



# **SAJJAD TEXTILE MILLS LIMITED**

QUARTERLY REPORT  
SEPTEMBER 30, 2016  
(UN-AUDITED)



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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Muhammad Asim Sajjad - Chief Executive  
Mrs. Seema Sajjad - Chairman  
Mr. Salman Muhammad Aslam  
Mrs. Ayesha Rahim  
Miss Batool Zahra  
Mr. Mehr Allah Yar  
Mr. Sultan Mehmood

**CFO/COMPANY SECRETARY**

Mr. Irfan Hamid

**AUDITORS**

M/s. Mudassar Ehtisham & Company,  
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**

Askari Bank Limited  
Habib Bank Limited  
Bank Alfalah Limited  
Habib Metropolitan 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: 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, 2016.

**Financial Results**

The financial results are as under:

	<u>138,328,488</u>	<u>306,320,703</u>
Cost of Sales	<b>(147,667,829)</b>	(319,496,980)
Gross Profit/(Loss)	<b>(9,339,341)</b>	(13,176,277)
Profit/(Loss) Before Taxation	<b>(21,242,104)</b>	(29,007,768)
Profit/(Loss) After Taxation	<b>(12,689,599)</b>	(29,757,642)

The Company incurred before tax loss of Rs. (21.242) million for 1<sup>st</sup> quarter ended September 30, 2016 as against before tax loss of Rs. (29.008) million for the corresponding period last year.

**Earnings/(Loss) per share**

Loss after tax per share was Rs. (0.60) for the 1st quarter then ended as against per share loss of Rs. (1.40) for the corresponding period last year.

The period under review proved to be difficult in terms of financial results. During the financial year under review, the exports of Pakistan has witnessed significant shortfall in comparison with the same period of previous year. The high price of raw material also affected the bottom line. The reason of cotton price hike is 35% lower production of cotton crop than the expected production. Another matter of grave concern is the security risks in our country. Foreign buyers hesitate to visit Pakistan and prefer to go to India, China and Vietnam for doing textile business. Resultantly our yarn export is greatly affected due to security risks. Due to high cost of production and non-availability of profitable sale rates of yarn in the local and international market, we were constrained to suspend the manufacturing operations of our mill on September 22, 2016 along with proposed disposal of sizeable part of Plant & Machinery to settle certain liabilities of the Company. Presently, we are exploring various options for future operations of the Company in view of Government's plan to give relief to the textile sector along with expected favorable dynamics due to implementation of China Pakistan Economic Corridor (CPEC). The Management is ever poised in putting its best efforts to ensure continued growth, operational efficiency and optimum results for the Company and its valued stakeholders.

28th October, 2016  
Lahore

**MUHAMMAD ASIM SAJJAD**  
Chief Executive Officer

**BALANCE SHEET (Un-audited)**  
AS AT SEPTEMBER 30, 2016

		(Rupees) (Un-audited)	(Rupees) (Audited)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment		290,198,161	292,882,540
Long term deposits		11,368,938	11,368,938
		<u>301,567,099</u>	<u>304,251,478</u>
<b>CURRENT ASSETS</b>			
Stores and spares		11,126,536	16,037,323
Stock-in-trade		904,097	59,121,238
Trade debts		12,141,915	27,374,398
Loans and advances		8,263,558	6,991,258
Trade deposits, prepayments & other receivables		30,983,627	23,385,916
Financial asset		21,608	18,870
Cash and bank balances		4,227,271	10,022,975
		<u>67,668,611</u>	<u>142,951,978</u>
<b>TOTAL ASSETS</b>		<u><u>369,235,710</u></u>	<u><u>447,203,456</u></u>
<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	15,796	13,058
Accumulated loss		(438,869,996)	(426,701,566)
		(226,176,200)	(214,010,508)
Surplus on revaluation of fixed assets		129,635,898	130,157,067
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	7	433,197	298,930
		433,197	298,930
<b>CURRENT LIABILITIES</b>			
Trade and other payables		122,807,691	194,695,904
Accrued mark-up	9	24,772,803	22,565,762
Short term loan from sponsors		316,444,820	306,044,820
Provision for taxation		1,317,502	7,451,481
		465,342,815	530,757,967
<b>CONTINGENCIES &amp; COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>369,235,710</u></u>	<u><u>447,203,456</u></u>

