

**UN-AUDITED
QUARTERLY REPORT
MARCH 31, 2014
(3RD QUARTER)**



Khalid Siraj Textile Mills Limited

KHALID SIRAJ TEXTILE MILLS LIMITED
COMPANY INFORMATION

Chief Executive Officer	-	Mian Tayyab Iqbal
Directors	-	Mian Tahir Iqbal
	-	Miss. Rabia Iqbal
	-	Mrs. Tayyaba Waseem
	-	Mrs. Rukhsana Arif
	-	Kh. Iftikhar-ud-Din
	-	Mr. Muhammad Asif (NIT Nominee)
Audit Committee		
Chairman	-	Miss. Rabia Iqbal
Members	-	Mrs. Tayyaba Waseem
	-	Mrs. Rukhsana Arif
HR Committee		
Chairman	-	Mian Tahir Iqbal
Members	-	Miss. Rabia Iqbal
	-	Mrs. Tayyaba Waseem
Company Secretary	-	Haji Tariq Samad
Internal Auditor	-	Mr. Muhammad Naeem Wazir
Auditors	-	Kamran & Co. Chartered Accountants A/2, Ingola Appartments, 24-Jail Road, Lahore.
Legal Advisor	-	Mr. Majid Ali Rana (Advocate)
Share Registrar	-	M/s. Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35916714, Fax: 042-35869037
Registered Office	-	467-M Block, Model Town Extension, Lahore.
Mills	-	48-K.M, Lahore-Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, Distt. Kasur.

KHALID SIRAJ TEXTILE MILLS LIMITED
BRIEF FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2014

DIRECTORS' REVIEW:

For the quarter under review, the company suffered loss before tax of Rs. 6.736 million. The loss, during the quarter, would have been less but charging of depreciation on revalued fixed assets amounting to Rs. 5.124 million increased the gross loss to Rs. 2.345 million for the quarter.

FUTURE PROSPECTS:

The Management has decided not to start the operation of the mills till such time the business conditions improve and there are clear indications of running the mills on reasonable profit margin.

CHIEF EXECUTIVE OFFICER

DIRECTOR

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED BALANCE SHEET
AS AT MARCH 31, 2014

	Notes	Un-Audited March 31, 2014	Audited June 30, 2013
(Rupees)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 12,000,000 (June 30, 2013: 12,000,000) ordinary shares of Rs.10 each		120,000,000	120,000,000
Issued, subscribed and paid up share capital:	4.02	107,000,000	107,000,000
Accumulated loss		(249,058,316)	(204,743,080)
		(142,058,316)	(97,743,080)
Surplus on revaluation of property, plant and equipment		153,879,124	163,869,982
Non-current liabilities			
Long-term finances	5	196,087,980	193,787,980
Deferred liabilities		19,614,454	21,436,083
		215,702,434	215,224,063
Current liabilities			
Trade and other payables		133,334,150	146,959,216
Mark-up accrued		13,635,735	7,461,811
Short-term borrowings	6	61,255,060	71,286,334
Current portion of long-term financing from financial institutions - long-term liabilities		4,602,122	4,602,122
		212,827,067	230,309,483
Contingencies and commitments		-	-
		440,350,309	511,660,448
ASSETS			
Non-current assets			
Property, plant and equipment	7	305,309,786	326,386,507
Long-term deposits		2,001,000	1,941,000
Long-term advances		15,650,727	15,650,727
		322,961,513	343,978,234
Current assets			
Stores, spare parts and loose tools		38,544,287	36,159,325
Stock in trade		23,831,891	69,964,550
Trade debts		1,093,866	9,324,768
Loans and advances		1,442,808	667,993
Trade deposits and short-term prepayments		769,280	882,815
Balances due from government		50,895,926	44,633,050
Cash and bank balances		810,738	6,049,713
		117,388,796	167,682,214
		440,350,309	511,660,448

The annexed notes 1 to 10 form an integral part of this condensed financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT /
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2014

