



*Condensed Interim  
Financial Statements  
for the quarter ended  
September 30 2023*

**Shahtaj Textile Limited**

# 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' REPORT TO THE SHAREHOLDERS

Directors are pleased to present un-audited Condensed Interim Financial Statements of the Company for the First Quarter ended on September 30, 2023.

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. 15.036 million with an EPS of Rs 1.56 in comparison to Rs 4.96 reported during the same period last year. Decrease in earnings is mainly attributable to lower sales volume and increase in finance cost. Net Sales revenue for the quarter is Rs. 1.942 billion as compared to Rs. 2.317 billion during the same period last year. This decrease of almost 16% is mainly because, in the first quarter of the previous year, sales included a large volume of piled up stocks which were not lifted by customers by year end i.e June 30, 2022. Further, during the current period, more sale orders were executed for weaving charges only against which the yarn was arranged by the buyer. Although, this reduced the net sales as compared to corresponding period of last year but its overall impact on profitability was favorable and somewhat lessened the load on working capital.

The GP rate increased to 9.54% of sales during current period from 7.09% 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.

Although, the continued PKR appreciation against USD is beneficial for the country's economy, the government must take immediate steps for reducing energy and finance cost to offset its negative effects on exporters. High rate of inflation prevailing across the world has significantly increased cost of living which in turn has significantly reduced purchasing power of common people. Resultantly, demand of textile products has not improved in the local & international market. Further, withdrawal of subsidies on gas and electricity tariff by the Government has driven up the cost of production to very high level. In view of all these factors together with high rate of interest and volatile political situation in the country, it is envisaged that current year would be another tough year for the textile industry.

Efforts will continue as always for more improvement.

# Shahtaj Textile Limited

## Board and its Committees

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

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

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

The Board has formed committees comprising of members as below:

### a) Audit Committee

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

### b) HR and Remuneration Committee


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


## Appreciation

Directors acknowledge with thanks the hard work put in by all employees of the Company.

for and on behalf of the Board of Directors

Karachi  
October 30, 2023

  
(Muneer Nawaz)  
Chairman

  
(M. Usman Khalid)  
Director

# Shahtaj Textile Limited

## ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کے کھپنی کے غیر آڈٹ شدہ مالیاتی حسابات کی رپورٹ پیش کرتے ہیں۔

الحمد للہ ناموافق کاروباری حالات کے باوجود کھپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 15.036 ملین روپے رہا یعنی 1.56 روپے فی حصہ بالمقابل 4.96 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ آمدنی میں کمی کی بنیادی وجہ فروخت کے حجم میں کمی اور مالیاتی لاگت میں اضافہ ہے۔ اس سہ ماہی کے لیے خالص فروخت کا حجم 1.942 بلین روپے ہے جبکہ گزشتہ سال اسی مدت میں 2.317 بلین روپے تھا۔ یہ گزشتہ سال کی اسی مدت کے مقابلے میں تقریباً 16 فیصد کم ہوا جس کی بڑی وجہ پچھلے سال کی اسی سہ ماہی میں پہلے سے موجود وافر اسٹاک کی موجودگی کی فروخت تھی۔ مزید یہ کہ موجودہ مدت کے دوران، فروخت کے بہت سے آرڈر صرف دیونگ چارجز پر لئے گئے جس کے لیے خریدار نے سوت کا بندوبست کیا تھا۔ اگرچہ، اس سے گزشتہ سال کی اسی مدت کے مقابلے میں خالص فروخت میں کمی آئی لیکن منافع پر اس کا مجموعی اثر سازگار رہا اور اس سے ورکنگ کپینٹل پر بوجھ کچھ حد تک کم ہوا۔

موجودہ مدت کے دوران GP کی شرح تقابلی مدت کے 7.09 فیصد سے بڑھ کر 9.54 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 جس کی بنیادی وجوہات ورکنگ کپینٹل میں اضافے کے سبب زیادہ قلیل مدتی قرضے لینا، شرح سود میں بڑے پیمانے پر اضافہ اور مقامی ایل سیز پر ڈسکاؤنٹنگ چارجز ہیں۔

