



*Condensed Interim
Financial Statements
for the half year ended
December 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. 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 Cooperative Housing Society,
Opp. Expo Center, Lahore, Pakistan
Tel: (042) 35301596-97, 35313891-92
Fax: (042) 35301594

MARKETING OFFICE

27-C, Abdalian Cooperative Housing Society,
Opp. Expo Center, Lahore, Pakistan
Tel: (042) 35301596-97, 35313891-92
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 are pleased to present un-audited Condensed Interim Financial Statements of the Company for the six months period ended on December 31, 2022 together with limited scope review report by the Auditors.

By the grace of Allah, in spite of difficult market conditions, operating results of the Company have been positive and Company has earned after tax profit of Rs. 85.345 million with an EPS of Rs 8.83 in comparison to Rs 18.61 reported during the same period last year. Net Sales revenue for the period is Rs. 4.443 billion compared to Rs. 3.772 billion showing increase of about 18% over the corresponding period of last year which is due to combination of price increase as well as volume increase. However, GP rate dropped significantly from 10.77% to 7.31% mainly due to drastic increase in power cost.

Administration cost for the period is higher than previous corresponding period due to inflationary effect. Finance cost increased significantly during the period under review mainly due to increase in interest rates as well as increase in average short-term borrowings of the Company. The increase in borrowings is mainly due to higher inventory levels.

Other income increased significantly mainly because of exchange gain due to currency devaluation.

Demand for fabrics is low due to worldwide recession. Customers are complaining of sudden drop in demand for finished goods putting downward pressure on fabric prices. Domestic issues like scarce and costly fuel and power, hyper-inflation, rising interest rates, political instability and severe flooding due to climate change have added to the difficulties. Availability of raw material is also a serious concern after the cotton crop damage from devastating flood. Banks are delaying opening of Import Lcs on account of depleting forex reserves. Many textile factories have shut down due to raw material and energy shortages. Although, Pakistan Government agreed to give a concessional electricity rate of Rs. 19.99 per unit and RLNG rate of 9 \$ per MMBTU up to June, 2023 to export oriented sector. However, the Government is all set to discontinue this tariff under IMF program. This will make the textile export industries unviable to operate and lead to massive closures and huge lay-offs. Unfortunately, all these factors have further intensified and depressed the outlook for the foreseeable future.

Company will continue to do its best to overcome these challenges and undertake any measures to ensure its sustainability.

Board and its Committees

The total number of directors is ten as per the following:

- a) Male: 9
- b) Female: 1

| Category | Names |
|-------------------------------|--|
| Independent Directors | Mr. Aamir Amin (NIT) Mr. Farooq Hassan Mr. Syed Nadeem Ali Kazmi |
| Other Non-Executive Directors | Mr. Muneer Nawaz Mr. Toqueer Nawaz Mr. Muhammad Usman Khalid Mr. Abid Nawaz |
| Female Non-Executive Director | Mrs. Sadia Muhammad |
| Executive Directors | Mr. Muhammad Naeem Lt. Col(Retd.) Rashiduddin Shams |

Shahtaj Textile Limited

The Board has formed committees comprising of members as below:

a) Audit Committee

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

b) HR and Remuneration Committee

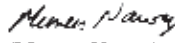
- Mr. Farooq Hassan (Chairman)
- Mr. Muneer Nawaz
- Mr. Muhammad Naeem
- Mr. Toqueer Nawaz
- Mrs. Sadia Muhammad


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
February 28, 2023


(Muneer Nawaz)
Chairman


(M. Naeem)
Chief Executive

Shahtaj Textile Limited

ڈائریکٹر رپورٹ برائے حصہ داران

ڈائریکٹر مسرت کے ساتھ 31 دسمبر 2022 کو ختم ہونے والی ششماہی پر کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات آڈیٹر کی محدود جائزہ پر مشتمل رپورٹ کے ساتھ پیش کرتے ہیں۔

