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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

VISION STATEMENT

We aim at seeing our company to be a model manufacturing unit producing high quality products by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customer's satisfaction. We wish to play a leading role in the economy by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

1. To purchase and install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.
2. To exercise maximum care for improvement of quality of our products by employing a team of highly skilled technicians and professional managers.
3. To strive hard to develop new markets for the sale of our products locally and internationally.
4. To improve customer's satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.
5. To attend to the prompt resolution of customer's complaints by taking timely corrective measures to redress the quality complaints.
6. To improve logistic facilities for our customers dispatch programme and issue all shipments/delivery documents well in time.
7. To make comprehensive arrangements for the training of our workers / technicians.
8. To promote team work, sense of transparency, creativity in our professionals and technical people.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

SAJJAD TEXTILE MILLS LIMITED has laid down the following business ethics and Principles, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. Conflict of interest

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a. In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
- b. The staff members should not engage in any outside business while serving the company.
- c. Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d. If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. Confidentiality

All staff members are required not to divulge any secrets / information of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the Company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. Proper accounts keeping

All funds, receipts and disbursements should be properly recorded in the accounts books of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

STATEMENT OF ETHICS AND BUSINESS PRACTICES**5. Relationship with Government officials suppliers, agents etc.**

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

6. Health and Safety

Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

7. Environment

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities, and strive continuously to improve environmental awareness and protections.

8. Alcohol, Drugs

All types of gambling and betting at the company's work places are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. Coordination among staff members to maintain discipline

All staff members will work in close coordination with their co-workers, seniors and colleagues so that the Company's work could be carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management and strict disciplinary action will be initiated against violators.

10. Workplace Harassment

All staff members will be provided an environment that is free from harassment and in which all employees are equally respected. Workplace harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

For and on behalf of the Board

October 06, 2017
Lahore

MUHAMMAD ASIM SAJJAD
Chief Executive

KEY OPERATING AND FINANCIAL DATA

OPERATING

RUPEES IN MILLION

(Restated)

	2017	2016	2015	2014	2013	2012
Net Sales	139.8	793.1	1171.1	1260.2	807.5	307.9
Gross Profit	(34.5)	(226.9)	2.5	21.1	122.3	20.0
Operating Profit/(Loss)	(63.8)	(268.4)	(52.3)	(13.9)	85.2	5.6
Pre tax Profit/(Loss)	(74.2)	(275.1)	(56.1)	(17.4)	80.0	1.7
After tax Profit/(Loss)	(74.4)	(282.1)	(46.3)	(4.4)	51.7	2.6

FINANCIAL

Tangible Fixed Assets-Net

- Operating	22.1	292.9	466.2	430.7	441.0	379.0
- Capital work-in-progress	-	-	-	-	-	-
- Leased	-	-	-	-	-	-
Deposits	11.8	11.4	11.4	11.4	11.4	11.4
	33.9	304.3	477.5	442.1	452.4	390.4

Current Assets

Current Liabilities

Current Assets	36.5	143.0	203.7	167.6	258.8	106.0
Current Liabilities	(465.4)	(530.8)	(456.9)	(318.3)	(379.6)	(292.5)
	(428.9)	(387.8)	(253.2)	58.5	90.8	25.1

Capital Employed

Long Term Loans and

Other Liabilities

Share Holders' Equity

Capital Employed	(395.0)	(83.6)	219.4	454.0	446.3	415.5
Long Term Loans and Other Liabilities	-	0.3	2.5	23.3	48.4	21.2
Share Holders' Equity	(395.0)	(83.9)	221.9	477.3	494.7	394.3

REPRESENTED BY

Share Capital

Accumulated Loss

Surplus on revaluation

of Fixed Assets

Directors and Sponsors loan

Share Capital	212.7	212.7	212.7	212.7	212.7	212.7
Accumulated Loss	(499.0)	(426.7)	(148.6)	(106.4)	(95.8)	(151.1)
Surplus on revaluation of Fixed Assets	128.0	130.2	157.8	161.9	166.2	121.0
Directors and Sponsors loan	-	-	-	209.2	211.7	211.7
	(158.3)	(83.9)	221.9	477.3	494.7	394.3

RATIO

Debt/Equity Ratio

Current Ratio

Gross Profit/(Loss) to Sales %

Net Profit/(Loss) to Sales %

Break-up value per Share (Rs.)

Earning/(Loss) per Share (Rs.)

Dividends %

Debt/Equity Ratio	1.52 : 1	1.38 : 1	0.58 : 1	0.06 : 1	0.13 : 1	0.05 : 1
Current Ratio	0.08 : 1	0.27 : 1	0.45 : 1	0.53 : 1	0.68 : 1	0.36 : 1
Gross Profit/(Loss) to Sales %	(24.7)	(28.6)	0.2	1.7	15.2	6.504
Net Profit/(Loss) to Sales %	(53.2)	(35.6)	(4.0)	(0.3)	6.4	0.85
Break-up value per Share (Rs.)	(7.48)	(3.94)	10.43	12.61	13.31	8.58
Earning/(Loss) per Share (Rs.)	(3.50)	(13.26)	(2.00)	(0.21)	2.43	0.12
Dividends %	-	-	-	-	5.0	-

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Sajjad Textile Mills Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule. 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

MUDASSAR EHTISHAM & COMPANY

Chartered Accountants

Engagement Partner:

Muhammad Ehtisham

Dated: October 6, 2017

Lahore

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of Members of the **SAJJAD TEXTILE MILLS LIMITED** will be held on October 28, 2017 (Saturday) at 11:30 a.m. at registered office of the Company at 19-B, Off. Zafar Ali Road, Gulberg-V, Lahore to transact the following business:

Ordinary Business:

1. To read and confirm minutes of the Extra-ordinary General Meeting of the Company held on April 06, 2017.
2. To receive, consider and adopt the annual audited Financial Statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2017.
3. To appoint Auditors for the year ending June 30, 2018 and to fix their remuneration. The present auditors M/s Mudassar Ehtisham & Company, chartered accountants being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
Dated: 06 October, 2017

(IRFAN HAMID)
Company Secretary

NOTES:

1. The Share transfer books of the Company will remain closed from 21 October, 2017 to 28 October, 2017 (both days inclusive). Physical transfers received in order by the Company's shares Registrar M/s, Hameed Majeed Associates (Private) Limited, H.M. House, 7- Bank Square, Lahore by the close of business on 20 October, 2017 will be treated in time to determine voting rights of the members for attending the meeting.
2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy forms duly completed must reach the company at its Registered Office at least 48 hours before the time of the meeting. Form of proxy is attached.
3. Members are requested to send copies of their CNICs to the Company's share Registrar to enable the Company to comply with direction of the Securities and Exchange Commission of Pakistan contained in SRO-831(1) 2012. Interested Members are encouraged to send their e-mail addresses with their consent to opt for transmission of annual reports and AGM notice through e-mail, at Company's registered Office. Shareholders are requested to immediately notify the change of address, if any to share Registrar of the Company.

CDC account holders will further have to follow the guidelines as laid down in circular No. 1 dated: January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Subsequently, vide Circular No. 18 of 2017 dated 01 August, 2017, SECP has allowed one time relaxation till 31 October, 2017 to pay cash dividend by dividend warrants. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.
5. Pursuant to the provisions of Finance Act, 2017, effective 01 July 2017, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers. Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website. Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate and necessary documentary evidence, as the case may be.

