SAJJAD TEXTILE MILLS LTD.

Quarterly Report
September 30, 2013
(Un-Audited)



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Asim Sajjad - Chief Executive
Mr. Salman Muhammad Aslam
Mr. Aftab Anwar
Mr. Muhammad Amjad
Miss Batool Zahra
Mr. Mehr Allah Yar
Mr. Sultan Mehmood

CFO/COMPANY SECRETARY

Mr. Irfan Hamid

AUDITORS

M/s. Mudassar Ehtisham & Co.
Chartered Accountants

AUDIT COMMITTEE

Mr. Sultan Mehmood - Chairman
Mr. Mehr Allah Yar - Member
Miss Batool Zahra - Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Sultan Mehmood – Chairman
Mr. Salman Muhammad Aslam - Member
Mr. Aftab Anwer - Member
Mr. Muhammad Amjad - Member

BANKERS

Habib Metropolitan Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Habib Bank Limited

COMPANY SHARE REGISTRARS

Hameed Majeed Associates (Pvt) Ltd.
1st Floor, H.M. House,
7 - Bank Square, Lahore
TEL: 042.37235081-82
FAX: 042-37358817
e-mail: shares@hmaconsultants.com

REGISTERED OFFICE

19-B, Off. Zafar Ali Road,
Gulberg-V, Lahore.
Tel: 042-5712291 & 94
Fax: 042-5711526
E-Mail: Info@sajjadtextile.com

MILLS ADDRESS

64-KM, Multan Road, Jumber Kalan
Tehsil Chunian
District Kasur.
Tel: 04951-388102

DIRECTORS' REPORT

Dear Shareholders,
Assalam-o-Alaikum,

The Directors are pleased to present the un-audited accounts for the first quarter ended September 30, 2013.

Financial Results
The financial results are as under:

	Jul. - Sept. 2013 (Rupees in Millions)	Jul. - Sept. 2012 (Rupees in Millions)
Sales	**239.479**	147.923
Cost of Sales	**224.570**	121.751
Gross Profit	**14.908**	26.173
Profit before taxation	**2.968**	19.912
Profit after taxation	**0.776**	21.862

The Company made before tax profit of Rs. 2.968 million for 1st quarter ended September 30, 2013 as against before tax profit of Rs. 19.912 million for the corresponding period last year.

Earnings/ (Loss) per share
Profit after tax per share was Rs. 0.04 for the 1st quarter then ended as against per share profit of Rs. 1.03 for the corresponding period last year.

The Company management has consistently increased its volume of sales and has produced much better quality of yarn as compared to corresponding period last year. The reason behind low profits is increased cost of raw cotton and high cost of Electricity and Sui Gas. The yarn market's stagnant trend as compared to increased cotton prices and conversion cost further affected the financial results during the period under discussion. The Company management is focusing on exports and exports figure in the quarter under discussion is Rs.201.737 million. The management places its appreciation on the record for workers and staff. The two newly imported Draw Frame RSB D-22 double delivery & Auto-leveler machines has started working and half of the production's quality is being upgraded to Air-jet yarn.

The Company management is trying its best to acquire loan and credit limits from banks, financial institutions, debtors, sponsors and any other suitable sources available to procure good quality of yarn.

The Directors take opportunity to place on record their appreciation for the devotion and hard work of the Company's Executives, Staff and Workers.

