



*Condensed Interim
Financial Statements
for the nine months
period ended March 31, 2021*

Shahtaj Textile Limited

Shahtaj Textile Limited

CONTENT

Company Information	02
Directors' Report to the Shareholders	03
Condensed Interim Statement of Financial Position	07
Condensed Interim Statement of Profit or Loss Account	08
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Statement of Changes in Equity	09
Condensed Interim Cash Flow Statement	10
Notes to the Condensed Interim Financial Statements	11

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. Abid Nawaz 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

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 nine months period ended on March 31, 2021.

In spite of the challenges posed by the corona virus coupled with an increase in raw material prices, the company's results have shown an improving trend. By the grace of Allah the Company has earned after tax profit of Rs.144.11 million with an EPS of Rs14.92 in comparison to Rs11.35 reported during the same period last year. The gross profit rate during the period increased to 11.11% from 10.23% as compared to corresponding period of last year. The increase in gross profit is mainly attributable to better margin on sales due to increase in fabric demand. The government's decision to keep businesses open during the pandemic has led to a diversion in orders from closed economies to Pakistan.

Administration cost for the period is higher than previous corresponding period due to inflationary effect and additional administrative steps to keep the corona situation under control. The increase in other operating expenses is mainly attributable to exchange loss on export receivables resulting from Pakistani rupee appreciation during the current quarter. Finance cost during the period decreased significantly due to reduction in policy rate and lower short-term borrowings because of better cash flows which contributed favorably to the profitability of the company.

In view of present uncertain economic conditions due to Covid19, the company has put in abeyance its expansion plan for addition of new 44 looms. Instead, the company will be replacing its 48 old looms with 49 high speed Picanol Air-Jet looms. The LC for looms has been established under State bank of Pakistan's concessionary Temporary Economic Re-finance Facility (TERF). The shipment of looms is expected by Dec 2021. This BMR will further improve the capacity and efficiency of the mill and in turn its financial results.

The future outlook for the business of the company depends on the impact of the 3rd wave of the Covid19 virus, fabric demand in local as well as international market, availability of yarn and energy at optimum prices and fluctuation in rupee value against dollar.

Efforts will continue as always for more improvement.

Board and its Committees

The 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
05. Mr. Abid Nawaz

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
April 29, 2021


(M. Naeem)
Chief Executive


(M. Usman Khalid)
Director

Shahtaj Textile Limited

ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2021 کو ختم ہونے والے نو ماہ کے لئے کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات کی رپورٹ پیش کرتے ہیں۔

کورونا وائرس کے ذریعہ درپیش چیلنجوں اور خام مال کی قیمتوں میں اضافے کے باوجود، کمپنی کے نتائج میں بہتری کا رجحان رہا۔ الحمد للہ کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 144.11 ملین روپے رہا یعنی 14.92 روپے فی حصہ بالمقابل 11.35 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ گزشتہ سال کے اسی دورانیہ کے بالمقابل مجموعی منافع کی شرح 10.23 فیصد سے بڑھ کر 11.11 فیصد ہو گئی ہے۔ مجموعی منافع میں اضافہ بنیادی طور پر کپڑے کی مانگ میں اضافے سے فروخت پر بہتر مارجن کی وجہ حاصل ہوا۔ وبائی مرض کے دوران حکومت کے کاروبار کو کھلا رکھنے کے فیصلے کی وجہ سے بند معیشتوں سے پاکستان کو آرڈرز منتقل ہوئے۔

مہنگائی کے اثر اور کورونا صورتحال کو قابو میں رکھنے کے لئے اضافی انتظامی اقدامات کی وجہ سے اس مدت کے لئے انتظامیہ کی لاگت پچھلی اسی مدت سے زیادہ ہے۔ دیگر آپریٹنگ اخراجات میں اضافہ بنیادی طور پر برآمدی وصولیوں پر موجودہ سہ ماہی کے دوران پاکستانی روپے کی قدر میں اضافہ سے ہونے والے شرح تبادلہ کے نقصان سے ہوا ہے۔ پالیسی سود کی شرح میں کمی اور بہتر کیش فلو کے باعث قلیل مدتی قرضے کم ہونے کی وجہ سے اس عرصے کے دوران مالیاتی اخراجات کی لاگت میں نمایاں کمی واقع ہوئی ہے جس نے کمپنی کے منافع بہتر کرنے میں مدد دی ہے۔

