



*Condensed Interim
Financial Statements
for the nine months period
ended March 31, 2023*

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
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

MARKETING OFFICE

27-C Abdalian Cooperative
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

Jwaff's 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, 2023.

The nine months were challenging due to the natural disaster, unstable political conditions, deteriorating economic conditions, inflation and global recession. By the grace of Allah, despite these challenges, operating results of the Company have been positive and Company has earned after tax profit of Rs. 101.053 million with an EPS of Rs 10.46 in comparison to Rs 28.56 reported during the same period last year. Net Sales revenue for the period is Rs. 6.328 billion compared to Rs. 5.699 billion showing increase of about 11% over the corresponding period of last year which is due to combination of price increase as well as volume increase. Cost of sales increased from 89.17% of sales during same period last year to 92.91% of sales during the period under review mainly due to increase in raw material, energy, labor costs. Increase in cost of sales resulted in lower Gross Profit rate from 10.83% of comparative period to 7.09% of sales during the period under review.

Administration cost for the period is higher than previous corresponding period due to inflationary effect. Finance cost increased significantly during the period under review. The increase in financial cost is mainly due to increase in working capital borrowing. Rising interest rates have also resulted in higher financial cost on working capital lines.

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

The global recession's effect on the textile industry, coupled with Pakistan's specific challenges including shortage of raw material due to cotton crop damage from devastating flood and difficulty in opening import LCs due to insufficient foreign exchange reserves, drastic increase in energy prices, hyper-inflation, rising interest rates has resulted in many local textile factories in Pakistan to either shut down or to operate at reduced capacity. We foresee that the textile industry will go through unprecedented challenging times due to a massive increase in manufacturing and operating costs which could not be fully translated into selling prices due to global decline in demand.

Company will continue to do its best to overcome these difficulties.

Board and its Committees

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

Shahtaj Textile Limited

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 27, 2023


(M. Naeem)
Chief Executive


(M. Usman Khalid)
Director

Shahtaj Textile Limited

ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2023 کو ختم ہونے والے نو ماہ کے لئے کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات کی رپورٹ پیش کرتے ہیں۔

قدرتی آفات، غیر مستحکم سیاسی حالات، بگڑتے معاشی حالات، مہنگائی اور عالمی کساد بازاری کی وجہ سے یہ نو ماہ مشکل تھے۔ اللہ کے فضل سے، ان چیلنجوں کے باوجود، کمپنی کے آپریٹنگ نتائج مثبت رہے ہیں اور کمپنی کا بعد از ٹیکس منافع Rs. 101.053 ملین روپے رہا یعنی 10.46 روپے فی حصہ بلحاظ 28.56 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ اس مدت کے لیے خالص فروخت کا حجم 6.328 ارب روپے جو گزشتہ سال اسی دورانیہ میں 5.699 ارب روپے تھا جس میں تقریباً 11 فیصد کا اضافہ ہوا ہے جو قیمتوں میں اضافے کے ساتھ ساتھ حجم میں اضافے کی وجہ سے ہے۔ لاگت میں اضافہ کے نتیجے میں فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران 89.17 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران 92.91 فیصد تک پہنچ گئی جس کی بنیادی وجہ خام مال، توانائی اور اجرتوں میں اضافہ ہے۔ فروخت کی لاگت میں اضافے کے نتیجے میں مجموعی منافع کی شرح تقابلی مدت کے 10.83 فیصد سے کم ہو کر 7.09 فیصد ہو گئی۔

مہنگائی کے اثر کی وجہ سے اس مدت کے لیے انتظامی لاگت گزشتہ سال اسی مدت کے مقابلے میں زیادہ ہے۔ زیر جائزہ مدت کے دوران مالیاتی لاگت میں نمایاں اضافہ ہوا۔ مالیاتی لاگت میں اضافہ بنیادی طور پر ورکنگ کیپیٹل قرض میں اضافے کی وجہ سے ہے۔ بڑھتی ہوئی شرح سود کے نتیجے میں ورکنگ کیپیٹل لائسنوں پر مالی لاگت بھی بڑھ گئی ہے۔

دیگر آمدنی میں نمایاں اضافہ ہوا جس کی بنیادی وجہ ڈالر کے مقابلے میں روپے کی قدر میں کمی ہے۔