For and on behalf of the Board

30th October, 2013
Lahore

MUHAMMAD ASIM SAJJAD
Chief Executive Officer

BALANCE SHEET (Un-audited)
AS AT SEPTEMBER 30, 2013

	NOTE	SEPTEMBER 30, 2013 (Rupees) (Un-audited)	JUNE 30, 2013 (Rupees) (Audited)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment		**437,625,535**	441,007,690
Long term deposits		**11,368,938**	11,368,938
		448,994,473	452,376,628
CURRENT ASSETS			
Stores and spares		**10,571,322**	12,251,411
Stock-in-trade		**122,179,346**	145,012,780
Trade debts		**69,704,434**	69,266,135
Loans and advances		**866,884**	1,113,281
Trade deposits, prepayments & other receivables		**28,631,102**	23,209,818
Financial asset		**11,920**	17,732
Cash and bank balances		**3,131,850**	7,893,110
		235,096,858	258,764,267
TOTAL ASSETS		**684,091,331**	711,140,895
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 30,000,000 Ordinary Shares of Rs.10/- each		**300,000,000**	300,000,000
Issued, subscribed and paid-up capital	4	**212,678,000**	212,678,000
Capital reserve	5	**11,920**	11,920
Accumulated loss		**(93,497,898)**	(95,828,509)
		119,192,022	116,861,411
Surplus on revaluation of fixed assets		**166,193,180**	166,193,180
NON-CURRENT LIABILITIES			
Loan from directors and sponsors	6	**211,692,447**	211,692,447
Deferred liabilities	7	**45,979,341**	48,439,113
		257,671,788	260,131,560
CURRENT LIABILITIES			
Trade and other payables		**103,032,327**	132,037,079
Accrued mark-up	9	**10,909,158**	9,876,191
Short term loan from sponsors		**24,900,000**	24,900,000
Provision for taxation		**2,192,856**	1,141,474
		141,034,341	167,954,744
CONTINGENCIES & COMMITMENTS	10	**-**	-
TOTAL EQUITY AND LIABILITIES		**684,091,331**	711,140,895

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	NOTE	JULY 1, - SEPT. 30, 2013	JULY 1, - SEPT. 30, 2012
		(Rupees)	(Rupees)
Sales - net	11	**239,478,856**	147,923,439
Cost of Sales	12	**(224,570,722)**	(121,750,722)
Gross Profit		**14,908,134**	26,172,717
Distribution costs		**(4,501,878)**	(294,354)
Administrative expenses		**(5,629,771)**	(3,904,735)
Other operating expenses		**(585,919)**	(1,475,776)
		(10,717,568)	(5,674,865)
		4,190,566	20,497,852
Other operating income		**-**	714,123
Operating profit before finance costs		**4,190,566**	21,211,975
Finance cost		**(1,222,098)**	(1,299,685)
Profit before taxation		**2,968,468**	19,912,290
Taxation		**(2,192,856)**	1,950,029
Profit after taxation		**775,612**	21,862,319
Basic & Diluted Earning per share		**0.04**	1.03

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Note	JULY 1, - SEPT. 30, 2013	JULY 1, - SEPT. 30, 2012
		(Rupees)	(Rupees)
Profit for the Quarter after taxation		**775,612**	21,862,319
Other comprehensive income for the Quarter			
Surplus on re-measurement of investment available for sale to fair value		-	-
Income tax relating to component of other comprehensive income		-	-
Total other comprehensive income for the Quarter		-	-
Total comprehensive income		**775,612**	21,862,319

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	NOTE	JULY 1, - SEPT. 30, 2013	JULY 1, - SEPT. 30, 2012
		(Rupees)	(Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		**2,968,468**	19,912,290
Adjustment for:			
Depreciation		**4,610,659**	4,112,881
Amortization of Intangible Assets		**-**	-
Gratuity provision		**-**	-
Financial Charges		**1,222,098**	1,299,685
Operating Loss before working capital changes		**8,801,225**	25,324,856
Adjustments for working capital changes:			
(Increase) / Decrease in Current Assets			
Stores and Spares		**1,680,089**	(592,982)
Stock in Trade		**22,833,434**	(22,807,975)
Trade Debts		**(438,299)**	(8,003,821)
Loans and Advances		**246,397**	1,436,000
Deposits and Other Receivables		**(5,421,284)**	(5,726,449)
Provision for Taxation		**(2,192,856)**	(711,086)
		16,707,481	(36,406,313)
(Decrease) / Increase In Current Liabilities			
Short Term Finances		**-**	-
Trade and Other Payables		**(24,259,718)**	5,195,368
		(24,259,718)	5,195,368
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized) in operations		**1,248,988**	(5,886,089)
Finance costs paid		**(189,131)**	(49,504)
Gratuity paid		**(564,500)**	(88,000)
Income tax paid		**(3,912,982)**	(1,329,073)
Net cash (utilized in) operating activities		**(3,417,625)**	(7,352,665)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(2,021,600)**	(1,850,204)
Proceeds from disposal of property, plant & equipment		**677,965**	-
Net cash (out flow) / in flow from investing activities		**(1,343,635)**	(1,850,204)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from directors and sponsors - disbursements		**-**	-
Short term loan from sponsors - disbursements		**-**	-
Net cash in flow from financing activities		**-**	-
Net increase in cash and cash equivalents		**(4,761,260)**	(9,202,869)
Cash and cash equivalents at beginning of the Quarter		**7,893,110**	16,111,879
Cash and cash equivalents at end of the Quarter		**3,131,850**	6,909,010

