

# **SAJJAD TEXTILE MILLS LTD.**

**Quarterly Report  
March 31, 2013  
(Un-Audited)**



Company Information	1
Directors' Report	2
Balance Sheet	3
Profit & Loss Account	4
Statement of Comprehensive Income	5
Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Accounts	8

This page remain blank intentionally

**COMPANY INFORMATION****BOARD OF DIRECTORS**

<b>Chief Executive</b>	Mr. Muhammad Asim Sajjad
<b>Directors</b>	Mr. Salman Muhammad Aslam Mr. Aftab Anwar Mr. Muhammad Amjad Miss Batool Zahra Mr. Mehr Allah Yar Mr. Sultan Mahmood

**AUDIT COMMITTEE**

<b>Chairman</b>	Mr. Sultan Mahmood
<b>Members</b>	Mr. Mehr Allah Yar Miss Batool Zahra

<b>Company Secretary:</b>	Mr. Irfan Hamid
---------------------------	-----------------

<b>Auditors:</b>	M/s Mudassar Ehtisham & Co. Chartered Accountants
------------------	--

<b>Share Registrar:</b>	M/s Hameed Majeed Associates (Pvt) Ltd 7-Bank Square, Mall Road, Lahore Tel: 37235081-82 E-mail: info@hmaconsultants.com
-------------------------	---

<b>Bankers:</b>	Habib Metropolitan Bank Ltd. Askari Bank Ltd.
-----------------	--

<b>Registered Office:</b>	19-B, Off Zafar Ali Road, Gulberg-V, Lahore. Tel: +92-42-35775501-03 Fax: +92-42-35711526 E-mail: info@sajjadtextile.com
---------------------------	--

<b>Mills:</b>	67-Km Multan Road, Jumber Kalan, Tehsil Chunian, District Kasur.
---------------	---

**DIRECTORS' REPORT**

Dear Shareholders,  
Assalam-o-Alaikum,

The Directors are pleased to present the un-audited accounts for the third quarter and nine months ended March 31, 2013.

**Financial Results**

The financial results are as under:

	<b>Jul. 12 - Mar. 2013</b> <b>(Rupees in Millions)</b>	<b>Jan. - Mar. 2013</b> <b>(Rupees in Millions)</b>
Sales	<b>646.766</b>	274.511
Cost of Sales	<b>547.607</b>	237.678
Gross Profit	<b>99.159</b>	36.833
Profit before taxation	<b>69.208</b>	24.180
Profit after taxation	<b>67.913</b>	16.616

The Company made before tax profit of Rs. 24.180 million and Rs. 69.208 million for the 3<sup>rd</sup> quarter and nine months ended March 31, 2013 as against before tax profit of Rs. 9.220 million and loss of Rs. 11.157 million for the corresponding periods last year.

**Earnings/ (Loss) per share**

Profit after tax per share was Rs. 0.78 and Rs. 3.19 for the 3<sup>rd</sup> quarter and nine months respectively, then ended as against per share profit of Rs. 0.28 and loss of Rs. 0.94 for the corresponding periods last year.

The Company management is pleased to inform that Company has consistently increased its volume of sales over the last three quarters and has produced much better results as compared to previous years. The reason behind better financial results is stable yarn market over the period under discussion. The Company management is focusing on exports and exports figure in the quarter under discussion is fairly more than two times the last quarter. Two new Rieter RSB D-22 draw frame machines have been ordered which ultimately will increase the production as well as quality of yarn. The Company is producing 100% Cotton Yarn. The management is hopeful for the bright future of the company.