	Nine-Months Ended		Quarter Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees)		(Rupees)	
Sales	278,099,719	807,304,137	-	252,500,915
Cost of sales	313,168,752	810,450,974	2,345,224	256,360,023
Gross Loss	(35,069,033)	(3,146,837)	(2,345,224)	(3,859,108)
Operating expenses:				
Distribution and marketing cost	819,413	1,459,138	73,180	423,109
Administrative and general expenses	9,171,856	9,492,691	2,349,952	3,614,061
	9,991,269	10,951,829	2,423,132	4,037,170
Operating (Loss) / Profit	(45,060,302)	(14,098,666)	(4,768,356)	(7,896,278)
Finance cost	6,457,776	14,235,506	1,967,201	4,749,618
Loss before taxation	(51,518,078)	(28,334,172)	(6,735,557)	(12,645,896)
Taxation	2,788,016	(2,061,735)	-	(3,161,888)
Loss after taxation	(54,306,094)	(26,272,437)	(6,735,557)	(9,484,008)
Total comprehensive loss	(54,306,094)	(26,272,437)	(6,735,557)	(9,484,008)
Earnings per share - basic and anti-diluted	(5.08)	(2.46)	(0.63)	(0.89)

The annexed notes 1 to 10 form an integral part of this condensed financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2014

	Share capital	Accumulated loss	Total Equity
	(Rupees)		
Balance as at June 30, 2012	107,000,000	(188,626,925)	(81,626,925)
Total comprehensive loss for the nine months period ended March 31, 2013		(26,272,437)	(26,272,437)
loss for the period			
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)		11,172,881	11,172,881
Balance as at March 31, 2013	<u>107,000,000</u>	<u>(203,726,481)</u>	<u>(96,726,481)</u>
Total comprehensive loss for the nine months period ended June 30, 2013		(4,619,410)	(4,619,410)
loss for the period			
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)		3,602,811	3,602,811
Balance as at June 30, 2013	<u>107,000,000</u>	<u>(204,743,080)</u>	<u>(97,743,080)</u>
Total comprehensive loss for the nine months period ended March 31, 2014		(54,306,094)	(54,306,094)
loss for the period			
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)		9,990,858	9,990,858
Balance as at March 31, 2014	<u><u>107,000,000</u></u>	<u><u>(249,058,316)</u></u>	<u><u>(142,058,316)</u></u>

The annexed notes 1 to 3 form an integral part of this condensed financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED CASH FLOW STATEMENT (Un-Audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2014

	Nine-Months Ended	
	March 31, 2014	March 31, 2013
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating (Loss) / Profit	(51,518,078)	(28,334,172)
Adjustments for non-cash charges / items:		
Depreciation on property, plant and equipment	21,963,703	24,048,773
Provision for employee retirement benefits	1,165,830	2,400,000
(Gain)/loss on disposal of property, plant and equipment	-	765,000
Finance cost	6,457,776	14,235,506
	<u>29,587,309</u>	<u>41,449,279</u>
Loss before working capital changes	(21,930,769)	13,115,107
Working capital changes		
(Increase)/Decrease in current assets		
Stores, spare parts and loose tools	(2,384,962)	4,814,566
Stock in trade	46,132,659	(27,994,952)
Trade debts	8,230,902	5,404,932
Loans and advances	(774,815)	(11,496)
Trade deposits and short-term prepayments	113,535	(8,073,249)
Balances due from government	(1,160,423)	(77,705,172)
Increase/(Decrease) in trade and other payables	(13,625,066)	31,452,781
	<u>36,531,830</u>	<u>(72,112,590)</u>
Cash used in operations	14,601,061	(58,997,483)
Income taxes paid	(7,890,469)	(9,259,973)
Employee retirement benefits paid	(2,987,459)	(1,893,700)
Finance cost paid	(283,852)	(13,198,656)
Net cash (used in) operating activities	3,439,281	(83,349,812)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(886,981)	(1,245,281)
(Increase)/Decrease in long-term deposits	(60,000)	(5,000)
Capital work in progress	-	(447,360)
Net cash out flow in investing activities	(946,981)	(1,697,641)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (net) of long-term finances	2,300,000	18,791,204
(Repayment)/Proceeds (net) of short term borrowings	(10,031,274)	70,239,775
Net cash from financing activities	(7,731,274)	89,030,979
Net increase/(decrease) in cash and cash equivalents	(5,238,975)	3,983,525
Cash and cash equivalents at the beginning of the period	<u>6,049,713</u>	<u>3,845,355</u>
Cash and cash equivalents at the end of the period	<u>810,738</u>	<u>7,828,880</u>

