



*Condensed Interim
Financial Statements
for the half year ended
December 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. 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

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 are pleased to present un-audited Condensed Interim Financial Statements of the Company for the six months period ended on December 31, 2023 together with limited scope review report by the Auditors.

By the grace of Allah, in spite of difficult market conditions, your company has managed to remain profitable. The after-tax profit for the period stood at Rs. 24.801 million with an EPS of Rs 2.57 in comparison to Rs 8.83 reported during the same period last year. Net Sales revenue for the period decreased by almost 6.7% as compared to same period of last year i.e from Rs. 4.443 billion to Rs. 4.147. The decrease is mainly attributable to decrease in sales volume and more sale orders executed for weaving charges only during current period as also explained in our previous quarter report. Lower profit for the period is due to lower sales volume and massive increase in energy and finance cost.

The GP rate increased to 8.66% of sales during current period from 7.31% of comparative period. This increase is mainly the result of an increase in local sales made under deferred LCs, for which customers were charged markup expenses for the deferred period in their sale price.

Administration cost for the period is higher than previous corresponding period due to inflationary effect. Finance cost for the period increased significantly as compared to same period of last year mainly because of more short-term borrowing due to high working capital requirement, massive increase in interest rates and discounting charges on local LCs.

Other operating expenses increased on account of exchange losses on export receipts due to appreciation of PKR during the current period as compared to exchange gain due to devaluation of rupee in same period of last year which was recorded in other income.

The company has been facing a challenging economic environment. The demand for fabric has remained slow. The recent rupee appreciation against USD/EURO is also putting pressure on export sales. Due to increase in minimum wage rate by government w.e.f July 01, 2023 and rise in energy cost, which is likely to persist under IMF program, the overall conversion cost has escalated. In view of all these factors together with high rate of interest and volatile political situation in the country, the outlook for the next 2 quarters is not so good. The financial outlook can improve if the benefits of a strengthening rupee are passed on to the industry in the form of lower fuel, electricity, gas and interest costs.

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:

- 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

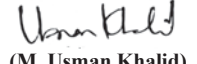
Appreciation

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 26, 2024


(M. Naeem)
Chief Executive


(M. Usman Khalid)
Director

Shahtaj Textile Limited

ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2023 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 24.801 بلین روپے رہا یعنی 2.57 روپے فی حصہ بالمقابل 8.83 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ خالص فروخت کا حجم گزشتہ 4.443 بلین روپے کے بالمقابل 4.147 بلین روپے ہے جو پچھلے سال کی اسی مدت کے مقابلے میں تقریباً 6.7 فیصد کم ہے۔ اس کی وجہ سیل کے حجم میں کمی اور یونگ چارجز پر آرڈر میں اضافہ ہے اس کی وضاحت گزشتہ رپورٹ میں کی گئی تھی، نفع میں کمی کی وجہ سیل حجم میں کمی اور پاور اور مالیتی لاگت میں بے تحاشا اضافہ ہے۔

موجودہ مدت کے دوران GP کی شرح تقابلی مدت کے 7.31 فیصد سے بڑھ کر 8.66 فیصد ہو گئی۔ یہ اضافہ بنیادی طور پر موخر شدہ ایل سی کے تحت کی گئی مقامی فروخت میں اضافے کا نتیجہ ہے، جس کے لیے صارفین سے ان کی فروخت کی قیمت میں موخر مدت کے لیے مارک اپ کے اخراجات وصول کیے گئے تھے۔

مہنگائی کے اثر کی وجہ سے اس مدت کے لیے انتظامی لاگت گزشتہ اسی مدت سے زیادہ ہے۔ اس مدت کے لیے مالیاتی لاگت گزشتہ سال کی اسی مدت کے مقابلے میں نمایاں طور پر بڑھی ہے جس کی بنیادی وجہ زیادہ کام کرنے والے سرمائے کی ضرورت، شرح سود میں بڑے پیمانے پر اضافہ اور مقامی ایل سی پر ڈسکاونٹنگ چارجز ہیں۔