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

Lahore  
29<sup>th</sup> April, 2013

**MUHAMMAD ASIM SAJJAD**  
Chief Executive

**BALANCE SHEET (Un-audited)**  
AS AT MARCH 31, 2013

	Notes	MARCH 31, 2013	JUNE 30, 2012
		(Un-Audited)	(Audited)
		----- Rupees -----	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6.	375,951,845	379,037,763
Long term deposits		11,368,938	11,368,938
		387,320,783	390,406,701
<b>CURRENT ASSETS</b>			
Stores & spares		11,219,604	13,317,554
Stock in trade		132,972,105	45,105,918
Trade debts		32,394,337	15,977,363
Loans and advances		2,852,802	3,919,591
Trade deposits, prepayments and other receivables		43,681,080	11,508,333
Short term investment		18,484	18,484
Cash and bank balances	7.	18,641,336	16,111,879
		241,779,748	105,959,122
<b>TOTAL ASSETS</b>		<b>629,100,531</b>	<b>496,365,823</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorised capital			
30,000,000 ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid up capital		212,678,000	212,678,000
21,267,800 ordinary shares of Rs. 10/- each			
Reserve		8,764	8,764
Accumulated loss		(80,490,311)	(151,131,316)
		132,196,453	61,555,448
Surplus on revaluation of fixed assets		118,290,824	121,019,067
<b>NON CURRENT LIABILITIES</b>			
Sponsors' loan - unsecured	8.	211,692,447	211,692,447
Deferred liabilities		20,191,086	21,243,239
		231,883,533	232,935,686
<b>CURRENT LIABILITIES</b>			
Trade and other payables		112,232,400	50,388,174
Accrued mark-up on sponsors' loans		8,849,458	5,127,289
Short term loan from directors - unsecured	8.2	23,300,000	23,300,000
Provision for taxation		2,347,862	2,040,159
		146,729,720	80,855,622
Contingencies & commitments		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>629,100,531</b>	<b>496,365,823</b>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2013

		Notes	Nine Months ended 31, March		Quarter ended 31, March	
			2013	2012	2013	2012
			Rupees -----			
Sales	9		646,766,299	163,077,715	274,511,350	111,457,675
Less: cost of sales	10		547,607,091	163,725,634	237,678,318	98,524,592
GROSS PROFIT \ (LOSS)			99,159,208	(647,919)	36,833,032	12,933,083
Selling & distribution expenses			5,379,365	956,183	3,154,531	565,002
Administrative expenses			16,275,380	8,145,603	7,291,473	2,697,693
Other operating expenses			5,744,723	42,138	1,792,052	31,433
			27,399,469	9,143,924	12,238,056	3,294,128
			71,759,739	(9,791,843)	24,594,976	9,638,955
Other income\ (Loss)			1,498,497	430	817,564	-
OPERATING PROFIT / (LOSS) BEFORE FINANCE COST			73,258,236	(9,791,413)	25,412,540	9,638,955
Finance Cost			4,049,764	1,365,878	1,232,820	418,874
PROFIT / (LOSS) BEFORE TAXATION			69,208,472	(11,157,291)	24,179,719	9,220,081
TAXATION						
-Current			(2,347,862)	(1,630,777)	(1,125,131)	(1,630,777)
-Prior			-	(26,224)	-	(26,224)
-Deferred			1,052,153	(7,131,187)	(6,438,906)	(1,558,539)
			(1,295,709)	(8,788,188)	(7,564,037)	(3,215,540)
PROFIT / (LOSS) AFTER TAXATION			67,912,763	(19,945,479)	16,615,682	6,004,541
BASIC PROFIT / (LOSS) PER SHARE			-	-	-	-
Rupees			3.19	(0.94)	0.78	0.28

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2013

	Nine Months ended 31, March		Quarter ended 31, March	
	2013	2012	2013	2012
	----- Rupees -----			
PROFIT / (LOSS) AFTER TAXATION	67,912,763	(19,945,479)	16,615,682	6,004,541
Other Comprehensive Income / (Loss)				
(Deficit) / Surplus on re-measurement of investment available for sale to fair value	-	(2,690)	-	(2,690)
Income tax relating to component of other comprehensive income / (loss)	-	942	-	942
	-	(1,748)	-	(1,748)
TOTAL COMPREHENSIVE INCOME / (LOSS)	67,912,763	(19,947,227)	16,615,682	6,002,793