ٹیکسٹائل کی صنعت پر عالمی کساد بازاری کے اثرات، پاکستان کے مخصوص چیلنجوں کے ساتھ مل کر بشمول تباہ کن سیلاب سے کپاس کی فصل کو ہونے والے نقصان کی وجہ سے خام مال کی کمی اور غیر ملکی زرمبادلہ کے ناکافی ذخائر کی وجہ سے درآمدی ایل سیز کھولنے میں دشواری، توانائی کی قیمتوں میں زبردست اضافہ، انتہائی مہنگائی، شرح سود میں اضافے کے نتیجے میں پاکستان میں ٹیکسٹائل کے بہت سے مقامی کارخانے یا تو بند ہو گئے ہیں یا کم صلاحیت پر کام کر رہے ہیں۔ حالات کے پیش نظر لگتا ہے کہ ٹیکسٹائل کی صنعت انتہائی چیلنجنگ دور سے گزرے گی اور مینوفیکچرنگ اور آپریٹنگ لاگت میں بڑے پیمانے پر اضافے اور عالمی سطح پر مانگ میں کمی کی وجہ سے قیمت فروخت مکمل طور پر جذب نہیں ہو سکے گی۔

کمپنی ان چیلنجوں پر قابو پانے کے لئے اپنی پوری کوشش جاری رکھے گی۔

Shahtaj Textile Limited

بورڈ اور اس کی کمیٹیاں

مجموعی طور پر دس وڈائریکٹرز ہیں جن کی تفصیل درج ذیل ہے:

(ا) مرد: 9 (ب) خواتین: 1

بورڈ کی ساخت درج ذیل ہے:

اقسام/کیٹگری		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 ڈائریکٹرز	جناب محمد نعیم	لینفینٹ 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 (چیرمین)	2- جناب منیر نواز	3- جناب توقیر نواز	4- جناب محمد عثمان خالد
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(ب) ایچ آر اینڈ ریوینویشن کمیٹی

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

حوصلہ افزائی

ڈائریکٹرز کمیٹی کے تمام ملازمین کی انتھک محنت کا شکرگزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز



(محمد عثمان خالد)

ڈائریکٹر



(ایم نعیم)

چیف ایگزیکٹو آفیسر

کراچی


12 اپریل 2023

Shahtaj Textile Limited


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	Un-audited March 31, 2023	Audited June 30, 2022
----- Rupees in '000 -----		
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital	96,600	96,600
Revenue reserves	1,441,717	1,449,659
Surplus on revaluation of plant and machinery	<u>203,545</u>	<u>220,081</u>
Total equity	1,741,862	1,766,340
LIABILITIES		
Non-current liabilities		
Long-term finance	<u>909,409</u>	<u>958,625</u>
Deferred liabilities	<u>154,340</u>	<u>187,018</u>
	1,063,749	1,145,643
Current liabilities		
Trade and other payables	<u>977,391</u>	<u>955,824</u>
Advance from customers - contract liabilities	<u>13,946</u>	<u>11,012</u>
Unclaimed dividend	<u>35,550</u>	<u>24,605</u>
Interest accrued	<u>44,210</u>	<u>32,265</u>
Short-term borrowings	<u>890,022</u>	<u>912,968</u>
Current portion of long-term finance	<u>71,002</u>	<u>94,420</u>
	2,032,121	2,031,094
Contingencies and Commitments	5	
Total equity and liabilities	<u>4,837,732</u>	<u>4,943,077</u>
ASSETS		
Non-current assets		
Property, plant and equipment	6	<u>1,667,291</u>
Long-term loans		<u>504</u>
Long-term deposits		<u>33,138</u>
		1,700,933
Current assets		
Stores, spares and loose tools		<u>73,978</u>
Stock-in-trade		<u>1,378,942</u>
Trade debts		<u>1,296,307</u>
Loans and advance		<u>7,193</u>
Trade deposits and prepayments		<u>7,297</u>
Other receivables		<u>3,845</u>
Taxation - net		<u>64,418</u>
Sales tax refundable		<u>210,681</u>
Cash and bank balances		<u>94,138</u>
		3,136,799
Total assets		<u>4,837,732</u>

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



(M. Usman Khalid)
Director

Shahtaj Textile Limited


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2023 (UNAUDITED)