موجودہ مدت کے دوران PKR کی قدر میں اضافے کی وجہ سے برآمدی وصولیوں پر ہونے والے زر مبادلہ کے نقصانات کی وجہ سے دیگر آپریٹنگ اخراجات میں اضافہ ہوا جبکہ گزشتہ سال کی اسی مدت میں روپے کی قدر میں کمی کی وجہ سے ہونے والے زر مبادلہ میں نفع تھا جو کہ دیگر آمدنی میں ریکارڈ کیا گیا تھا۔

کمپنی کو ایک مشکل معاشی ماحول کا سامنا ہے۔ فیبرک کی مانگ سست رہی۔ USD/EURO کے مقابلے میں روپے کی حالیہ قدر بھی برآمدی فروخت پر دباؤ ڈال رہی ہے۔ حکومت کی جانب سے یکم جولائی 2023 سے کم از کم اجرت کی شرح میں اضافے اور توانائی کی لاگت میں اضافے کی وجہ سے، جو کہ آئی ایم ایف پروگرام کے تحت برقرار رہنے کا امکان ہے، مجموعی طور پر لاگت میں اضافہ ہوا ہے، ان تمام عوامل کے ساتھ ساتھ شرح سود اور ملکی غیر مستحکم صورتحال کے پیش نظر اگلی 2 سہ ماہیوں کا آؤٹ لک اتنا اچھا نہیں ہے۔ مالیاتی صورتحال بہتر ہو سکتی ہے اگر روپے کی مضبوطی کے فوائد، ایندھن، بجلی، گیس اور سود کی لاگت میں کمی کی صورت میں صنعت کو پہنچائے جائیں۔

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 دس ڈائریکٹرز ہیں جن کی تفصیل درج ذیل ہے:

(ا) مرد: 9 (ب) خواتین: 1

Shahtaj Textile Limited

بورڈ کی ساخت درج ذیل ہے:

نام		اقسام / کیٹگری
جناب 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 ڈائریکٹر
جناب عابد نواز	جناب محمد عثمان خالد	
	محترمہ سعدیہ محمد	خاتون غیر انتظامی ڈائریکٹر
لیفٹینینٹ کرنل (ریٹائر) رشید الدین بخش	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
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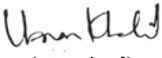
ب) ایچ آر اینڈ ریویریٹیشن کمیٹی

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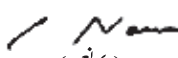
حوصلہ افزائی

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

برائے اور از طرف بورڈ آف ڈائریکٹرز


(محمد عثمان خالد)

ڈائریکٹر


(ایم امین)

چیف ایگزیکٹو آفیسر

کراچی

26 فروری 2024

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, 2023**, 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.

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, 2023 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

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, 2023 and December 31, 2022 have not been reviewed, as we are only required to review the cumulative figures for the half year ended December 31, 2023.

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



Chartered Accountants

Dated: February 27, 2024

Place: Karachi

UDIN: RR202310099kfdSNCeru

Shahtaj Textile Limited

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

Un-audited Audited
December 31, June 30,
2023 2023
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	1,465,865	1,493,776
Surplus on revaluation of plant and machinery	189,836	197,980
Total equity	1,752,301	1,788,356

LIABILITIES

Non-current liabilities

Long-term finance	799,707	870,496
Deferred liabilities	162,401	167,101
	962,108	1,037,597

Current liabilities

Trade and other payables	1,185,142	881,258
Advance from customers - contract liabilities	2,048	34,945
Unclaimed dividend	40,586	35,550
Interest accrued	67,878	51,396
Short-term borrowings	1,014,470	819,815
Current portion of long-term finance	111,754	81,548
	2,421,878	1,904,512

Contingencies and Commitments

6

Total equity and liabilities	5,136,287	4,730,465
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ASSETS

Non-current assets


Property, plant and equipment	1,807,278	1,632,173
Long-term loans	333	443
Long-term deposits	33,296	33,138
	1,840,907	1,665,754