Withholding tax on dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding in case of Joint account, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing. Shareholders who are filers are advised to make sure that their names (and/or the name of their joint holders) are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of AGM on October 28, 2017, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend will be deducted accordingly. In the event of non-receipt of the information by 28-10-2017 each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

Folio/CDC Account No.	Name of shareholder	CNIC	Shareholding	Total shares	Principal/joint shareholder
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6. A. For attending the meeting personally:

Any individual beneficial owner of CDC entitled to attend and vote at this meeting, must bring his/her CNIC or Passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of a corporate entity, the Board's resolution/power of attorney with specimen signature should be furnished along with the proxy form to the Company.

B. For exercising electronic voting right through Intermediary by providing consent in writing regarding appointment of execution officer as proxy as per the Companies (E-Voting) Regulations, 2016.

The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting, at the registered office 19-B, Off. Zafar Ali Road Gulberg – V, Lahore, of the company or through email: corporate@sajjadtextile.com.

- i) The proxy/e-voting form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii) The company will arrange for e-voting if the company receives demand for poll from at least five members or by any member or members having not less than one tenth of the voting power.
 - iii) Members can also avail video conference facility. In this regard, please send in writing to registered address of the Company 10 days before holding of general meeting.
7. The Company has placed the Audited Financial Statements for the year ended 30th June, 2017 along with Auditors' and Directors' Reports thereon on its website: www.sajjadtextile.com
 8. Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s Hameed Majeed Associates (Pvt) Limited, H.M. House 7-Bank Square, Lahore to collect/enquire about their unclaimed dividend or pending shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

نوٹس برائے سالانہ اجلاس عام

معزز ممبر کو مطلع کیا جاتا ہے کہ سجاد ٹیکسٹائل ملز لمیٹڈ کا عمومی سالانہ اجلاس عام بتاریخ ۲۸ اکتوبر ۲۰۱۷ بروز ہفتہ بوقت صبح ۱۱:۳۰ بجے کے رجنسٹریڈ آفس بمقام ۱۹ بی آف ظفر علی روڈ بگلبرگ ۵، لاہور، پر منعقد ہوگا جس میں درج ذیل کاروائی عمل میں لائی جائے گی۔

عمومی کاروائی

- 1 کمپنی کے ۱۶ اپریل ۲۰۱۷ء کو منعقدہ غیر معمولی عام اجلاس کی کاروائی کی توثیق۔
- 2 سالانہ تخمینہ 30 جون ۲۰۱۷ء کی بابت کمپنی کے آڈٹ شدہ حسابات بہرہ ان پریڈیکٹران اور آڈیٹران کی رپورٹ کی منظوری، غور و خوض اور ان کی قبولیت۔
- 3 آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 4 کوئی اور کاروائی جسے چیئرمین کی اجازت سے میٹنگ کے سامنے رکھا جاسکے گا۔

بکلم بورڈ

عرفان حمید

کمپنی سیکریٹری

لاہور 6 اکتوبر ۲۰۱۷ء

نوٹس:

- 1 حصص کی منتقلی رجنسٹر ۲۱ اکتوبر ۲۰۱۷ء سے ۲۸ اکتوبر ۲۰۱۷ء تک بند رہے گی۔ منتقلی کمپنی کے رجنسٹر رجسٹرڈ (پرائیویٹ) لمیٹڈ کے دفتر ایچ ایم ہاؤس، ۷ بک سکوائر، لاہور پر ۲۰ اکتوبر ۲۰۱۷ء کو کاروباری اوقات میں پہنچ جائے گی وہ استحقاق اور اجلاس میں شرکت کیلئے بروقت تصور ہوگی۔
- 2 اجلاس ہذا میں ممبر شرکت کیلئے اپنی جگہ کسی اور کو پر کسی مقرر کر سکتا یا سکتی ہے۔ پر کسی تقریر کی دستاویز اور مختار نامہ یا دیگر اہماتی جس کے تحت یہ دستخط شدہ ہے کی نوٹریلی مصدقہ کاپی، اجلاس کا وقت شروع ہونے سے ۳۸ گھنٹے پہلے کمپنی کے دفتر میں جمع ہونی چاہیے اور ممبر، دستخط اور گواہی شدہ ہونی چاہیے۔ CDC کے اکاؤنٹ ہولڈرز کو اپنی شناخت کیلئے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ کے ہمراہ آنا ہوگا۔ کارپوریٹ ممبرز کے نمائندگان شناخت کیلئے اس موقع پر درکار معمول کی دستاویزات ہمراہ لے کر آئیں۔
- 3 CDC کے اکاؤنٹ ہولڈرز کو اپنی شناخت کیلئے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کے ہمراہ آنا ہوگا۔ CDC اکاؤنٹ ہولڈرز کو SECP کے جاری کردہ سرکرنمبر 1، مورخہ 26 جنوری 2000 میں درج رہنما ہدایات کی پیروی کرنا ہوگی۔
- 4 کمپنی ایکٹ 2017ء کے سیکشن 242 کے تحت لسٹڈ کمپنیاں حصص یافتگان کو نقد تمسکات ان کے مقرر کردہ بینک میں ادا کرنے کی پابند ہے۔ بعد ازاں، سرکرنمبر 18 آف 2017ء بتاریخ یکم اگست 2017ء میں SECP نے ایک دفعہ نقد تمسکات کی 31 اکتوبر 2017ء کی اجازت دی ہے۔ حصص یافتگان جو کہ فیصلہ حصص کے حامل ہیں وہ کمپنی رجنسٹر اکاؤنٹ لیکٹر تک تمسکات مینڈیٹ فارم ارسال کریں۔ CDC حصص یافتگان ممبری معلومات کو اپ ڈیٹ کرنے اور کمپنی کو بھیجے کیلئے اپنی متعلقہ CDS فرم کو فراہم کریں۔ اگر کسی ممبر کا پتہ تبدیل ہو گیا ہو تو کمپنی رجنسٹر اکاؤنٹ گاہ کرے۔
- 5 فنانس ایکٹ 2017ء بتاریخ یکم جولائی کی رو سے تمسکات کی ادائیگی پر انکم ٹیکس فائلر اور نان فائلر سٹیکس کی بنا پر لاگو ہوگا۔ انکم ٹیکس FBR کی ویب سائٹ پر موجود ایکٹیوٹیکس بینئر سٹیکس کے مطابق کاٹا جائے گا حصص یافتگان جو انکم ٹیکس سے استثناء یا کم شرح پر انکم ٹیکس کٹوانے کے خواہشمند ہیں وہ ٹیکس سرٹیفکیٹ اور ضروری ثبوت کمپنی کو بھیجیں۔
- 6 جوائنٹ حصص یافتگان سے گزارش ہے کہ وہ اپنے حصص کا حصے کی شرح کمپنی کے شیئرز رجنسٹر اکاؤنٹ ارسال کریں جو حصص یافتگان انکم ٹیکس بینئر ہیں وہ اپنے نام FBR کی ویب سائٹ ATL لسٹ میں درج کرنا چاہیں، علاوہ ازیں انہیں نان فائلر تصور کیا جائے گا۔ یہ معلومات 28 اکتوبر 2017ء تک موصول نہ ہونے کی صورت میں جوائنٹ حصص یافتگان کو برابر حصہ دار تصور کیا جائے گا۔
- 6 (اے) ممبران کو درخواست کی جاتی ہے کہ کمپنی رجنسٹر رجسٹرڈ ایسوسی ایٹس پرائیویٹ لمیٹڈ کو اپنے ایڈریس میں تبدیلی اور کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول لازمی ارسال کریں تاکہ SECP کے 2012 (1) SRO-831 کی کمپلائنس کی جاسکے۔ ای میل کے ذریعے سالانہ حسابات اور AGM نوٹس موصول کرنے میں دلچسپی رکھنے والے ممبران اپنا ای میل ایڈریس کمپنی کے رجنسٹرڈ ایڈریس پر ارسال کریں (بی) آپشن ۲ کے تحت دستخط شدہ ای ویٹنگ فارم یا پر کسی دستاویز کی نوٹریلی مصدقہ کاپی، اجلاس کے دن سے کم از کم دس دن پہلے کمپنی کے دفتر میں جمع ہونی چاہیے اور ممبر، دستخط اور دو لوگوں سے بعد شناختی کارڈ نمبر، نام و پتہ گواہی شدہ ہونی چاہیے۔ آپشن ۲ کے تحت کم از کم دس دستخط شدہ ای ویٹنگ فارم وصول ہونے پر کمپنی ای ویٹنگ کا اہتمام کرے گی۔ ممبرز ویڈیو کانفرنس کی سہولت کیلئے اجلاس کے دن سے کم از کم دس دن پہلے دستخط شدہ دستاویز تحریری شکل میں کمپنی کے دفتر میں جمع کرنا چاہیں۔
- 7 کمپنی کے آڈٹ شدہ سالانہ حسابات 2017 کمپنی کی ویب سائٹ www.sajjadtextile.com پر اپ لوڈ کر دیئے گئے ہیں۔ اگر ممبران ڈاؤن لوڈ کرنے یا یو ٹیو ب میں دشواری پیش آئے تو وہ کمپنی سے رابطہ کرے Ph: 042-35775501-02 or info@sajjadtextile.com
- 8 حصص یافتگان کو مطلع کیا جاتا ہے کہ کسی کے تمسکات یا حصص اس کو موصول نہ ہوئے ہو تو کمپنی کے شیئرز رجنسٹر رجسٹرڈ ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، افلو رینج ایچ ایم ہاؤس، ۷ بک سکوائر، لاہور کو ان کمپیڈ تمسکات یا حصص کی اطلاع کریں۔ کمپنی ایکٹ 2017ء کے سیکشن 244 میں بتائے گئے طریقہ کار کے تحت 3 سال سے پرانے تمسکات وفاقی حکومت کے خزانے میں جمع کروائیے جائیں گے اور حصص SECP کے حوالے کر دیئے جائیں گے۔

