



*Condensed Interim  
Financial Statements  
for the quarter ended  
September 30, 2021*

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. Naeem 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	Chairman Chief Executive
<b>COMPANY SECRETARY</b>	Mr. Jamil Ahmad Butt, FCMA	
<b>AUDIT COMMITTEE OF THE BOARD</b>	Mr. Aamir Amin Mr. Muneer Nawaz Mr. Toqueer Nawaz Mr. Muhammad Usman Khalid Mr. Abid Nawaz Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Member Member Secretary
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD</b>	Mr. Farooq Hassan Mr. Muneer Nawaz Mr. M. Naeem Mr. Toqueer Nawaz Mrs. Sadia Muhammad Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Member Member Secretary
<b>AUDITORS</b>	Yousuf Adil. Chartered Accountants. Cavish Court, A-35, Block 7 & 8 KCHS, Shahrah-e-Faisal, Karachi 75350.	
<b>BANKS</b>	Bank Alfalah Limited United Bank Limited Meezan Bank Ltd. The Bank of Punjab MCB Bank Limited Faysal Bank Limited National Bank of Pakistan	
<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 Statements of the Company for the First Quarter ended on September 30, 2021.

By the grace of Allah operating results of the Company have been positive and Company has earned after tax profit of Rs. 86.684 million with an EPS of Rs 8.97 in comparison to Rs 4.51 reported during the same period last year. Net Sales revenue for the quarter is Rs. 1.894 billion compared to Rs. 1.174 billion showing increase of about 61% over the corresponding period of last year. This increase is mainly attributable to significant increase in selling price and better sales volume in comparison to corresponding period of last year. Increase in sales revenue and diligent procurement of imported raw material at lower prices as compared to domestic market helped to achieve better product margin resulting in increase in Gross Profits (GP) rate to 10.59%.

Higher export sales and rise in ocean freight resulted in rise in distribution costs. Administration cost for the period is higher than previous corresponding period due to inflationary effect. Other operating expenses increased on account of exchange loss on imported raw material due to devaluation of PKR and higher provisions of WPPF and WWF because of higher profitability.

Meanwhile the international prices of cotton have touched the highest mark for the last ten years. Apart from that, devaluation of Pakistani Rupee will increase the costs of energy, chemical and spare parts. A massive, unexpected, increase of ocean freight will also affect export margin and jeopardize the supply chains worldwide.

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
Other Non-Executive Directors	Mr. Syed Nadeem Ali Kazmi
	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**

- Mr. Aamir Amin (Chairman)
- Mr. Muneer Nawaz
- Mr. Toqueer Nawaz
- Mr. Muhammad Usman Khalid
- Mr. Abid Nawaz

**b) HR and Remuneration Committee**


- Mr. Farooq Hassan (Chairman)
- Mr. Muneer Nawaz
- Mr. Muhammad Naeem
- Mr. Toqueer Nawaz
- 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:  
October 29, 2021

  
(Muneer Nawaz)  
Chairman

  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

## ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے سبب کے غیر آڈٹ شدہ مالیاتی حسابات کی رپورٹ پیش کرتے ہیں۔

الحمد للہ کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 86.684 ملین روپے رہا یعنی 8.97 روپے فی حصہ بالمتقابل 4.51 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ اس سہ ماہی کے لیے خالص فروخت کا حجم 1.894 ملین روپے ہے جبکہ گزشتہ سال اسی مدت میں 1.174 ملین روپے تھا۔ یہ گزشتہ سال کی اسی مدت کے مقابلے میں تقریباً 61 فیصد اضافہ ظاہر کرتا ہے۔ یہ اضافہ بنیادی طور پر گزشتہ سال کی اسی مدت کے مقابلے میں فروخت کی قیمت میں نمایاں اضافہ اور بہتر فروخت کے حجم کے باعث ہے۔ سیلز ریونیو میں اضافہ اور مقامی مارکیٹ کے مقابلے میں کم قیمتوں پر درآمد شدہ خام مال کی محتاط خریداری سے بہتر پروڈکٹ مارجن حاصل کرنے میں مدد ملی جس کے نتیجے میں مجموعی منافع (جی پی) کی شرح بڑھ کر 10.59 فیصد ہو گئی ہے۔

زیادہ برآمدات اور سمندری مال برداری کے کرایوں میں اضافے کے نتیجے میں اخراجات میں اضافہ ہوا ہے۔ افراط زر کے اثر کی وجہ سے اس مدت کے لیے انتظامی لاگت بچھلے اسی عرصے سے زیادہ ہے۔ دیگر آپریٹنگ اخراجات روپے کی قدر میں کمی کی وجہ سے درآمد شدہ خام مال پر شرح تبادلہ میں نقصان اور زیادہ منافع کی وجہ سے WPPF اور WWF میں متناسب اضافہ کی وجہ سے بڑھ گئے ہیں۔

دریں اثناء کمپاس کی بین الاقوامی قیمتیں بچھلے دس سالوں کی بلند ترین سطح کو چھو گئی ہیں۔ اس کے علاوہ پاکستانی روپے کی قدر میں کمی تو تائی، کیبائی اور اسپینر پارٹس کے اخراجات میں اضافہ کرے گی۔ بڑے پیمانے پر، غیر متوقع طور پر، سمندری مال برداری کے کرایوں میں اضافہ برآمدی مارجن کو بھی متاثر کرے گا اور دنیا بھر میں سپلائی چین کو خطرے میں ڈالے گا۔

مزید بہتری کے لئے کوششیں ہمیشہ کی طرح جاری رہیں گی۔

## بورڈ کی ساخت

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

(ا) مرد: 9 (ب) خواتین: 1

# Shahtaj Textile Limited

بورڈ کی ساخت درج ذیل ہے:

نام	اقسام / کیٹگری
جناب عامر امین (این آئی ٹی)	انڈیپنڈنٹ ڈائریکٹر / آزاد ڈائریکٹر
جناب فاروق حسین	
جناب سید ندیم علی کاظمی	
جناب منیر نواز	دیگر غیر انتظامی ڈائریکٹرز
جناب توقیر نواز	
جناب محمد عثمان خالد	
جناب عابد نواز	
محترمہ سعدیہ محمد	خاتون غیر انتظامی ڈائریکٹرز
جناب محمد نعیم	ایگزیکٹو ڈائریکٹر / انتظامی ڈائریکٹرز
لبٹیننٹ کرنل (ریٹائرڈ) رشید الدین شمس	

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

الف) آڈٹ کمیٹی

- جناب عامر امین (چیرمین)
- جناب منیر نواز
- جناب توقیر نواز
- جناب محمد عثمان خالد
- جناب عابد نواز

ب) ایچ آر اینڈ ریوینو نیوٹریشن کمیٹی

- جناب فاروق حسن (چیرمین)
- جناب منیر نواز
- جناب محمد نعیم
- جناب توقیر نواز
- محترمہ سعدیہ محمد

حوصلہ افزائی

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

*Usman Khalid*

(محمد عثمان خالد)

ڈائریکٹر

*Munir Nawaz*

(منیر نواز)

چیرمین

کراچی

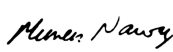
29 اکتوبر 2021

# Shahtaj Textile Limited

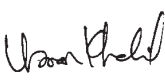
## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

	Un-audited September 30, 2021	Audited June 30, 2021
EQUITY AND LIABILITIES	Note	-----Rupees-----
<b>Share capital and reserves</b>		
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	1,322,648,833	1,228,448,247
Surplus on revaluation of plant and machinery	251,968,771	258,369,153
<b>TOTAL EQUITY</b>	<b>1,670,217,604</b>	<b>1,583,417,400</b>
<b>Non-current liabilities</b>		
Long-term finance	559,126,578	569,752,663
Deferred liabilities	165,652,802	158,754,017
	724,779,380	728,506,680
<b>Current liabilities</b>		
Trade and other payables	496,560,402	628,245,743
Advance from customers - contract liabilities	17,780,062	9,442,438
Unclaimed dividend	15,154,576	15,154,576
Interest accrued	15,198,698	9,439,733
Short-term borrowings	568,215,563	298,240,606
Current portion of long-term finance	88,283,338	88,283,338
	1,201,192,639	1,048,806,434
<b>Contingencies and Commitments</b>	5	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,596,189,623</b>	<b>3,360,730,514</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,382,490,756	1,409,436,223
Long-term loans	594,148	513,716
Long-term deposits	33,108,482	33,108,482
	1,416,193,386	1,443,058,421
<b>Current assets</b>		
Stores, spares and loose tools	60,965,038	46,453,308
Stock-in-trade	1,041,986,028	1,016,557,575
Trade debts	876,082,797	647,568,833
Loans and advance	2,062,060	5,247,482
Trade deposits and prepayments	11,021,280	2,226,718
Other receivables	3,491,053	3,417,053
Taxation - net	61,128,337	64,883,901
Sales tax refundable	69,896,722	80,897,029
Cash and bank balances	53,362,922	50,420,194
	2,179,996,237	1,917,672,093
<b>TOTAL ASSETS</b>	<b>3,596,189,623</b>	<b>3,360,730,514</b>

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

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer


  
(Muhammad Usman Khalid)  
Director


# Shahtaj Textile Limited


## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	Note	September 30, 2021 Rupees	September 30, 2020 Rupees
Sales - net	7	1,894,161,775	1,174,074,838
Cost of goods sold		(1,693,620,773)	(1,052,802,472)
Gross profit		200,541,002	121,272,366
Distribution expenses		(28,018,682)	(13,170,914)
Administrative expenses		(29,996,175)	(26,632,612)
Other operating expenses		(15,710,754)	(6,072,770)
Finance cost		(16,200,608)	(15,541,310)
		(89,926,219)	(61,417,606)
		110,614,783	59,854,760
Other income		157,850	-
Profit before taxation		110,772,633	59,854,760
Taxation	8	(24,088,273)	(16,247,420)
Profit after taxation		86,684,360	43,607,340
Earnings per share - basic and diluted		8.97	4.51

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

  
(Muneer Nawaz)  
Chairman


  
(Amir Ahmed)  
Chief Financial Officer


  
(Muhammad Usman Khalid)  
Director


## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	September 30 2021 Rupees	September 30, 2020 Rupees
Profit after taxation	86,684,360	43,607,340
Other comprehensive income	-	-
Total comprehensive income for the period	86,684,360	43,607,340

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

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer


  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited


## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	September 30 2021	September 3 2020
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	110,772,633	59,854,760
Adjustments for:		
Depreciation	35,304,400	24,778,327
Finance cost	16,200,608	15,541,310
Exchange Loss	7,245,598	1,523,770
Provision for gratuity and leave encashment	7,796,961	7,085,346
Operating cash flows before movements in working capital	<u>177,320,200</u>	<u>108,783,513</u>
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(14,511,730)	(6,453,760)
Stock-in-trade	(25,428,453)	43,908,280
Trade debts	(235,759,562)	(114,159,559)
Loans and advances	3,185,422	(17,199,746)
Trade deposits and prepayments	(8,794,562)	(2,625,072)
Other receivables	(74,000)	2,617,477
Sales tax refundable	11,000,307	23,928,735
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(131,685,341)	(186,668,846)
Advance from customers - contract liabilities	<u>8,337,624</u>	<u>3,774,701</u>
<b>Cash generated from operations</b>	<u>(216,410,095)</u>	<u>(144,094,277)</u>
Gratuity and leave encashment paid	(3,961,418)	(4,336,037)
Finance cost paid	(10,441,643)	(14,298,710)
Income taxes paid	<u>(17,153,622)</u>	<u>(10,514,380)</u>
<b>Net cash used in operating activities</b>	<u>(247,966,778)</u>	<u>(173,243,404)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,358,933)	(1,955,650)
Long-term loans	<u>(80,432)</u>	<u>(112,258)</u>
<b>Net cash used in investing activities</b>	<u>(8,439,365)</u>	<u>(2,067,908)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term finance	(16,710,085)	(1,515,579)
Long term finance obtained	<u>6,084,000</u>	<u>38,807,246</u>
<b>Net cash (used in) / generated from financing activities</b>	<u>(10,626,085)</u>	<u>37,291,667</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(267,032,228)</u>	<u>(138,019,645)</u>
<b>Cash and cash equivalents at July 1</b>	<u>(247,820,413)</u>	<u>(341,213,483)</u>
<b>Cash and cash equivalents at September 30</b>	<u>(514,852,641)</u>	<u>(479,233,128)</u>
<b>Cash and cash equivalents at September 30</b>		
Short-term borrowings	(568,215,563)	(484,841,419)
Cash and bank balances	<u>53,362,922</u>	<u>5,608,291</u>
	<u>(514,852,641)</u>	<u>(479,233,128)</u>

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

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer


  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited


## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	Issued, Subscribed and Paid up Capital	Revenue reserve		Capital	Total
		General	Unappropriated profit	Surplus on revaluation of plant and machinery	
Rupees					
Balance as at July 01, 2020	96,600,000	825,000,000	212,349,820	63,066,369	1,197,016,189
<b>Total comprehensive income for the period ended September 30, 2020</b>					
Profit after taxation	-	-	43,607,340	-	43,607,340
Other comprehensive income	-	-	-	-	-
	-	-	43,607,340	-	43,607,340
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	1,537,012	(1,537,012)	-
- disposal net of deferred tax	-	-	-	-	-
- Change in rate of tax	-	-	-	(512,926)	(512,926)
Transferred to general reserve	-	25,000,000	(25,000,000)	-	-
<b>Balance as at September 30, 2020</b>	<b>96,600,000</b>	<b>850,000,000</b>	<b>232,494,172</b>	<b>61,016,431</b>	<b>1,240,110,603</b>
Balance as at July 01, 2021	96,600,000	850,000,000	378,449,261	258,368,139	1,583,417,400
<b>Total comprehensive income for the period ended September 30, 2021</b>					
Profit after taxation	-	-	86,684,360	-	86,684,360
Other comprehensive income	-	-	-	-	-
	-	-	86,684,360	-	86,684,360
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	6,515,212	(6,515,212)	-
- Change in rate of tax	-	-	-	115,844	115,844
Transferred to general reserve	-	85,000,000	(85,000,000)	-	-
<b>Balance as at September 30, 2021</b>	<b>96,600,000</b>	<b>935,000,000</b>	<b>386,648,833</b>	<b>251,968,771</b>	<b>1,670,217,604</b>

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

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director

# Shahtaj Textile Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 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, Bhair 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, 2021.

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 Un-audited. The comparative condensed statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2021, 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 Un-audited condensed interim financial statements for the quarter ended September 30, 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, 2021.

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, 2021.

# Shahtaj Textile Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

### 5. CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

Contingencies are not materially changed as disclosed in the note 11 to the annual financial statements for the year ended June 30, 2021.

	(Un-audited) September 30, 2021	(Audited) June 30, 2021
	-----Rupees-----	
<b>5.2 Commitments</b>		
-Capital expenditure	476,462,203	453,932,847
-Raw material	-	205,902,868
-Spare parts	-	11,892,693

	Note	-----Rupees-----	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	1,372,745,558	1,406,597,822
Capital work in progress	6.2	9,745,198	2,838,401
		<u>1,382,490,756</u>	<u>1,409,436,223</u>

#### 6.1 Details of additions and disposals during the period / year pertaining to operating fixed assets are as under:

	(Un-audited) Quarter ended September 30, 2021		(Audited) June 30, 2021	
Additions during the period / year	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	-	-	15,393,542	-
Plant and machinery	921,200	-	329,272,000	2,398,754
Furniture and fixtures	-	-	7,000	-
Equipment and installations	167,523	-	243,500	124,236
Computer equipment	363,414	-	1,011,819	-
Vehicles	-	-	15,378,455	397,720
	<u>1,452,137</u>	<u>-</u>	<u>361,306,316</u>	<u>2,920,710</u>

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

	(Un-audited) Quarter ended September 30, 2021		(Audited) June 30, 2021	
	Additions	Transfers	Additions	Transfers
	-----Rupees-----			
Buildings on freehold land	591,413	-	3,392,726	15,393,542
Plant and machinery	6,315,384	-	123,042,409	325,486,518
Vehicles	-	-	9,580,455	12,813,455
	<u>6,906,797</u>	<u>-</u>	<u>136,015,590</u>	<u>353,693,515</u>

# Shahtaj Textile Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

7 Sales - net	Quarter ended (Un-audited)	
	September 30, 2021	September 30, 2020
	-----Rupees-----	
Export	442,144,515	212,810,976
Indirect Export	1,164,557,841	447,863,088
Local	558,154,124	686,178,232
	2,164,856,480	1,346,852,296
Waste sales	3,406,892	2,380,484
	2,168,263,372	1,349,232,780
Commission		
-Export	(11,396,842)	(3,634,591)
-Local	(12,396,179)	(6,748,116)
Sales tax	(250,308,576)	(164,775,235)
	<b>1,894,161,775</b>	<b>1,174,074,838</b>
<b>8. TAXATION</b>		
Current	<b>20,909,186</b>	14,788,863
Deferred	<b>3,179,087</b>	1,458,557
	<b>24,088,273</b>	16,247,420

There is no change in the status of tax contingencies that are disclosed in the note 29 to the annual financial statements for the year ended June 30, 2021.

### 9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

9.1 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.

#### 9.2 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).

There were no transfers between Level 1 and 2 during the period.

9.3 There are no assets or liabilities to classify under above levels except the Company's plant and machinery which 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 February 28, 2021, were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer not related to the Company, using depreciated replacement cost method. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery Value determined by independent valuer is classified as Level 3 in the fair value hierarchy.

### 10. 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:

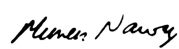
# Shahtaj Textile Limited


## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)


Nature of relationship	Nature of transactions	Quarter ended (Un-audited)	
		September 30, 2021	September 30, 2020
		-----Rupees-----	
Key management personnel	Remuneration	6,051,100	5,244,400
<b>Associated undertakings</b>			
- Shahawaz (Private) Limited	Purchase of computer equipment and supplies	363,414	23,985
	Ad ministrative services received	1,314,000	682,500
	Software development charges	600,000	-
<b>Other related party- Close Family Member</b>			
- Lionsmill General Trading LLC	Sale of fabric	11,662,729	11,375,816
		(Un-audited)	(Audited)
		September 30, 2021	June 30, 2021
		-----Rupees-----	
<b>Balances due to related parties</b>			
- Shahawaz (Private) Limited		1,677,414	1,145,710
<b>Balances due from related parties</b>			
- Lionsmill General Trading LLC		3,288,468	-

### 11. DATE OF AUTHORIZATION FOR ISSUE

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

  
(Muneeb Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

  
(Muhammad Usman Khalid)  
Director

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