

# SAJJAD TEXTILE MILLS LTD.



**Quarterly Report**  
**September 30, 2014**  
**(Un-Audited)**

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**BOARD OF DIRECTORS**

Mr. Muhammad Asim Sajjad - Chief Executive  
 Mr. Salman Muhammad Aslam  
 Mrs. Seema Sajjad  
 Mrs. Ayesha Rahim  
 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. Salman Muhammad Aslam – Chairman  
 Mr. Mehr Allah Yar - Member  
 Mrs. Seema Sajjad - Member  
 Mrs. Ayesha Rahim - 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, 2014.

**Financial Results**

The financial results are as under:

	September 30, 2014 (Rupees)	September 30, 2013 (Rupees)
Sales - Net	276,184,307	239,478,856
Cost of Sales	(262,351,185)	(224,570,722)
Gross Profit	13,833,121	14,908,134
Profit Before Taxation	2,161,234	2,968,468
Profit After Taxation	1,610,465	775,612

The Company made before tax profit of Rs. 2.161 million for 1<sup>st</sup> quarter ended September 30, 2014 as against before tax profit of Rs. 2.968 million for the corresponding period last year.

**Earnings per share**

Profit after tax per share was Rs. 0.08 for the 1st quarter then ended as against per share profit of Rs. 0.04 for the corresponding period last year.

The Company management is consistently focused on export sales and trying its best to increase global market share. The reason behind low profits before tax is high cost of Electricity, Sui Gas and increase in labour wage rates. 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 management places its appreciation on the record for workers and staff.

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

**MUHAMMAD ASIM SAJJAD**  
Chief Executive Officer

29th October, 2014  
Lahore

**BALANCE SHEET (Un-audited)**

AS AT SEPTEMBER 30, 2014

	NOTE	SEPTEMBER 30, 2014 (Rupees) (Un-audited)	JUNE 30, 2014 (Rupees) (Audited)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment		431,276,025	430,726,808
Long term deposits		11,368,938	11,368,938
		442,644,963	442,095,746
<b>CURRENT ASSETS</b>			
Stores and spares		14,628,756	14,224,697
Stock-in-trade		78,891,875	37,479,311
Trade debts		38,542,254	17,158,561
Loans and advances		10,125,205	5,184,179
Trade deposits, prepayments & other receivables		59,616,614	63,274,881
Financial asset		33,368	33,368
Cash and bank balances		11,173,488	30,280,796
		213,011,560	167,635,793
<b>TOTAL ASSETS</b>		<b>655,656,523</b>	<b>609,731,539</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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	27,556	27,556
Accumulated loss		(104,103,334)	(106,422,321)
		108,602,222	106,283,235
Surplus on revaluation of fixed assets		161,172,205	161,880,726
<b>NON-CURRENT LIABILITIES</b>			
Loan from directors and sponsors	6	209,192,447	209,192,447
Deferred liabilities	7	21,571,253	23,285,743
		230,763,700	232,478,190
<b>CURRENT LIABILITIES</b>			
Trade and other payables		121,808,561	76,533,203
Accrued mark-up	9	13,544,576	12,882,452
Short term loan from sponsors		17,500,000	7,500,000
Provision for taxation		2,265,259	12,173,732
		155,118,396	109,089,387
<b>CONTINGENCIES &amp; COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>655,656,523</b>	<b>609,731,539</b>

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, 2014**

	NOTE	JULY 1, -SEPT. 30, 2014 (Rupees)	JULY 1, -SEPT. 30, 2013 (Rupees)
Sales - net	11	276,184,307	239,478,856
Cost of Sales	12	(262,351,185)	(224,570,722)
<b>Gross Profit</b>		<b>13,833,121</b>	<b>14,908,134</b>
Distribution costs		(1,822,337)	(4,501,878)
Administrative expenses		(8,545,670)	(5,629,771)
Other operating expenses		(160,178)	(585,919)
		(10,528,185)	(10,717,568)
		3,304,936	4,190,566
Other operating income/(loss)		(422,904)	-
<b>Operating profit before finance costs</b>		<b>2,882,033</b>	<b>4,190,566</b>
Finance cost		(720,798)	(1,222,098)
<b>Profit before taxation</b>		<b>2,161,234</b>	<b>2,968,468</b>
Taxation		(550,769)	(2,192,856)
<b>Profit after taxation</b>		<b>1,610,465</b>	<b>775,612</b>
<b>Basic &amp; Diluted Earning per share</b>		<b>0.08</b>	<b>0.04</b>