Current assets

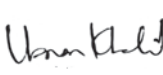
Stores, spares and loose tools	59,277	79,171
Stock-in-trade	1,256,459	1,253,199
Trade debts	1,315,571	1,082,001
Loans and advance	9,193	3,073
Trade deposits and prepayments	364,988	289,870
Other receivables	4,188	7,061
Taxation - net	54,036	56,560
Sales tax refundable	208,745	251,190
Cash and bank balances	22,923	42,586
	3,295,380	3,064,711

Total assets	5,136,287	4,730,465
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The annexed notes from 1 to 16 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

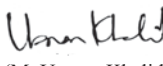
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023 (UNAUDITED)

Note	Half year ended		Quarter ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
	(Rupees in 000)				
Sales - net	8	4,147,162	4,443,193	2,204,994	2,126,014
Cost of goods sold		<u>(3,788,067)</u>	<u>(4,118,335)</u>	<u>(2,031,219)</u>	<u>(1,965,552)</u>
Gross profit		359,095	324,858	173,775	160,462
Distribution expenses		(48,099)	(49,579)	(21,499)	(23,753)
Administrative expenses		(73,758)	(71,429)	(35,647)	(38,339)
Other operating expenses		(25,389)	(8,879)	(13,354)	(3,596)
Finance cost	9	(177,323)	(105,965)	(82,980)	(50,169)
		<u>(324,569)</u>	<u>(235,852)</u>	<u>(153,480)</u>	<u>(115,857)</u>
		34,526	89,006	20,295	44,605
Other income	10	24,471	30,788	14,594	3,903
Profit before taxation		58,997	119,794	34,889	48,508
Taxation	11	(34,196)	(34,449)	(25,124)	(11,107)
Profit after taxation		<u>24,801</u>	<u>85,345</u>	<u>9,765</u>	<u>37,401</u>
	(Rupees)				
Earnings per share - basic and diluted (Rupees)		2.57	8.83	1.01	3.87

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023 (UNAUDITED)

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in 000)			
Profit after taxation	24,801	85,345	9,765	37,401
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	1,934	163	2,887	1,380
Other comprehensive income for the period	1,934	163	2,887	1,380
Total comprehensive income for the period	<u>26,735</u>	<u>85,508</u>	<u>12,652</u>	<u>38,781</u>

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 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, 2022	96,600	935,000	514,659	220,081	1,766,340
Total comprehensive income for the period 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 per share	-	-	(125,580)	-	(125,580)
Balance as at July 01, 2023	<u>96,600</u>	<u>1,085,000</u>	<u>335,527</u>	<u>209,141</u>	<u>1,726,268</u>
Total comprehensive income for the period ended December 31, 2023	96,600	1,085,000	408,776	197,980	1,788,356
Profit after taxation	-	-	24,801	-	24,801
Other comprehensive income	-	-	-	1,934	1,934
	-	-	24,801	1,934	26,735
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	10,078	(10,078)	-
Transferred to general reserve	-	50,000	(50,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2023 @ Rs. 6.50 per share	-	-	(62,790)	-	(62,790)
Balance as at December 31, 2023	<u>96,600</u>	<u>1,135,000</u>	<u>330,865</u>	<u>189,836</u>	<u>1,752,301</u>