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



**CASH FLOW STATEMENT (Un-audited)**

**FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2013**

	MARCH 31, 2013	MARCH 31, 2012
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	69,208,472	(11,157,291)
Adjustments for:		
Depreciation and amortization	12,447,738	12,696,195
Financial charges	4,049,764	1,408,017
WPPF provision	3,747,660	-
WWF provision	1,424,111	-
(Profit)/Loss on sale of assets	572,953	-
Gratuity provision	-	-
	-	-
Operating Income/(Loss) before working capital changes	91,450,697	2,946,920
Adjustments for working capital changes:		
(Increase) / Decrease In Current Assets		
Stores & spares	2,097,950	(4,562,502)
Stock in trade	(87,866,187)	(34,999,114)
Trade debts	(16,416,974)	(7,454,845)
Loans and advances	1,066,789	(880,974)
Trade deposits, prepayments and other receivables	(32,172,747)	(4,032,933)
	(133,291,168)	(51,930,368)
Increase / (Decrease) In Current Liabilities		
Trade and Other Payables	58,405,558	43,825,618
	58,405,558	43,825,618
Cash generated from / (Utilized in) Operations	16,565,087	(5,157,829)
Financial charges paid	(327,595)	(42,138)
Gratuity paid	(851,300)	(149,500)
Income tax paid	(2,921,962)	(1,259,375)
WPPF paid	-	(4,244,610)
	(4,100,857)	(5,695,623)
Net cash generated / (utilized) in operating activities	12,464,230	(10,853,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure in Property, Plant & Equipment	(10,796,842)	(2,498,680)
Sale Proceeds from disposal of Property, Plant & Equipment	862,069	-
Long Term Deposits	-	-
Net Cash (outflow) / inflow from investing activities	(9,934,773)	(2,498,680)
CASH FLOWS FROM FINANCING ACTIVITIES		
Sponsors' loan	-	-
Short term loan from directors - unsecured	-	23,300,000
Net Cash (outflow) / inflow from investing activities	-	23,300,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,529,457	9,947,868
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	16,111,879	4,512,091
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18,641,336	14,459,959

7.

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2013

	Issued, subscribed & paid up capital	Capital Reserve Reserve on re- measurement of available for sale investment to fair value	Accumulated (Loss)	Total
	Rupees -----			
BALANCE AS AT JUNE 30, 2011	212,678,000	7,672	(157,896,082)	54,789,590
Total comprehensive loss	-	-	(19,945,479)	(19,945,479)
(Loss) for the Nine months period ended March 31, 2012	-	(1,748)	(19,945,479)	(1,748)
Other comprehensive income	-	(1,748)	(19,945,479)	(19,947,227)
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax			2,883,568	2,883,568
BALANCE AS AT MARCH 31, 2012	212,678,000	5,924	(174,957,993)	37,725,931
Total comprehensive Income	-	-	22,568,229	22,568,229
Profit for the quarter period ended June 30, 2012	-	2,840	22,568,229	2,840
Other comprehensive income	-	2,840	22,568,229	22,571,069
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	945,544	945,544
-Disposal of Property, Plant & Machinery - net of Tax	-	-	312,904	312,904
			1,258,448	1,258,448
BALANCE AS AT JUNE 30, 2012	212,678,000	8,764	(151,131,316)	61,555,448
Total comprehensive Income	-	-	67,912,763	67,912,763
Profit for the Nine months period ended March 31, 2013	-	-	67,912,763	67,912,763
Other comprehensive income	-	-	67,912,763	67,912,763
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	2,728,242	2,728,242
-Disposal of Property, Plant & Machinery - net of Tax	-	-	2,728,242	2,728,242
			2,728,242	2,728,242
BALANCE AS AT MARCH 31, 2013	212,678,000	8,764	(80,490,311)	132,196,453

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE ACCOUNTS (Un-audited)**

**FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 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**

This condensed interim financial information of the Company for the nine months period ended March 31, 2013 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the statutory auditors of the Company, as required by the Code of Corporate Governance and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income and notes, thereto, for the quarters ended March 31, 2013 and 2012 are also included in this condensed interim financial information.