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	SHARE CAPITAL	CAPITAL RESERVES		
	Paid up ordinary share capital	Unrealized gain on re-measurement of available for sale investment	ACCUMULATED LOSS	TOTAL
	---------- Rupees ----------			
Balance as at July 1, 2011	**212,678,000**	**7,672**	**(157,896,082)**	**54,789,590**
Total comprehensive (loss) for the year ended June 30, 2012				
- (Loss) for the year after taxation	-	-	2,622,750	2,622,750
- Other Comprehensive income	-	1,092	-	1,092
	-	1,092	2,622,750	2,623,842
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - Net off Tax	-	-	3,829,112	3,829,112
- Disposal of fixed assets	-	-	312,904	312,904
	-	-	4,142,016	4,142,016
Balance as at June 30, 2012	**212,678,000**	**8,764**	**(151,131,316)**	**61,555,448**
Total comprehensive income for the year ended June 30, 2013				
- Profit for the year after taxation	-	-	51,663,156	51,663,156
- Other Comprehensive income	-	3,156	-	3,156
	-	3,156	51,663,156	51,666,312
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	3,639,651	3,639,651
- Disposal of property, plant & equipment- net off Tax	-	-	-	-
	-	-	3,639,651	3,639,651
Balance as at June 30, 2013	**212,678,000**	**11,920**	**(95,828,509)**	**116,861,411**
Total comprehensive income for the Quarter ended September 30, 2013				
- Profit for the Quarter after taxation	-	-	775,612	775,612
- Other Comprehensive income	-	-	-	-
	-	-	775,612	775,612
Revaluation surplus realized on account of:				
- Incremental Depreciation current Quarter - net off Tax	-	-	1,039,487	1,039,487
	-	-	515,512	515,512
	-	-	1,554,999	1,554,999
Balance as at September 30, 2013	**212,678,000**	**11,920**	**(93,497,898)**	**119,192,022**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE ACCOUNTS (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1- THE COMPANY AND ITS OPERATIONS

The company is incorporated as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 19-B, Off Zafar Ali Road, Gulberg-V, Lahore.

2- BASIS OF PREPARATION

The accounting policies adopted for preparation of these quarterly un-audited accounts are the same as adopted in the preceding annul accounts of the Company.

3- ACCOUNTING POLICIES

These financial statements have been prepred in accordance with the requiements of International Accounting Standard IAS 34 "Interim Financial Reporting". The financial statements are un-audited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