The annexed notes 1 to 3 form an integral part of this condensed financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

KHALID SIRAJ TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2014

1 STATUS AND ACTIVITIES

The Company was incorporated in Pakistan on January 17, 1988 as Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing and sale of cotton yarn. The registered office of the Company is situated at 467-M Block, Model Town Extension, Lahore.

2 BASIS OF MEASUREMENT

This condensed financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2013.

	(Un-audited)	(Audited)
	March 31,	June 30,
	2014	2013
	(Rupees)	
4 SHARE CAPITAL AND RESERVES		
4.01 Authorised share capital		
12,000,000 (June 30, 2013: 12,000,000) ordinary shares of Rs. 10/- each	<u>120,000,000</u>	<u>120,000,000</u>
4.02 Issued, subscribed and paid up share capital:		
10,000,000 (June 30, 2013: 10,000,000) ordinary shares of Rs. 10/- each fully paid in cash	100,000,000	100,000,000
700,000 (June 30, 2013: 700,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	7,000,000	7,000,000
	<u>107,000,000</u>	<u>107,000,000</u>
5 LONG TERM FINANCES		
5.01 Sponsors' loan	30,400,000	30,400,000
5.02 Sponsors' uncalled dividend	24,058,182	24,058,182
5.03 Due to ex-associated undertakings	32,329,798	32,329,798
5.04 Ex-directors	<u>109,300,000</u>	<u>107,000,000</u>
	<u>196,087,980</u>	<u>193,787,980</u>
5.01 Loan from sponsors		
These represent unsecured loan from sponsors of the Company. The terms repayment has not yet been decided so far. The above loan alongwith uncalled dividends is subjudice before the Honourable Lahore High Court, Lahore (also refer note 5.02).		
5.02 Sponsors' uncalled dividend		
These represent uncalled dividends by sponsors of the Company. The above uncalled dividend alongwith loans from sponsors is subjudice before the Honourable Lahore High Court, Lahore (also refer note 5.01).		
5.03 Previous associated undertakings		
This represents unsecured loans from various Companies which were previously associated undertakings but now have been allocated by the Honourable Lahore High Court, Lahore to other families of ex-Ittefaq Group. The matter is still pending adjudication.		
5.04 Long-term loans from ex-directors		
Long-term loan	113,902,122	111,602,122
Less: Current portion	<u>(4,602,122)</u>	<u>(4,602,122)</u>
	<u>109,300,000</u>	<u>107,000,000</u>
6 SHORT TERM BORROWINGS - SECURED		
Cash finance/overdraft	<u>61,255,060</u>	<u>71,286,334</u>
	<u>61,255,060</u>	<u>71,286,334</u>
7 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	326,386,507	349,924,018
Addition during the period		
Factory building on free hold land	-	1,816,357
Plant and machinery	886,981	6,045,898
Electric installation	-	915,886
Furniture and fixture	-	1,287,281
	886,981	10,065,422
Less:		
Impairment loss	-	2,710,563
Adjustment	-	(734,563)
Depreciation for the period	<u>21,963,703</u>	<u>31,626,932</u>
	<u>21,963,703</u>	<u>33,602,932</u>
Closing book value	<u>305,309,786</u>	<u>326,386,507</u>

8 AUTHORIZATION FOR ISSUE

These financial statements has been approved by the Board of Directors of the Company and authorised for issue on April 24, 2014.

9 CORRESPONDING FIGURES

9.01 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.

9.02 Figures have been rounded off to nearest rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR