



*Condensed Interim  
Financial Information  
for the nine-month period ended  
March 31, 2015*

**Shahtaj Textile Limited**

# Shahtaj Textile Limited

## COMPANY INFORMATION

### **BOARD OF DIRECTORS**

Mr. Muneer Nawaz Chairman  
Mr. M. Naeem Chief Executive  
Mr. Mahmood Nawaz  
Mr. Saleem Zamindar (NIT)  
Mr. Sohail Habib  
Mr. Toqueer Nawaz  
Mrs. Sadia Muhammad  
Mr. Muhammad Usman Khalid  
LT. Col. (Retd) R. D. Shams

### **COMPANY SECRETARY**

Mr. Jamil Ahmad Butt, FCMA

### **AUDIT COMMITTEE OF THE BOARD**

Mr. Toqueer Nawaz Chairman  
Mr. Muneer Nawaz Member  
Mr. Saleem Zamindar Member  
Mr. Syed Muhammad Farooq Secretary

### **HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD**

Mr. Muneer Nawaz  
Mr. M. Naeem  
Mr. Muhammad Usman Khalid

### **AUDITORS**

M. Yousuf Adil Saleem & Co.  
Chartered Accountants.  
Cavish Court, A-35, Block 7 & 8 KCHS,  
Shahrah-e-Faisal, Karachi 75350.

### **BANKS**

Bank Alfalah Limited  
The Bank of Punjab  
MCB Bank Limited  
Faysal Bank Limited  
Habib Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

### **LEGAL ADVISOR**

Mr. Ras Tariq Chowdhary  
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-oporative  
Hosing Society, Lahore,  
Ph: (042) 35313891-92, 35301596-99  
Fax: (042) 35301594

### **MARKETING OFFICE**

27-C Abdalian Co-oporative  
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**

Evolution Factor (Pvt.) Limited  
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 unaudited Condensed Interim Financial Information of the Company for the nine months period ended on 31st March, 2015.

By the grace of Allah Almighty operating results have been positive and the Company has earned an after tax profit of Rs.66.064 million with an EPS Rs.6.84. This profit is about 20% more than previous corresponding period.

This profit however is not due to change in market conditions which continue to remain sluggish but rather because of its spread to spinning sector which has resulted in reduction in yarn prices coupled with some savings in other manufacturing expenses. The new looms installed during last quarter have also contributed favourably.

The reduced yarn rates, as always, have a short life and the real change therefore will only occur with the increase in demand in the market.

Company will continue to take all necessary measures to overcome the situation.

### 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



( M. Naeem)

Chief Executive

Karachi: April 27, 2015


# Shahtaj Textile Limited

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

	March 31, 2015 Unaudited	June 30, 2014 Audited
	Note -----Rupees-----	
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised 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
General reserve	590,000,000	550,000,000
Unappropriated profits	139,131,229	126,172,939
	825,731,229	772,772,939
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax</b>		
2	6,430,076	184,572,820
<b>NON-CURRENT LIABILITIES</b>		
Long-term financing	231,089,540	159,893,081
Deferred liabilities	92,654,881	108,746,642
	323,744,421	268,639,723
<b>CURRENT LIABILITIES</b>		
Trade and other payables	199,769,977	255,975,688
Interest accrued	12,511,751	13,893,670
Short term borrowings	244,246,562	200,434,419
Current portion of long-term financing	99,315,541	116,823,541
	555,843,831	587,127,318
<b>CONTINGENCIES AND COMMITMENTS</b>		
	-	-
	<b>1,711,749,557</b>	<b>1,813,112,800</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	861,199,626	987,473,676
Long-term loans	1,788,683	665,075
Long-term deposits	27,317,444	27,317,444
	890,305,753	1,015,456,195
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	64,742,055	44,409,630
Stock-in-trade	252,777,729	306,773,757
Trade debts	352,476,704	277,489,046
Loans and advances	8,836,770	5,273,975
Trade deposits and short-term prepayments	2,335,250	174,989
Other receivables	5,344,952	5,728,568
Taxation - net	72,151,728	55,192,947
Sales tax refundable	55,719,539	79,406,359
Other financial assets	-	6,085,466
Cash and bank balances	7,059,077	17,121,868
	821,443,804	797,656,605
	<b>1,711,749,557</b>	<b>1,813,112,800</b>

The annexed notes from 1 to 7 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 NINE-MONTH PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