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, 2014**

Note	JULY 1, - SEPT. 30, 2014	JULY 1, - SEPT. 30, 2013
	(Rupees)	(Rupees)
Profit for the Quarter after taxation	1,610,465	775,612
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	-	-
<b>Total comprehensive income</b>	<b>1,610,465</b>	<b>775,612</b>

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, 2014

NOTE	SEPT. 30, 2014 (Rupees)	SEPT. 30, 2013 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	2,161,234	2,968,468
Adjustment for:		
Depreciation	4,640,311	4,610,659
Amortization of Intangible Assets	-	-
Gratuity provision	82,494	-
Financial Charges	720,798	1,222,098
Operating Loss before working capital changes	7,604,838	8,801,225
Adjustments for working capital changes:		
(Increase) / Decrease in Current Assets		
Stores and Spares	(404,059)	1,680,089
Stock in Trade	(41,412,564)	22,833,434
Trade Debts	(21,383,693)	(438,299)
Loans and Advances	(4,941,026)	246,397
Deposits and Other Receivables	3,658,267	(5,421,284)
Provision for Taxation	(2,265,259)	(2,192,856)
	(66,748,334)	16,707,481
(Decrease) / Increase In Current Liabilities		
Short Term Finances	-	-
Trade and Other Payables	45,275,357	(24,259,718)
	45,275,357	-
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from / (utilized) in operations	(13,868,139)	1,248,988
Finance costs paid	(58,675)	(189,131)
Gratuity paid	(82,494)	(564,500)
Income tax paid	(9,908,472)	(3,912,982)
Net cash (utilized in) operating activities	(23,917,779)	(3,417,625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(5,189,529)	(2,021,600)
Proceeds from disposal of property, plant & equipment	-	677,965
Net cash (out flow) / in flow from investing activities	(5,189,529)	(1,343,635)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from directors and sponsors - disbursements	-	-
Short term loan from sponsors - disbursements	10,000,000	-
Net cash in flow from financing activities	10,000,000	-
Net increase in cash and cash equivalents	(19,107,308)	(4,761,260)
Cash and cash equivalents at beginning of the Quarter	30,280,796	7,893,110
Cash and cash equivalents at end of the Quarter	11,173,488	3,131,850

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, 2014**

	SHARE CAPITAL CAPITAL RESERVES		ACCUMULATED LOSS	TOTAL
	Paid up ordinary share capital	Unrealized gain on re-measurement of available for sale Investment		
	Rupees			
Balance as at July 1, 2012	212,678,000	8,764	(151,131,316)	61,555,448
Total comprehensive (loss) for the year ended June 30, 2013				
- (Loss) 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 fixed assets	-	-	-	-
	-	-	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 year ended June 30, 2014				
- Profit for the year after taxation	-	-	(4,396,063)	(4,396,063)
- Other Comprehensive Income	-	15,636	-	15,636
	-	15,636	(4,396,063)	(4,380,427)
Final Dividend for the year ended June 30, 2013 @ Rupees 0.5 Per Ordinary Share of Rs.10/- each	-	-	(10,633,900)	(10,633,900)
			(10,633,900)	(10,633,900)
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	4,312,454	4,312,454
- Disposal of property, plant & equipment- net off Tax	-	-	123,698	123,698
	-	-	4,436,152	4,436,152
Balance as at June 30, 2014	212,678,000	27,556	(106,422,321)	106,283,236
Total comprehensive income for the Quarter ended September 30, 2014				
- Profit for the Quarter after taxation	-	-	1,610,465	1,610,465
- Other Comprehensive Income	-	-	-	-
	-	-	1,610,465	1,610,465
Revaluation surplus realized on account of:				
- Incremental Depreciation current Quarter - net off Tax	-	-	708,521	708,521
	-	-	-	-
	-	-	708,521	708,521
Balance as at September 30, 2014	212,678,000	27,556	(104,103,334)	108,602,222

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, 2014**

**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 annual accounts of the Company for the year ended June 30, 2014.

**3- ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the requirements 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.

**4- ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

21,267,800 (2014: 21,267,800) Ordinary shares of Rs.10/- each fully paid in cash.