This condensed interim financial information does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2012.

**3. BASIS OF ACCOUNTING**

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

**4. ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual financial statements of the Company for the year ended June 30, 2012, except for changes resulting from initial application of standards, amendments or interpretations to existing standards.

However, amendments / improvements and new interpretations of approved accounting standards effective during the period, were not relevant to the Company's operations and did not have any material impact on the accounting policies of the Company.

**5. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the company's accounting policies and key sources of estimation of uncertainty are the same as those were applied to the annual audited financial statements for the year ended June 30, 2012.

		MARCH 31, 2013	JUNE 30, 2012
		Rupees	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Tangible operating fixed assets - at net book value	6.1	375,951,845	379,037,763
Intangible assets		-	-
		<u>375,951,845</u>	<u>379,037,763</u>
6.1 Detail of additions and disposals at net book value along with depreciation charged during the period / year are as follows:			
<u>DESCRIPTION</u>			
Opening net book value		379,037,763	386,347,247
<u>Additions during the period / year</u>			
Plant and Machinery		10,796,842	11,476,550
		<u>10,796,842</u>	<u>11,476,550</u>
<u>Disposals during the period / year</u>			
Generating set		1,435,022	1,967,645
Depreciation charged thereon		12,447,738	16,818,389
Closing net book value		<u>375,951,845</u>	<u>379,037,763</u>
<b>7. CASH AND BANK BALANCES</b>			
Cash in hand		26,403	113,982
Cash with banks		18,614,933	15,997,897
		<u>18,641,336</u>	<u>16,111,879</u>
<b>8. SPONSORS' LOAN - UNSECURED</b>			
Interest free	8.1	199,437,447	199,437,447
Interest bearing - Long Term Loan	8.2	12,255,000	12,255,000
Interest bearing - Short Term Loan	8.2	23,300,000	23,300,000
		<u>234,992,447</u>	<u>234,992,447</u>
8.1 This represents interest-free loan obtained from directors, chief executive officer and other sponsors. These loans are unsecured and not payable within next twelve months. There is no fixed tenure for repayment of these liabilities. In the absence of the availability of a defined repayment schedule, the fair value of these loans is not determinable.			
8.2 The loan is unsecured and carries markup @ 3 months kibar plus 2%.			

NOTES TO THE ACCOUNTS (Un-audited)

FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2013

	Nine Months ended 31, March		Quarter ended 31, March	
	2013	2012	2013	2012
	Rupees			
<b>9. SALES</b>				
<u>Local:</u>				
-Sales of yarn - Local	451,271,575	101,589,850	197,519,545	64,208,125
-Sales of yarn - Export	61,620,910	-	43,429,755	-
-Sale of waste	34,212,990	22,483,915	12,454,865	16,357,900
-Conversion charges	105,078,480	39,003,950	24,472,080	30,891,650
	<u>652,183,955</u>	<u>163,077,715</u>	<u>277,876,245</u>	<u>111,457,675</u>
Less Commission on:				
-Sales of yarn - Local	(1,094,911)	-	(579,000)	-
-Sales of yarn - Export	(4,322,745)	-	(2,785,895)	-
	<u>(5,417,656)</u>	<u>-</u>	<u>(3,364,895)</u>	<u>-</u>
	<u>646,766,299</u>	<u>163,077,715</u>	<u>274,511,350</u>	<u>111,457,675</u>
<b>10. COST OF SALES</b>				
Raw material consumed	396,035,081	75,543,442	189,744,996	47,320,010
Salaries, wages & benefits	51,807,962	24,218,094	17,309,574	13,354,795
Fuel & power	79,834,570	34,817,546	28,141,108	21,524,193
Repair and maintenance	1,010,618	919,705	431,902	483,220
Other manufacturing overheads	6,429,099	2,525,278	1,459,256	2,073,280
Rent, Rates & Taxes				
Cotton cess duty	1,381,469	172,722	488,715	153,645
Store consumed	14,189,421	10,474,147	4,854,304	5,974,541
Insurance	1,489,277	1,004,140	530,839	305,046
Packing material consumed	11,381,998	3,740,578	3,991,394	2,601,852
Depreciation	12,250,959	12,452,452	4,120,347	4,163,606
	<u>575,810,454</u>	<u>165,868,103</u>	<u>251,072,436</u>	<u>97,954,189</u>
Opening stock of work in process	7,900,034	8,255,105	12,073,136	7,916,899
Closing stock of work in process	(13,324,431)	(8,677,135)	(13,324,431)	(8,255,105)
	<u>(5,424,397)</u>	<u>(422,030)</u>	<u>(1,251,295)</u>	<u>(338,206)</u>
Cost of goods manufactured	<u>570,386,057</u>	<u>165,446,073</u>	<u>249,821,141</u>	<u>97,615,983</u>
Opening stock of finished goods	7,530,878	5,959,077	18,139,142	7,007,235
Closing stock of finished goods	(30,091,701)	(8,131,700)	(30,091,701)	(5,959,077)
	<u>(22,560,823)</u>	<u>(2,172,623)</u>	<u>(11,952,559)</u>	<u>1,048,158</u>
Opening stock of waste	4,410,104	3,065,697	4,437,983	2,926,148
Closing stock of waste	(4,628,247)	(2,613,513)	(4,628,247)	(3,065,697)
	<u>(218,143)</u>	<u>452,184</u>	<u>(190,264)</u>	<u>(139,549)</u>
	<u>547,607,091</u>	<u>163,725,634</u>	<u>237,678,318</u>	<u>98,524,592</u>
<b>10.1 Raw Material Consumed</b>				
Opening Raw Material	25,264,902	10,789,639	94,218,191	-
Add: Purchases	455,697,905	108,400,088	180,454,531	108,428,183
Less: Closing Stock	(84,927,726)	(43,646,285)	(84,927,726)	(43,646,285)
	<u>396,035,081</u>	<u>75,543,442</u>	<u>189,744,996</u>	<u>64,781,898</u>
<b>11. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING</b>				
Transactions with related parties and associated undertakings are as under:				
i) There was no sale or purchase transactions with associated undertaking.				
ii) Long term interest free loan payable to directors and sponsors Rs.199.437 million as at March 31, 2013 (June 30, 2012 Rs. 199.437 million.)				
iii) Long term interest bearing loan payable to directors and sponsors Rs.12.255 million as at March 31, 2013 (June 30, 2012 Rs. 12.255 million.)				
iv) Short term interest bearing loan payable to directors and sponsors Rs.23.300 million as at March 31, 2013 (June 30, 2012 Rs. 23.300 million)				
<b>12. FINANCIAL RISK MANAGEMENT</b>				
The companies financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the company as at and for the year ended June 30, 2012.				
<b>13. DATE OF AUTHORIZATION</b>				
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 29, 2013.				
<b>14. GENERAL</b>				
- Figures have been rounded off to the nearest rupee.				

CHIEF EXECUTIVE

DIRECTOR

This page remain blank intentionally

BOOK POST  
**PRINTED MATTER**  
(Under Postal Certificate)

If undelivered please return to:  
**SAJJAD TEXTILE MILLS LTD.**  
19-B, Off Zafar Ali Road, Gulberg-V, Lahore  
042-35775501-02 Fax: 35711526  
E-mail: [info@sajjadtextile.com](mailto:info@sajjadtextile.com)