

SAJJAD TEXTILE MILLS LTD.

Quarterly Report
March 31, 2014
(Un-Audited)



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COMPANY INFORMATION

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 Ehtesham & Co.
 Chartered Associates

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
 Miss Batool Zahra - Member
 Mrs. Seema Sajjad - 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: 042-35775501-02
 Fax: 042-35711526
 E-Mail: Info@sajjadtextile.com

MILLS ADDRESS

64-KM, Multan Road, Jumber Kalan
 Tehsil Chunian
 District Kasur.
 Tel: 049-4388102

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, 2014.

Financial Results

The financial results are as under:

	Jul. 13 - Mar. 2014 (Rupees in Millions)	Jan. - Mar. 2014 (Rupees in Millions)
Sales	1048.004	368.399
Cost of Sales	1018.866	369.467
Gross Profit/ (Loss)	29.138	(1.068)
Loss before taxation	(4.779)	(13.432)
Loss after taxation	(20.900)	(24.497)

The Company made pre-tax loss of Rs. 13.432 million and Rs. 4.779 million for the 3rd quarter and nine months ended March 31, 2014 respectively, as against pre-tax profit of Rs. 24.180 million and Rs. 69.208 million for the corresponding periods last year.

Earnings/ (Loss) per share

After tax loss per share was Rs. 1.15 and Rs. 0.98 for the 3rd quarter and nine months respectively, then ended as against per share profit of Rs. 0.78 and Rs. 3.19 for the corresponding periods last year.

The Company is producing 100% Cotton Yarn and unfortunately its prices remained under pressure during the period under discussion. The Company suffered loss due to high energy cost alongwith acute power shortfall. Decline in interbank dollar rates coupled with increased yarn import from India further worsened the situation over the quarter under discussion. The management is hopeful that the prices of raw material i.e. cotton will decrease further and yarn prices will be stable in near future and in next quarter period the business situation will improve. It is expected that the next financial period will be better for spinning sector as compared to the period under discussion.

New Board of Directors constituted after election of directors in extraordinary general meeting held on April 07, 2014. 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
29th April, 2014

MUHAMMAD ASIM SAJJAD
Chief Executive

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

	Notes	MARCH 31, 2014 (Un-Audited)	JUNE 30, 2013 (Audited)
----- Rupees -----			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	437,067,212	441,007,690
Long term deposits		11,368,938	11,368,938
		448,436,150	452,376,628
CURRENT ASSETS			
Stores & spares		16,887,104	12,251,411
Stock in trade		127,889,445	145,012,780
Trade debts		49,020,803	69,266,135
Loans and advances		3,406,190	1,113,281
Trade deposits, prepayments and other receivables		30,021,565	23,209,818
Short term investment		18,484	17,732
Cash and bank balances	7.	35,077,962	7,893,110
		262,321,553	258,764,267
TOTAL ASSETS		710,757,702	711,140,895
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
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		11,920	11,920
Reserve		(124,225,339)	(95,828,509)
Accumulated loss		88,464,581	116,861,411
Surplus on revaluation of fixed assets		163,055,386	166,193,180
NON CURRENT LIABILITIES			
Sponsors' loan - unsecured	8.	209,192,447	211,692,447
Deferred liabilities		54,334,925	48,439,113
		263,527,372	260,131,560
CURRENT LIABILITIES			
Trade and other payables		164,224,710	132,037,079
Accrued mark-up on sponsors' loans		12,359,908	9,876,191
Short term loan from directors - unsecured	8.2	8,900,000	24,900,000
Provision for taxation		10,225,746	1,141,474
		195,710,363	167,954,744
Contingencies & commitments		-	-
TOTAL EQUITY AND LIABILITIES		710,757,702	711,140,895