	SEPTEMBER 30, 2013	JUNE 30, 2013
	Rupees	Rupees
4- ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
21,267,800 (2012: 21,267,800) Ordinary shares of Rs.10/- each fully paid in cash.	**212,678,000**	212,678,000
5- RESERVE		
Capital Reserve	**11,920**	11,920
Revenue Reserve	**(93,497,898)**	(95,828,509)
	(93,485,978)	(95,816,589)
6- SPONSORS' LOAN - Usecured		
These are compressed of:		
Interest free loan from directors and sponsors	**199,437,447**	199,437,447
Interest bearing loan from directors and sponsors	**12,255,000**	12,255,000
Short Term Interest bearing loan from sponsors	**24,900,000**	24,900,000
	236,592,447	236,592,447
7- DEFERRED LIABILITIES		
Gratuity - Defined benefit plan	**258,575**	823,075
Deferred Taxation	**33,562,394**	47,616,038
	33,820,969	48,439,113
8- TANGIBLE FIXED ASSETS:		-
Following are the major additions/(deletions) in operating fixed assets:		
Building on Freehold Land	**-**	-
Plant & Machinery	**2,021,600**	28,959,310
	(800,000)	(5,282,716)
Furniture and Fixture	**-**	-
Office Equipments	**-**	-
Computers	**-**	-
Arms and Ammnitions	**-**	-

9- TRANSACTION WITH RELATED PARTIES:

Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as under:

i) The company purchased from associated undertaking material of aggregate sum of Rs. Nil (2012: Rs. Nil) during the Quarter.
ii) Interest bearing loan provided by directors and sponsors Rs.Nil million (June 30, 2013 Rs. Nil)
iii) Interest bearing short term loan provided by sponsors Rs. Nil (June 30, 2013 Rs.24.900 million)
iv) Short term loan payable to sponsors Rs. 24.900 million (June 30, 2013 Rs. 24.900 million)
v) Loan payable to directors and sponsors Rs. 211.692 million (June 30, 2013 Rs. 211.692 million)
vi) Markup payable to directors and sponsors Rs. 10.909 million (June 30, 2013 Rs. 9.876 million)

31.1 All related party transactions are approved by the audit committee and the Board of directors of the Company. Directors' interest is limited to interest on these

10- CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2013.

NOTES TO THE ACCOUNTS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

		JULY 1, - SEPT. 30, 2013	JULY 1, - SEPT. 30, 2012
		Rupees	Rupees
11- SALES - Net			
Sale of yarn - Local		**35,530,798**	93,760,100
Sale of yarn - Export		**201,736,893**	2,512,932
Sale of waste		**2,233,950**	10,215,405
		239,501,641	106,488,437
Yarn conversion charges		**-**	41,882,850
Less: Commission		**(22,785)**	(447,848)
		239,478,856	147,923,439
12- COST OF SALES			
Raw material consumed	12.1	**219,876,576**	74,454,239
Salaries, wages and benefits		**17,873,781**	15,928,430
Packing material		**3,156,702**	3,387,421
Fuel and power		**38,155,521**	25,113,820
Repair and maintenance		**352,288**	167,182
Other manufacturing overheads		**3,127,931**	1,833,499
Rent, Rates & Taxes		**100,000**	-
Cotton cess duty		**345,145**	387,136
Store consumed		**4,949,654**	4,007,528
Insurance		**540,040**	368,371
Miscellaneous expenses		**131,323**	76,193
Depreciation		**4,456,388**	4,045,164
		293,065,349	129,768,983
Opening stock of work in process		**10,304,521**	7,900,034
Closing stock of work in process		**(13,175,691)**	(9,317,251)
		(2,871,169)	(1,417,217)
Cost of goods manufactured		**290,194,179**	128,351,766
Opening stock of finished goods		**28,068,113**	7,530,878
Closing Stock of Finished Goods		**(93,597,417)**	(15,557,978)
		(65,529,304)	(8,027,100)
Opening stock of waste		**2,711,113**	4,410,104
Closing stock of waste		**(2,805,266)**	(2,984,048)
		(94,153)	1,426,056
		224,570,722	121,750,722
12.1 Raw Material Consumed			
Opening Raw Material		**103,929,033**	25,259,186
Add: Purchases		**128,548,515**	96,264,900
Less: closing stock		**(12,600,972)**	(47,069,847)
		219,876,576	74,454,239

13- NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

There were no post balance sheet events that required adjustments or disclosures.

14- DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 30, 2013 by the Board of Directors of the Company.

15- GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**