الحمد للہ مشکل حالات کے باوجود کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 85.345 ملین روپے رہا یعنی 8.83 روپے فی حصہ بالمقابل 18.61 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ خالص فروخت کا حجم گزشتہ 3.772 بلین روپے کے بالمقابل 4.443 بلین روپے ہے جو پچھلے سال کی اسی مدت کے مقابلے میں تقریباً 18 فیصد زائد ہے۔ جو قیمتوں میں اضافہ کے ساتھ ساتھ حجم میں اضافے کی وجہ سے ہے۔ تاہم، مجموعی منافع (جی پی) کی شرح نمایاں طور پر گری اور 10.77 فیصد سے 7.31 فیصد ہو گئی جس کی وجہ توانائی کی لاگت میں غیر معمولی اضافہ ہے۔

مہنگائی کے اثر کی وجہ سے اس مدت کے لیے انتظامی لاگت گزشتہ اسی مدت سے زیادہ ہے۔ زیر نظر مدت کے دوران مالیاتی لاگت میں نمایاں اضافہ ہوا جس کی بنیادی وجہ شرح سود میں اضافہ اور کمپنی کے اوسط قلیل مدتی قرضوں میں اضافہ ہے۔ قرضوں میں اضافہ بنیادی طور پر انویسٹری کی بلند سطحوں کی وجہ سے ہے۔

دیگر ذرائع آمدنی میں نمایاں اضافہ ہوا ہے جس کی بنیادی وجہ روپے کی قدر میں کمی تھی۔

عالمی کساد بازاری کی وجہ سے کپڑوں کی مانگ کم ہے۔ گاہک تیار سامان کی مانگ میں اچانک کمی کی شکایت کر رہے ہیں جس سے کپڑے کی قیمتوں پر دباؤ ہے۔ علاقائی مسائل جیسے قلیل اور مہنگے ایندھن اور بجلی، انتہائی مہنگائی، بڑھتی ہوئی شرح سود، سیاسی عدم استحکام اور موسمیاتی تبدیلی کی وجہ سے آنے والے شدید سیلاب نے مشکلات میں اضافہ کیا ہے۔ تباہ کن سیلاب سے کپاس کی فصل کو پہنچنے والے نقصان کے بعد خام مال کی دستیابی بھی سنگین تشویش کا باعث ہے۔ غیر ملکی زرمبادلہ کے ذخائر میں کمی کی وجہ سے بینک درآمدی ایل سیز کھولنے میں تاخیر کر رہے ہیں۔ خام مال اور توانائی کی قلت کے باعث ٹیکسٹائل کے کئی کارخانے بند ہو چکے ہیں۔ اگرچہ، حکومت پاکستان نے ایکسپورٹ اور اینڈر سیکٹر کے لیے جون 2023 تک بجلی کی رعایتی شرح 19.99 فی یونٹ اور RLNG کی شرح \$9 فی MMBTU دینے پر رضامندی دی تھی۔ تاہم حکومت آئی ایم ایف پروگرام کے تحت اس ٹیرف کو ختم کرنے کے لیے پوری طرح تیار ہے۔ اس سے ٹیکسٹائل کی برآمدی صنعتیں کام کرنے کے ناقابل ہو جائیں گی اور بڑے پیمانے پر بندش اور بڑی چھانٹی کا باعث بنیں گی۔ بد قسمتی سے، ان تمام عوامل نے مستقبل قریب کے منظر نامہ کو انتہائی غیر یقینی کر دیا ہے۔

کمپنی ان چیلنجوں پر قابو پانے کے لیے اپنی پوری کوشش جاری رکھے گی اور صورتحال کو برقرار رکھنے کے لئے ہر قدم اٹھائے گی۔

بورڈ اور اس کی کمیٹیاں

مجموعی طور پر درس و ڈائریکٹر رپورٹ میں 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 فاروق حسن | جناب عامر امین (این آئی ٹی) | انڈیپنڈینٹ ڈائریکٹر / آزاد ڈائریکٹر |
| | جناب سید ندیم علی کاظمی | |
| جناب توقیر نواز | جناب منیر نواز | دیگر غیر انتظامی ڈائریکٹرز |
| جناب محمد عثمان خالد | محترمہ سعدیہ محمد | |
| | جناب عابد نواز | |
| لیفٹینینٹ کرنل (ریٹائر) رشید الدین شمس | جناب محمد نعیم | ایگزیکٹو ڈائریکٹر / انتظامی ڈائریکٹر |

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 |
|-----------------------------|-------------------|--------------------|-------------------------|-------------------|

ب) ایچ آر اینڈ ریویریٹیشن کمیٹی

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

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

Imam Hussain

(ایم نعیم)

(منیر نواز)

کراچی

چیف ایگزیکٹو آفیسر

چئیرمین

28 فروری 2023

Shahtaj Textile Limited

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Member of Shahtaj Textile Limited

Report on review of Interim Financial Statements

We have reviewed the accompanying condensed interim statement of financial position of **SHAHTAJ TEXTILE LIMITED** (the Company) as at December 31, 2022, and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, condensed interim statement of cash flows and the condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after to referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income and related notes for the quarter ended December 31, 2022 have not been reviewed, as we are only required to review the cumulative figures for the half year ended December 31, 2022.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at and for the half year ended December 31, 2022 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Arif Nazeer.



Chartered Accountants

Dated: February 28, 2023

Place: Karachi

UDIN: RR202210099z7iEKbkLj

Shahtaj Textile Limited

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

Un-audited Audited
December 31, June 30,
2022 2022
Note -----(Rupees in 000)-----

EQUITY AND LIABILITIES

Share capital and reserves

| | | |
|---|------------------|-----------|
| Authorized share capital 10,000,000 ordinary shares of Rs. 10 each | 100,000 | 100,000 |
| Issued, subscribed and paid-up capital | 96,600 | 96,600 |
| Revenue reserves | 1,420,527 | 1,449,659 |
| Surplus on revaluation of plant and machinery | 209,141 | 220,081 |
| Total equity | 1,726,268 | 1,766,340 |

LIABILITIES

Non-current liabilities

| | | |
|----------------------|------------------|-----------|
| Long-term finance | 921,321 | 958,625 |
| Deferred liabilities | 157,334 | 187,018 |
| | 1,078,655 | 1,145,643 |

Current liabilities

| | | |
|---|------------------|-----------|
| Trade and other payables | 759,052 | 955,824 |
| Advance from customers - contract liabilities | 3,556 | 11,012 |
| Unclaimed dividend | 35,713 | 24,605 |
| Interest accrued | 37,671 | 32,265 |
| Short-term borrowings | 578,050 | 912,968 |
| Current portion of long-term finance | 81,002 | 94,420 |
| | 1,495,044 | 2,031,094 |

Contingencies and Commitments

| | | |
|--|------------------|-----------|
| | 4,299,967 | 4,943,077 |
|--|------------------|-----------|

ASSETS

Non-current assets


| | | |
|-------------------------------|------------------|-----------|
| Property, plant and equipment | 1,706,942 | 1,760,679 |
| Long-term loans | 330 | 524 |
| Long-term deposits | 33,138 | 33,138 |
| | 1,740,410 | 1,794,341 |

Current assets

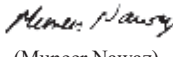
| | | |
|--------------------------------|------------------|-----------|
| Stores, spares and loose tools | 48,523 | 46,363 |
| Stock-in-trade | 1,322,914 | 1,801,561 |
| Trade debts | 894,770 | 997,310 |
| Loans and advance | 1,138 | 3,718 |
| Trade deposits and prepayments | 10,747 | 2,344 |
| Other receivables | 3,736 | 3,490 |
| Taxation - net | 66,485 | 56,260 |
| Sales tax refundable | 166,513 | 220,526 |
| Cash and bank balances | 44,731 | 17,164 |
| | 2,559,557 | 3,148,736 |

| | | |
|---------------------|------------------|-----------|
| Total assets | 4,299,967 | 4,943,077 |
|---------------------|------------------|-----------|

The annexed notes from 1 to 15 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