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

اگرچہ، ڈالر کے مقابلے میں روپے کی قدر میں مسلسل اضافہ ملکی معیشت کے لیے فائدہ مند ہے، حکومت کو برآمد کنندگان پر اس کے منفی اثرات کو دور کرنے کے لیے توانائی اور مالیاتی لاگت کو کم کرنے کے لیے فوری اقدامات کرنے چاہئیں۔ پوری دنیا میں مہنگائی کی بلند شرح نے زندگی کی لاگت میں نمایاں اضافہ کیا ہے جس کے نتیجے میں عام لوگوں کی قوت خرید میں نمایاں کمی واقع ہوئی ہے۔ نتیجتاً مقامی اور بین الاقوامی مارکیٹ میں ٹیکسٹائل مصنوعات کی مانگ میں کوئی بہتری نہیں آئی۔ مزید یہ کہ حکومت کی طرف سے گیس اور بجلی کے نرخوں پر سبڈی واپس لینے سے پیداواری لاگت بہت بڑھ گئی ہے۔ ان تمام عوامل کے ساتھ ساتھ ملک میں شرح سود اور غیر مستحکم سیاسی صورتحال کے پیش نظر، یہ امکان ہے کہ رواں سال ٹیکسٹائل انڈسٹری کے لیے ایک اور مشکل سال ہوگا۔

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

### پورڈ کی ساخت

مجموعی طور پر نوڈائریکٹرز زمین جن کی تفصیل درج ذیل ہے:

# Shahtaj Textile Limited

(ا) مرد: 9 (ب) خواتین: 1  
بورڈ کی ساخت درج ذیل ہے:

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

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

(الف) آڈٹ کمیٹی

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

(ب) ایچ آر اینڈ ریویریویشن کمیٹی

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

حاصلہ افزائی

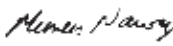
ڈائریکٹرز کمیٹی کے تمام ملازمین کی انتھک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز



(محمد عثمان خالد)

ڈائریکٹر



(منیر نواز)

چئیرمین

کراچی

30 اکتوبر 2023

# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30 2023

Un-audited                      Audited  
September 30,                      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	<b>100,000</b>	100,000
Issued, subscribed and paid-up capital	<b>96,600</b>	96,600
Revenue reserves	<b>1,513,778</b>	1,493,776
Surplus on revaluation of plant and machinery	<b>192,061</b>	197,980
<b>Total equity</b>	<b>1,802,439</b>	1,788,356

### LIABILITIES

#### Non-current liabilities

Long-term finance	<b>858,278</b>	870,496
Deferred liabilities	<b>159,907</b>	167,101
	<b>1,018,185</b>	1,037,597

#### Current liabilities

Trade and other payables	<b>938,438</b>	881,258
Advance from customers - contract liabilities	<b>2,186</b>	34,945
Unclaimed dividend	<b>35,550</b>	35,550
Interest accrued	<b>59,815</b>	51,396
Short-term borrowings	<b>1,060,129</b>	819,815
Current portion of long-term finance	<b>81,548</b>	81,548
	<b>2,177,666</b>	1,904,512

**Contingencies and Commitments**                      5

<b>Total equity and liabilities</b>	<b>4,998,290</b>	4,730,465
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### ASSETS

#### Non-current assets

Property, plant and equipment	<b>1,608,427</b>	1,632,173
Long-term loans	<b>351</b>	443
Long-term deposits	<b>33,296</b>	33,138
	<b>1,642,074</b>	1,665,754

#### Current assets

Stores, spares and loose tools	<b>58,352</b>	79,171
Stock-in-trade	<b>1,583,026</b>	1,253,199
Trade debts	<b>1,022,975</b>	1,082,001
Loans and advance	<b>3,839</b>	3,073
Trade deposits and prepayments	<b>8,577</b>	289,870
Other receivables	<b>13,829</b>	7,061
Other financial assets	<b>287,500</b>	-
Taxation - net	<b>56,076</b>	56,560
Sales tax refundable	<b>300,685</b>	251,190
Cash and bank balances	<b>21,357</b>	42,586
	<b>3,356,216</b>	3,064,711

<b>Total assets</b>	<b>4,998,290</b>	4,730,465
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The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

*Muneer Nawaz*  
(Muneer Nawaz)  
Chairman

*Amir Ahmed*  
(Amir Ahmed)  
Chief Financial Officer

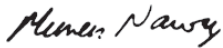
*M. Usman Khalid*  
(M. Usman Khalid)  
Director

# Shahtaj Textile Limited


## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

		September 30, 2023	September 30, 2022
	Note	----- (Rupees in 000) -----	
Sales - net	8	1,942,168	2,317,179
Cost of goods sold		(1,756,848)	(2,152,783)
Gross profit		185,320	164,396
Distribution expenses		(26,600)	(25,826)
Administrative expenses		(38,111)	(33,092)
Other operating expenses		(12,035)	(5,283)
Finance cost	9	(94,343)	(55,796)
		(171,089)	(119,997)
		14,231	44,399
Other income		9,877	26,885
Profit before taxation		24,108	71,284
Taxation	10	(9,072)	(23,344)
Profit after taxation		15,036	47,940
		----- (Rupees) -----	
Earnings per share - basic and diluted		1.56	4.96

