



*Condensed Interim  
Financial Information  
for the Half Year ended  
December 31, 2015*

**Shahtaj Textile Limited**

# Shahtaj Textile Limited

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# Shahtaj Textile Limited

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Muneer Nawaz Mr. M. Naem Mr. Mahmood Nawaz Mr. Saleem Zamindar (NIT) Mr. Sohail Habib Mr. Toqueer Nawaz Mrs. Sadia Mohammad Mr. Muhammad Usman Khalid Lt. Col. (Retd.) R.D. Shams	Chairman Chief Executive
<b>COMPANY SECRETARY</b>	Mr. Jamil Ahmad Butt, FCMA	
<b>AUDIT COMMITTEE OF THE BOARD</b>	Mr. Toqueer Nawaz Mr. Muneer Nawaz Mr. Saleem Zamindar Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Secretary
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD</b>	Mr. Muneer Nawaz Mr. M. Naem Mr. Muhammad Usman Khalid	
<b>AUDITORS</b>	Deloitte Yousuf Adil. Chartered Accountants. Cavish Court, A-35, Block 7 & 8 KCHS, Shahrah-e-Faisal, Karachi 75350.	
<b>BANKS</b>	Bank Alfalah Limited Meezan Bank Ltd. United Bank Limited The Bank of Punjab Habib Bank Limited MCB Bank Limited Faysal Bank Limited Standard Chartered Bank (Pakistan) Limited Bank Al-Habib Limited	
<b>LEGAL ADVISOR</b>	Mr. Ras Tariq Chaudhary 30-Mall Mansion The Mall Lahore.	
<b>HEAD OFFICE</b>	Shahnawaz Building, 19-Dockyard Road, West Wharf, Karachi-74000 Ph: 32313934-8, 32312834, 32310973 Fax: 32205723, 32310623 Website: www.shahtaj.com	
<b>REGISTERED OFFICE</b>	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
<b>MARKETING OFFICE</b>	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
<b>FACTORY</b>	46 K.M. Lahore/Multan Road Chunian Industrial Estate Bhai Pheru, Distt. Kasur, Punjab. Ph: (049) 4540430-32, 4540133, 4540234 Fax: (049) 4540031	
<b>SHARE REGISTRAR</b>	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 Information of the Company for the six months period ended on December 31, 2015 together with limited scope review by the Auditors.

By the grace of Allah operating results of the Company have been positive and Company has earned an after tax profit of Rs.18.493 million with an EPS of Rs.1.91. Sales were less during the period due to continuing extra ordinary slow down in the textile market around the world. In Pakistan, cloth exports dropped by 10% in July to Dec 2015 as compared to previous corresponding period. This made a huge negative impact on sale prices as we had to push our products in the markets offering reduced prices to attract customers' attention. As a result of low unit prices our sales value declined. Another reason for decline in sales was due to lower production during first quarter due to closure of mills for a few days for necessary maintenance.

Gas availability remained short most of the time. The Company therefore had to resort to alternate energy sources at much higher cost. Still savings in other operating expenses together with prior year tax adjustment have resulted in higher profit after tax than previous corresponding period.

With hopes for a turn around, Company plans to make further investment in adding another sizing machine and compressor and replacing its 22 old looms and overhead cleaners with new ones. These additions and BMR will further improve its capacity and efficiency and in turn its financial results.

### 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, 2016

  
( M. Naeem)  
Chief Executive

# Shahtaj Textile Limited

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

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **SHAHTAJ TEXTILE LIMITED** (the Company) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial information (here-in-after referred to as "condensed interim financial information" for the six month period then ended. Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2015.

### 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 information 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 condensed interim financial information as of and for the six month period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants  
Mushtaq Ali Hirani  
Engagement Partner

