movement are as follows:

	The Bank of Punjab Term Finance*	Bank Alfalah Limited Term Finance 1	Bank Alfalah Limited Term Finance 2*	United Bank Limited Term Finance	Faysal Bank Limited Term Finance	(Un-audited) December 31, 2020 Total"	(Audited) June 30, 2020 Total
	----- (Rupees) -----						
Balance at July 01	105,311,010	220,811,247	83,226,000	131,372,576	-	540,720,833	386,400,321
Obtained during the period / year	69,633,245	-	-	-	80,000,000	149,633,245	188,537,010
	174,944,255	220,811,247	83,226,000	131,372,576	80,000,000	690,354,078	574,937,331
Repaid during the period / year	-	-	-	(5,651,727)	-	(5,651,727)	(34,216,498)
	174,944,255	220,811,247	83,226,000	125,720,849	80,000,000	684,702,351	540,720,833
Payable within one year	-	(29,556,064)	-	(16,544,588)	(29,999,998)	(76,100,650)	(27,219,458)
Balance at period / year end	<u>174,944,255</u>	<u>191,255,183</u>	<u>83,226,000</u>	<u>109,176,261</u>	<u>50,000,002</u>	<u>608,601,701</u>	<u>513,501,375</u>

Shahtaj Textile Limited

	The Bank of Punjab Term Finance*	Bank Alfalah Limited Term Finance 1	Bank Alfalah Limited Term Finance 2*	United Bank Limited Term Finance	Faysal Bank Limited Term Finance	(Un-audited) December 31, 2020 Total"	(Audited) June 30, 2020 Total
(Rupees)							
"Mark up rate (per annum)"	"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 years from last drawn date	2 years from last drawn date	2 years from last drawn date	2 years from last drawn date	6 months from last drawn date		
Facility limit (Rs.)	190 million	220.81 million	83.23 million	131.37 million	80 million		
Unavailed facility (Rs.)	15.06 million	Nil	Nil	Nil	Nil		
Sub-note	5.2	5.3	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.
- 5.4** The loan is secured by way of first pari passu charge over plant and machinery of the Company for an amount of Rs. 177 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. 80 million. The facility is secured against first pari passu charge on plant and machinery upto Rs. 100 million.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
Note		Rupees	

6. SHORT-TERM BORROWINGS

Banking companies- secured

Running finances under markup arrangement	6.1	312,220,643	371,988,486
FE-25 loan	6.2	-	18,472,187
Musharaka finance	6.3	110,153,065	-
		422,373,708	390,460,673

- 6.1** The Company can avail finance facilities from various banks aggregating to Rs. 1,050 million (June 2020: Rs. 1,050 million). The unavailed facilities as at year end were Rs. 738 million (June 2020: Rs. 678 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from 1 to 3 months KIBOR plus 0.35% to 1.25% per annum (June 2020: KIBOR plus 0.35% to 1.25% per annum).
- 6.2** This represents FE-25 Loan obtained under sub-limit of facilities mentioned in note 6.1 having mark-up rate of 3%.
- 6.3** The Company can avail finance facility under musharakah of Rs. 200 million (June 2020: Rs 200 million). The unavailed facility as at year end was Rs. 90 million (June 2020: Rs. 200 million). This finance facility is secured by hypothecation of stocks and book debts. These are subject to mark-up of 1 month KIBOR plus 0.65% per annum (June 2020: 1 month KIBOR plus 0.8% per annum).

Shahtaj Textile Limited

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		-----Rupees-----	
7.2 Commitments			
Capital expenditure		-	67,354,150

8. PROPERTY, PLANT AND EQUIPMENT

		1,103,504,159	931,658,960
Operating fixed assets	8.1	109,173,971	220,516,326
Capital work in progress	8.2	1,212,678,130	1,152,175,286

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

	(Un-audited) Half year ended December 31, 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	15,004,009	-	2,164,630	-
Plant and machinery	206,402,227	-	3,086,990	50,050,212
Furniture and fixtures	7,000	-	3,282,378	-
Equipment and installations	40,500	-	449,699	-
Computer equipment	442,784	-	572,215	9,659
Vehicles	3,289,196	197,953	2,098,430	1,503,899
	225,185,716	197,953	11,654,342	51,563,770