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2014

	Notes	Nine Months ended 31, March		Quarter ended 31, March	
		2014	2013	2014	2013
		Rupees			
Sales	9	1,048,004,300	646,766,299	368,399,402	274,511,350
Less: cost of sales	10	1,018,866,342	547,607,091	369,467,190	237,678,318
GROSS PROFIT		29,137,959	99,159,208	(1,067,788)	36,833,032
Selling & distribution expenses		10,586,235	5,379,365	2,235,106	3,154,531
Administrative expenses		22,198,968	16,275,380	8,628,702	7,291,473
Other operating expenses		115,131	5,744,723	(649,873)	1,792,052
		32,900,334	27,399,469	10,213,936	12,238,056
		(3,762,375)	71,759,739	(11,281,723)	24,594,976
Other income/(Loss)		1,902,871	1,498,497	(1,531,198)	817,564
OPERATING PROFIT/(LOSS) BEFORE FINANCE COST		(1,859,504)	73,258,236	(12,812,921)	25,412,540
Finance Cost		2,919,661	4,049,764	619,684	1,232,820
PROFIT/(LOSS) BEFORE TAXATION		(4,779,165)	69,208,472	(13,432,605)	24,179,719
TAXATION					
-Current		(10,225,746)	(2,347,862)	(3,476,017)	(1,125,131)
-Prior		-	-	-	-
-Deferred		(5,895,813)	1,052,153	(7,588,458)	(6,438,906)
		(16,121,559)	(1,295,709)	(11,064,475)	(7,564,037)
PROFIT/(LOSS) AFTER TAXATION		(20,900,724)	67,912,763	(24,497,080)	16,615,682
BASIC PROFIT/(LOSS) PER SHARE	-	(0.98)	3.19	(1.15)	0.28

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2014

	Nine Months ended 31, March		Quarter ended 31, March	
	2014	2013	2014	2013
	----- Rupees -----			
PROFIT / (LOSS) AFTER TAXATION	(20,900,724)	67,912,763	(24,497,080)	16,615,682
Other Comprehensive Income / (Loss)				
(Deficit) / Surplus on re-measurement of investment available for sale to fair value	-	-	-	-
Income tax relating to component of other comprehensive income / (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	(20,900,724)	67,912,763	(24,497,080)	16,615,682

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2014

	MARCH 31, 2014	MARCH 31, 2013
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(4,779,165)	69,208,472
Adjustments for:		
Depreciation	11,078,763	12,447,738
Financial charges	2,919,661	4,049,764
WPPF provision	-	3,747,660
WWF provision	-	1,424,111
(Profit)/Loss on sale of assets	115,131	572,953
Gratuity provision	447,525	-
	-	-
Operating (Loss) before working capital changes	9,781,916	91,450,697
Adjustments for working capital changes:		
(Increase) / Decrease In Current Assets		
Stores & spares	(4,635,693)	2,097,950
Stock in trade	17,123,335	(87,866,187)
Trade debts	20,245,332	(16,416,974)
Loans and advances	(2,292,909)	1,066,789
Trade deposits, prepayments and other receivables	(6,811,747)	(32,172,747)
	23,628,319	(133,291,168)
Increase / (Decrease) In Current Liabilities		
Trade and Other Payables	38,718,349	58,405,558
	38,718,349	58,405,558
Cash generated from / (Utilized in) Operations	72,128,583	16,565,087
Financial charges paid	(435,945)	(327,595)
Dividend Paid	(10,633,900)	-
Gratuity paid	(823,075)	(851,300)
Income tax paid	(10,741,626)	(2,921,962)
	(22,634,546)	(4,100,857)
Net cash generated / (utilized) in operating activities	49,494,037	12,464,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure in Property, Plant & Equipment	(4,487,150)	(10,796,842)
Sale Proceeds from disposal of Property, Plant & Equipment	677,965	862,069
Long Term Deposits	-	-
Net Cash (outflow) / inflow from investing activities	(3,809,185)	(9,934,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan from directors - unsecured	(2,500,000)	-
Short term loan from directors - unsecured	(16,000,000)	-
Net Cash (outflow) / inflow from investing activities	(18,500,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,184,852	2,529,457
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,893,110	16,111,879
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	35,077,962	18,641,336

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2014

	Capital Reserve			
	Issued, subscribed & paid up capital	Reserve on re-measurement of available for sale investment to fair value	Accumulated (Loss)	Total
	Rupees			
BALANCE AS AT JUNE 30, 2012	212,678,000	8,764	(151,131,316)	61,555,448
Total comprehensive loss				
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
BALANCE AS AT MARCH 31, 2013	212,678,000	8,764	(80,490,311)	132,196,453
Total comprehensive loss				
Loss for the quarter period ended June 30, 2013			(16,249,607)	(16,249,607)
Other comprehensive income		3,156		3,156
		3,156	(16,249,607)	(16,246,451)
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax			911,409	911,409
-Disposal of Property, Plant & Machinery - net of Tax			911,409	911,409
BALANCE AS AT JUNE 30, 2013	212,678,000	11,920	(95,828,509)	116,861,411
Total comprehensive loss				
Loss for the Nine months period ended March 31, 2013			(20,900,724)	(20,900,724)
Other comprehensive income			(20,900,724)	(20,900,724)
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 on account of:				
-on account of Incremental Depreciation current period - net of Tax			3,137,793	3,137,793
-Disposal of Property, Plant & Machinery - net of Tax			3,137,793	3,137,793
BALANCE AS AT MARCH 31, 2014	212,678,000	11,920	(124,225,339)	88,464,581

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM NOTES TO THE ACCOUNTS (Un-audited)
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 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

This condensed interim financial information of the Company for the nine months and quarter period ended March 31, 2014 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 not been subjected to audit or 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 nine months and quarter period ended March 31, 2014 are also included in this condensed financial information, which were not subject to review.

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, 2013.

3. BASIS OF ACCOUNTING

The accounting policies adopted for preparation of these half year and quarterly un-audited accounts are the same as adopted in the preceding annual accounts of the Company for the year ended June 30, 2013.

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, 2013, 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, 2013.

		MARCH 31, 2014	JUNE 30, 2013
		----- Rupees -----	
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible operating fixed assets - at net book value	6.1	437,067,212	441,007,690
Intangible assets		-	-
		<u>437,067,212</u>	<u>441,007,690</u>
6.1 Detail of additions and disposals at net book value along with depreciation charged during the period / year are as follows:			
DESCRIPTION			
Opening net book value		441,007,690	379,037,764
Additions during the period / year			
Plant and Machinery		3,444,231	31,300,371
Office Equipments		246,150	
Vehicles		4,241,000	
Revaluation Surplus		-	48,813,764
		<u>7,931,381</u>	<u>80,114,135</u>
Disposals during the period / year			
Generating set		793,096	1,435,022
Depreciation charged thereon		<u>11,078,763</u>	<u>16,709,187</u>
Closing net book value		<u>437,067,212</u>	<u>441,007,690</u>
7. CASH AND BANK BALANCES			
Cash in hand		352,395	113,982
Cash with banks		<u>34,725,567</u>	<u>15,997,897</u>
		<u>35,077,962</u>	<u>16,111,879</u>
8. SPONSORS' LOAN - UNSECURED			
Interest free	8.1	199,437,447	199,437,447
Interest bearing - Long Term Loan	8.2	9,755,000	12,255,000
Interest bearing - Short Term Loan	8.2	<u>8,900,000</u>	<u>24,900,000</u>
		<u>218,092,447</u>	<u>236,592,447</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.