IN THE NAME OF ALLAH THE MOST GRACIOUS THE MOST MERCIFUL

Dear Members
Assalam-o-Alaikum,

The Directors welcome you to the 29th Annual General Meeting of the Company and are pleased to present the Annual Report together with the Audited Accounts, Auditors' Report and other various statements as required by the Code of Corporate Governance and Pakistan Stock Exchange for the year ended June 30, 2017.

Financial Results

The financial results are as under:

	30-06-2017 Rs.(Million)	30-06-2016 Rs.(Million)
Sales – Net	139.813	793.087
Cost of Sales	174.335	1,019.978
Gross Profit / (Loss)	(34.522)	(226.891)
Profit / (Loss) before Financial & Other Charges	(63.769)	(268.422)
Profit / (Loss) before Taxation	(74.184)	(275.137)
Taxation	0.240	6.966
Profit / (Loss) after Taxation	(74.424)	(282.103)

The Company suffered after tax loss of Rs. (74.424) million for the year ended June 30, 2017 respectively as against after tax loss of Rs. (282.103) million for the preceding year.

Earning/(Loss) per share

Loss after tax per share was Rs. (3.50) for the year ended June 30, 2017 respectively as against per share after tax loss was Rs. (13.26) for the preceding year.

The manufacturing operations of the Company remained suspended during the year as per intimation sent to Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan on September 22, 2016. The Company obtained approval of its Members in the Extraordinary General Meeting held on April 06, 2017 to dispose off the entire Plant and Machinery of the Company to settle partially the overdue trade creditors and to utilize the remaining amount in trading activities along with the amount generated on account of renting/letting out of the Company's premises as permissible under the Memorandum of Association of the Company.

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate account policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

DIRECTORS' REPORT TO THE MEMBERS

- g) Key Operating and Financial Data for the last six (6) years in summarized form are annexed.
- h) There are no overdue taxes and levies as on 30th June, 2017 other than sales and income tax withheld as withholding agent.
- i) The Company operates un-funded gratuity scheme for its employees and proper provision has been made in the accounts.
- j) Pattern of shareholding and additional information is annexed.
- k) Chief Financial Officer / Company Secretary has not been changed during the year.
- l) The appointment of external auditors will be discussed in the annual general meeting; however existing external auditors M/s Mudassar Ehtisham & Company – Chartered Accountant being eligible for re-appointment have offered their services.
- m) Mr. Muhammad Asim Sajjad – Chief Executive Officer himself and five other directors obtained directors training certification, under Directors' Training Program. Chief Executive Officer is strongly encouraging other directors to acquire the above said certification.
- n) Company's periodic financial statements and investor related information along with web link of Jama Punji, as per Securities and Exchange Commission of Pakistan's instructions is available on the company's website www.sajjadtextile.com.
- o) During 2016-2017, trades in shares of the Company were not carried out by the Directors, CEO, CFO/Company Secretary, their Spouses and minor children.
- p) Nine (09) Board of Directors' Meetings were held during the year. Following was the attendance of the Directors:-

q) <u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mr. Muhammad Asim Sajjad	09
Mrs. Seema Sajjad	08
Mr. Salman Muhammad Aslam	09
Mrs. Ayesha Rahim	08
Miss Batool Zahra	09
Mr. Mehr Allah Yar	08
Mr. Sultan Mahmood	08

Directors who could not attend Board Meetings due to illness or some other reasons were granted leave of absence in accordance with the law. The Board of Directors was elected in extra-ordinary general meeting held on 6th April, 2017 and no vacancy occurred during period under discussion.

- r) The directors and sponsors loans are unsecured and these are repayable upon easing of the company's liquidity. There is no fix repayment schedule or tenure for repayment of these liabilities. Therefore, these loans have been classified as current liabilities as per Technical Release of ICAP, dated: 11-02-2015.

Audit Committee

The Board of Directors in compliance of Code of Corporate Governance has established an Audit Committee which consists of following directors:

<u>Name of Member</u>		<u>No. of Meetings Attended</u>
Mr. Sultan Mahmood	Chairman	05
Mr. Mehr Allah Yar	Member	05
Miss Batool Zahra	Member	05

Human Resource and Remuneration Committee

In compliance with the Code of Corporate the Governance the Board of Directors has formed a human Resource and Remuneration Committee (HR & R Committee) comprising of four members named below one of which is independent director:

Name of Member

Mr. Salman Muhammad Aslam	Chairman
Mr. Sultan Mehmood	Member
Mr. Seema Sajjad	Member
Mr. Ayesha Rahim	Member

Statement of compliance with Code of Corporate Governance is annexed.