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, 2016

		(Rupees)	(Rupees)
Sales - net	11	138,328,488	306,320,703
Cost of Sales	12	(147,667,829)	(319,496,980)
Gross Profit/ (Loss)		(9,339,341)	(13,176,277)
Distribution costs		(556,334)	(2,349,070)
Administrative expenses		(9,076,508)	(12,028,606)
Other operating expenses		(56,978)	-
		(9,689,820)	(14,377,676)
		(19,029,161)	(27,553,954)
Other operating income/(loss)		8,232	(131,210)
Operating profit/ (Loss) before finance costs		(19,020,929)	(27,685,164)
Finance cost		(2,221,175)	(1,322,604)
Profit/ (Loss) before taxation		(21,242,104)	(29,007,768)
Taxation		8,552,505	(749,874)
Profit / (Loss) after taxation		(12,689,599)	(29,757,642)
Basic & Diluted Earning per share / (Loss)		(0.60)	(1.40)

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, 2016

	(Rupees)	(Rupees)
Profit/(Loss) for the Quarter after taxation	(12,689,599)	(29,757,642)
Other comprehensive income/(loss) for the Quarter		
Surplus on re-measurement of investment available for sale to fair value	2,738	(2,408)
Income tax relating to component of other comprehensive income	(849)	-
Total other comprehensive income/(Loss) for the Quarter	1,889	(2,408)
<b>Total comprehensive income / (loss)</b>	<b>(12,687,710)</b>	<b>(29,760,050)</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, 2016

	(Rupees)	(Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(21,242,104)	(29,007,768)
Adjustment for:		
Depreciation	2,742,011	5,369,069
Amortization of Intangible Assets	-	-
Gratuity provision	90,188	1,530,400
Financial Charges	2,221,175	1,322,604
Operating Loss before working capital changes	(16,188,730)	(20,785,695)
Adjustments for working capital changes:		
(Increase) / Decrease in Current Assets		
Stores and Spares	4,910,787	879,722
Stock in Trade	58,217,141	35,408,446
Trade Debts	15,232,483	(13,595,847)
Loans and Advances	(1,272,300)	(1,595,072)
Deposits and Other Receivables	(5,597,711)	(13,094,948)
Provision for Taxation	(1,317,502)	(2,775,326)
	70,172,898	5,226,975
(Decrease) / Increase In Current Liabilities		
Short Term Finances	-	-
Trade and Other Payables	(67,906,754)	(6,117,068)
	(67,906,754)	-
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from / (utilized) in operations	(13,922,586)	(21,675,788)
Finance costs paid	(14,134)	(58,675)
Gratuity paid	(44,079)	(474,450)
Income tax paid	(1,757,073)	(4,870,093)
Net cash (utilized in) operating activities	(15,737,872)	(27,079,006)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(657,832)	(3,141,170)
Proceeds from disposal of property, plant & equipment	200,000	-
Net cash (out flow) / in flow from investing activities	(457,832)	(3,141,170)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from directors and sponsors - disbursements	-	-
Short term loan from directors and sponsors - disbursements	10,400,000	36,000,000
Net cash in flow from financing activities	10,400,000	36,000,000
Net increase in cash and cash equivalents	(5,795,704)	5,779,824
Cash and cash equivalents at beginning of the Quarter	10,022,975	19,657,625
Cash and cash equivalents at end of the Quarter	4,227,271	25,437,449

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, 2016

	Paid up ordinary share capital	Unrealized gain on re-measurement of available for sale investment	ACCUMULATED LOSS	TOTAL
	Rupees			
	212,678,000	27,556	(106,422,321)	106,283,236
Total comprehensive income for the year ended June 30, 2015				
- Loss for the year after taxation	-	-	(46,280,759)	(46,280,759)
- Other Comprehensive income	-	(11,035)	-	(11,035)
	-	(11,035)	(46,280,759)	(46,291,794)
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	4,096,832	4,096,832
- Disposal of property, plant & equipment- net off Tax	-	-	-	-
	-	-	4,096,832	4,096,832
Balance as at June 30, 2015	212,678,000	16,521	(148,606,248)	64,088,274
Total comprehensive income/(loss) for the year ended June 30, 2016				
- Loss for the year after taxation	-	-	(282,103,487)	(282,103,487)
- Other Comprehensive loss	-	(3,463)	-	(3,463)
	-	(3,463)	(282,103,487)	(282,106,950)
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	4,008,169	4,008,169
- Disposal of property, plant & equipment- net off Tax	-	-	-	-
	-	-	4,008,169	4,008,169
Balance as at June 30, 2016	212,678,000	13,058	(426,701,566)	(214,010,508)
Total comprehensive income/(loss) for the Quarter ended September 30, 2016				
- Loss for the Quarter after taxation	-	-	(12,689,599)	(12,689,599)
- Other Comprehensive loss	-	2,738	-	2,738
	-	2,738	(12,689,599)	(12,686,861)
Revaluation surplus realized on account of:				
- Incremental Depreciation current Quarter - net off Tax	-	-	521,169	521,169
	-	-	-	-
	-	-	521,169	521,169
Balance as at September 30, 2016	212,678,000	15,796	(438,869,996)	(226,176,200)

