



*Condensed Interim
Financial Statements
for the nine months period
ended March 31, 2022*

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. 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, 2022.

By the grace of Allah operating results of the Company have been positive and Company has earned after tax profit of Rs.275.853 million with an EPS of Rs 28.56 in comparison to Rs 14.92 reported during the same period last year. Net sales increased by almost 64% over the corresponding period of last year i.e from Rs. 3.48 billion to Rs. 5.70 billion due to rise in fabric selling rates. This was the highest ever sales and profits achieved by the company in its history inspite of the substantial rise in raw material cost and inflation in costs especially energy, interest and logistics during the current period. Higher raw material cost and energy cost resulted in increase in cost of sales from 88.89% of sales during corresponding period of last year to 89.17% of sales during the period under review. Increase in cost of sales resulted in decrease of Gross Profit (GP) from 11.11% of sales during corresponding period of last year to 10.83% of sales during the period under review.

Increase in export sales and rise in ocean freight resulted in increase 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 higher provisions of WPPF and WWF. In view of rising yarn prices, the company took immediate delivery of yarn booked against sales orders which leads to piling up of inventory resulting in higher working capital requirement. Further, increase in policy rate by SBP resulted in increase in finance cost.

The 49 looms imported under BMR plan have been installed and currently under test production. The financing arrangement are based on State bank of Pakistan's concessionary Temporary Economic Refinance Facility (TERF). This BMR will further improve the production capacity and efficiency of the mill and in turn its financial results.

During the period under review, a major devaluation was witnessed. It helped in the short term for increased sales as well as profitability. However, it is likely to substantially increase the cost of raw material, and other conversion costs. Along with the devaluation State Bank of Pakistan started increasing interest rates which resulted in hike of KIBOR. Resultantly, the borrowing costs are also on the rise. Transit time and shipping cost for import and export shipments have also increased noticeably. LNG price has been increased from USD 6.5/mmbtu to USD 9.0/mmbtu. The availability has also been reduced which has created a lot of uncertainty in the industry.

All these factors are the matter of concern for the coming periods.

Efforts will continue as always for more improvement.

Shahtaj Textile Limited

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

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

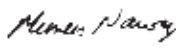
Appreciation

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
April 28, 2022


(M. Naeem)
Chief Executive


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

ڈائریکٹر ز رپورٹ برائے حصہ داران

ڈائریکٹر ز مسرت کے ساتھ 31 مارچ 2022 کو ختم ہونے والے نو ماہ کے لئے 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 275.853 ملین روپے رہا یعنی 28.56 روپے فی حصہ بالمقابل 14.92 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔

کپڑے کی قیمت فروخت میں اضافہ کے سبب خالص فروخت میں تقریباً 64 فیصد اضافہ ہوا یعنی گزشتہ سال کی اسی مدت میں 3.48 ارب روپے کے مقابلے میں 5.70 ارب روپے۔ موجودہ مدت کے دوران خام مال کی لاگت اور قیمتوں میں خاص طور پر توانائی، شرح سود اور لا جنس میں خاطر خواہ اضافے کے باوجود کمپنی کی طرف سے حاصل کردہ یہ اب تک کی سب سے زیادہ فروخت اور منافع ہے۔ خام مال اور توانائی کی لاگت میں اضافہ کے نتیجے میں فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران 88.89 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران 89.17 فیصد تک پہنچ گئی۔ فروخت کی لاگت میں اضافے کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 11.11 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کا 10.83 فیصد ہو گیا۔