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

	(Un-audited) Half year ended December 31, 2020		(Audited) June 30, 2020	
	Additions	Transfers	Additions	Transfers
	----- (Rupees) -----			
Buildings on freehold land	3,003,193	15,004,009	14,165,445	2,164,630
Plant and machinery	106,710,788	206,402,227	205,438,861	3,086,990
Vehicles	3,639,096	3,289,196	3,233,000	-
	113,353,077	224,695,432	222,837,306	5,251,620

9. Sales - net

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees) -----			
Export	384,415,315	715,583,384	171,604,339	350,142,622
Indirect export	862,757,631	983,417,573	414,894,544	539,525,106
Local	1,381,704,131	967,155,382	695,525,900	486,720,411
	2,628,877,077	2,666,156,339	1,282,024,783	1,376,388,139
Waste sales	5,553,559	6,398,264	2,768,393	3,099,440
	2,634,430,636	2,672,554,603	1,284,793,176	1,379,487,579
Commission				
- Local	(12,374,743)	(6,733,501)	(5,626,627)	(3,042,202)
- Export	(7,816,435)	(12,012,587)	(4,181,844)	(6,970,578)
Sales tax	(326,925,302)	(284,346,245)	(161,745,387)	(149,562,943)
	2,287,314,156	2,369,462,270	1,113,239,318	1,219,911,856

Shahtaj Textile Limited

10. TAXATION

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees) -----			
Current	29,025,695	27,915,375	14,236,832	14,265,300
Prior year	-	(5,085,470)	-	(5,085,470)
	29,025,695	22,829,905	14,236,832	9,179,830
Deferred	1,968,539	(4,823,572)	509,982	(2,027,430)
	30,994,234	18,006,333	14,746,814	7,152,400

10.1 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.

11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

"a) 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.

b) 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 the levels during the period.

11.1 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. Value determined by independent valuer is classified as level 2 in the fair value hierarchy.

12. TRANSACTIONS AND BALANCES 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:

Shahtaj Textile Limited

		Half year ended (Un-audited)	
		December 31, 2020	December 31, 2019
		(Rupees)	
Nature of relationship	Nature of transactions		
Key management personnel	Remuneration	11,162,880	10,742,880
Key management personnel	Dividend paid	10,724,420	24,814,790
Associated Undertaking			
- Shahtaj Sugar Mills Limited	Dividend paid	4,600,000	11,500,000
- Shahnawaz (Private) Limited	Dividend paid	1,400,000	-
	Purchase of computer equipment and supplies	326,726	132,280
	Administrative services received	1,365,000	1,474,967
Other related party- Close Family Member			
- FGE LLC	Sale of fabric	-	15,251,164
- Lionsmill General Trading LLC	Sale of fabric	34,027,694	-
		(Unaudited) December 31, 2020	(Audited) December 31, 2019
Balances due to related parties		(Rupees)	
- Shahnawaz (Private) Limited		3,248,211	1,556,485
Balances due from related parties			
- Lionsmill General Trading LLC		13,715,207	-

13. OPERATING SEGMENTS

Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis. Sales of the Company related to export customers is 48.62 percent (2019: 65.16 percent). As at year end, all non-current assets of the Company are located within Pakistan.

14. IMPACT OF COVID-19


As in the rest of the world, COVID-19 adversely affected lifestyles and business operations in Pakistan. The Company complied with the standard operating procedures prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns, however, the factory reopened after necessary permissions to produce orders for exports and essential services.


To alleviate the negative impact of the COVID-19 pandemic, the Governments and the State Bank of Pakistan have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market. The Company has obtained the salary loan under SBP's Refinance scheme for payment of salaries during the current period.

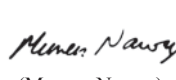
The Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over its financial performance and going concern and management believes that the going concern assumption of the Company remains valid. Directors' report contains details about the Company's performance.

15. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on February 26, 2021 by the Board of Directors of the Company.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer









(Muneer Nawaz)
Chairman



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