**5- RESERVE**

Capital Reserve  
Revenue Reserve

**6- SPONSORS' LOAN - Unsecured**

These are comprised of:

Interest free loan from directors and sponsors  
Interest bearing loan from directors and sponsors  
Short Term Interest bearing loan from sponsors

**7- DEFERRED LIABILITIES**

Gratuity - Defined benefit plan  
Deferred Taxation

**8- TANGIBLE FIXED ASSETS:**

Following are the major additions/(deletions) in operating fixed assets:

Plant & Machinery

Office Equipments

Computers

Vehicles

**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:

- The company purchased from associated undertaking material of aggregate sum of Rs. Nil (2014: Rs. Nil) during the Quarter.
- Interest bearing loan provided by directors and sponsors Rs.Nil million (June 30, 2014 Rs. Nil)
- Interest bearing short term loan provided by sponsors Rs. 10.000 million (June 30, 2014 Rs. 7.5 million)
- Short term loan payable to sponsors Rs. 17.500 million (June 30, 2014 Rs. 7.500 million)
- Loan payable to directors and sponsors Rs. 211.692 million (June 30, 2014 Rs. 211.692 million)
- Markup payable to directors and sponsors Rs. 13.544 million (June 30, 2014 Rs. 12.882 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 loans.

**10- CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at September 30, 2014.

SEPTEMBER 30, 2014	JUNE 30, 2014
Rupees	Rupees

212,678,000	212,678,000
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27,556	27,556
(104,103,334)	(106,422,321)
(104,075,778)	(106,394,764)

199,437,447	199,437,447
9,755,000	9,755,000
17,500,000	7,500,000
226,692,447	216,692,447

1,604,150	1,604,150
19,967,103	21,681,593
21,571,253	23,285,743

5,189,529	4,001,553
-	(669,427)
-	281,150
-	171,444
-	4,386,300

**NOTES TO THE ACCOUNTS (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

		JULY 1, - SEPT. 30, 2014 Rupees	JULY 1, - SEPT. 30, 2013 Rupees
<b>11- SALES - Net</b>			
Local Sale		179,187,463	35,530,798
Export Sale		95,164,447	201,736,893
Waste Sale		4,069,235	2,233,950
		<u>278,421,145</u>	<u>239,501,641</u>
Less: Commission		(2,236,838)	(22,785)
		<u>276,184,307</u>	<u>239,478,856</u>
<b>12- COST OF SALES</b>			
Raw material consumed	12.1	201,626,671	219,876,576
Salaries, wages and benefits		15,581,213	17,873,781
Packing material		3,756,337	3,156,702
Fuel and power		29,556,829	38,155,521
Repair and maintenance		441,982	352,288
Other manufacturing overheads		1,605,021	3,127,931
Rent, Rates & Taxes		100,000	100,000
Cotton cess duty		230,760	345,145
Store consumed		6,746,354	4,949,654
Insurance		374,024	540,040
Miscellaneous expenses		22,564	131,323
Depreciation		4,282,346	4,456,388
		<u>264,324,101</u>	<u>293,065,349</u>
Opening stock of work in process		10,528,125	10,304,521
Closing stock of work in process		(8,151,132)	(13,175,691)
		<u>2,376,993</u>	<u>(2,871,169)</u>
Cost of goods manufactured		266,701,094	290,194,179
Opening stock of finished goods		6,225,232	28,068,113
Closing Stock of Finished Goods		(10,395,065)	(93,597,417)
		<u>(4,169,833)</u>	<u>(65,529,304)</u>
Opening stock of waste		1,162,145	2,711,113
Closing stock of waste		(1,342,221)	(2,805,266)
		<u>(180,076)</u>	<u>(94,153)</u>
		<u>262,351,185</u>	<u>224,570,722</u>
<b>12.1 Raw Material Consumed</b>			
Opening Raw Material		19,563,809	103,929,033
Add: Purchases		241,066,318	128,548,515
Less: closing stock		(59,003,457)	(12,600,972)
		<u>201,626,671</u>	<u>219,876,576</u>
<b>13- NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE</b>			
There were no post balance sheet events that required adjustments or disclosures.			
<b>14- DATE OF AUTHORIZATION FOR ISSUE</b>			
These financial statements were authorized for issue on October 29, 2014 by the Board of Directors of the Company.			
<b>15- GENERAL</b>			
Figures have been rounded off to the nearest rupee.			

CHIEF EXECUTIVE

DIRECTOR