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
(Muneer Nawaz)  
Chairman


  
(Amir Ahmed)  
Chief Financial Officer

  
(M. Usman Khalid)  
Director


## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	September 30, 2023	September 30, 2022
	----- (Rupees in 000) -----	
Profit after taxation	15,036	47,940
Other comprehensive income		
Deferred tax related to change of rate on surplus on revaluation	(953)	(1,217)
Other comprehensive income for the period	(953)	(1,217)
Total comprehensive income for the period	14,083	46,723

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

  
(M. Usman Khalid)  
Director




# Shahtaj Textile Limited


## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	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
<b>Total comprehensive income for the period ended September 30, 2022</b>					
Profit after taxation	-	-	47,940	-	47,940
Other comprehensive income	-	-	-	(1,217)	(1,217)
	-	-	47,940	(1,217)	46,723
Transferred from surplus on revaluation of plant and machinery on account of: - incremental depreciation net of deferred tax	-	-	5,516	(5,516)	-
<b>Transferred to general reserve</b>	-	150,000	(150,000)	-	-
<b>Balance as at September 30, 2022</b>	<u>96,600</u>	<u>1,085,000</u>	<u>418,115</u>	<u>213,349</u>	<u>1,813,063</u>
<b>Balance as at July 01, 2023</b>	96,600	1,085,000	408,776	197,980	1,788,356
<b>Total comprehensive income for the period ended September 30, 2023</b>					
Profit after taxation	-	-	15,036	-	15,036
Other comprehensive income	-	-	-	(953)	(953)
	-	-	15,036	(953)	14,083
Transferred from surplus on revaluation of plant and machinery on account of: - incremental depreciation net of deferred tax	-	-	4,966	(4,966)	-
<b>Transferred to general reserve</b>	-	50,000	(50,000)	-	-
<b>Balance as at September 30, 2023</b>	<u>96,600</u>	<u>1,135,000</u>	<u>378,778</u>	<u>192,061</u>	<u>1,802,439</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer


  
(M. Usman Khalid)  
Director

# Shahtaj Textile Limited


## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	September 30, 2023	September 30, 2022
	----- (Rupees in 000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	24,108	71,284
<b>Adjustments for:</b>		
Depreciation	40,863	43,332
Finance cost	94,343	55,796
Provision for leave encashment	938	788
Provision for gratuity	8,334	7,260
Operating cash flows before movements in working capital	168,586	178,460
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	20,819	(1,026)
Stock-in-trade	(329,827)	71,890
Trade debts	59,026	(79,456)
Loans and advances	(766)	1,905
Trade deposits and prepayments	281,293	(11,234)
Other receivables	(6,768)	(63)
Sales tax refundable	(49,495)	14,003
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	58,548	(92,107)
Advance from customers - contract liabilities	(32,761)	(4,381)
<b>Cash generated from operations</b>	168,655	77,991
Gratuity paid	(3,433)	(1,076)
Leave encashment paid	(2,305)	(1,546)
Finance cost paid	(85,924)	(48,652)
Income taxes paid	(21,636)	(33,191)
<b>Net cash generated from / (used in) operating activities</b>	55,357	(6,474)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(17,117)	(20,464)
Long-term deposit	(158)	-
Long-term loans	92	(62)
Purchase of other financial assets	(287,500)	-
<b>Net cash used in investing activities</b>	(304,683)	(20,526)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term finance	(12,218)	(16,710)
Dividend paid	-	(15)
<b>Net cash used in financing activities</b>	(12,218)	(16,725)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(261,544)	(43,725)
<b>Cash and cash equivalents at the beginning of the period</b>	(777,228)	(895,804)
<b>Cash and cash equivalents at the end of the period</b>	(1,038,772)	(939,529)
<b>Cash and cash equivalents at the end of the period</b>		
Short-term borrowings	(1,060,129)	(952,930)
Cash and bank balances	21,357	13,401
	(1,038,772)	(939,529)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

  
(M. Usman Khalid)  
Director

# Shahtaj Textile Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 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, 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.

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

# Shahtaj Textile Limited

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.