	Note	Nine-month period ended		Three-month period ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Rupees					
Sales - net	3	2,607,031,831	3,058,972,926	865,811,004	940,148,606
Cost of goods sold	4	(2,346,832,415)	(2,825,498,578)	(735,992,363)	(874,014,636)
Gross profit		260,199,416	233,474,348	129,818,641	66,133,970
Distribution cost		(51,527,666)	(51,258,341)	(16,577,397)	(15,716,426)
Administrative expenses		(80,315,975)	(52,016,610)	(38,565,953)	(16,863,750)
Other operating expenses		(6,053,640)	(6,404,035)	(4,086,447)	(1,262,312)
Finance cost		(43,786,700)	(40,437,931)	(15,653,293)	(15,586,028)
		(181,683,981)	(150,116,917)	(74,883,090)	(49,428,516)
Other income/(loss)	5	3,164,838	1,102,366	201,878	(1,621,205)
Profit before taxation		81,680,273	84,459,797	55,137,429	15,084,249
Taxation		(15,615,962)	(28,716,484)	3,041,968	(4,523,795)
Profit after taxation		66,064,311	55,743,313	58,179,397	10,560,454
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently through profit and loss account					
Remeasurement of defined benefit liability		-	(2,656,745)	-	-
Recognition of deferred tax		-	334,471	-	-
Total other comprehensive income - net of tax		-	(2,322,274)	-	-
<b>Total comprehensive income for the period</b>		<b>66,064,311</b>	<b>53,421,039</b>	<b>58,179,397</b>	<b>10,560,454</b>
<b>Earnings per share - basic and diluted</b>		<b>6.84</b>	<b>5.77</b>	<b>6.02</b>	<b>1.09</b>

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(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman


# Shahtaj Textile Limited

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

	Nine-month period ended	
	March 31, 2015	March 31, 2014
-----Rupees-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	81,680,273	84,460,247
<b>Adjustments for:</b>		
Depreciation	70,697,300	74,206,528
Finance cost	43,786,700	40,437,931
Gain/(loss) on disposal of property plant and equipment	71,280	(895,096)
Provision for doubtful debts	20,207,390	-
Provision for gratuity and leave encashment	11,607,039	11,050,920
Interest income	(485,241)	(236,642)
Operating cash flows before movements in working capital	227,564,741	209,023,888
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(20,332,425)	(11,161,922)
Stock-in-trade	53,996,028	(89,486,961)
Trade debts	(95,195,048)	(25,292,241)
Loans and advances	(3,562,795)	6,495,769
Trade deposits and short term prepayments	(2,160,261)	3,099,265
Other receivables	383,616	(2,930,745)
Other financial assets	6,085,466	20,427
Sale tax refundable	23,686,820	(32,361,867)
<b>(Decrease)/increase in current liabilities</b>		
Trade and other payables	(56,765,022)	20,136,436
Cash generated from operations	133,701,120	77,542,049
Gratuity and leave encashment paid	(12,921,797)	(9,865,258)
Interest paid	(45,168,619)	(42,299,856)
Income taxes paid	(29,331,286)	(31,973,469)
Net cash generated from/(used in) operating activities	<u>46,279,418</u>	<u>(6,596,534)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(130,074,139)	(88,907,759)
Proceeds from disposal of property, plant and equipment	460,392	1,581,220
Long-term loans	(1,123,608)	(257,889)
Long-term deposits	-	(7,107)
Interest received	485,241	236,642
Net cash used in investing activities	<u>(130,252,114)</u>	<u>(87,354,893)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term financing	(64,630,541)	(66,242,541)
Long-term finance obtained	118,319,000	75,000,000
Dividend paid	(23,590,697)	(37,744,404)
Net cash generated from/(used in) financing activities	<u>30,097,762</u>	<u>(28,986,945)</u>
<b>Net decrease in cash and cash equivalents</b>	(53,874,934)	(122,938,372)
<b>Cash and cash equivalents at beginning of the period</b>	<u>(183,312,551)</u>	<u>(177,409,819)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>(237,187,485)</u>	<u>(300,348,191)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	7,059,077	8,903,093
Short term borrowings	(244,246,562)	(309,251,284)
	<u>(237,187,485)</u>	<u>(300,348,191)</u>

The annexed notes from 1 to 7 form an integral part of this condensed interim financial information.

