



*Condensed Interim
Financial Information
for the quarter ended
September 30, 2017*

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. 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

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. Jamil Ahmad Butt, FCMA Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD

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

AUDITORS

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

BANKS

Bank Alfalah Limited
United Bank Limited
Meezan Bank Ltd.
The Bank of Punjab
MCB Bank Limited
Faysal Bank Limited
Habib 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 Information of the Company for the First Quarter ended September 30, 2017.

By the grace of Allah operating results of the Company have been positive and Company has earned an after tax profit of Rs.0.54 million with an EPS of Re 0.06. This profit however dropped significantly from the corresponding period of last year mainly because of lesser sales volume and reduced margins. Depressed market situation i.e lower product demand and rising yarn prices adversely affected the margin on sales reducing gross profit ratio by almost 2.8% comparing last corresponding period.

Although, new looms replaced under BMR during last year contributed favorably to the production but slow down in lifting resulted in piling up of inventory and reduction in sales volume. Thus profit remained unrealized to this extent. Further, increase in depreciation charge due to addition in plant and machinery and higher finance cost due to additional long term loans obtained for BMR purposes also eroded the profitability.

The Company's short term borrowings increased significantly due to slow down in lifting and blocked sales tax and income tax refunds. Currently the situation is well under control. However, the cost of financing will be higher during the year.

As reported in earlier report, the Company has opened Lc for purchase of new gas generator which is expected to arrive during last quarter of this financial year. Replacement of warping machine, air compressor and electrical equipments is still under consideration to attain improved efficiency and saving in running cost.

Your 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

Karachi:
October 30, 2017


(M. Naem)
Chief Executive


(MAHMOOD NAWAZ)
Director

Shahtaj Textile Limited

ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز سمرٹ کے ساتھ 30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کے کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات کی رپورٹ پیش کرتے ہیں۔

الحمد للہ کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 0.54 ملین روپے رہا یعنی 0.06 روپے فی حصہ۔ یہ منافع گزشتہ سال کے اسی دورانیہ کی نسبت کافی کم ہے جس کی وجوہات فروخت کے حجم اور مارجن میں کمی رہی۔ منڈی میں دباؤ یعنی مصنوعات کی طلب میں کمی اور یارن کی قیمت میں اضافہ نے فروخت سے ہونے والے مارجن کو بری طرح متاثر کیا اور مجموعی نفع کی شرح کو گزشتہ سال کے اسی دورانیہ کی نسبت تقریباً 2.8% کم کر دیا۔

اگرچہ گزشتہ سال بی ایم آر (BMR) کے تحت نئی تبدیلیاں شدہ لومز نے پیداوار میں مثبت کردار ادا کیا لیکن تیار شدہ مال کی لفٹنگ میں سست روی کے باعث اسٹاک کی مقدار بڑھی اور فروخت کے حجم میں کمی واقع ہوئی۔ لہذا اس حد تک نفع غیر حاصل رہا۔ مزید یہ کہ پلانٹ میں اضافہ کے سبب فرسودگی کے اخراجات میں اضافہ ہو گیا اور بوجہ اضافی بی مدت کے قرضہ جات جو (BMR) کی غرض سے حاصل کئے گئے مالیاتی اخراجات میں اضافہ نے بھی منافع کو متاثر کیا۔

کمپنی کے مختصر مدت کے قرضہ جات میں نمایاں اضافہ ہوا ہے جس کی وجہ تیار مال کی لفٹنگ میں سست روی اور رکاوٹ کا ہوا قابل وصول سیلز ٹیکس اور انکم ٹیکس ہیں۔ تاہم موجودہ صورتحال قابو میں ہے۔ البتہ مالیاتی اخراجات اس سال زیادہ رہیں گے۔

جیسا کہ قبل ازیں بتایا گیا تھا، کمپنی نے نئے گیس جنریٹر کے لئے ایل سی کھولی ہے، جو اس مالی سال کی آخری سہ ماہی میں پہنچنے کی امید ہے۔ وارپنگ مشین کی تبدیلی، انیر کچر، لیسر اور الیکٹریکل کے مختلف آلات کا حصول ابھی زیر غور ہے تاکہ کارکردگی میں اضافہ اور لاگت میں بچت ہو۔

آپ کی کمپنی صورتحال پر قابو پانے کے لئے مسلسل تمام ضروری اقدامات کر رہی ہے۔

حصولہ انفرادی

ڈائریکٹرز کمپنی کے تمام ملازمین کی انتہک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز



(محمود نواز)

ڈائریکٹر

(ایم۔ نعیم)

چیف ایگزیکٹو آفیسر

کراچی

30 اکتوبر 2017

Shahtaj Textile Limited

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017

	September 30, 2017 Unaudited	June 30, 2017 Audited
-----Rupees-----		
SHARE CAPITAL AND RESERVES		
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	710,000,000	665,000,000
Unappropriated profits	144,243,310	188,588,900
	950,843,310	950,188,900
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	4,574,615	4,651,532
NON-CURRENT LIABILITIES		
Long-term financing	298,279,000	298,279,000
Deferred liabilities	110,744,440	112,677,615
	409,023,440	410,956,615
CURRENT LIABILITIES		
Trade and other payables	222,248,874	245,146,191
Interest accrued	9,656,713	6,750,670
Short term borrowings	590,046,348	430,438,779
Current portion of long-term financing	29,580,000	29,580,000
	851,531,935	711,915,640
CONTINGENCIES AND COMMITMENTS	-	-
	2,215,973,300	2,077,712,687
NON-CURRENT ASSETS		
Property, plant and equipment	991,625,680	1,014,729,650
Long-term loans	800,302	906,748
Long-term deposits	30,069,081	30,069,081
	1,022,495,063	1,045,705,479
CURRENT ASSETS		
Stores, spares and loose tools	58,937,358	47,454,379
Stock-in-trade	560,108,382	420,201,356
Trade debts	257,829,380	260,427,200
Loans and advances	15,013,888	7,465,602
Trade deposits and short-term prepayments	6,844,359	1,034,563
Other receivables	24,997,658	24,699,983
Taxation - net	107,047,535	107,018,005
Sales tax refundable	146,659,288	149,613,696
Other financial assets	8,446,329	7,591,787
Cash and bank balances	7,594,060	6,500,637
	1,193,478,237	1,032,007,208
	2,215,973,300	2,077,712,687

The annexed notes from 1 to 6 form an integral part of this condensed interim financial information.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director

Shahtaj Textile Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Note	2017 Rupees	2016 Rupees
Sales - net	2	768,806,223	905,230,838
Cost of goods sold	3	(717,258,206)	(818,809,271)
Gross profit		51,548,017	86,421,567
Distribution cost		(16,093,187)	(16,039,589)
Administrative expenses		(20,810,030)	(19,786,390)
Other operating expenses		(425,919)	(3,056,905)
Finance cost		(11,481,691)	(10,235,556)
		(48,810,827)	(49,118,440)
Other income	4	3,009,638	3,164,915
Profit before taxation		5,746,828	40,468,042
Taxation		(5,210,705)	(10,625,958)
Profit after taxation		536,123	29,842,084
Other comprehensive income		-	-
Total comprehensive income for the period		536,123	29,842,084
Earnings per share - basic and diluted		0.06	3.09

The annexed notes from 1 to 6 form an integral part of this condensed interim financial information.


(M. Naem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director

Shahtaj Textile Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,746,828	40,468,042
Adjustments for:			
Depreciation		24,782,271	19,489,842
Finance cost		11,481,691	10,235,556
Gain on disposal of property plant and equipment		(79,678)	(21,816)
Provision for gratuity and leave encashment		4,103,877	3,682,407
Property, plant and equipment written off		-	57,663
Interest income		(120,142)	(94,112)
Operating cash flows before movements in working capital		45,914,847	73,817,582
(Increase)/decrease in current assets			
Stores, spares and loose tools		(11,482,979)	(325)
Stock-in-trade		(139,907,026)	(28,313,595)
Trade debts		2,597,820	(86,348,315)
Loans and advances		(7,548,286)	(2,035,302)
Trade deposits and short term prepayments		(5,809,796)	(6,082,159)
Other receivables		(297,675)	1,989,290
Sales tax refundable		2,954,408	(14,022,136)
Increase /(decrease) in current liabilities			
Trade and other payables		(22,736,811)	31,753,171
Cash generated from operations		(136,315,498)	(29,241,789)
Gratuity and leave encashment paid		(2,762,892)	(3,894,740)
Interest paid		(8,575,648)	(10,918,031)
Income taxes paid		(8,473,016)	(7,862,185)
Net cash used in operating activities		(156,127,054)	(51,916,745)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,825,993)	(16,946,778)
Proceeds from disposal of property, plant and equipment		227,370	66,000
Long-term loans		106,446	(412,141)
Interest received		120,142	94,112
Net cash used in investing activities		(1,372,035)	(17,198,807)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		-	(10,312,770)
Long-term finance obtained		-	13,433,000
Dividend paid		(160,515)	(78,631)
Short term borrowings- net		(155,634,157)	25,485,978
Net cash (used in) /generated from financing activities		(155,794,672)	28,527,577
Net decrease in cash and cash equivalents		(313,293,761)	(40,587,975)
Cash and cash equivalents at July 1		(260,712,198)	(284,412,511)
Cash and cash equivalents at June 30		(574,005,959)	(325,000,486)
Cash and Cash Equivalents			
Cash and bank balances		7,594,060	7,825,809
Other financial assets		8,446,329	7,567,635
Running finances		(590,046,348)	(340,393,930)
		(574,005,959)	(325,000,486)

The annexed notes from 1 to 6 form an integral part of this condensed interim financial information.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director

Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Share capital	Revenue Reserves		Total
		General reserve	Unappropriated profit	
..... Rupees				
Balance as at July 01, 2016	96,600,000	615,000,000	178,853,010	890,453,010
Comprehensive income				
Profit after taxation for the year ended June 30,2017	-	-	105,978,659	105,978,659
Other comprehensive income - net of tax	-	-	(3,444,356)	(3,444,356)
Total Comprehensive income for the period	-	-	102,534,303	102,534,303
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation net of deferred taxation - disposal net of deferred tax	-	-	524,717 146,870	524,717 146,870
Transferred to general reserve	-	50,000,000	(50,000,000)	-
Transactions with owners				
Final Dividend for the year ended June 30,2016 @ Rs. 4.50 per share	-	-	(43,470,000)	(43,470,000)
Balance at June 30, 2017	96,600,000	665,000,000	188,588,900	950,188,900
Comprehensive income				
Profit after taxation for the quarter ended September 30 ,2017	-	-	536,123	536,123
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the period	-	-	536,123	536,123
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation net of deferred taxation	-	-	118,287	118,287
Transferred to general reserve	-	45,000,000	(45,000,000)	-
Balance at September 30, 2017	96,600,000	710,000,000	144,243,310	950,843,310

The annexed notes from 1 to 6 form an integral part of this condensed interim financial information.



(M. Naeem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer



(Mahmood Nawaz)
Director

Shahtaj Textile Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (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, 2017.

	First Quarter ended on	
	Sep 30, 2017	Sep 30, 2016
	-----Rupees-----	
2. SALES-NET		
Gross Sales	779,132,126	922,077,289
Less: Commission	(10,325,903)	(16,846,451)
	768,806,223	905,230,838
3. COST OF GOODS SOLD		
Cost of goods manufactured	858,754,185	795,094,140
Opening stock of finished goods	233,765,946	188,324,909
Closing stock of finished goods	(375,261,925)	(164,609,778)
	717,258,206	818,809,271
4. OTHER INCOME		
Reversal of provision against doubtful debt	2,812,252	1,500,000
Net loss from trading	(12,704)	(1,662)
Profit on bank deposits	120,142	94,112
Exchange gain	10,270	1,550,649
Gain on sale of fixed assets	79,678	21,816
	3,009,638	3,164,915

5. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue on October 30, 2017 by the Board of Director of the Company.

6. GENERAL

Figures have been rounded off to the nearest rupee.


(M. Naem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director

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