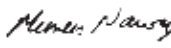
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022 (UNAUDITED)

| Note | Half year ended | | Quarter ended | | |
|--|----------------------|----------------------|----------------------|----------------------|--------------------|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 | |
| | (Rupees in 000) | | | | |
| Sales - net | 8 | 4,443,193 | 3,771,730 | 2,126,014 | 1,877,568 |
| Cost of goods sold | | <u>(4,118,335)</u> | <u>(3,365,386)</u> | <u>(1,965,552)</u> | <u>(1,671,765)</u> |
| Gross profit | | 324,858 | 406,344 | 160,462 | 205,803 |
| Distribution expenses | | (49,579) | (55,419) | (23,753) | (27,400) |
| Administrative expenses | | (71,429) | (60,823) | (38,339) | (30,827) |
| Other operating expenses | | (8,879) | (23,340) | (3,596) | (7,629) |
| Finance cost | 9 | (105,965) | (30,647) | (50,169) | (14,447) |
| | | <u>(235,852)</u> | <u>(170,229)</u> | <u>(115,857)</u> | <u>(80,303)</u> |
| | | 89,006 | 236,115 | 44,605 | 125,500 |
| Other income | 10 | 30,788 | 550 | 3,903 | 392 |
| Profit before taxation | | 119,794 | 236,665 | 48,508 | 125,892 |
| Taxation | 11 | (34,449) | (56,894) | (11,107) | (32,806) |
| Profit after taxation | | <u>85,345</u> | <u>179,771</u> | <u>37,401</u> | <u>93,086</u> |
| Earnings per share - basic and diluted (Rupees) | | <u>8.83</u> | <u>18.61</u> | <u>3.87</u> | <u>9.64</u> |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

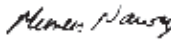
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022 (UNAUDITED)

| | Half year ended | | Quarter ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| | (Rupees in 000) | | | |
| Profit after taxation | 85,345 | 179,771 | 37,401 | 93,087 |
| Other comprehensive income | | | | |
| Items that will not be transferred subsequently to profit or loss | | | | |
| Deferred tax related to change of rate on surplus on revaluation | 163 | (1,268) | 1,380 | (1,268) |
| Other comprehensive income for the period | 163 | (1,268) | 1,380 | (1,268) |
| Total comprehensive income for the period | <u>85,508</u> | <u>178,503</u> | <u>38,781</u> | <u>91,819</u> |

The annexed notes from 1 to 15 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

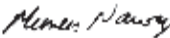
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

| | Issued, Subscribed and Paid up Capital | Revenue reserve | | Capital reserve | Total |
|--|---|------------------|--------------------------|--|------------------|
| | | General | Unappropriated profit | Surplus on revaluation of plant and machinery | |
| (Rupees in 000) | | | | | |
| Balance as at July 01, 2021 | 96,600 | 850,000 | 378,449 | 258,368 | 1,583,417 |
| Total comprehensive income for the half year ended December 31, 2021 | | | | | |
| Profit after taxation | - | - | 179,772 | - | 179,772 |
| Other comprehensive income | - | - | - | (1,268) | (1,268) |
| | - | - | 179,772 | (1,268) | 178,504 |
| Transferred from surplus on revaluation of plant and machinery on account of: | | | | | |
| - incremental depreciation net of deferred tax | - | - | 12,961 | - | - |
| Transferred to general reserve | - | 85,000 | (85,000) | (12,961) | - |
| Transactions with owners | | | | | |
| Final dividend for the year ended June 30, 2021 @ Rs. 11.50 per share | - | - | (111,090) | - | (111,090) |
| Balance as at December 31, 2021 | 96,600 | 935,000 | 375,091 | 244,139 | 1,650,831 |
| Balance as at July 01, 2022 | 96,600 | 935,000 | 514,659 | 220,081 | 1,766,340 |
| Total comprehensive income for the half year ended December 31, 2022 | | | | | |
| Profit after taxation | - | - | 85,345 | - | 85,345 |
| Other comprehensive income | - | - | - | 163 | 163 |
| | - | - | 85,345 | 163 | 85,508 |
| Transferred from surplus on revaluation of plant and machinery on account of: | | | | | |
| - incremental depreciation net of deferred tax | - | - | 11,103 | (11,103) | - |
| Transferred to general reserve | - | 150,000 | (150,000) | - | - |
| Transactions with owners | | | | | |
| Final dividend for the year ended June 30, 2022 @ Rs. 13.00 per share | - | - | (125,580) | - | (125,580) |
| Balance as at December 31, 2022 | 96,600 | 1,085,000 | 335,527 | 209,141 | 1,726,268 |

The annexed notes from 1 to 15 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