8.2 The loan is unsecured and carries markup @ 3 months kibor plus 2%.

CONDENSED INTERIM NOTES TO THE ACCOUNTS (Un-audited)
FOR THE NINE MONTHS & QUARTER PERIOD ENDED MARCH 31, 2014

	Nine Months ended 31, March		Quarter ended 31, March	
	2014	2013	2014	2013
	----- Rupees -----			
9. SALES				
Local:				
-Sales of yarn - Local	684,470,888	101,589,850	316,438,050	64,208,125
-Sales of yarn - Export	356,544,225	-	45,287,665	-
-Sale of waste	16,001,762	22,483,915	9,119,540	16,357,900
-Conversion charges	-	39,003,950	-	30,891,650
	<u>1,057,016,875</u>	<u>163,077,715</u>	<u>370,845,255</u>	<u>111,457,675</u>
Less Commission on:				
-Sales of yarn - Local	(4,619,198)	-	(2,294,772)	-
-Sales of yarn - Export	(4,393,377)	-	(151,081)	-
	<u>(9,012,575)</u>	<u>-</u>	<u>(2,445,853)</u>	<u>-</u>
	<u>1,048,004,300</u>	<u>163,077,715</u>	<u>368,399,402</u>	<u>111,457,675</u>
10. COST OF SALES				
Raw material consumed	781,780,621	75,543,442	299,121,910	47,320,010
Salaries, wages & benefits	74,949,305	24,218,094	33,109,167	13,354,795
Fuel & power	124,012,104	34,817,546	41,930,234	21,524,193
Repair and maintenance	3,196,213	919,705	508,503	483,220
Other manufacturing overheads	6,245,073	2,525,278	204,162	2,073,280
Rent, Rates & Taxes	203,000	-	3,000	-
Cotton cess duty	1,214,943	172,722	445,533	153,645
Store consumed	18,594,080	10,474,147	9,898,700	5,974,541
Insurance	2,359,913	1,004,140	1,467,242	305,046
Packing material consumed	12,706,975	3,740,578	4,338,289	2,601,852
Depreciation	<u>10,747,499</u>	<u>12,452,452</u>	<u>1,835,327</u>	<u>4,163,606</u>
	<u>1,036,009,726</u>	<u>165,868,103</u>	<u>392,862,066</u>	<u>97,954,189</u>
Opening stock of work in process	10,304,521	8,255,105	14,707,553	7,916,899
Closing stock of work in process	(14,105,440)	(8,677,135)	(14,105,440)	(8,255,105)
	<u>(3,800,919)</u>	<u>(422,030)</u>	<u>602,113</u>	<u>(338,206)</u>
Cost of goods manufactured	<u>1,032,208,808</u>	<u>165,446,073</u>	<u>393,464,179</u>	<u>97,615,983</u>
Opening stock of finished goods	28,068,113	5,959,077	16,810,577	7,007,235
Closing stock of finished goods	(41,369,776)	(8,131,700)	(41,369,776)	(5,959,077)
	<u>(13,301,663)</u>	<u>(2,172,623)</u>	<u>(24,559,199)</u>	<u>1,048,158</u>
Opening stock of waste	2,711,113	3,065,697	3,314,126	2,926,148
Closing stock of waste	(2,751,916)	(2,613,513)	(2,751,916)	(3,065,697)
	<u>(40,803)</u>	<u>452,184</u>	<u>562,210</u>	<u>(139,549)</u>
	<u>1,018,866,342</u>	<u>163,725,634</u>	<u>369,467,190</u>	<u>98,524,592</u>
10.1 Raw Material Consumed				
Opening Raw Material	103,929,051	10,789,639	101,585,490	-
Add: Purchases	747,513,882	108,400,088	267,198,732	108,428,183
Less: Closing Stock	<u>(69,662,313)</u>	<u>(43,646,285)</u>	<u>(69,662,313)</u>	<u>(43,646,285)</u>
	<u>781,780,621</u>	<u>75,543,442</u>	<u>299,121,910</u>	<u>64,781,898</u>
11. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING				
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, 2014 (June 30, 2013 Rs. 199.437 million.)				
ii) Long term interest bearing loan payable to directors and sponsors Rs.9.755 million as at March 31, 2014 (June 30, 2013 Rs. 12.255 million.)				
iii) Short term interest bearing loan payable to directors and sponsors Rs.8.900 million as at March 31, 2014 (June 30, 2013 Rs. 24.900 million)				
12. FINANCIAL RISK MANAGEMENT				
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, 2013.				
13. DATE OF AUTHORIZATION				
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 29, 2014.				
14. GENERAL				
- Figures have been rounded off to the nearest rupee.				

CHIEF EXECUTIVE

DIRECTOR