The Statutory Auditors will retire and being eligible for re-appointment has offered for appointment for the next financial year.

Lahore
Dated: October 06, 2017

(MUHAMMAD ASIM SAJJAD)
Chief Executive

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

السلام علیکم،

ڈائریکٹرز 30 جون، 2017 کے اختتام پر کمپنی کا سالانہ آڈٹ شدہ مالیاتی جائزہ آپ کو پیش کرتے ہیں۔

مالیاتی نتائج

مالیاتی نتائج حسب ذیل ہیں:

<u>30-06-2016</u>	<u>30-06-2017</u>	
(ملین روپے)	(ملین روپے)	
793.087	139.813	سیلز۔ نیٹ
1019.978	174.335	فروخت کی مالیت
(226.891)	(34.522)	مجموعی نقصان کے
(275.137)	(74.184)	قبل از ٹیکسیشن نقصان
(282.103)	(74.424)	ٹیکسیشن کے بعد نقصان

کمپنی کا بعد از ٹیکس نقصان (74.424) ملین روپے بالترتیب برائے زیر بحث سالانہ مالیاتی مدت میں رہا جبکہ گزشتہ سال اسی مدت میں کمپنی کا بالترتیب قبل از ٹیکس اور (282.103) ملین روپے رہا۔

کمپنی کا بعد از ٹیکس نقصان فی حصص (3.50) روپے بالترتیب برائے زیر بحث سالانہ مالیاتی مدت میں رہا جبکہ گزشتہ سال اسی مدت میں کمپنی کا بالترتیب بعد از ٹیکس فی حصص (13.26) روپے رہا۔

کمپنی کو زیر بحث سالانہ مالیاتی مدت کے دوران پاکستان اسٹاک ایکسچینج اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو اطلاع کے مطابق کمپنی کے مینوفیکچرنگ آپریشنز معطل رہے۔ اپریل 2017ء کو منعقد غیر معمولی جنرل میٹنگ میں کمپنی کی پوری پلانٹ اور مشینری کی فروخت سے واجب تجارت قرض کی جزوی طور پر ادائیگی اور کمپنی کے احاطے کا کرایہ پردینے کے ساتھ ساتھ ٹریڈنگ کی سرگرمیوں میں باقی رقم کا استعمال کرنے کی اراکین سے منظوری حاصل کی ہے۔

برائے اور بحکم بورڈ

محمد عاصم سجاد

چیف ایگزیکٹو آفیسر

16 اکتوبر، 2017ء لاہور

SAJJAD TEXTILE MILLS LIMITED**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE (Appendix-B)
[See clause (5.19.24)]**

Name of company SAJJAD TEXTILE MILLS LIMITED Year Ended 30th June, 2017.

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation No. 5.19.23 of Pakistan stock exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages the representation of non-executive directors and directors representing minority interests on its Board of Directors. At present the composition of Board of Directors is given as under:

Category		Name
Executive Director	1	Mr. Muhammad Asim Sajjad
- do -	2	Mr. Salman Muhammad Aslam
Non -executive Independent Director	3	Mr s. Seema Sajjad
Non -executive Director	4	Mr s. Ayesha Rahim
- do -	5	Miss Batool Zahra
- do -	6	Mr. Mehr Allah Yar
Independent Director	7	Mr. Sultan M ehmoood

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the executive directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement and quality policy. Overall corporate strategy and significant policies of the company are under process of approval.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company has arranged orientation program for the directors and six directors including chief executive have acquired certification of directors' training as required under code of corporate governance. The Chief Executive recommends that members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.
10. The Board has approved appointment of Internal Auditors, Horwath Hussain Chaudhary & Company - Chartered Accountants, including their remuneration and terms and conditions of employment, as determined by the Board of Directors.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors and one independent director. The chief executive and chairman of the Board are not members of the audit committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board had formed HR and Remuneration Committee. It comprises three (4) members; of whom two (3) are non-executive directors. The chief executive and chairman of the Board are not members of the HR and Remuneration committee.
18. The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.
19. The company has appointed its external auditors in line with the requirements envisaged under the Rules.
20. The Board has set up an effective internal audit function who is suitably experienced and his conversant with the policies of the company. The internal audit function was duly reviewed and ratified by the Audit Committee and approved by the Board of Directors of the Company.
21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange including information regarding suspension of business operations, as per requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed..
24. We confirm that all other material principles contained in the Code of Corporate Governance have complied with.

Lahore
Dated: October 6, 2017

(MUHAMMAD ASIM SAJJAD)
Chief Executive

This statement is being presented to comply with the corporate social responsibility.

The Company has applied the principles contained in the Code in the following manner:

1. The Company has implemented all possible measures for the conservation of the energy in order to play its part of job in facing the energy crisis in the country. The Company has restricted the use of electric and gas heaters; the time scheduling has been implemented in the use of A/C and electrical equipments.
2. To ensure the healthy and pollution free environment Sajjad Textile Mills Limited encourages its employees to grow the trees and plants.
3. The Company has adopted fair policy for providing better quality of yarn to our customers so as to deliver good quality clothing's to the end users.
4. The Company management has successfully promoted and maintained an environment of mutual trust and respect between the workers and management.
5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
6. The Company has employed disabled persons as per labour laws prevailing in Pakistan.
7. The management has devised a code of ethics for employees to safeguard safety and health issues. The Company has an encouraging environment regarding the workers safety and health. The Company has arranged the first aid facility for providing emergency treatment for labour. Occupational safety and health is ensured by during the operational hours as well as in mills colony.
8. The management has also devised a code of business ethics in order to conduct the smooth business transactions and to avoid any misbehave or un-even incidents.
9. The Company is contributing towards national exchequer by paying its due taxes and levies to the government. All government taxes, dues and levies are paid in time and had never defaulted in such payments.
10. The Company is running under considerable accumulated loss and keeping in view disturbed cash flow, no contribution is made towards corporate philanthropy, community investment & welfare schemes and spending for under-privileged classes/ rural development.

Lahore
Dated: October 06, 2017

(MUHAMMAD ASIM SAJJAD)
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sajjad Textile Mills Limited** ("the Company") as at 30 June 2017 and together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the loss, Comprehensive loss, its cash flows and changes in equity for the year then ended
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

Without qualifying our opinion we have drawn attention to Note 2 to the financial statements which indicates that the Company has incurred a net loss of Rs. 74.424 million during the year ended 30 June 2017. The Company's equity has been eroded and the accumulated losses exceed the share capital by Rs. 287.078 million as at 30 June 2017 and as at date company current liabilities exceeds the current assets by Rs. 355.944 million. These conditions along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Mudassar Ehtisham & Co.

Chartered Accountants

Audit Engagement Partner: Muhammad Ehtisham

Lahore

Dated: October 06, 2017

SAJJAD TEXTILE MILLS LIMITED

BALANCE SHEET

AS AT JUNE 30, 2017

	NOTE	2017 (Rupees)	2016 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	22,082,068	292,882,540
Long term deposits	6	11,826,813	11,368,938
Investment Properties	7	159,460,000	-
Available for sale investments	8	3,538,283	18,870
		196,907,164	304,270,348
CURRENT ASSETS			
Stores, spare parts and loose tools	9	-	16,037,323
Stock-in-trade	10	-	59,121,238
Trade debts	11	7,550,133	27,374,398
Loans and advances	12	4,056,791	6,991,258
Trade deposits, prepayments & other receivables	13	23,905,785	23,385,916
Cash and bank balances	14	980,636	10,022,975
		36,493,345	142,933,108
Assets classified as held for sale	15	72,995,839	-
TOTAL ASSETS		306,396,348	447,203,456
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	16	300,000,000	300,000,000
Issued, subscribed and paid-up capital	16	212,678,000	212,678,000
Capital reserve	17	(746,322)	13,058
Accumulated loss		(499,010,250)	(426,701,566)
		(287,078,572)	(214,010,508)
Surplus on revaluation of property, plant and equipment	18	128,041,735	130,157,067
NON-CURRENT LIABILITIES			
Deferred liabilities	19	-	298,930
		-	298,930
CURRENT LIABILITIES			
Trade and other payables	20	87,487,840	194,695,904
Accrued mark-up	21	32,945,052	22,565,762
Short term loan from directors and sponsors- unsecured	22	344,760,550	306,044,820
Provision for taxation	31	239,743	7,451,481
		465,433,185	530,757,967
CONTINGENCIES & COMMITMENTS	23	-	-
TOTAL EQUITY AND LIABILITIES		306,396,348	447,203,456

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SAJJAD TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 (Rupees)	2016 (Rupees)
Sales - net	24	139,813,179	793,087,469
Cost of Sales	25	(174,334,805)	(1,019,978,348)
Gross (Loss)		(34,521,626)	(226,890,879)
Distribution costs	26	(1,200,886)	(5,990,689)
Administrative expenses	27	(30,490,261)	(36,288,996)
Other operating expenses	28	(2,575,322)	(102,976)
		(34,266,469)	(42,382,661)
		(68,788,095)	(269,273,540)
Other Operating Income	29	5,018,666	852,023
Loss from operations		(63,769,429)	(268,421,517)
Finance cost	30	(10,414,844)	(6,715,706)
Loss before taxation		(74,184,273)	(275,137,223)
Taxation	31	(239,743)	(6,966,264)
Loss after taxation		(74,424,016)	(282,103,487)
Basic & Diluted loss per share	32	(3.50)	(13.26)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SAJJAD TEXTILE MILLS LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 (Rupees)	2016 (Rupees)
Loss after taxation		(74,424,016)	(282,103,487)
Other comprehensive income			
Items that will not be classified to profit and loss account			
Other comprehensive income- transferred to equity			
Deficit on re-measurement of available for sale investments to fair value.		(759,380)	(3,463)
		(759,380)	(3,463)
Other comprehensive income - not transferred to equity			
Loss on revaluation of property, plant and equipment		-	(23,949,389)
Total comprehensive (loss)		(759,380)	(23,952,852)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE**DIRECTOR**

CASH FLOW STATEMENT

For the Year Ended June 30, 2017

	NOTE	2017 (Rupees)	2016 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(74,184,273)	(275,137,223)
Adjustment for:			
Depreciation		7,410,253	20,267,129
Gratuity provision		193,404	5,274,350
Impairment loss on revaluation of plant & machinery		-	143,447,704
Gain from Sale of Assets		2,364,993	24,414
Finance cost		10,414,844	6,715,706
Operating Loss before working capital changes		(53,800,779)	(99,407,920)
Adjustments for working capital changes:			
(Increase) / Decrease in Current Assets			
Stores and Spares		11,048,771	(263,809)
Stock in Trade		59,121,238	26,424,095
Trade Debts		19,824,265	7,574,309
Loans and Advances		2,934,467	(862,868)
Trade deposits, prepayments and other receivables		327,260	11,272,866
		93,256,001	44,144,593
(Decrease) / Increase In Current Liabilities			
Trade and Other Payables and accrued markup		(116,902,191)	(12,126,111)
		(116,902,191)	(12,126,111)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized) in operations		(77,446,969)	(67,389,438)
Finance costs paid		(35,554)	(304,566)
Gratuity paid		(492,334)	(5,597,020)
Income & Sales tax paid		(4,221,136)	(6,004,818)
Net cash (utilized in) operating activities		(82,195,993)	(79,295,842)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(657,832)	(14,414,181)
Proceeds from disposal of property, plant & equipment		39,145,756	50,000
Short term investments		(4,050,000)	-
Net cash (out flow) / in flow from investing activities		34,437,924	(14,364,181)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loan from directors and sponsors - disbursements		38,715,730	84,025,373
Net cash in flow from financing activities		38,715,730	84,025,373
Net increase in cash and cash equivalents		(9,042,339)	(9,634,650)
Cash and cash equivalents at beginning of the year		10,022,975	19,657,625
Cash and cash equivalents at end of the year	14	980,636	10,022,975

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SAJJAD TEXTILE MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVE	
	Paid up ordinary share capital	Unrealized gain on re-measurement of available for sale investment	ACCUMULATED LOSSES	TOTAL EQUITY
	----- Rupees -----			
Balance as at June 30, 2015	212,678,000	16,521	(148,606,248)	64,088,273
Total comprehensive loss for the year ended June 30, 2016				
Loss for the year ended June 30, 2016	-	-	(282,103,487)	(282,103,487)
Other Comprehensive income for the year ended	-	(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 loss for the year ended June 30, 2017				
Loss for the year ended June 30, 2017	-	-	(74,424,016)	(74,424,016)
Other Comprehensive income for the year ended	-	(759,380)	-	(759,380)
	-	(759,380)	(74,424,016)	(75,183,396)
Revaluation surplus realized on account of:				
Incremental Depreciation current year - net off Tax	-	-	2,115,332	2,115,332
Disposal of property, plant & equipment- net off Tax	-	-	-	-
	-	-	2,115,332	2,115,332
Balance as at June 30, 2017	212,678,000	(746,322)	(499,010,250)	(287,078,572)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1- THE COMPANY AND ITS OPERATIONS

Sajjad Textile Mills Limited ("the company") was incorporated as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. 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- SIGNIFICANT MATTERS

The Company has suspended its operations and intends to dispose of its plant and machinery to settle its liabilities. At the balance sheet date the Company's accumulated losses stand at Rs. 499.102 million. Its equity is eroded by Rs. 287.078 million and its current liabilities exceed its current assets by Rs. 355.944 million. Further, at present there is new formal approved business plan for future periods as rental business and warehousing. The management of the company is confident that the above actions and steps shall enable the company to attract revenue streams that will result in improved liquidity. Further the company's promoters have offered full support to the company to meet any working capital needs. However there is material uncertainty related to these events which may cast significant doubt on the company's ability to continue as a going concern and, therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

3- BASIS OF PREPARATION

3.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 17 of 2017 dated 20 July 2017 has advised the Companies whose financial year closes on or before 30 June 2017 to prepare their financial statements in accordance with the provisions of the repealed ordinance.