  
(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

	Share capital	Revenue Reserves		Total
		General reserve	Unappropriated profit	
<b>Balance as at July 01, 2013</b>	<b>96,600,000</b>	<b>470,000,000</b>	<b>154,724,849</b>	<b>721,324,849</b>
<b>Comprehensive income</b>				
Profit after taxation for the nine month ended March 31, 2014	-	-	55,743,763	55,743,763
Other comprehensive income - net of tax	-	-	(2,322,274)	(2,322,274)
<b>Total comprehensive income</b>	-	-	53,421,489	53,421,489
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation net of deferred taxation	-	-	11,227,403	11,227,403
Transferred to general reserve	-	80,000,000	(80,000,000)	-
<b>Transactions with owners</b>				
Final Dividend for the year ended June 30, 2013 @ Rs. 4 per share	-	-	(38,640,000)	(38,640,000)
<b>Balance as at March 31, 2014</b>	<b>96,600,000</b>	<b>550,000,000</b>	<b>100,733,741</b>	<b>747,333,741</b>
<b>Balance as at July 01, 2014</b>	<b>96,600,000</b>	<b>550,000,000</b>	<b>126,172,939</b>	<b>772,772,939</b>
<b>Comprehensive income</b>				
Profit after taxation for the nine month ended March 31, 2015	-	-	66,064,311	66,064,311.00
Other comprehensive income - net of tax	-	-	-	-
<b>Total comprehensive income</b>	-	-	66,064,311	66,064,311.00
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation net of deferred taxation	-	-	11,043,979	11,043,979.00
Transferred to general reserve	-	40,000,000	(40,000,000)	-
<b>Transactions with owners</b>				
Final Dividend for the year ended June 30, 2014 @ Rs. 2.50 per share	-	-	(24,150,000)	(24,150,000)
<b>Balance as at March 31, 2015</b>	<b>96,600,000</b>	<b>590,000,000</b>	<b>139,131,229</b>	<b>825,731,229</b>

The annexed notes from 1 to 7 form an integral part of this condensed interim financial information.

  
(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

### 1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information are same as those applied in the preparation of the published annual audited financial statements for the year ended June 30, 2014.

2. The Company had its plant and machinery revalued by independent valuers M/s Minhas Associates, M/s Projects (Private) Limited, M/s Joseph Lobo (Private) Limited and M/s Asif Associates (Pvt) Ltd, in February 2003, March 2008, June 2013 and Feb 2015 respectively on the basis of depreciated replacement value. The revaluation surplus, net of deferred tax, is credited to 'Surplus on revaluation of property, plant and equipment'.

	Nine-Month period ended		Three-month period ended	
	Mar 31, 2015	Mar 31, 2014	Mar 31, 2015	Mar 31, 2014
	Rupees		Rupees	
<b>3. SALES-Net</b>				
Gross Sales	2,631,130,684	3,079,700,211	877,935,572	948,853,828
Less: Commission	(24,098,853)	(20,727,285)	(12,124,568)	(8,705,222)
	<b>2,607,031,831</b>	<b>3,058,972,926</b>	<b>865,811,004</b>	<b>940,148,606</b>
<b>4. COST OF GOODS SOLD</b>				
Cost of goods manufactured	2,316,853,576	2,835,417,602	753,326,405	933,082,411
Opening stock of finished goods	168,009,080	179,911,840	120,696,199	130,763,089
Closing stock of finished goods	(138,030,241)	(189,830,864)	(138,030,241)	(189,830,864)
	<b>2,346,832,415</b>	<b>2,825,498,578</b>	<b>735,992,363</b>	<b>874,014,636</b>
<b>5. OTHER INCOME</b>				
Net loss from trading	(23,888)	(33,864)	-	-
Profit on bank deposits	485,943	241,134	139,254	4,347
Exchange gain/(loss)	2,685,684	-	-	(1,792,397)
Gain on sale of fixed assets	17,099	895,096	62,624	166,845
	<b>3,164,838</b>	<b>1,102,366</b>	<b>201,878</b>	<b>(1,621,205)</b>

### 6. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and to reflect the substance of the transactions. No significant rearrangements or reclassifications were made in these financial statements except the following:

Description	Reclassified		March 31, 2014
	From	To	Rupees
Waste sales	Other income	Sales - net	8,352,205

### 7. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorized for issue on April 27, 2015 by the Board of Directors of the Company.

  
(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman

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**Shahtaj Textile Limited**

*P.O. BOX NO. 4766,  
SHAHNAWAZ BUILDING, 19 DOCKYARD ROAD,  
WEST WHARF, KARACHI-74000.*