Note	Nine-months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----			
Sales - net	6,327,486	5,698,765	1,884,293	1,927,035
Cost of goods sold	<u>(5,878,778)</u>	<u>(5,081,445)</u>	<u>(1,760,443)</u>	<u>(1,716,060)</u>
Gross profit	448,708	617,320	123,850	210,975
Distribution expenses	(74,700)	(80,232)	(25,121)	(24,813)
Administrative expenses	(104,693)	(89,754)	(33,264)	(28,931)
Other operating expenses	(11,136)	(30,650)	(2,257)	(7,311)
Finance cost	(155,482)	(50,523)	(49,517)	(19,875)
	<u>(346,011)</u>	<u>(251,159)</u>	<u>(110,159)</u>	<u>(80,930)</u>
	102,697	366,161	13,691	130,045
Other income	47,559	1,254	16,771	705
Profit before taxation	150,256	367,415	30,462	130,750
Taxation	(49,203)	(91,562)	(14,754)	(34,669)
Profit after taxation	<u>101,053</u>	<u>275,853</u>	<u>15,708</u>	<u>96,081</u>
	----- Rupees -----			
Earnings per share - basic and diluted	<u>10.46</u>	<u>28.56</u>	<u>1.63</u>	<u>9.95</u>

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


(M. Usman Khalid)
Director


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2023 (UNAUDITED)

	Nine-months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- (Rupees) -----			
Profit after taxation	101,053	275,853	15,708	96,081
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	49	(1,311)	(114)	(43)
Other comprehensive income for the period	49	(1,311)	(114)	(43)
Total comprehensive income for the period	<u>101,102</u>	<u>274,542</u>	<u>15,594</u>	<u>96,038</u>

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


(M. Usman Khalid)
Director

Shahtaj Textile Limited


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2023 (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 nine-months ended March 31, 2022					
Profit after taxation	-	-	275,853	-	275,853
Other comprehensive income	-	-	-	(1,311)	(1,311)
	-	-	275,853	(1,311)	274,542
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	19,172	(19,172)	-
- disposal net of deferred tax	-	-	7,246	(7,246)	-
Transferred to general reserve	-	85,000	(85,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2021 @ Rs. 11.50 per share	-	-	(111,090)	-	(111,090)
Balance as at March 31, 2022	<u>96,600</u>	<u>935,000</u>	<u>484,630</u>	<u>230,639</u>	<u>1,746,869</u>
Balance as at July 01, 2022	96,600	935,000	514,659	220,081	1,766,340
Total comprehensive income for the nine-months ended March 31, 2023					
Profit after taxation	-	-	101,053	-	101,053
Other comprehensive income	-	-	-	49	49
	-	-	101,053	49	101,102
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	16,524	(16,524)	-
- disposal net of deferred tax	-	-	61	(61)	-
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 March 31, 2023	<u>96,600</u>	<u>1,085,000</u>	<u>356,717</u>	<u>203,545</u>	<u>1,741,862</u>

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



(M. Usman Khalid)
Director


Shahtaj Textile Limited


CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2023 (UNAUDITED)

	Nine-months period ended	
	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	150,256	367,415
Adjustments for:		
Depreciation	129,307	105,024
Finance cost	155,482	50,523
(Gain) on disposal of property, plant and equipment	(1,052)	(704)
Provision for leave encashment	3,084	3,174
Unrealized exchange (gain)/ loss	-	3,420
Provision for gratuity	21,765	16,984
Operating cash flows before movements in working capital	458,842	545,836
(Increase) / decrease in current assets		
Stores, spares and loose tools	(27,615)	(20,342)
Stock-in-trade	422,619	(489,697)
Trade debts	(298,997)	(365,711)
Loans and advances	(3,475)	3,135
Trade deposits and prepayments	(4,953)	(2,901)
Other receivables	(355)	324
Sales tax refundable	9,845	(108,584)
Increase / (decrease) in current liabilities		
Trade and other payables	21,569	308,963
Advance from customers - contract liabilities	2,934	3,886
Cash generated from / (used in) operations	580,414	(125,091)
Gratuity paid	(31,681)	(9,670)
Leave encashment paid	(3,084)	(4,143)
Finance cost paid	(143,537)	(40,528)
Income taxes paid	(80,075)	(70,390)
Net cash generated from / (used) in operating activities	322,037	(249,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(38,080)	(543,773)
Proceeds from disposal of property, plant and equipment	3,213	35,565
Long-term loans	20	(191)
Net cash used in investing activities	(34,847)	(508,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term finance	(72,635)	(60,853)
Long term finance obtained	-	483,293
Dividend paid	(114,635)	(101,610)
Net cash used in financing activities	(187,270)	320,830
Net (decrease)/ increase in cash and cash equivalents	99,920	(437,391)
Cash and cash equivalents at the beginning of the period	(895,804)	(247,820)
Cash and cash equivalents at the end of the period	(795,884)	(685,211)
Cash and cash equivalents at the end of the period	(890,022)	(709,541)
Short-term borrowings	94,138	24,330
Cash and bank balances	(795,884)	(685,211)

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


(M. Usman Khalid)
Director

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE -MONTHS PERIOD ENDED MARCH 31, 2023 (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.