کوویڈ 19 کی وجہ سے موجودہ غیر یقینی معاشی حالات کے پیش نظر، کمپنی نے اپنے 44 لومز کے اضافے کے منصوبے کو موخر کر دیا ہے۔ اس کے بجائے کمپنی پرانی 48 لومز کی جگہ 49 نئی تیز رفتار پکنول لیئر جیٹ لے گی۔ اسٹیٹ بینک آف پاکستان کی مراعات یافتہ عارضی معاشی ری فنانس سہولت (ٹی ای آر ایف) کے تحت لومز کے لئے لیبل سی کھول دی گئی ہے۔ لومز کی کھیپ دسمبر 2021 تک موصول ہونے کی توقع ہے۔ اس بی ایم آر سے مل کی گنجائش اور کارکردگی میں مزید بہتری آئے گی اور اس کے نتیجے میں بہتر مالیاتی نتائج حاصل ہوں گے۔

مستقبل میں کمپنی کے کاروبار کی صورتحال کووڈ 19 وائرس کی تیسری لہر کے اثرات، مقامی اور بین الاقوامی مارکیٹ میں کپڑے کی طلب، کم قیمتوں پر سوت اور توانائی کی دستیابی اور ڈالر کے مقابلے میں روپے کی قدر میں اتار چڑھاؤ پر منحصر ہے

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/کمیٹری	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 عابد نواز
ایگزیکٹو ڈائریکٹر/انتظامی ڈائریکٹرز	جناب محمد نعیم
	لینفینٹ کرل (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
			5- جناب عابد نواز

(ب) ایچ آر اینڈ ریو نیویشن کمیٹی

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

حوصلہ افزائی

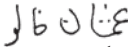
ڈائریکٹرز کمیٹی کے تمام ملازمین کی انتھک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور اطراف بورڈ آف ڈائریکٹرز



(ایم نعیم)

چیف ایگزیکٹو آفیسر



(ایم عثمان خالد)

ڈائریکٹر

کراچی


29 اپریل 2021

Shahtaj Textile Limited


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Un-audited March 31, 2021	Audited June 30, 2020
Note -----Rupees-----		
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each	100,000,000	100,000,000
Issued, subscribed and paid-up capital	96,600,000	96,600,000
Revenue reserves	1,149,308,512	1,037,349,820
Surplus on revaluation of plant and machinery	265,738,627	63,066,369
TOTAL EQUITY	1,511,647,139	1,197,016,189
LIABILITIES		
Non-current liabilities		
Long-term finance	5 597,184,249	513,501,375
Deferred liabilities	153,702,107	111,170,011
	750,886,356	624,671,386
Current liabilities		
Trade and other payables	432,958,462	544,510,286
Advance from customers - contract liabilities	14,850,981	15,421,800
Unclaimed dividend	15,156,186	12,156,285
Interest accrued	12,352,021	12,594,533
Short-term borrowings	249,468,800	390,460,673
Current portion of long-term finance	5 88,283,338	27,219,458
	813,069,788	1,002,363,035
Contingencies and Commitments	6	
TOTAL EQUITY AND LIABILITIES	3,075,603,283	2,824,050,610
ASSETS		
Non-current assets		
Property, plant and equipment	7 1,439,960,549	1,152,175,286
Long-term loans	368,050	389,039
Long-term deposits	33,108,482	33,108,482
	1,473,437,081	1,185,672,807
Current assets		
Stores, spares and loose tools	53,467,541	44,995,691
Stock-in-trade	701,887,783	690,701,414
Trade debts	589,622,273	590,579,260
Loans and advance	2,649,317	4,207,995
Trade deposits and prepayments	5,149,800	2,414,933
Other receivables	3,205,614	6,448,505
Taxation - net	77,913,192	88,163,737
Sales tax refundable	157,034,285	161,619,078
Cash and bank balances	11,236,397	49,247,190
	1,602,166,202	1,638,377,803
TOTAL ASSETS	3,075,603,283	2,824,050,610