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, 2016

**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, 2016.

**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.

	SEPTEMBER 30, 2016 Rupees	JUNE 30, 2016 Rupees
<b>4- ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
21,267,800 (2016: 21,267,800) Ordinary shares of Rs.10/- each fully paid in cash.	212,678,000	212,678,000
<b>5- RESERVE</b>		
Capital Reserve	15,796	13,058
Revenue Reserve	(438,869,996)	(426,701,566)
	<u>(438,854,200)</u>	<u>(426,688,507)</u>
<b>6- SPONSORS' LOAN - Unsecured</b>		
These are comprised of:		
Interest free loan from directors and sponsors	199,437,447	199,437,447
Short Term Interest bearing loan from sponsors	117,007,373	106,607,373
	<u>316,444,820</u>	<u>306,044,820</u>
<b>7- DEFERRED LIABILITIES</b>		
Gratuity - Defined benefit plan	433,197	298,930
Deferred Taxation	-	-
	<u>433,197</u>	<u>298,930</u>
<b>8- TANGIBLE FIXED ASSETS:</b>		-
Following are the major additions/(deletions) in operating fixed assets:		
Building	-	1,476,396
Plant & Machinery	657,832	12,797,485
Electric Installations	-	89,300
Computers	-	51,000
Vehicles	(600,200)	(503,900)

**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 (2016: Rs. Nil) during the Quarter.
- ii) Interest free loan provided by directors and sponsors Rs. Nil (June 30, 2016 Rs. Nil)
- iii) Interest bearing short term loan provided by sponsors Rs. 10.400 million (June 30, 2016 Rs. 112.225 million)
- iv) Markup payable to directors and sponsors Rs. 24.773 million (June 30, 2016 Rs. 22.574 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 the interest on these loans.

10- CONTINGENCIES AND COMMITMENTS

- 10.1 There were no contingencies as at September 30, 2016.  
10.2 There were no commitments as at September 30, 2016.

	JULY 1, - SEPT. 30, 2016	JULY 1, - SEPT. 30, 2015
	Rupees	Rupees
<b>11- SALES - Net</b>		
Local Sale	138,151,928	175,515,875
Export Sale	-	129,374,947
Waste Sale	176,560	4,053,500
	<u>138,328,488</u>	<u>308,944,322</u>
Less: Commission	-	(2,623,619)
	<u>138,328,488</u>	<u>306,320,703</u>
<b>12- COST OF SALES</b>		
Raw material consumed	43,326,247	221,730,700
Salaries, wages and benefits	14,131,913	24,829,017
Packing material	2,244,817	5,561,899
Fuel and power	21,177,414	50,840,052
Repair and maintenance	223,295	281,323
Other manufacturing overheads	4,878,641	5,314,706
Rent, Rates & Taxes	100,000	314,401
Colton cess duty	30,262	493,639
Store consumed	2,378,922	4,025,904
Insurance	850,165	1,230,587
Depreciation	2,393,366	4,630,436
	<u>91,735,042</u>	<u>319,252,664</u>
Opening stock of work in process	8,322,990	7,974,828
Closing stock of work in process	-	(6,527,667)
	<u>8,322,990</u>	<u>1,447,161</u>
Cost of goods manufactured	100,058,032	320,699,825
Opening stock of finished goods	47,334,621	25,376,603
Closing Stock of Finished Goods	-	(25,539,265)
	<u>47,334,621</u>	<u>(162,662)</u>
Opening stock of waste	1,179,273	2,582,220
Closing stock of waste	(904,097)	(3,622,403)
	<u>275,176</u>	<u>(1,040,183)</u>
	<u>147,667,829</u>	<u>319,496,980</u>
<b>12.1 Raw Material Consumed</b>		
Opening Raw Material	2,284,354	49,611,682
Add: Purchases	41,726,292	186,566,570
Less: closing stock	(684,399)	(14,447,552)
	<u>43,326,247</u>	<u>221,730,700</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 28, 2016 by the Board of Directors of the Company.		
<b>15- GENERAL</b>		
Figures have been rounded off to the nearest rupee.		

CHIEF EXECUTIVE

DIRECTOR

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