ایکسپورٹ میں اضافہ اور سمندری مال برداری کے کرائے بڑھنے کے نتیجے میں تقسیم کی لاگت میں اضافہ ہوا۔ مہنگائی کے اثر کی وجہ سے اس مدت کے لیے انتظامی لاگت گزشتہ اسی مدت سے زیادہ ہے۔ زیادہ منافع کے سبب WPPF اور WWF زیادہ ہوئے جس کی وجہ سے دیگر آپریٹنگ اخراجات میں اضافہ ہوا ہے۔ یارن کی بڑھتی ہوئی قیمتوں کے پیش نظر، کمپنی نے نیلز آرڈرز کے لئے بک کیے گئے سوت کی فوری وصولی کی جس کے نتیجے میں انویسٹری میں اضافہ ہوا اور ورکنگ کپیٹل کی ضرورت زیادہ ہوئی۔ مزید، اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں اضافے کے نتیجے میں مالیاتی لاگت میں اضافہ ہوا۔

بی ایم آر پلان کے تحت درآمد کیے گئے 49 لومز نصب کی جا چکی ہیں اور فی الحال پیداوار کی جانچ کی جارہی ہے۔ اس کی فناننگ اسٹیٹ بینک آف پاکستان کی رعایتی عارضی اقتصادی مالیاتی سہولت (TERF) پر مبنی ہے۔ یہ BMR مل کی پیداواری صلاحیت اور کارکردگی کو مزید بہتر بنائے گا اور اس کے نتیجے میں بہتر مالیاتی نتائج سامنے آئیں گے۔

زیر جائزہ مدت کے دوران، روپے کی قدر میں بڑی کمی دیکھی گئی۔ جس سے مختصر مدت میں فروخت کے ساتھ منافع بہتر کرنے میں بھی مدد کی۔ تاہم، اس سے خام مال کی قیمت، اور دیگر شرح تبادلہ سے منسلک اخراجات میں کافی اضافہ ہونے کا امکان ہے۔ روپے کی قدر میں کمی کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان نے شرح سود میں اضافہ کرنا شروع کر دیا جس کے نتیجے میں KIBOR میں اضافہ ہوا۔ نتیجتاً قرضوں پر سود کے اخراجات بھی بڑھ رہے ہیں۔ درآمدات اور برآمدات کی آمدورفت کے ٹرانزٹ ٹائم اور شپنگ کرایوں کی لاگت میں بھی نمایاں اضافہ ہوا ہے۔ ایل این جی کی قیمت USD 6.5 / mmbtu سے بڑھ کر USD 9.0 / mmbtu ہو گئی ہے۔ دستیابی بھی کم ہو گئی ہے جس سے صنعت میں کافی غیر یقینی صورتحال پیدا ہو گئی ہے۔

یہ تمام عوامل آنے والے عرصہ کے لیے باعث تشویش ہیں۔

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

Shahtaj Textile Limited

بورڈ اور اس کی کمیٹیاں

مجموعی طور پر دس ڈائریکٹرز ہیں جن کی تفصیل درج ذیل ہے:
(ا) مرد: 9 (ب) خواتین: 1

بورڈ کی ساخت درج ذیل ہے:

اقسام/کینگری نام

انڈیپنڈینٹ ڈائریکٹر/آزاد ڈائریکٹر	جناب عامر امین (این آئی ٹی)	جناب فاروق حسن
	جناب سید ندیم علی کاظمی	
دیگر غیر انتظامی ڈائریکٹرز	جناب منیر نواز	جناب توقیر نواز
	محترمہ سعدیہ محمد	جناب محمد عثمان خالد
	جناب عابد نواز	
ایگزیکٹو ڈائریکٹر/انتظامی ڈائریکٹر	جناب محمد نعیم	لیفٹینینٹ کرنل (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 (چئیرمین)	2- جناب منیر نواز	3- جناب توقیر نواز	4- جناب محمد عثمان خالد	5- جناب عابد نواز
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(ب) ایچ آر اینڈ ریوینو نیشن کمیٹی

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

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

(ایم نعیم) *(منیر نواز)*

(ایم نعیم)

(منیر نواز)

چیف ایگزیکٹو آفیسر

چئیرمین

کراچی


28 اپریل 2022

Shahtaj Textile Limited

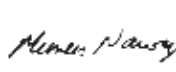
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Un-audited March 31, 2022	Audited June 30, 2021
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	1,419,631,077	1,228,449,261
Surplus on revaluation of plant and machinery	230,638,564	258,369,139
Total equity	1,746,869,641	1,583,417,400
LIABILITIES		
Non-current liabilities		
Long-term finance	5 980,410,285	569,752,661
Deferred liabilities	165,277,719	158,754,017
	1,145,688,004	728,506,678
Current liabilities		
Trade and other payables	936,268,312	628,245,743
Advance from customers - contract liabilities	13,328,798	9,442,438
Unclaimed dividend	24,634,114	15,154,575
Interest accrued	19,434,735	9,439,733
Short-term borrowings	709,540,743	298,240,607
Current portion of long-term finance	5 100,066,963	88,283,340
	1,803,273,665	1,048,806,436
Contingencies and Commitments	6	
Total equity and liabilities	4,695,831,310	3,360,730,514
ASSETS		
Non-current assets		
Property, plant and equipment	7 1,813,323,656	1,409,436,223
Long-term loans	704,748	513,716
Long-term deposits	33,138,482	33,108,482
	1,847,166,886	1,443,058,421
Current assets		
Stores, spares and loose tools	66,795,981	46,453,308
Stock-in-trade	1,506,254,616	1,016,557,575
Trade debts	1,009,860,034	647,568,833
Loans and advance	2,112,348	5,247,482
Trade deposits and prepayments	5,128,322	2,226,718
Other receivables	3,093,260	3,417,053
Taxation - net	41,609,266	64,883,901
Sales tax refundable	189,480,674	80,897,029
Cash and bank balances	24,329,923	50,420,194
	2,848,664,424	1,917,672,093
Total assets	4,695,831,310	3,360,730,514

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

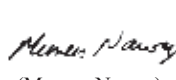
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE NINE-MONTHS AND QUARTER ENDED MARCH 31, 2022 (UNAUDITED)

		Nine-months period ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note		(Rupees)			
Sales - net	8	5,698,764,736	3,485,170,653	1,927,034,823	1,197,856,497
Cost of goods sold		(5,081,444,727)	(3,097,969,106)	(1,716,059,162)	(1,043,031,000)
Gross profit		617,320,009	387,201,547	210,975,661	154,825,497
Distribution expenses		(80,231,736)	(49,747,189)	(24,813,170)	(21,151,937)
Administrative expenses		(89,753,735)	(81,632,267)	(28,930,829)	(28,338,188)
Other operating expenses		(30,650,818)	(24,853,552)	(7,311,265)	(13,252,161)
Finance cost		(50,522,667)	(37,529,912)	(19,875,396)	(9,902,920)
		(251,158,956)	(193,762,920)	(80,930,660)	(72,645,206)
		366,161,053	193,438,627	130,045,001	82,180,291
Other income / (expenses)		1,254,927	212,332	705,216	(82,047)
Profit before taxation		367,415,980	193,650,959	130,750,217	82,098,244
Taxation	9	(91,562,549)	(49,541,771)	(34,668,610)	(18,547,537)
Profit after taxation		275,853,431	144,109,188	96,081,607	63,550,707
Earnings per share - basic and diluted		28.56	14.92	9.95	6.58

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive

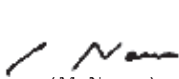

(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

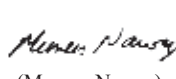
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTHS AND QUARTER ENDED MARCH 31, 2022 (UNAUDITED)

	Nine-months period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(Rupees)				
Profit after taxation	275,853,431	144,109,188	96,081,607	63,550,707
Other comprehensive income				
Items that will not be transferred subsequently to profit or loss				
Surplus on revaluation of plant & machinery	-	240,032,333	-	240,032,333
Recognition of deferred tax	-	(30,551,556)	-	(30,551,556)
		209,480,777		209,480,777
Deferred tax related to change of rate on surplus on revaluation	(1,311,190)	(319,015)	(42,943)	287,738
Total other comprehensive income - net of tax	(1,311,190)	209,161,762	(42,943)	209,768,515
Total comprehensive income for the period	274,542,241	353,270,950	96,038,664	273,319,222

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTHS AND QUARTER ENDED MARCH 31, 2022 (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, 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	-	-	-	209,161,762	209,161,762
	-	-	144,109,188	209,161,762	353,270,950

Transferred from surplus on revaluation of
plant and machinery on account of:
- incremental depreciation net of deferred tax

- - 6,489,504 (6,489,504) -

Transferred to general reserve

- 25,000,000 (25,000,000) - -

Transactions with owners

Final dividend for the year ended
June 30, 2020 @ Rs. 10 per share

- - (38,640,000) - (38,640,000)

Balance as at March 31, 2021

96,600,000 850,000,000 299,308,512 265,738,627 1,511,647,139

Balance as at July 01, 2021

96,600,000 850,000,000 378,449,261 258,368,139 1,583,417,400

Total comprehensive income for the period ended March 31, 2022

Profit after taxation	-	-	275,853,431	-	275,853,431
Other comprehensive income	-	-	-	(1,311,190)	(1,311,190)
	-	-	275,853,431	(1,311,190)	274,542,241

Transferred from surplus on revaluation of
plant and machinery on account of:
- incremental depreciation net of deferred tax
- disposal net of deferred tax

- - 19,172,421 (19,172,421) -
- - 7,245,964 (7,245,964) -

Transferred to general reserve

- 85,000,000 (85,000,000) - -

Transactions with owners


Final dividend for the year ended
June 30, 2021 @ Rs. 11.50 per share

- - (111,090,000) - (111,090,000)

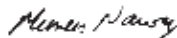
Balance as at March 31, 2022

96,600,000 935,000,000 484,631,077 230,638,564 1,746,869,641

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

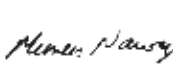
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

	Nine-months period ended	
	March 31, 2022	March 31, 2021
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	367,415,980	193,650,959
Adjustments for:		
Depreciation	105,024,572	85,238,989
Finance cost	50,522,667	37,529,912
(Gain)/loss on disposal of property, plant and equipment	(703,868)	12,189
Exchange Loss	3,420,203	10,504,881
Provision for gratuity and leave encashment	20,157,717	17,904,175
Changes in working capital	545,837,271	344,841,105
(Increase) / decrease in current assets		
Stores, spares and loose tools	(20,342,673)	(8,471,850)
Stock-in-trade	(489,697,041)	(11,186,369)
Trade debts	(365,711,404)	(9,547,894)
Loans and advances	3,135,134	1,558,678
Trade deposits and prepayments	(2,901,604)	(2,734,867)
Other receivables	323,793	3,242,891
Sales tax refundable	(108,583,645)	4,584,793
Increase / (decrease) in current liabilities		
Trade and other payables	308,963,021	(110,612,581)
Advance from customers - contract liabilities	3,886,360	(570,819)
Cash (used in) / generated from operations	(125,090,788)	211,103,087
Gratuity and leave encashment paid	(13,813,390)	(13,200,691)
Finance cost paid	(40,527,665)	(37,772,424)
Income taxes paid	(70,390,181)	(33,272,428)
Net cash used in operating activities	(249,822,024)	126,857,544
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(543,773,003)	(133,314,108)
Proceeds from disposal of property, plant and equipment	35,564,866	310,000
Long-term loans	(191,032)	20,989
Net cash used in investing activities	(508,399,169)	(132,983,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term finance	(60,851,753)	(9,787,875)
Long term finance obtained	483,293,000	154,534,629
Dividend paid	(101,610,461)	(35,640,099)
Net cash generated from financing activities	320,830,786	109,106,655
Net (decrease)/ increase in cash and cash equivalents	(437,390,407)	102,981,080
Cash and cash equivalents at the beginning of the period	(247,820,413)	(341,213,483)
Cash and cash equivalents at the end of the period	(685,210,820)	(238,232,403)
Cash and cash equivalents at the end of the period	(709,540,743)	(249,468,800)
Short-term borrowings	24,329,923	11,236,397
Cash and bank balances	(685,210,820)	(238,232,403)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022 (UN-AUDITED)

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 locations 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 comprise 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last financial statements of the Company.

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

- revaluation of certain plant and machinery; and
- obligation under defined benefit plan at net present value.

2.3 These condensed interim financial statements are presented in Pakistani 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, 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 unaudited condensed interim financial statements for the nine months ended March 31, 2021.

Shahtaj Textile Limited

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 There are certain standards, interpretations on accounting and reporting standards as applicable in Pakistan and amendments to certain existing standards, which have been published and are mandatory for the accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant impact on the accounting policies of the Company and therefore not disclosed in these condensed interim financial statements.

3.3 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 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, 2021.

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.

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	-----Rupees-----	
5. LONG-TERM FINANCE		
Secured		
From banking companies	1,080,477,248	658,036,001
Less: Current portion shown under current liabilities	(100,066,963)	(88,283,340)
	980,410,285	569,752,661

5.1 Details and movement are as follows:

	The Bank of Punjab	Bank Alfalah Limited			United Bank Limited	Faysal Bank Limited	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Term Finance	Term Finance 1	Term Finance 2	Term Finance 3	Term Finance	Term Finance	Total	Total
	----- (Rupees) -----							
Balance at July 01	179,845,644	207,515,809	83,226,000	-	117,448,552	69,999,996	658,036,001	540,720,833
Obtained during the period/ year	-	-	-	483,293,000	-	-	483,293,000	154,534,629
	179,845,644	207,515,809	83,226,000	483,293,000	117,448,552	69,999,996	1,141,329,001	695,255,462
Repaid during the period/ year	-	(18,443,314)	-	-	(12,408,441)	(29,999,998)	(60,851,753)	(37,219,461)
	179,845,644	189,072,495	83,226,000	483,293,000	105,040,111	39,999,998	1,080,477,248	658,036,001
Payable within one year	(6,582,000)	(31,738,752)	(5,201,625)	-	(16,544,588)	(39,999,998)	(100,066,963)	(88,283,340)
Balance at	173,263,644	157,333,743	78,024,375	483,293,000	88,495,523	-	980,410,285	569,752,661
Mark up rate (per annum)	SBP rate + 80 bps	SBP rate + 75 bps	SBP rate + 150 bps	SBP rate + 130 bps	SBP rate + 50 bps	SBP rate + (200 bps - 250 bps)		
	(June 2021: SBP rate + 80 bps)	(June 2021: SBP rate + 75 bps)	(June 2021: SBP rate + 150 bps)	(June 2021: Nil)	(June 2021: SBP rate + 50 bps)	(June 2021: SBP rate 200 bps- 250 bps)		
Installment repayable	Bi-annually	Bi-annually	Bi-annually	Bi-annually	Quarterly	Quarterly		
Mark up payable	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly		
Loan period	10 years	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	2 year from last drawn date	6 months from last drawn date		
Sub-note	5.2	5.3	5.3	5.3	5.4	5.5		

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) for Rs 253 million 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 for an amount of Rs 1,121 million.

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 hypothecation and mortgage charge over fixed assets (including land and building) and over stock and book debts for Rs. 133.33 million.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

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

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
		-----Rupees-----	
6.2 Commitments	Note		
Capital expenditure		-	453,932,847
Raw material		-	205,902,868
Spare parts		-	11,892,693

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1	1,283,331,335	1,406,597,822
Capital work in progress	7.2	529,992,321	2,838,401
		1,813,323,656	1,409,436,223

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

	(Un-audited) Nine months period ended March 31, 2022		(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	10,994,210	34,817,555	329,272,000	2,398,754
Furniture and fixtures	173,256	-	7,000	-
Equipment and installations	1,074,254	43,442	243,500	124,236
Computer equipment	517,414	-	1,011,819	-
Vehicles	3,859,950	-	15,378,455	397,720
	16,619,084	34,860,997	361,306,316	2,920,710

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, 2022		(Audited) June 30, 2021	
	Additions	Transfers	Additions	Transfers
	(Rupees)			
Buildings on freehold land	22,154,673	-	3,392,726	15,393,542
Plant and machinery	513,851,142	8,851,896	123,042,409	325,486,518
Vehicles	3,759,950	3,759,950	9,580,455	12,813,455
	<u>539,765,765</u>	<u>12,611,846</u>	<u>136,015,590</u>	<u>353,693,515</u>

8. Sales - net

	(Un-audited) Nine months period ended March 31, 2022		(Un-audited) Quarter ended March 31, 2021	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees)			
Export	1,085,118,023	659,345,257	642,973,508	274,929,942
Indirect export	2,992,731,694	1,400,593,464	1,828,173,853	537,835,833
Local	2,470,567,128	1,936,065,035	1,912,413,004	554,360,904
	<u>6,548,416,845</u>	<u>3,996,003,756</u>	<u>4,383,560,365</u>	<u>1,367,126,679</u>
Waste sales	12,555,066	8,977,743	9,148,174	3,424,184
	<u>6,560,971,911</u>	<u>4,004,981,499</u>	<u>4,392,708,539</u>	<u>1,370,550,863</u>
Commission				
- Local	(36,007,412)	(19,226,932)	(24,610,570)	(6,852,189)
- Export	(30,562,874)	(14,465,828)	(18,166,695)	(6,649,393)
Sales tax	(795,636,889)	(486,118,086)	(545,328,313)	(159,192,784)
	<u>5,698,764,736</u>	<u>3,485,170,653</u>	<u>3,804,602,961</u>	<u>1,197,856,497</u>

9. TAXATION

	(Un-audited) Nine months period ended March 31, 2022		(Un-audited) Quarter ended March 31, 2021	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees)			
Current	93,666,944	43,522,973	40,052,771	14,497,278
Prior year	(2,128)	-	-	-
	<u>93,664,816</u>	<u>43,522,973</u>	<u>40,052,771</u>	<u>14,497,278</u>
Deferred	(2,102,267)	6,018,798	(5,384,161)	5,175,034
	<u>91,562,549</u>	<u>49,541,771</u>	<u>34,668,610</u>	<u>19,672,312</u>

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

10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

10.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Shahtaj Textile Limited

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.

- 10.3** 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.

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

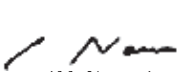
The related parties comprise of associated companies, directors and key management personnel of the Company. Transactions with related parties are carried out as per agreed terms. The transactions with related parties during the period generally consist of sales and purchases. Nature and description of related party transactions during the period along with monetary values are as follows:

		Nine months period ended (Un-audited)	
		March 31, 2022	March 31, 2021
Nature of relationship	Nature of transactions	(Rupees)	
Key management personnel	Remuneration	18,575,180	15,096,180
Key management personnel	Dividend paid	30,844,208	10,724,420
Associated undertakings			
- Shahtaj Sugar Mills Limited	Dividend paid	13,225,000	4,600,000
- Shah Nawaz (Private) Limited	Dividend paid	4,025,000	1,400,000
	Purchase of computer equipment and supplies	733,196	326,726
	Administrative services received	2,133,000	2,042,500
	Software development charges	1,800,000	1,350,000
- Information System Associates Limited	Website maintenance	60,720	52,800
Other related party- Close Family Member			
- Lionsmill General Trading LLC	Sale of fabric	11,662,729	50,518,303
		(Unaudited) March 31, 2022	(Audited) June 30, 2021
Balance due to related party		(Rupees)	
- Shah Nawaz (Private) Limited		1,649,813	1,145,710

Shahtaj Textile Limited

12. DATE OF AUTHORIZATION FOR ISSUE

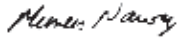
The condensed interim financial statements were authorized for issue on April 28, 2022 by the Board of Directors of the Company.



(M. Naeem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer










(Muneer Nawaz)
Chairman



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