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer

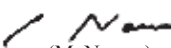

(M. Usman Khalid)
Director


Shahtaj Textile Limited

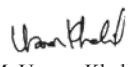
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE NINE-MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

Note	Nine-months period ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- (Rupees) -----			
Sales - net	8 3,485,170,653	3,495,663,890	1,197,856,497	1,126,201,620
Cost of goods sold	<u>(3,097,969,106)</u>	<u>(3,137,924,128)</u>	<u>(1,043,031,000)</u>	<u>(1,004,065,917)</u>
Gross profit	<u>387,201,547</u>	<u>357,739,762</u>	<u>154,825,497</u>	<u>122,135,703</u>
Distribution expenses	(49,747,189)	(54,044,461)	(21,151,937)	(17,570,727)
Administrative expenses	(81,632,267)	(77,614,105)	(28,338,188)	(24,929,210)
Other operating expenses	(24,853,552)	(19,383,454)	(13,252,161)	(962,246)
Finance cost	(37,529,912)	(66,519,526)	(9,902,920)	(19,789,376)
	<u>(193,762,920)</u>	<u>(217,561,546)</u>	<u>(72,645,206)</u>	<u>(63,251,559)</u>
	<u>193,438,627</u>	<u>140,178,216</u>	<u>82,180,291</u>	<u>58,884,144</u>
Other income / (expenses)	212,332	150,759	(82,047)	-
Profit before taxation	<u>193,650,959</u>	<u>140,328,975</u>	<u>82,098,244</u>	<u>58,884,144</u>
Taxation	9 (49,541,771)	(30,685,108)	(18,547,537)	(12,678,775)
Profit after taxation	<u>144,109,188</u>	<u>109,643,867</u>	<u>63,550,707</u>	<u>46,205,369</u>
Earnings per share - basic and diluted	<u>14.92</u>	<u>11.35</u>	<u>6.58</u>	<u>4.78</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer


(M. Usman Khalid)
Director


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	Nine-months period ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- (Rupees) -----			
Profit after taxation	144,109,188	109,643,867	63,550,707	46,205,369
Other comprehensive income Items that will not be reclassified subsequently through profit or loss account				
Surplus on revaluation of plant & machinery	240,032,333	-	240,032,333	-
Recognition of deferred tax	(30,551,556)	-	(30,551,556)	-
Total other comprehensive income - net of tax	<u>209,480,777</u>	<u>-</u>	<u>209,480,777</u>	<u>-</u>
Total comprehensive income for the period	<u>353,589,965</u>	<u>109,643,867</u>	<u>273,031,484</u>	<u>46,205,369</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(M. Usman Khalid)
Director

Shahtaj Textile Limited

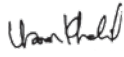
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

	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 period ended March 31, 2020					
Profit after taxation	-	-	109,643,867	-	109,643,867
Other comprehensive income	-	-	-	-	-
	-	-	109,643,867	-	109,643,867
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	5,724,407	(5,724,407)	-
- Change in rate of tax	-	-	-	(4,986)	(4,986)
Transferred to general reserve	-	80,000,000	(80,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2019 @ Rs. 10 per share	-	-	(96,600,000)	-	(96,600,000)
Balance as at March 31, 2020	<u>96,600,000</u>	<u>825,000,000</u>	<u>238,919,282</u>	<u>70,254,077</u>	<u>1,230,773,359</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 period ended March 31, 2021					
Profit after taxation	-	-	144,109,188	-	144,109,188
Other comprehensive income	-	-	-	209,480,777	209,480,777
	-	-	144,109,188	209,480,777	353,589,965
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	6,489,504	(6,489,504)	-
- Change in rate of tax	-	-	-	(319,015)	(319,015)
Transferred to general reserve	-	25,000,000	(25,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2020 @ Rs. 4.00 per share	-	-	(38,640,000)	-	(38,640,000)
Balance as at March 31, 2021	<u>96,600,000</u>	<u>850,000,000</u>	<u>299,308,512</u>	<u>265,738,627</u>	<u>1,511,647,139</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer

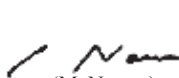

(M. Usman Khalid)
Director

Shahtaj Textile Limited

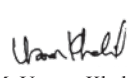
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