3.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial assets at fair value and recognition of certain employee retirement benefits at present value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3.3 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

3.4 Use of Estimate & Judgment

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

- a) **New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto**
- b) **The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures.**
- c) **The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:**

Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from financing activities, including both changing arises from cash flows and non cash changes.

Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax with holdings; and (c) accounting for modification of a share based payment from cash settled to equity settled. The new requirement could effect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have impact on the company's financial statements.

Transfers of Investment Property (Amendments to IAS 40 'Investment Property' effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or

NOTES TO THE FINANCIAL STATEMENTS

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

4- Summary of Significant Accounting Policies

4.1 Property, Plant and Equipment

Tangible assets except freehold land, buildings on freehold land, and plant and machinery are stated at cost less accumulated depreciation and impairment in value, if any. Buildings on freehold land, and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Increase in the carrying amount arising on revaluation is credited to 'Revaluation of fixed assets' and the same is dealt in accordance with section 235 of the Companies Ordinance, 1984. Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also of the assets after taking into account accumulated impairment losses. The surplus on the revalued carrying amount of the asset and the depreciation based on the assets' original cost is Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income / other charges" in profit and loss account.

The carrying amount of property, plant and equipment is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

4.2 Investments

Available for Sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

These are measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss account as re-classification adjustment.

a) **Investments Held to Maturity**

Investments at fair value through profit and loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair

b) **Investments at Fair Value through Profit or Loss**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has positive intention to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

4.3 **Inventories**

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Stores & Spares	At Weighted average cost.
Raw material	At Weighted average cost
Work in Process and Finished Goods	Average manufacturing cost including a portion of production overheads.

Material in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste/Rags are valued at net realizable value.

Net realizable value represents selling price in the ordinary course of business less selling expenses incidental to sales.

4.4 **Trade Debts**

Trade debts are stated initially at the fair value, subsequent to initial recognition. These are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

4.5 **Other Receivables**

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amounts.

4.6 **Employees' Retirement Benefits - Defined Benefit Plan**

The company operates an unfunded gratuity scheme covering all employees, payable on ceasing of employment subject to completion of minimum qualifying period of service. Obligations under the scheme are provided annually.

4.7 **Trade and other Payables**

Creditors relating to trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.8 **Taxation**a) **Current**

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

b) **Deferred Tax**

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.9 Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred or to be incurred, can be measured reliably and when specific criteria have been met for each of the Company's activities as described below:

a) Sale of goods and conversion charges

Sales revenue and conversion charges are recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

b) Income on bank deposits

Interest income on bank deposits is accounted for on the time proportion basis taking into account the amounts outstanding and rate applicable thereon.

c) Others

Scrap sales and miscellaneous receipts are recognized on realized amounts. Dividend income from investments is recognized when the Company's rights to receive payments has been established.

4.10 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

4.11 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made to the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.12 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks that are readily convertible to known amounts of cash.

4.13 Financial assets

Financial assets and liabilities are recognized when the Company becomes a party to contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities are included in profit and loss account for the year.

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest method. The carrying values of liabilities approximates to their amortized cost.

Derivatives are initially recorded at cost which is the fair value of consideration given or received respectively on the date a derivative contract is entered into and are remeasured to fair value, amortized cost or cost as the case may be at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at inception of transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivative that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial assets or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

4.14 **Impairment**

a) **Financial Assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized. Reversal of impairment loss is recognized in profit and loss account except in the case of available for sale instruments where the reversal is included in other comprehensive income.

b) **Non- Financial Assets**

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.15 **Financial Instruments**

Financial assets and liabilities are recognized when the Company becomes a party to contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on

NOTES TO THE FINANCIAL STATEMENTS

derecognition of financial assets and liabilities are included in profit and loss account for the year.

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest method. The carrying values of liabilities approximates to their amortized cost.

Derivatives are initially recorded at cost which is the fair value of consideration given or received respectively on the date a derivative contract is entered into and are remeasured to fair value, amortized cost or cost as the case may be at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at inception of transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivative that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial assets or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

4.16 Dividend & Appropriation to reserves

Dividend is recognized as a liability in the period in which it is declared.

4.17 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

4.18 Contingent Liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

4.19 Foreign currency transactions

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

4.20 Related party transactions

All transactions with related parties are carried out by the Group at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

4.21 Assets classified as held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortized while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss.

4.22 Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for:

- use in production or supply of goods or services or for administrative purposes; and
- sale in the ordinary course of business.

Investment properties are initially recognized at cost and Subsequent to the initial recognition, the investment property is measured using the cost model as provided in International Accounting Standard 40 - Investment Property. The cost model requires to measure the investment property at each balance sheet date at its cost less any accumulated impairment losses. The cost of major renovations and improvements is capitalized and the carrying amounts of the replaced components are recognized in profit or loss. The cost of maintenance, repairs and minor improvements is recognized in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	Rupees	Rupees
Tangible Operating Fixed Assets	22,082,068	292,882,540
	22,082,068	292,882,540

5.1

5.1 The following is a statement of property, plant & equipment:

	Land Freehold	Building on Freehold land	Plant and Machinery	Electric Installation	Tools and Equipment	Fire Fighting and Equipment	Furniture and Fixture	Office Equipment	Computers	Air Conditioners	Vehicles	Weighing Scale	Arm and Ammunition	Telephone Installation	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
30-Jun-17															
Cost/Revalued Amount															
Balance as at July 01, 2016	86,500,000	96,945,804	187,987,981	9,094,257	1,615,503	988,105	1,839,209	1,127,426	2,536,712	434,700	15,957,931	1,573,400	485,411	94,464	407,181,902
Additions	-	-	657,832	-	-	-	-	-	-	-	-	-	-	-	657,832
Adjustment due to revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/Write offs	-	-	(67,224,045)	-	-	-	-	-	-	-	(600,200)	-	-	-	(67,824,245)
Transferred to assets classified as held for sale	-	-	(121,421,767)	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to investment properties	-	(96,945,804)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	-	-	-	9,094,257	1,615,503	988,105	1,839,209	1,127,426	2,536,712	434,700	15,357,731	1,573,400	485,411	94,464	35,147,918
Depreciation															
Balance as at July 01, 2016	-	20,145,803	82,587,981	2,113,522	167,007	583,567	1,356,037	582,756	1,604,415	281,675	3,425,871	1,146,095	236,998	67,635	114,299,362
Charge for the year	-	1,920,000	1,740,570	349,037	72,425	20,277	24,159	27,234	93,230	7,651	1,200,545	21,365	12,421	1,341	5,490,253
On disposals	-	-	(30,914,070)	-	-	-	-	-	-	-	(329,412)	-	-	-	(31,243,482)
Transferred to assets classified as held for sale	-	-	(53,414,480)	-	-	-	-	-	-	-	-	-	-	-	(53,414,480)
Transferred to investment properties	-	(22,065,803)	-	-	-	-	-	-	-	-	-	-	-	-	(22,065,803)
Balance as at June 30, 2017	-	-	-	2,462,559	239,432	603,844	1,380,195	609,990	1,697,644	289,326	4,297,004	1,167,461	249,419	68,976	13,085,850
Net Book Value as at June 30, 2017	-	-	-	6,631,698	1,376,071	385,261	459,014	517,437	839,068	145,374	11,060,727	405,939	235,992	25,488	22,082,068
30-Jun-16															
Cost/Revalued Amount															
Balance as at July 01, 2015	79,704,700	80,112,503	364,739,794	9,004,957	1,615,503	988,105	1,839,209	1,127,426	2,485,712	434,700	16,461,831	1,573,400	485,411	94,464	560,668,715
Additions	-	1,476,396	12,797,485	89,300	-	-	-	-	51,000	-	-	-	-	-	14,414,181
Adjustment due to revaluation	6,795,300	15,356,904	(188,549,297)	-	-	-	-	-	-	-	-	-	-	-	(167,397,093)
Disposals/Write offs	-	-	-	-	-	-	-	-	-	-	(503,900)	-	-	-	(503,900)
Balance as at June 30, 2016	86,500,000	96,945,804	187,987,981	9,094,257	1,615,503	988,105	1,839,209	1,127,426	2,536,712	434,700	15,957,931	1,573,400	485,411	94,464	407,181,902
Depreciation															
Balance as at July 01, 2015	-	16,937,503	67,532,313	1,748,458	90,770	562,223	1,330,607	554,089	1,504,009	273,621	2,563,201	1,123,605	223,924	66,223	94,510,547
Charge for the year	-	3,208,300	15,055,668	365,064	76,237	21,344	25,430	28,667	100,406	8,054	1,340,984	22,490	13,074	1,412	20,267,129
On disposals	-	-	-	-	-	-	-	-	-	-	(478,314)	-	-	-	(478,314)
Balance as at June 30, 2016	-	20,145,803	82,587,981	2,113,522	167,007	583,567	1,356,037	582,756	1,604,415	281,675	3,425,871	1,146,095	236,998	67,635	114,299,362
Net Book Value as at June 30, 2016	86,500,000	76,800,000	105,400,000	6,980,735	1,448,496	405,538	483,172	544,670	932,297	153,025	12,532,060	427,305	248,413	26,829	292,882,540
Annual Rate of Depreciation (%)	-	5	5	5	5	5	5	5	10	5	10	5	5	5	5