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

	Half year ended	
	December 31, 2023	December 31, 2022
	------(Rupees in 000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	58,997	119,794
Adjustments for:		
Depreciation	82,146	86,720
Finance cost	177,323	105,965
(Gain) / loss on disposal of property, plant and equipment	(20)	(474)
Provision for leave encashment	3,217	2,716
Unrealized exchange (gain)/ loss	(2,937)	(4,853)
Provision for gratuity	17,206	14,511
Operating cash flows before movements in working capital	335,932	324,379
(Increase) / decrease in current assets		
Stores, spares and loose tools	19,894	(2,160)
Stock-in-trade	(3,260)	478,647
Trade debts	(230,633)	107,393
Loans and advances	(6,120)	2,580
Trade deposits and prepayments	(75,118)	(8,403)
Other receivables	2,873	(246)
Sales tax refundable	42,445	54,013
Increase / (decrease) in current liabilities		
Trade and other payables	303,883	(196,768)
Advance from customers - contract liabilities	(32,899)	(7,456)
Cash generated from operations	356,997	751,979
Gratuity paid	(6,867)	(27,895)
Leave encashment paid	(3,215)	(2,716)
Finance cost paid	(160,841)	(100,559)
Income taxes paid	(44,777)	(60,812)
Net cash generated from / (used) in operating activities	141,297	559,997
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(257,325)	(34,762)
Proceeds from disposal of property, plant and equipment	94	2,253
Long-term deposit	(158)	-
Long-term loans	110	194
Net cash used in investing activities	(257,279)	(32,315)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term finance	(40,583)	(50,724)
Dividend paid	(57,754)	(114,472)
Net cash used in financing activities	(98,337)	(165,196)
Net (decrease)/ increase in cash and cash equivalents	(214,319)	362,486
Cash and cash equivalents at the beginning of the period	(777,228)	(895,804)
Cash and cash equivalents at the end of the period	(991,547)	(533,318)
Cash and cash equivalents at the end of the period		
Short-term borrowings	(1,014,470)	(578,050)
Cash and bank balances	22,923	44,731
	(991,547)	(533,319)

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2023 (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.

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, 2023. 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.
- 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 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

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

2.5 NEW ACCOUNTING STANDARD / AMENDMENTS AND IFRS INTERPRETATION

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, 2023 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 are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendment to IAS 1 - 'Presentation of Financial Statements' - Classification of liabilities as current or non-current assets	January 01, 2024
Amendment to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transaction	January 01, 2024
Amendment to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

3. MATERIAL ACCOUNTING POLICY INFORMATION, ESTIMATES AND JUDGEMENTS

3.1 During the period, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

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, 2023."

- 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, 2023. 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 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, 2023.

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, 2023.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
------(Rupees in 000)-----			
5. SHORT-TERM BORROWINGS			
Running finances under markup arrangement	5.1	641,228	446,577
Musharaka finance	5.2	198,242	198,238
Istisna financing	5.3	175,000	175,000
		<u>1,014,470</u>	<u>819,815</u>

- 5.1 The Company can avail finance facilities from various banks aggregating to Rs. 875 million (June 2023: Rs. 875 million). The unavailed facilities for the half year ended were Rs. 233.772 million (June 2023: Rs. 428.71 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from 1 month KIBOR plus 0.5% to 1% per annum (June 2023: KIBOR plus 0.5% to 1% per annum).
- 5.2 The Company can avail finance facility under Musharaka of Rs. 200 million (June 2023: Rs. 200 million). The unavailed facility for the half year ended December 31, 2023 was Rs. 1.758 million (June 2023: Rs. 1.61 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 2023: 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, 2023: Rs 175 million). The mark-up rate on the financing is 6 months KIBOR + 1% per annum (June 30, 2023: 6 months KIBOR + 1% per annum). 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

Contingencies and commitments are not materially changed as disclosed in the note 11 to the annual financial statements for the year ended June 30, 2023, except capital expenditure commitment of Rs. 64.008 million (June 30, 2023: Rs 227,140 million).

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
------(Rupees in 000)-----			
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,564,650	1,629,654
Capital work in progress	7.2	242,628	2,519
		<u>1,807,278</u>	<u>1,632,173</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, 2023		(Audited) June 30, 2023	
	Additions / transfers at / from cost / cwip at book value	Disposals at book value	Additions / transfers at / from cost / cwip at book value	Disposals at book value
------(Rupees in 000)-----				
Buildings on freehold land	-	-	65,272	-
Plant and machinery	16,719	-	5,613	305
Furniture and fixtures	-	-	97	-
Equipment and installations	35	-	7	-
Computer equipment	70	-	1,247	-
Vehicles	392	74	5,867	1,895
	<u>17,216</u>	<u>74</u>	<u>78,103</u>	<u>2,200</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, 2023		(Audited) June 30, 2023	
	Additions / transfers at / from cost / cwip at book value	Disposals at book value	Additions / transfers at / from cost / cwip at book value	Disposals at book value
------(Rupees in 000)-----				
Buildings on freehold land	-	-	33,395	65,272
Plant and machinery	256,470	16,361	4,241	3,716
Vehicles	-	-	4,417	4,417
	<u>256,470</u>	<u>16,361</u>	<u>42,053</u>	<u>73,405</u>