	Nine-months period ended	
	March 31, 2021	March 31, 2020
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	193,650,959	140,328,975
Adjustments for:		
Depreciation	85,238,989	80,382,983
Finance cost	37,529,912	66,519,526
Loss/(Gain) on disposal of property, plant and equipment	12,189	(164,321)
Exchange Loss	10,504,881	-
Provision for gratuity and leave encashment	17,904,175	19,878,609
Interest on sales tax refund bonds	-	13,562
Operating cash flows before movements in working capital	344,841,105	306,959,334
(Increase) / decrease in current assets		
Stores, spares and loose tools	(8,471,850)	(4,563,199)
Stock-in-trade	(11,186,369)	(138,752,995)
Trade debts	(9,547,894)	492,150,373
Loans and advances	1,558,678	(5,888,253)
Trade deposits and prepayments	(2,734,867)	(4,045,669)
Other receivables	3,242,891	1,844,013
Sales tax refundable	4,584,793	(94,641,920)
(Decrease) / increase in current liabilities		
Trade and other payables	(110,612,581)	44,230,297
Advance from customers - contract liabilities	(570,819)	7,727,698
Cash generated from operations	211,103,087	605,019,679
Gratuity and leave encashment paid	(13,200,691)	(11,310,557)
Finance cost paid	(37,772,424)	(71,797,870)
Income taxes paid	(33,272,428)	(45,471,645)
Net cash generated from operating activities	126,857,544	476,439,607
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(133,314,108)	(20,467,777)
Proceeds from disposal of property, plant and equipment	310,000	1,630,000
Proceeds from encashment of sales tax refund bond	-	16,500,000
Long-term loans	20,989	(146,863)
Net cash used in investing activities	(132,983,119)	(2,484,640)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term finance	(9,787,875)	(33,232,314)
Long term finance obtained	154,534,629	-
Dividend paid	(35,640,099)	(94,531,263)
Net cash generated from / (used in) financing activities	109,106,655	(127,763,577)
Net increase in cash and cash equivalents	102,981,080	346,191,390
Cash and cash equivalents at July 1	(341,213,483)	(758,998,542)
Cash and cash equivalents at March 31	(238,232,403)	(412,807,152)
Cash and cash equivalents at March 31		
Short-term borrowings	(249,468,800)	(454,229,454)
Cash and bank balances	11,236,397	41,422,302
	(238,232,403)	(412,807,152)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(M. Usman Khalid)
Director

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of textile goods.

Following is the geographical location and addresses of all business units of the Company:

Head Office

Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi, Sindh, Pakistan.

Manufacturing Facility

46 KM, Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur, Punjab, Pakistan.

Registered Office

27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2020.

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

- revaluation of certain plant and machinery;
- financial instruments at fair value; and
- recognition of retirement benefit obligation at net present value.

2.3 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to the nearest rupee.

2.4 These condensed interim financial statements are unaudited. 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 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 unaudited condensed interim financial statements for the nine months ended March 31, 2020.

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.

Shahtaj Textile Limited

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.

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	-----Rupees-----	
5. LONG-TERM FINANCE		
Secured		
From banking companies	685,467,587	540,720,833
Less: Current portion shown under current liabilities	(88,283,338)	(27,219,458)
	<u>597,184,249</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) March 31, 2021 Total ¹	(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	74,534,634	-	-	-	79,999,995	154,534,629	188,537,010
	<u>179,845,644</u>	<u>220,811,247</u>	<u>83,226,000</u>	<u>131,372,576</u>	<u>79,999,995</u>	<u>695,255,462</u>	<u>574,937,331</u>
Repaid during the period / year	-	-	-	(9,787,875)	-	(9,787,875)	(34,216,498)
	<u>179,845,644</u>	<u>220,811,247</u>	<u>83,226,000</u>	<u>121,584,701</u>	<u>79,999,995</u>	<u>685,467,587</u>	<u>540,720,833</u>
Payable within one year	-	(31,738,752)	-	(16,544,588)	(39,999,998)	(88,283,338)	(27,219,458)
Balance at period / year end	<u>179,845,644</u>	<u>189,072,495</u>	<u>83,226,000</u>	<u>105,040,113</u>	<u>39,999,997</u>	<u>597,184,249</u>	<u>513,501,375</u>
"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 year from last drawn date	2 year from last drawn date	2 year from last drawn date	2 year from last drawn date	6 months from last drawn date		
Sub-note	5.2	5.3 & 5.3.1	5.3	5.4	5.5		

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

Shahtaj Textile Limited

- 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. 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.