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. These condensed interim financial statements are submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

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 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, 2022. These standards, interpretations and amendments are either not relevant to the Company's operations or are not

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE -MONTHS PERIOD ENDED MARCH 31, 2023 (UN-AUDITED)

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 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.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

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.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
----- Rupees in '000 -----			
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	6.1	1,607,741	1,726,808
Capital work in progress	6.2	59,550	33,871
		<u>1,667,291</u>	<u>1,760,679</u>

- 6.1 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, 2023		(Audited) Year ended June 30, 2022	
	Additions / transfers at / from cost / cwip	Disposals at book value	Additions / transfers at / from cost / cwip	Disposals at book value
----- Rupees in '000 -----				
Additions during the period / year				
Plant and machinery	5,437	306	518,304	51,766
Furniture and fixtures	97	-	195	-
Equipment and installations	7	-	1,074	43
Computer equipment	993	-	517	-
Vehicles	5,867	1,855	3,860	182
	<u>12,401</u>	<u>2,161</u>	<u>523,950</u>	<u>51,991</u>

- 6.2 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, 2023		(Audited) Year ended June 30, 2022	
	Additions	Transfers	Additions	Transfers
----- Rupees in '000 -----				
Buildings on freehold land	27,674	-	31,877	-
Plant and machinery	1,722	3,716	514,521	515,365
Vehicles	4,417	4,417	3,760	3,760
	<u>33,813</u>	<u>8,133</u>	<u>550,158</u>	<u>519,125</u>

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE -MONTHS PERIOD ENDED MARCH 31, 2023 (UN-AUDITED)

7. SALES - NET	(Un-audited) Nine months period ended		(Un-audited) Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----			
Export	975,277	1,085,118	538,129	340,127
Indirect Export	3,145,757	2,992,732	646,314	773,219
Local	3,226,823	2,470,567	1,002,295	1,103,234
	<u>7,347,857</u>	<u>6,548,417</u>	<u>2,186,738</u>	<u>2,216,580</u>
Waste sales	18,546	12,555	6,063	4,128
	<u>7,366,403</u>	<u>6,560,972</u>	<u>2,192,801</u>	<u>2,220,708</u>
Commission				
-Local	(36,658)	(36,007)	(6,467)	(11,391)
-Export	(27,342)	(30,563)	(15,327)	(9,035)
Sales tax	(974,917)	(795,637)	(286,714)	(273,247)
	<u>6,327,486</u>	<u>5,698,765</u>	<u>1,884,293</u>	<u>1,927,035</u>

8. FINANCE COST	(Un-audited) Nine months period ended		(Un-audited) Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----			
Mark-up on:				
Long-term finance	19,689	15,068	6,296	6,127
Running finance under markup arrangement	70,079	22,091	24,675	12,216
Musharaka finance	23,291	7,234	8,420	-
Discounting charges	40,096	1,092	9,439	4
Interest on Workers' Profit Participation Fund	729	1,569	-	-
Bank charges and commission	1,598	3,469	687	1,528
	<u>155,482</u>	<u>50,523</u>	<u>49,517</u>	<u>19,875</u>

9. TAXATION

	(Un-audited) Nine months period ended		(Un-audited) Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----			
Current	71,328	93,666	21,330	40,053
Prior year	589	(2)	-	-
	<u>71,917</u>	<u>93,664</u>	<u>21,330</u>	<u>40,053</u>
Deferred	(22,714)	(2,102)	(6,576)	(5,384)
	<u>49,203</u>	<u>91,562</u>	<u>14,754</u>	<u>34,669</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.

10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

10.1 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.

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.

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE -MONTHS PERIOD ENDED MARCH 31, 2023 (UN-AUDITED)

- 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).

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 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 transactions	Nine months period ended (Un-audited)	
		March 31, 2023	March 31, 2022
-----Rupees in '000-----			
Key management personnel	Remuneration	18,233	17,785
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	-	733
	Administrative services received	4,163	2,133
	Software development charges	1,800	1,800
- Shezan International Limited	Purchase of goods	235	-
- Information System Associates Limited	Website maintenance	69	61
Other related party- Close Family Member			
- Lionsmill General Trading LLC	Sale of fabric	-	11,663
		(Unaudited) March 31, 2023	(Audited) June 30, 2022
Balance due to related party		-----Rupees in '000-----	
- Shahnawaz (Private) Limited		2,134	-

12 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on April 27, 2023 by the Board of Directors of the Company.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(M. Usman Khalid)
Director

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