

*Condensed Interim
Financial Information
for the quarter ended
September 30, 2018*

Shahtaj Textile Limited

Shahtaj Textile Limited

CONTENT

Company Information	02
Directors' Report to the Shareholders	03
Condensed Interim Statement of Financial Position	05
Condensed Interim Statement Of Profit or Loss & Other Comprehensive Income	06
Condensed Interim Cash Flow Statement	07
Condensed Interim Statement of Changes in Equity	08
Selected Explanatory Notes to the Condensed Interim Financial Information	09

Shahtaj Textile Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muneer Nawaz Mr. M. Naeem 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
COMPANY SECRETARY	Mr. Jamil Ahmad Butt, FCMA	
AUDIT COMMITTEE OF THE BOARD	Mr. Sohail Habib Mr. Muneer Nawaz Mr. Toqueer Nawaz Mr. Muhammad Usman Khalid Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Member Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD	Mr. Saleem Zamindar Mr. Muneer Nawaz Mr. M. Naeem Mr. Muhammad Usman Khalid Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Member Secretary
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 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-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 Chumian 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 on September 30, 2018.

By the grace of Allah operating results of the Company have been positive and Company has earned profit before tax of Rs 5.65 million and after tax profit of Rs.0.203 million with an EPS of Re 0.02. Overall fabric demand is not very encouraging. Although, net sales increased by 38.5% from corresponding period of last year due to more sales volume and increase in unit selling prices in consequence of high yarn prices and exchange rate adjustment the abnormal increase in RLNG prices weighed heavily on the profitability dropping the gross profit rate from 6.7% to 5.3% comparing last corresponding period.

Increase in discount rate by State bank of Pakistan, higher short term borrowings resulting from higher working capital requirements and company's shift to more rupee based borrowing instead of cheaper dollar based borrowings on account of anticipated currency devaluation resulted in increase in finance cost to Rs 17.8 million from 11.48 million of previous corresponding period.

With the removal of export package for greige fabric and rising interest rates, we see current financial year to be another testing year for the weaving sector. The Government has recently announced reduction in RLNG price for export oriented sector. We feel that Government should implement this and other remedial measure such as refund of outstanding sales tax, income tax and export rebate on immediate basis in order to support the ailing textile industry.

Efforts will be continuing as always for more improvement.

Composition of Board

The total number of directors are nine as per the following:

- a) Male: 8
- b) Female: 1

The composition of the board is as follows:

Category	Names
Independent Directors	Mr. Saleem Zamindar (NIT)
	Mr. Sohail Habib
Other Non-Executive Directors	Mr. Muneer Nawaz
	Mr. Mahmood Nawaz
	Mr. Toqueer Nawaz
	Mrs. Sadia Muhammad
	Mr. Muhammad Usman Khalid
Executive Directors	Mr. Muhammad Naeem
	Lt. Col(Retd.) Rashiduddin Shams

Shahtaj Textile Limited

The board has formed committees comprising of members given below:

a) Audit Committee

- Mr. Sohail Habib (Chairman)
- Mr. Muneer Nawaz
- Mr. Toqueer Nawaz
- Mr. Muhammad Usman Khalid

b) HR and Remuneration Committee

- Mr. Saleem Zamindar (Chairman)
- Mr. Muneer Nawaz
- Mr. Muhammad Naeem
- Mr. Muhammad Usman Khalid

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 29, 2018


(Muneer Nawaz)
Chairman


(Mahmood Nawaz)
Director

Shahtaj Textile Limited

ڈائریکٹر ز رپورٹ برائے حصہ داران

ڈائریکٹر زمرست کے ساتھ 30 ستمبر 2018 کو ختم ہونے والی پہلی سرمایہ کے کٹتی کے غیر آڈٹ شدہ مالیاتی حسابات کی رپورٹ پیش کرتے ہیں۔