Karachi:  
February 26, 2016

# Shahtaj Textile Limited

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Note	----- Rupees -----	
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves	5	813,644,538	819,003,138
Surplus on revaluation of property, plant and equipment		5,639,214	5,946,191
<b>NON - CURRENT LIABILITIES</b>			
Long-term finance		136,551,771	171,029,540
Deferred liabilities		89,286,278	89,765,794
		225,838,049	260,795,334
<b>CURRENT LIABILITIES</b>			
Trade and other payables		191,742,575	199,928,540
Interest accrued		9,317,546	10,148,848
Short-term borrowings		362,632,445	299,610,612
Current portion of long term finance		68,955,540	54,748,541
		632,648,106	564,436,541
<b>Contingencies and commitments</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,677,769,907</u>	<u>1,650,181,204</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	826,558,267	858,610,203
Long-term loans		1,740,372	1,666,885
Long-term deposits		28,972,381	27,317,444
		857,271,020	887,594,532
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		52,795,867	48,447,618
Stock-in-trade		282,076,932	295,903,749
Trade debts		308,779,099	267,843,648
Loan and advances		5,305,326	3,514,068
Trade deposits and short-term prepayments		5,368,890	637,400
Other receivables		5,909,921	6,186,204
Taxation - net		79,382,981	71,912,828
Sales tax refundable		58,813,965	47,322,565
Other financial assets		7,105,059	7,471,614
Cash and bank balances		14,960,847	13,346,978
		820,498,887	762,586,672
<b>TOTAL ASSETS</b>		<u>1,677,769,907</u>	<u>1,650,181,204</u>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

  
(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman

# Shahtaj Textile Limited

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note	----- Rupees -----			
Sales - net	1,492,152,965	1,741,220,827	781,704,520	879,294,799
Cost of goods sold	(1,376,661,137)	(1,610,840,052)	(720,882,077)	(808,011,713)
Gross profit	115,491,828	130,380,775	60,822,443	71,283,086
Other income	309,736	2,962,960	(230,051)	1,887,801
	115,801,564	133,343,735	60,592,392	73,170,887
Distribution cost	(29,287,996)	(34,950,269)	(15,670,039)	(17,838,255)
Administrative expenses	(38,316,373)	(41,750,022)	(19,735,898)	(20,256,600)
Other operating expenses	(1,798,014)	(1,967,193)	(1,024,469)	(1,440,821)
Finance cost	(23,410,460)	(28,133,407)	(11,610,514)	(14,194,583)
	(92,812,843)	(106,800,891)	(48,040,920)	(53,730,259)
Profit before taxation	22,988,721	26,542,844	12,551,472	19,440,628
Taxation	8 (4,495,830)	(18,657,930)	(1,155,910)	(16,314,199)
Profit after taxation	18,492,891	7,884,914	11,395,562	3,126,429
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>18,492,891</b>	<b>7,884,914</b>	<b>11,395,562</b>	<b>3,126,429</b>
<b>Earnings per share - basic and diluted</b>	<b>1.91</b>	<b>0.82</b>	<b>1.18</b>	<b>0.32</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

*M. Naeem*  
(M.NAEEM)  
Chief Executive

*Muneer Nawaz*  
(MUNEER NAWAZ)  
Chairman





# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share capital	Revenue reserves		Total
	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	
	Rupees			
Balance at July 01, 2014	96,600,000	550,000,000	126,172,939	772,772,939
<b>Comprehensive income</b>				
Profit after taxation for the half year ended December 31, 2014	-	-	7,884,914	7,884,914
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the period	-	-	7,884,914	7,884,914
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	9,132,280	9,132,280
Transferred to general reserve	-	40,000,000	(40,000,000)	-
<b>Transaction with owners</b>				
Final dividend for the year ended June 30, 2014 @ Rs. 2.5 per share	-	-	(24,150,000)	(24,150,000)
<b>Balance at December 31, 2014</b>	96,600,000	590,000,000	79,040,133	765,640,133
<b>Balance at July 01, 2015</b>	96,600,000	590,000,000	132,403,138	819,003,138
<b>Comprehensive income</b>				
Profit after taxation for the six month ended December 31, 2015	-	-	18,492,891	18,492,891
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the period	-	-	18,492,891	18,492,891
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	298,509	298,509
Transferred to general reserve	-	25,000,000	(25,000,000)	-
<b>Transaction with owners</b>				
Final dividend for the year ended June 30, 2015 @ Rs. 2.50 per share	-	-	(24,150,000)	(24,150,000)
<b>Balance at December 31, 2015</b>	96,600,000	615,000,000	102,044,538	813,644,538

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

  
(M. NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman

# Shahtaj Textile Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 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, as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange. The principal business of the Company is to manufacture and sale of textile goods. The registered office of the Company is situated at 27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan and the manufacturing facility of the Company is located at 46 KM. Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur in the province of Punjab; however, the Head Office is located at Shah Nawaz Building, 19 - Dockyard Road, West Wharf, Karachi - 74000.

### 2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the Half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information 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, 2015.

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

- revaluation of certain property, plant and equipment
- financial instrument at fair value
- recognition of certain staff retirement benefits at net present value

2.3 This condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest rupee.

2.4 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (xix) of the Code of Corporate Governance and they have issued their review report thereon. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2015, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the six month ended December 31, 2014.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2015. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2015, which do not have any impact on this condensed interim financial information except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures as given in note 9.

### 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, 2015.

### 5. SHARE CAPITAL AND RESERVES

Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
Authorized 10,000,000 Ordinary shares of Rs.10 each	100,000,000	100,000,000
Issued, subscribed and paid-up 9,660,000 Ordinary shares of Rs.10 each	96,600,000	96,600,000
General reserve	615,000,000	590,000,000
Unappropriated profit	102,044,538	132,403,138
	<u>813,644,538</u>	<u>819,003,138</u>

### 6. CONTINGENCIES AND COMMITMENTS

#### 6.1 Contingencies

Guarantees issued by banks on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)	20,400,000	20,400,000
Bills discounted with recourse	164,837,900	23,465,830

#### 6.2 Commitments outstanding

Sale contracts to be executed	441,912,916	508,600,363
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### 7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 826,558,267	832,731,258
Capital work in progress	7.2 -	25,878,945
	<u>826,558,267</u>	<u>858,610,203</u>

# Shahtaj Textile Limited

7.1 Following additions and disposals in operating fixed assets were made:

	Additions	Disposal / write off	Sale proceeds
-----Rupees-----			
<b>During the period ended December 31, 2015 (Unaudited)</b>			
Plant and machinery	32,490,643	-	-
Furniture and fixtures	98,500	-	-
Computer and equipment	26,500	-	-
Vehicles	3,530,165	(2,980,610)	697,450
	<u>36,145,808</u>	<u>(2,980,610)</u>	<u>697,450</u>
-----Rupees-----			
	Additions	Disposal / write off	Sale proceeds
<b>During the year ended June 30, 2015 (Audited)</b>			
Buildings on freehold land	2,383,527		
Plant and machinery	132,585,972	(62,170,202)	4,800,000
Furniture and fixtures	851,900		
Equipment and installations	207,084	(61,900)	-
Computer and equipment	441,100	(922,335)	135,620
Vehicles	1,994,023	(2,649,440)	581,622
	<u>138,463,606</u>	<u>(65,803,877)</u>	<u>5,517,242</u>

7.2 Details of additions in capital work in progress for the period / year are as follows:

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
-----Rupees-----		
Plant and machinery	4,840,049	151,176,180
Buildings	-	2,383,527
	<u>4,840,049</u>	<u>153,559,707</u>

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
-----Rupees-----				
<b>8. TAXATION</b>				
Current	11,909,382	17,000,854	8,569,462	14,657,123
Prior year	(6,495,649)	(864,234)	(6,495,649)	(864,234)
Deferred	(917,903)	2,521,310	(917,903)	2,521,310
	<u>4,495,830</u>	<u>18,657,930</u>	<u>1,155,910</u>	<u>16,314,199</u>

8.1 The Company received an amended assessment order during the year ended June 30, 2015 pertaining to the tax year 2011 raising an additional demand of Rs. 370.7 million. The Company has filed an appeal against the order. The tax demand was annulled by CIR (Appeals). The department later filed an appeal against the said order to Income Tax Appellate Tribunal (ITAT); the hearing of which is pending. No provision against the said demand has been made based on the tax advisor's opinion who expects a favorable outcome.

## 9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Funds/Companies financial assets which are carried at fair value:

	Dec 31, 2015			June 30, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Held to maturity investments</b>						
T-bills		7,105,059			7,471,614	

There were no transfers between levels during the period

There were no changes in valuation techniques during the period

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

## 10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	(Unaudited)	
		December 31, 2015	December 31, 2014
-----Rupees-----			
Key management personnel	Remuneration	7,601,200	5,892,200
<b>Associated undertakings</b>			
- Shahtaj Sugar Mills Limited	Services rendered	-	180,000
- Shezan International Limited	Purchases of goods	146,318	351,814
- Shah Nawaz (Private) Limited	Purchases of computer equipment	63,100	216,800
	Software development charges	-	115,000
	Administrative services received	359,016	329,016
	Services received for vehicles repair	34,651	7,544

## 11. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue on February 26, 2016 by the Board of Directors of the Company.

  
(M. NAEM)  
Chief Executive

  
(MUNEEER NAWAZ)  
Chairman

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