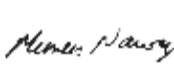
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

| | Half year ended | |
|---|----------------------------|----------------------|
| | December 31, 2022 | December 31, 2021 |
| | ------(Rupees in 000)----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 119,794 | 236,666 |
| Adjustments for: | | |
| Depreciation | 86,720 | 70,787 |
| Finance cost | 105,965 | 30,647 |
| (Gain) on disposal of property, plant and equipment | (474) | - |
| Provision for leave encashment | 2,716 | 2,960 |
| Unrealized exchange (gain)/ loss | (4,853) | 5,799 |
| Provision for gratuity | 14,511 | 11,323 |
| Operating cash flows before movements in working capital | 324,379 | 358,182 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (2,160) | (15,198) |
| Stock-in-trade | 478,647 | (82,404) |
| Trade debts | 107,393 | (284,019) |
| Loans and advances | 2,580 | 3,198 |
| Trade deposits and prepayments | (8,403) | (3,665) |
| Other receivables | (246) | 241 |
| Sales tax refundable | 54,013 | 28,467 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (196,768) | (6,505) |
| Advance from customers - contract liabilities | (7,456) | 24,866 |
| Cash generated from operations | 751,979 | 23,163 |
| Gratuity paid | (27,895) | (4,675) |
| Leave encashment paid | (2,716) | (3,002) |
| Finance cost paid | (100,559) | (25,695) |
| Income taxes paid | (60,812) | (39,574) |
| Net cash generated from / (used) in operating activities | 559,997 | (49,783) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (34,762) | (26,918) |
| Proceeds from disposal of property, plant and equipment | 2,253 | - |
| Long-term loans | 194 | (284) |
| Net cash used in investing activities | (32,315) | (27,202) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of long-term finance | (50,724) | (44,142) |
| Long term finance obtained | - | 6,084 |
| Dividend paid | (114,472) | (101,378) |
| Net cash used in financing activities | (165,196) | (139,436) |
| Net (decrease)/ increase in cash and cash equivalents | 362,485 | (216,421) |
| Cash and cash equivalents at the beginning of the period | (895,804) | (247,820) |
| Cash and cash equivalents at the end of the period | (533,319) | (464,241) |
| Short-term borrowings | (578,050) | (485,237) |
| Cash and bank balances | 44,731 | 20,996 |
| | (533,319) | (464,241) |

The annexed notes from 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

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

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

Head Office

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

Manufacturing Facility

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

Registered Office

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

2. STATEMENT OF COMPLIANCE

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

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

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

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, 2022. 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 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 Thousand.

2.4 These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements has been performed by the external auditors of the Company in accordance with the requirements of Section 237 of Companies Act, 2017 and they have issued their review report thereon. These condensed interim financial statements are submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

2.5 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

2.5.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial statements.

2.5.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| | Effective from accounting period beginning on or after |
|---|---|
| - Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 | January 01, 2022 |
| - Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 | January 01, 2022 |
| - IAS 41 Agriculture - Taxation in fair value measurements | January 01, 2022 |
| - IFRS 3 - Reference to the Conceptual Framework (Amendments) | January 01, 2023 |
| - IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition | January 01, 2023 |
| - Definition of Accounting Estimates - Amendments to IAS 8 | January 01, 2023 |
| - Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 | January 01, 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12 | January 01, 2023 |
| Classification of liabilities as current or non-current - Amendment to IAS 1 | January 01, 2023 |
| Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 | January 01, 2024 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28 | Not yet finalized |

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

| Standards | IASB Effective date (annual periods beginning on or after) |
|---|---|
| IFRS 1 - First-time Adoption of International Financial Reporting Standards | |
| IFRS 17 – Insurance Contracts | January 01, 2023 |

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2022.

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, 2022.
- 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, 2022.

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, 2022.

| | Note | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|---|------|--------------------------------------|-------------------------------|
| ----- (Rupees in 000) ----- | | | |
| 5. SHORT-TERM BORROWINGS | | | |
| Running finances under markup arrangement | 5.1 | 404,817 | 714,745 |
| Musharaka finance | 5.2 | 48,233 | 198,223 |
| Istisna financing | 5.3 | 125,000 | - |
| | | <u>578,050</u> | <u>912,968</u> |

- 5.1 The Company can avail finance facilities from various banks aggregating to Rs. 845 million (June 2022: Rs. 1020 million). The unavailed facilities for the half year ended were Rs. 440.18 million (June 2022: Rs. 305.25 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from 1 to 3 months KIBOR plus 0.35% to 1% per annum (June 2022: KIBOR plus 0.35% to 1.25% per annum).
- 5.2 The Company can avail finance facility under Musharaka of Rs. 200 million (June 2022: Rs. 200 million). The unavailed facility for the half year ended December 31, 2022 was Rs. 151.767 million (June 2022: Rs. 1.77 million). This finance facility is secured by fixed pari passu hypothecation of stocks and receivables with 25% margin. These are subject to mark-up rate of 1 month KIBOR plus 0.65% per annum (June 2022: 1 month KIBOR plus 0.65% per annum).
- 5.3 Short term Istisna Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 175 million (June 30, 2022: Sublimit of Running Finance of Rs 175 million). The mark-up rate on the financing is 6 months KIBOR + 1% per annum (June 30, 2022: Nil). The facility is secured against first pari passu charge over land, building, plant and machinery and stocks / receivables with 25% margin. The maximum tenor of the Istisna Financing is 180 days.

6. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are not materially changed as disclosed in the note 11 to the annual financial statements for the year ended June 30, 2022, except raw material commitment of Rs. Nil (June 30, 2022: Rs. 22.096 million)

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

| | Note | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|---|------|--------------------------------------|-------------------------------|
| ----- (Rupees in 000) ----- | | | |
| 7. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 7.1 | 1,646,052 | 1,726,808 |
| Capital work in progress | 7.2 | 60,890 | 33,871 |
| | | <u>1,706,942</u> | <u>1,760,679</u> |

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

| | (Un-audited) Half year ended December 31, 2022 | | (Audited) June 30, 2022 | |
|---------------------------------------|--|---------------|-------------------------------|---------------|
| Additions during the period / year | Additions / transfers at / | Disposals | Additions / transfers at / | Disposals |
| | from cost / cwip | at book value | from cost / cwip | at book value |
| ----- (Rupees in 000) ----- | | | | |
| Plant and machinery | 5,339 | - | 518,304 | 51,766 |
| Furniture and fixtures | 88 | - | 195 | - |
| Equipment and installations | 7 | - | 1,074 | 43 |
| Computer equipment | 858 | - | 517 | - |
| Vehicles | 1,450 | 1,779 | 3,860 | 182 |
| | <u>7,742</u> | <u>1,779</u> | <u>523,950</u> | <u>51,991</u> |

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

| | (Un-audited) Half year ended December 31, 2022 | | (Audited) June 30, 2022 | |
|---------------------------------------|--|---------------|-------------------------------|----------------|
| Additions during the period / year | Additions / transfers at / | Disposals | Additions / transfers at / | Disposals |
| | from cost / cwip | at book value | from cost / cwip | at book value |
| ----- (Rupees in 000) ----- | | | | |
| Buildings on freehold land | 25,568 | - | 31,877 | - |
| Plant and machinery | 1,722 | 3,716 | 514,521 | 515,365 |
| Vehicles | 3,445 | - | 3,760 | 3,760 |
| | <u>30,735</u> | <u>3,716</u> | <u>550,158</u> | <u>519,125</u> |

8. Sales - net

| | (Un-audited) Half year ended | | (Un-audited) Quarter ended | |
|-----------------------------|---------------------------------|----------------------|-------------------------------|----------------------|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| ----- (Rupees in 000) ----- | | | | |
| Export | 437,148 | 744,992 | 199,439 | 302,847 |
| Indirect export | 2,499,443 | 2,219,513 | 1,353,517 | 1,054,955 |
| Local | 2,224,528 | 1,367,332 | 920,754 | 809,178 |
| | <u>5,161,119</u> | <u>4,331,837</u> | <u>2,473,710</u> | <u>2,166,980</u> |
| Waste sales | 12,483 | 8427 | 6,338 | 5,020 |
| | <u>5,173,602</u> | <u>4,340,264</u> | <u>2,480,048</u> | <u>2,172,000</u> |
| Commission | | | | |
| - Local | (30,191) | (24,616) | (24,039) | (13,219) |
| - Export | (12,015) | (21,528) | 1,376 | (9,132) |
| Sales tax | (688,203) | (522,390) | (331,371) | (272,081) |
| | <u>4,443,193</u> | <u>3,771,730</u> | <u>2,126,014</u> | <u>1,877,568</u> |

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

9. FINANCE COST

| | (Un-audited) Half year ended | | (Un-audited) Quarter ended | |
|---|---------------------------------|----------------------|-------------------------------|----------------------|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| ------(Rupees in 000)----- | | | | |
| Mark-up on: | | | | |
| Long-term finance | 13,393 | 8,941 | 6,647 | 4,424 |
| Running finance under markup arrangement | 45,404 | 13,328 | 22,411 | 6,226 |
| Musharaka finance | 14,871 | 3,781 | 6,991 | 2,002 |
| Discounting charges | 30,657 | 2,125 | 13,811 | 1,320 |
| Interest on Workers' Profit Participation Fund | 729 | 1,569 | - | - |
| Bank charges and commission | 911 | 903 | 309 | 475 |
| | <u>105,965</u> | <u>30,647</u> | <u>50,169</u> | <u>14,447</u> |

10. OTHER INCOME

| | | | | |
|--|---------------|------------|--------------|------------|
| Net income from trading | 623 | 550 | - | 392 |
| Exchange gain | 29,691 | - | 3,429 | - |
| Gain on disposal of property, plant and equipment | 474 | - | 474 | - |
| | <u>30,788</u> | <u>550</u> | <u>3,903</u> | <u>392</u> |

11. TAXATION

| | (Un-audited) Half year ended | | (Un-audited) Quarter ended | |
|----------------------------|---------------------------------|----------------------|-------------------------------|----------------------|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| ------(Rupees in 000)----- | | | | |
| Current | 49,998 | 53,614 | 23,501 | 32,705 |
| Prior year | 589 | (2) | 589 | (2) |
| | <u>50,587</u> | <u>53,612</u> | <u>24,090</u> | <u>32,703</u> |
| Deferred | (16,138) | 3,282 | (12,985) | 103 |
| | <u>34,449</u> | <u>56,894</u> | <u>11,105</u> | <u>32,806</u> |

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, 2022.

12. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

12.1 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.

12.2 Fair value estimation

The Company discloses the financial instruments measured in the condensed interim statement of financial position at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

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

12.3 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.

13. TRANSACTIONS WITH RELATED PARTIES

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


| Nature of relationship | Nature of transaction | Half year ended (Un-audited) | |
|---|---|------------------------------|----------------------|
| | | December 31, 2022 | December 31, 2021 |
| ----- (Rupees in 000) ----- | | | |
| Key management personnel | Remuneration | 13,493 | 13,045 |
| Key management personnel | Dividend paid | 34,867 | 30,844 |
| Nature of relationship | | Nature of transactions | |
| Associated undertakings | | | |
| - Shahtaj Sugar Mills Limited | Dividend paid | 14,950 | 13,225 |
| - Shahnawaz (Private) Limited | Dividend paid | 4,550 | 4,025 |
| | Purchase of computer equipment and supplies | - | 387 |
| | Administrative services received | 2,629 | 1,424 |
| | Software development charges | 1,200 | 1,200 |
| - Shezan International Limited | Purchase of goods | 40 | - |
| Other related party- Close Family Member | | | |
| - Lionsmill General Trading LLC | Sale of fabric | - | 11,663 |
| | | (Unaudited) | (Audited) |
| | | December 31, 2022 | December 31, 2022 |
| ----- (Rupees in 000) ----- | | | |
| Balance due to related party | | | |
| - Shahnawaz (Private) Limited | | 1,909 | - |

14. OPERATING SEGMENTS

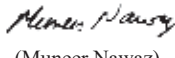
The Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis. Sales of the Company related to export customers is 57.37 percent (2021: 69.20 percent). As at year end, all non-current assets of the Company are located within Pakistan.

15. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on February 28, 2023 by the Board of Directors of the Company.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer









(Muneer Nawaz)
Chairman



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