## 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, 2023.

	Note	(Un-audited) September 30, 2023	(Audited) June 30, 2023
(Rupees in 000)			
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	1,589,547	1,629,654
Capital work in progress	6.2	18,880	2,519
		<u>1,608,427</u>	<u>1,632,173</u>

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

Additions during the period / year	(Un-audited) Quarter ended September 30, 2023		(Audited) Year ended June 30, 2023	
	Additions / transfers	Disposals at book value	Additions / transfers	Disposals at book value
(Rupees in 000)				
Buildings on freehold land	-	-	65,272	-
Plant and machinery	283	-	5,613	305
Furniture and fixtures	-	-	97	-
Equipment and installations	10	-	7	-
Computer equipment	70	-	1,247	-
Vehicles	392	-	5,867	1,895
	<u>755</u>	<u>-</u>	<u>78,103</u>	<u>2,200</u>

# Shahtaj Textile Limited

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

	(Un-audited) Quarter ended September 30, 2023		(Audited) Year ended June 30, 2023	
	Additions	Transfers	Additions	Transfers
<b>Additions during the period / year</b>				
	----- (Rupees in 000) -----			
Buildings on freehold land	-	-	33,395	65,272
Plant and machinery	<b>16,361</b>	-	4,241	3,716
Vehicles	-	-	4,417	4,417
	<b>16,361</b>	-	<b>42,053</b>	<b>73,405</b>

(Un-audited)                      (Audited)  
September 30,                      June 30,  
2023                                      2023  
Note ----- (Rupees in 000) -----

## 7 OTHER FINANCIAL ASSETS

At amortized cost	7.1	<b>287,500</b>	-
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7.1 This represents investment in Term deposit receipt (TDR) with Bank Alfalah Limited, having a maturity period of less than one year and maturing on Dec 20, 2023. This carries mark-up at 20.90% (June 30, 2023: Nil) per annum. This TDR is marked as lien in favor of Bank Alfalah Limited as security against LC for import of machinery.

	(Un-audited) Quarter ended	
	September 30, 2023	September 30, 2022
	----- (Rupees in 000) -----	

## 8. SALES - NET

Export	<b>327,942</b>	237,709
Indirect Export	<b>734,214</b>	1,145,926
Local	<b>1,183,758</b>	1,303,774
	<b>2,245,914</b>	2,687,409
Waste sales	<b>6,728</b>	6,145
	<b>2,252,642</b>	2,693,554
Commission		
-Export	<b>(8,069)</b>	(6,152)
-Local	<b>(8,807)</b>	(13,391)
Sales tax	<b>(293,598)</b>	(356,832)
	<b>1,942,168</b>	2,317,179

	(Un-audited) Quarter ended	
	September 30, 2023	September 30, 2022
	----- (Rupees in 000) -----	

## 9 FINANCE COST

Mark-up on:		
Long-term finance	<b>4,445</b>	6,746
Running finance under markup arrangement	<b>41,076</b>	22,993
Musharaka finance	<b>11,555</b>	7,880
Discounting charges	<b>35,571</b>	16,846
Interest on Workers' Profit Participation Fund	<b>366</b>	729
Bank charges and commission	<b>1,330</b>	602
	<b>94,343</b>	55,796

# Shahtaj Textile Limited

	(Un-audited) Quarter ended	
	September 30, 2023	September 30, 2022
	------(Rupees in 000)-----	
<b>10 TAXATION</b>		
Current	22,120	26,497
Prior year	-	-
Deferred	22,120 (13,048)	26,497 (3,153)
	<u>9,072</u>	<u>23,344</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, 2023.

## 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

11.1 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.

### 11.2 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.

11.3 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.

## 12 TRANSACTIONS WITH RELATED PARTIES

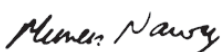
The related parties comprise of associated companies, directors and key management personnel of the Company. Transactions with related parties are carried out as per agreed terms. The transaction with related parties during the period generally consist of sales and purchases. Nature and description of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

# Shahtaj Textile Limited


		Quarter ended (Un-audited)	
		September 30, 2023	September 30, 2022
		----- (Rupees in 000) -----	
<b>Nature of relationship</b>	<b>Nature of relationship</b>		
Key management personnel	Remuneration	6,320	6,320
<b>Associated undertakings</b>			
	Purchase of computer equipment and supplies	41	-
	Administrative services received	1,310	1,320
	Software development charges	600	600
- Shahnawaz (Private) Limited	Purchase of goods	56	-
<b>Other related party- Close Family Member</b>			
- Lionsmill Trading LLC	Commission on sale	2,324	-
		(Un-audited) September 30, 2023	(Audited) June 30, 2023
		----- (Rupees in 000) -----	
<b>Balances due to related parties</b>			
- Shahnawaz (Private) Limited		2,207	257
- Lionsmill Trading LLC		2,324	-

## 13 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on October 30, 2023 by the Board of Directors of the Company.

  
(Muneer Nawaz)  
Chairman

  
(Amir Ahmed)  
Chief Financial Officer

  
(M. Usman Khalid)  
Director

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