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.

(Un-audited)	(Audited)
March 31,	June 30, 2020
2021	
-----Rupees-----	

6.2 Commitments

Capital expenditure	432,620,445	67,354,150
---------------------	--------------------	------------

7. PROPERTY, PLANT AND EQUIPMENT

Note

Operating fixed assets	7.1	1,433,290,500	931,658,960
Capital work in progress	7.2	6,670,049	220,516,326
		1,439,960,549	1,152,175,286

- 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)		(Audited)	
	Nine months period ended		June 30,	
	March 31, 2021		2020	
	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	324,556,736	-	3,086,990	50,050,212
Furniture and fixtures	7,000	-	3,282,378	-
Equipment and installations	101,500	124,236	449,699	-
Computer equipment	548,025	-	572,215	9,659
Vehicles	6,943,116	197,953	2,098,430	1,503,899
	347,160,386	322,189	11,654,342	51,563,770

Shahtaj Textile Limited

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

	(Un-audited) Nine months period ended March 31, 2021		(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	119,756,541	322,177,002	205,438,861	3,086,990
Vehicles	7,518,116	6,943,116	3,233,000	-
	130,277,850	344,124,127	222,837,306	5,251,620

8. Sales - net

	(Un-audited) Nine months period ended		(Un-audited) Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- (Rupees) -----			
Export	659,345,257	1,039,797,035	274,929,942	324,213,651
Indirect export	1,400,593,464	1,426,016,917	537,835,833	442,599,344
Local	1,936,065,035	1,474,783,559	554,360,904	507,628,177
	3,996,003,756	3,940,597,511	1,367,126,679	1,274,441,172
Waste sales	8,977,743	8,989,966	3,424,184	2,591,702
	4,004,981,499	3,949,587,477	1,370,550,863	1,277,032,874
Commission				
- Local	(19,226,932)	(10,191,612)	(6,852,189)	(3,458,111)
- Export	(14,465,828)	(20,941,911)	(6,649,393)	(8,929,324)
	(486,118,086)	(422,790,064)	(159,192,784)	(138,443,819)
Sales tax				
	3,485,170,653	3,495,663,890	1,197,856,497	1,126,201,620

9. TAXATION

	(Un-audited) Nine months period ended		(Un-audited) Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- (Rupees) -----			
Current	43,522,973	41,551,280	14,497,278	13,635,905
Prior year	-	(5,085,470)	-	-
Deferred	6,018,798	(5,780,702)	5,175,034	(957,130)
	49,541,771	30,685,108	19,672,312	12,678,775

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.

10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

10.1 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.

10.2 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).

Shahtaj Textile Limited

There were no transfers between the Levels during the period.

10.3 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 Feb 2021, 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.

11. 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	(Un-audited) Nine months period ended	
		March 31, 2021	March 31, 2020
		----- (Rupees) -----	
Key management personnel	Remuneration	15,096,180	14,676,180
Key management personnel	Dividend paid	10,724,420	24,814,790
Associated undertakings			
- 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	2,042,500	2,402,155
	Software development charges	1,350,000	-
Information Systems Associates Limited	Website maintenance	52,800	48,000
Other related party- Close Family Member			
- FGE LLC	Sale of fabric	-	15,251,164
- Lionsmill General Trading LLC	Sale of fabric	50,518,303	-
		(Unaudited) March 31, 2021	(Audited) June 30, 2020
Balance due to related party		----- (Rupees) -----	
- Shahnawaz (Private) Limited		2,283,270	1,556,485

12. 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.

Shahtaj Textile Limited

13. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on April 29, 2021 by the Board of Directors of the Company.



(M. Naeem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer



(M. Usman Khalid)
Director

**PRINTED MATTER
BOOK POST**

IF UNDELIVERED PLEASE RETURN TO:

Shahtaj Textile Limited

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