الحمد للہ کٹتی کے مالیاتی نتائج مثبت رہے اور قبل از ٹیکس منافع 5.65 ملین روپے جبکہ بعد از ٹیکس منافع 0.203 ملین روپے رہا یعنی 0.02 روپے فی حصہ۔ مجموعی طور پر پچھلے کی طلب زیادہ حوصلہ افزا نہیں رہی۔ اگرچہ زر فروخت گزشتہ سال کے مقابلہ میں 38.5 فیصد زائد رہا جس کی وجوہات میں فروخت کے حجم میں اضافہ اور قیمت فروخت میں اضافہ بوجہ دھانے کی قیمت اور کرنسی کی شرح تبادلہ میں اضافہ ہے۔ تاہم آر ایل این بی کی قیمت میں غیر معمولی اضافہ نے خالص منافع کی شرح کو بہت کم کر دیا جو گزشتہ سال کے منافع 6.7 فیصد کے باقائیل 5.3 فیصد رہا۔

اسٹیٹ بینک آف پاکستان کی طرف سے ڈیکالٹ ریت میں اضافہ، کام چلانے کے لئے زیادہ سرمایہ کی طلب کی وجہ سے زیادہ مقدار میں مختصر مدت کے قرضہ جات کا حصول اور کرنسی کی قدر میں متوقع کمی کے پیش نظر کٹتی کا ڈالر میں کم الاگت کے قرضہ کی جگہ روپیہ میں اضافی قرضہ جات کے حصول کے نتیجے میں مالیاتی الاگت گزشتہ سال 11.48 ملین روپے سے بڑھ کر 17.8 ملین روپے ہو گئی۔

انکسپورٹ سیکٹیج میں سے گرسے فیبرک کو بٹانے اور شرح سود میں اضافہ کے سبب ہم موجودہ سال کو پونگ کی صنعت کے لئے ایک اور آزمائشی سال دیکھتے ہیں۔ حال ہی میں انکسپورٹ سے وابستہ صنعت کے لئے حکومت نے آر ایل این بی کی قیمتوں کی کا اعلان کیا ہے۔ ہم محسوس کرتے ہیں کہ حکومت کی طرف سے مزید اور دیگر اقدامات جیسے سٹیل ٹیکس، آئٹم ٹیکس اور انکسپورٹ ریٹ کی مد میں باقیار قمر کی واپسی پر فوری عملدرآمد کیسٹائل کی صنعت کی بحالی کے لئے مددگار ہو سکتے ہیں۔

مزید بہتری کے لئے ہم اپنی کوششوں کو حسب معمول جاری رکھیں گے۔

بورڈ کی ساخت

مجموعی طور پر نو ڈائریکٹر ز ہیں جن کی تفصیل درج ذیل ہے:

(ا) مرد: 8

(ب) خواتین: 1

بورڈ کی ساخت درج ذیل ہے:

نام	اقسام / کیٹگری
جناب سلیم زبیر (این آئی ٹی)	انڈیپنڈنٹ ڈائریکٹر / آزاد ڈائریکٹر
جناب سکیل حبیب	دیگر غیر انتظامی ڈائریکٹر ز
جناب منیر نواز	
جناب محمود نواز	
جناب توقیر نواز	
محترمہ سعیدہ محمد	
جناب محمد عثمان خالد	
جناب محمد نسیم	انگریز ڈائریکٹر / انتظامی ڈائریکٹر
لئیٹیننٹ کرنل (ریٹائرڈ) رشید الدین شیخ	

بورڈ نے درج ذیل کمیٹیاں تشکیل دیں جن کے ممبران درج ذیل ہیں:

(الف) آڈٹ کمیٹی

- جناب سکیل حبیب (چیرمین)
- جناب منیر نواز
- جناب توقیر نواز
- جناب محمد عثمان خالد

Shahtaj Textile Limited

ڈائریکٹرز رپورٹ برائے حصہ داران

ب) ایچ آریبل ریویشن کمیٹی

- جناب سلیم زبیر (چیرمین)
- جناب منیر نواز
- جناب محمد نعیم
- جناب محمد عثمان خالد

حاصلہ افزائی

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

Memon Nausy

(منیر نواز)
چیرمین

Memon Nausy

(محمد نواز)
ڈائریکٹر

کراچی

29 اکتوبر 2018

Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

	September 30, 2018 Unaudited	June 30, 2018 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
Reserves	878,126,582	875,592,815
Surplus on revaluation of plant and machinery	84,821,007	86,946,656
	1,059,547,589	1,059,139,471
NON-CURRENT LIABILITIES		
Long-term financing	386,400,320	287,397,722
Deferred liabilities	89,346,322	97,697,523
	475,746,642	385,095,245
CURRENT LIABILITIES		
Trade and other payables	302,438,811	393,511,945
Unclaimed dividend	9,450,244	9,458,388
Interest accrued	16,255,679	15,392,909
Short term borrowings	722,848,923	776,296,294
Current portion of long-term financing	44,235,439	44,235,478
	1,095,229,096	1,238,895,014
CONTINGENCIES AND COMMITMENTS		
	-	-
	2,630,523,327	2,683,129,730
NON-CURRENT ASSETS		
Property, plant and equipment	1,140,419,016	1,160,647,826
Long-term loans	1,028,307	932,566
Long-term deposits	30,069,081	30,069,081
	1,171,516,404	1,191,649,473
CURRENT ASSETS		
Stores, spares and loose tools	56,428,084	49,228,768
Stock-in-trade	602,942,620	507,909,366
Trade debts	490,750,079	619,238,897
Loans and advances	5,985,985	10,692,345
Trade deposits and short-term prepayments	8,317,133	815,875
Other receivables	48,274,106	47,226,294
Taxation - net	92,349,504	90,634,755
Sales tax refundable	146,227,958	140,738,856
Cash and bank balances	7,731,454	24,995,101
	1,459,006,923	1,491,480,257
	2,630,523,327	2,683,129,730

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


(Munner Nawaz)
Chairman


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director


Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
Sales - net	2	1,064,964,448	768,806,223
Cost of goods sold	3	(1,008,041,517)	(717,258,206)
Gross profit		56,922,931	51,548,017
Distribution cost		(14,915,149)	(16,093,187)
Administrative expenses		(22,725,672)	(20,810,030)
Other operating expenses		(419,002)	(425,919)
Finance cost		(17,886,733)	(11,481,691)
Other income	4	55,946,556	(48,810,827)
Profit before taxation		4,677,117	3,009,638
Taxation		(5,449,904)	(5,210,705)
Profit after taxation		203,588	536,123
Other comprehensive income		-	-
Total comprehensive income for the period		203,588	536,123
Earnings per share - basic and diluted		0.02	0.06

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


(Munner Nawaz)
Chairman


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director

Shahtaj Textile Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,653,492	5,746,828
Adjustments for:		
Depreciation	26,703,224	24,782,271
Finance cost	17,886,733	11,481,691
Gain on disposal of property, plant and equipment	(107,500)	(79,678)
Provision for gratuity and leave encashment	4,578,753	4,103,877
Interest income	-	(120,142)
Operating cash flows before movements in working capital	54,714,702	45,914,847
(Increase)/decrease in current assets		
Stores, spares and loose tools	(7,199,316)	(11,482,979)
Stock-in-trade	(95,033,254)	(139,907,026)
Trade debts	128,488,818	2,597,820
Loans and advances	4,706,360	(7,548,286)
Trade deposits and short term prepayments	(7,501,258)	(5,809,796)
Other receivables	(1,047,812)	(297,675)
Sales tax refundable	(5,489,102)	2,954,408
Increase in current liabilities		
Trade and other payables	(91,073,135)	(22,736,811)
Cash used in operations	(19,433,997)	(136,315,498)
Gratuity and leave encashment paid	(6,694,095)	(2,762,892)
Interest paid	(17,023,963)	(8,575,648)
Income taxes paid	(13,195,982)	(8,473,016)
Net cash used in from operating activities	(56,348,037)	(156,127,054)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(7,866,914)	(1,825,993)
Proceeds from disposal of property, plant and equipment	1,500,000	227,370
Long-term loans	(95,741)	106,446
Interest received	-	120,142
Net cash used in investing activities	(6,462,655)	(1,372,035)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	-	-
Long-term finance obtained	99,002,560	-
Dividend paid	(8,144)	(160,515)
Short term borrowings- net	-	(155,634,157)
Net cash (used in) /generated from financing activities	98,994,416	(155,794,672)
Net decrease in cash and cash equivalents	36,183,724	(313,293,761)
Cash and cash equivalents at July 1	(751,301,193)	(260,712,198)
Cash and cash equivalents at September 30	(715,117,469)	(574,005,959)
Cash and Cash Equivalents		
Running finances	(722,848,923)	(590,046,348)
Other financial assets	-	8,446,329
Cash and bank balances	7,731,454	7,954,060
	(715,117,469)	(573,645,959)

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


(Munner Nawaz)
Chairman


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director

Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

Share capital	Revenue Reserves		Capital Reserve	Total	
	General reserve	Unappropriated profit	Surplus on revaluation on plant & machinery		
..... Rupees					
Balance as at July 01, 2017	96,600,000	665,000,000	188,588,900	4,651,532	954,840,432
Comprehensive income					
Profit for the period	-	-	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 plant and machinery on account of:					
-incremental depreciation net of deferred taxation	-	-	118,287	(118,287)	-
-change in rate of tax	-	-	-	41,370	41,370
Transferred to general reserve	-	45,000,000	(45,000,000)	-	-
Balance at September 30, 2017	<u>96,600,000</u>	<u>710,000,000</u>	<u>144,243,310</u>	<u>4,574,615</u>	<u>955,417,925</u>
Balance at July 01, 2018	96,600,000	710,000,000	165,592,815	86,946,656	1,059,139,471
Comprehensive income					
Profit for the period	-	-	203,588	-	203,588
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	203,588	-	203,588
Transferred from surplus on revaluation of plant and machinery on account of:					
-incremental depreciation net of deferred taxation	-	-	2,190,366	(2,190,366)	-
-disposal net of deferred tax	-	-	139,813	(139,813)	-
-change in rate of tax	-	-	-	204,530	204,530
Transferred to general reserve	-	35,000,000	(35,000,000)	-	-
Balance at September 30, 2018	<u>96,600,000</u>	<u>745,000,000</u>	<u>133,126,582</u>	<u>84,821,007</u>	<u>1,059,547,589</u>

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


(Munner Nawaz)
Chairman


(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, 2018 (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, 2018.

	First Quarter ended on	
	Sep 30, 2018	Sep 30, 2017
-----Rupees-----		
2. SALES-NET		
Gross Sales	1,071,179,912	779,132,126
Less: Commission	(6,215,464)	(10,325,903)
	1,064,964,448	768,806,223
3. COST OF GOODS SOLD		
Cost of goods manufactured	1,085,105,706	858,754,185
Opening stock of finished goods	285,013,290	233,765,946
Closing stock of finished goods	(362,077,479)	(375,261,925)
	1,008,041,517	717,258,206
4. OTHER INCOME		
Reversal of provision against doubtful debt	-	2,812,252
Net income/(loss) from trading	900	(12,704)
Profit on bank deposits	-	120,142
Exchange gain	4,568,717	10,270
Gain on disposal of property, plant & equipment	107,500	79,678
	4,677,117	3,009,638

5. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue on October 29, 2018 by the Board of Director of the Company.

6. GENERAL

Figures have been rounded off to the nearest rupee.


(Munner Nawaz)
Chairman


(Amir Ahmed)
Chief Financial Officer


(Mahmood Nawaz)
Director

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