8. Sales - net

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
------(Rupees in 000)-----				
Export	607,412	437,148	279,470	199,439
Indirect export	1,651,928	2,499,443	917,714	1,353,517
Local	2,556,694	2,224,528	1,372,936	920,754
	<u>4,816,034</u>	<u>5,161,119</u>	<u>2,570,120</u>	<u>2,473,710</u>
Waste sales	12,573	12,483	5,845	6,338
	<u>4,828,607</u>	<u>5,173,602</u>	<u>2,575,965</u>	<u>2,480,048</u>
Commission				
- Local	(17,412)	(30,191)	(9,343)	(24,039)
- Export	(20,122)	(12,015)	(11,315)	1,376
Sales tax	(643,911)	(688,203)	(350,313)	(331,371)
	<u>4,147,162</u>	<u>4,443,193</u>	<u>2,204,994</u>	<u>2,126,014</u>

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

9. FINANCE COST

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
------(Rupees in 000)-----				
Mark-up on:				
Long-term finance	10,457	13,393	6,012	6,647
Running finance under markup arrangement	80,780	45,404	39,704	22,411
Musharaka finance	22,507	14,871	10,952	6,991
Discounting charges	60,634	30,657	25,063	13,811
Interest on Workers' Profit Participation Fund	366	729	-	-
Bank charges and commission	2,579	911	1,249	309
	<u>177,323</u>	<u>105,965</u>	<u>82,980</u>	<u>50,169</u>

10. OTHER INCOME

Net income from trading	307	623	307	-
Exchange gain	-	29,691	-	3,429
Interest Income	24,144	-	14,267	-
Gain on disposal of property, plant and equipment	20	474	20	474
	<u>24,471</u>	<u>30,788</u>	<u>14,594</u>	<u>392</u>

11. TAXATION

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
------(Rupees in 000)-----				
Current	47,301	49,998	25,181	23,501
Prior year	-	589	-	589
	<u>47,301</u>	<u>50,587</u>	<u>25,181</u>	<u>24,090</u>
Deferred	(13,105)	(16,138)	(57)	(12,985)
	<u>34,196</u>	<u>34,449</u>	<u>25,124</u>	<u>11,105</u>

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).

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

Shahtaj Textile Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

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.

The effect of changes in the unobservable inputs used in the variations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these financial statements.

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 duly approved by the Board of Directors. 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, 2023	December 31, 2022
		----- (Rupees in 000) -----	
Key management personnel	Remuneration	12,640	13,493
	Dividend paid	15,889	34,867
Associated undertakings			
- Shahtaj Sugar Mills Limited	Dividend paid	7,475	14,950
- Shahnawaz (Private) Limited	Dividend paid	2,275	4,550
	Purchase of computer equipment and supplies	41	-
	Administrative services received	2,786	2,629
	Software development charges	1,200	1,200
- Shezan International Limited	Purchase of goods	56	40
Other related party- Close Family Member			
- Lionsmill Trading LLC	Commission on sales	6,520	-
		(Unaudited) December 31, 2023	(Audited) June 30, 2023
Balance due to related party		----- (Rupees in 000) -----	
- Shahnawaz (Private) Limited		2,079	257

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 47.97 percent (2022: 57.37 percent). As at period end, all non-current assets of the Company are located within Pakistan.

15. CORRESPONDING FIGURES


Corresponding figures have been reclassified / rearranged, wherever necessary.

16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and are authorized for issue on February 26, 2024.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(M. Usman Khalid)
Director

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