5.1.1 Depreciation for the year is allocated as under:

	2017	2016
	Rupees	Rupees
Cost of Sales:	4,123,673	18,749,102
Administration:	1,366,580	1,518,027
	5,490,253	20,267,129

SAJJAD TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5.2 Disposal of property, plant and equipment

Particulars	Number	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit/(Loss)	Mode of disposal	Particulars of buyer
Simplex frame F1 -16 (96 Spindles)								
2 - sets		1,006,307	372,557	633,750	558,824	(74,926)	Negotiation	Mr. Zulfiqar Ali, Faisal abad
Combing Machine 12 sets		4,384,571	3,653,321	731,250	800,000	68,750	Negotiation	Mr. Nazeer ahmed House # B7232- 7, Street # 2, New Khaildabad, Faisalabad.
Sale of two retire draw frames								
Machine RSB D-22 with changeable accessories including auto levelers.		14,237,427	2,537,427	11,700,000	12,000,000	300,000	Tender	Asher Imran Spinning Mills (Pvt.) Limited 45 Industrial estate, kot lakhpat Lahore.
Three Draw frames DYH 500C		1,726,431	848,931	877,500	900,000	22,500	Negotiation	Waqas Rafique International 49 KM Multan road, Kasur
Blow room one line complete set		6,082,180	3,339,993	2,742,187	2,900,000	157,813	Tender	Crescent Cotton Mills Limited New Lahore road, Nishatabad, Faisalabad.
Two Dust Filter plant		2,290,657	96,907	2,193,750	2,500,000	306,250	Tender	Crescent Cotton Mills Limited New Lahore road, Nishatabad, Faisalabad.
Two Murata Japan 7-II, Cone winding Machines 60 Spindles each.		3,151,488	1,981,488	1,170,000	1,200,000	30,000	Tender	Anwar Spinning Mills Limited 2 - KM RACCO factory, Manga Raiwind road, Lahore
Cone winding Machines 60 Spindles each.		1,502,803	917,803	585,000	600,000	15,000	Tender	Combine Spinning Mills (Pvt.) Limited 148- Ahmed Block, New Garden Town, Lahore
Drawing frame		1,152,601	567,601	585,000	600,000	15,000	Negotiation	Shahzad Textile Mills Limited 19- Azafer Ali road, Gulberg V, Lahore
Bale Breaker 1000 MM GBR 1000 complete set		2,280,818	1,252,497	1,028,320	1,400,000	371,680	Negotiation	Shahzad Textile Mills Limited 19- Azafer Ali road, Gulberg V, Lahore
Murata machoener aluminate drum A2		1,469,903	884,903	585,000	563,025	(21,975)	Negotiation	Mr. Anjum tariq Faisalabad
Blow room machinery		1,520,545	834,998	685,547	1,000,000	314,453	Negotiation	Waqas Rafique International 49 KM Multan road, Kasur
Murata machoener aluminate drum A2		1,469,903	884,903	585,000	563,025	(21,975)	Negotiation	Zaeshan Traders Faisalabad
Schalforst 338 RM Cone winding Machine 60 spindles each		21,018,005	10,049,255	10,968,750	11,400,000	431,250	Negotiation	Crescent Cotton Mills Limited New Lahore road, Nishatabad, Faisalabad.
EJM 1008 chines ring frame		1,649,589	1,438,989	210,600	210,882	282	Negotiation	Anjum Mehtab Faisalabad
Blendimat BDT- 019, auto plucker								
FA 002 complete set and krishmer beater		2,280,818	1,252,497	1,028,320	1,450,000	421,680	Negotiation	Crescent Cotton Mills Limited New Lahore road, Nishatabad, Faisalabad.
Suzuki car	LEE- 08 - 3985	600,200	329,412	270,788	200,000	(70,788)	Negotiation	Mr. Bashir Ahmed

5.3 Had there been no revaluation, related figures of land, building and plant and machinery at June 30, 2017 would have been as follows:

	Cost	Accumulated depreciation	Written down value
Land	4,749,129	-	4,749,129
Building	50,410,733	34,185,913	16,224,820
Plant and Machinery	-	-	-
Jun-17	55,159,862	34,185,913	20,973,949
Jun-16	474,622,150	308,337,238	166,284,912

NOTES TO THE FINANCIAL STATEMENTS

	2017 Rupees	2016 Rupees
6 LONG TERM DEPOSITS		
SNGPL	11,557,875	11,100,000
Others	268,938	268,938
	11,826,813	11,368,938
7 INVESTMENT PROPERTIES		
Opening Balance	-	-
Transfer (to)/from inventories and owner occupied properties	161,380,000	-
Depreciation	(1,920,000)	-
Net gain/(loss) from fair value of adjustment	-	-
Closing Balance	159,460,000	-
7.1 Investment property, principally land and factory building on free hold land, are held for long term rentals yields and are not occupied by the company. They are carried at cost. The approximate market value of the investment property is Rs. 177.997 million conducted by independent valuer.		
8 AVAILABLE FOR SALE INVESTMENTS		
8.1 <u>Al Meezan Islamic Fund</u>		
- 27964.8586 Units as at 30-06-2017 (2016: Nil)	2,500,000	-
- 1633.2493 Units (Re-investment of Dividend)	125,842	-
- Loss on Investment	(515,497)	-
- 29598.1079 Total Units as at 30-06-2017 including Re-investment of Dividend (2016: Nil)	2,110,345	-
8.2 <u>Nafa Stock Fund</u>		
- 80593.4244 Units as at 30-06-2017 (2016: Nil)	1,550,000	-
- 6319.3107 Units (Re-investment of Dividend)	102,951	-
- Loss on Investment	(243,765)	-
- 86912.7351 Total Units as at 30-06-2017 including Re-investment of Dividend (2016: Nil)	1,409,186	-
8.3 <u>Allied Bank Limited</u>	18,752	18,870
- 347 (2016: 347) fully paid ordinary shares of Rs. 10/- each		
9 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores, spares parts and loose tools	-	16,037,323
10 STOCK IN TRADE		
Raw material	-	2,284,354
Work in process	-	8,322,990
Finished	-	47,334,621
Waste	-	1,179,273
	-	59,121,238
11 TRADE DEBTS - Unsecured - Considered good		
Trade Debts	7,550,133	28,020,722
Less:		
Provision for Doubtful Debts	-	(646,324)
	7,550,133	27,374,398
12 LOANS AND ADVANCES- Unsecured - considered good		
Advances to:		
Suppliers	3,918,584	6,080,301
Staff	138,207	910,957
	4,056,791	6,991,258
12.1 Directors, Chief Executives and Executives have not received any advance from the company during the year end (2016: nil)		

SAJJAD TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2017 Rupees	2016 Rupees
13 <u>TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES</u>		
Other receivables- Unsecured - considered good	100,000	100,000
Letter of credit	5,000	5,000
Sales tax refundable	16,951,133	12,499,014
Advance income tax	2,729,722	5,299,330
Prepayments	222,260	346,725
Income tax refundable	3,897,670	5,135,847
	23,905,785	23,385,916
14 <u>CASH AND BANK BALANCES</u>		
Cash in hand	59,957	1,936,227
Cash with banks:		
In current accounts	920,679	8,086,748
	980,636	10,022,975
15 <u>ASSETS CLASSIFIED AS HELD FOR SALE</u>		
Opening balance	-	-
Transfer during the period	72,995,839	-
Disposed during the period	-	-
Fair value adjustment	-	-
Closing balance	72,995,839	-
On 06 April 2017 the company announced its intention to dispose of its plant and machinery. The associated assets were consequently presented		
16 <u>SHARE CAPITAL</u>		
16.1 Authorized share capital		
Number of shares		
30,000,000 (2016: 30,000,000) ordinary shares of Rs 10 each	300,000,000	300,000,000
	300,000,000	300,000,000
16.2 Issued, subscribed and paid up capital		
Numbers		
21,267,800 (2016: 21,267,800) ordinary shares		
of Rs.10/- each fully paid in cash	212,678,000	212,678,000

The company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company. All shares rank equally with regard to the company's residual assets.

17 CAPITAL RESERVEUn-realized gain on re-measurement of available for sale investments

Opening balance - net off tax	13,058	16,521
(Deficit) / Surplus on re-measurement of available for sale investments to fair value - net off tax	(759,380)	(3,463)
17.1	(746,322)	13,058

17.1 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to income statement on de-recognition of investment.

NOTES TO THE FINANCIAL STATEMENTS

	2017 Rupees	2016 Rupees
18 SURPLUS ON REVALUATION OF FIXED ASSETS		
Gross Surplus		
At the beginning of the year	161,098,624	190,856,953
Loss on revaluation of fixed assets during the year	-	(23,949,389)
Less:		
Effect of disposal of fixed assets	-	-
Transferred to accumulated profits in respect of incremental depreciation charge for the year	(3,065,698)	(5,808,941)
At the end of the year	158,032,926	161,098,624
Deferred tax liability on revaluation surplus		
At the beginning of the year	30,941,557	33,073,059
Tax on loss during the year	-	-
Effect of disposal of fixed assets	-	-
Incremental depreciation charged on related assets	(950,366)	(1,800,772)
Effect of change in tax rate	-	(330,731)
	29,991,191	30,941,557
	128,041,735	130,157,067
18.1 The free hold land, building and plant and machinery were revalued by independent valuer in 2010, 2013 and 2016 respectively. These revaluations resulted in cumulative revaluation surplus, which has been included in the carrying value of the free hold land, building and plant and machinery respectively and credited to the surplus on revaluation of fixed assets. The surplus is adjusted by surplus realized on disposal of revalued assets, if any, subsequent impairment loss and incremental depreciation arising due to revaluation, net of deferred tax.		
19 DEFERRED LIABILITIES		
Gratuity - Defined benefit plan	19.1 -	298,930
	-	298,930
19.1 <u>Gratuity - defined benefit plan</u>		
Movement in liability recognized in the balance sheet are as follows:		
Liability as at July 1	298,930	621,600
Charge to profit and loss account	193,404	5,274,350
	492,334	5,895,950
Payments during the year	(492,334)	(5,597,020)
Liability as at June 30	-	298,930
19.1.1 The closing liability represents the present obligation of the company. However, since the amount of gratuity is not material therefore, actuarial valuation has not been carried out during the year.		
19.2 <u>Deferred taxation</u>		
The liability for deferred taxation comprises of temporary differences in respect of:		
<u>Taxable temporary differences in respect of:</u>		
Revaluation surplus	17,474,480	19,007,329
Accelerated Tax depreciation	4,071,916	49,601,540
Re-measurement of investment available for sale	(759,380)	(3,463)
<u>Deductible temporary differences in respect of:</u>		
Staff retirement benefits	-	(92,668)
Unabsorbed losses and Credits	(132,346,703)	(92,050,831)
Minimum tax available for carry forward	(31,967,446)	(35,332,449)
Provisions for doubtful debts	-	(200,360)
Net asset as at June 30,	(143,527,133)	(59,070,902)

SAJJAD TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

		2017 Rupees	2016 Rupees
Deferred income tax asset, recognized on tax losses available for carry forward, has not been recorded as future taxable profits are not expected at the moment. The aggregate unutilized tax losses at June 30, 2017 amounts to Rs. 441,155,675 (2016: Rs. 223,502,865).			
20	<u>TRADE AND OTHER PAYABLES</u>		
	Creditors	47,052,366	100,288,445
	Accrued liabilities	35,139,568	46,214,030
	Advances from customers	4,878,958	46,476,286
	Income tax deducted at source	250,006	1,550,201
	Un-claimed dividend	166,942	166,942
		87,487,840	194,695,904
21	<u>ACCRUED MARKUP</u>		
	Interest on short term loan from sponsors	32,945,052	22,565,762
		32,945,052	22,565,762
22	<u>SHORT TERM LOAN FROM DIRECTORS AND SPONSORS - UNSECURED</u>		
	These are composed of :		
	Interest free Short term loan from directors and sponsors	22.1 199,437,447	199,437,447
	Interest bearing Short term loan from directors and sponsors	22.2 145,323,103	106,607,373
		344,760,550	306,044,820
	22.1 The above loans are unsecured and are repayable to directors and sponsors on demand.		
	22.2 These loans are unsecured and repayable on demand. The loan carries markup @ 3 months kibar plus 2%.		
23	<u>CONTINGENCIES AND COMMITMENTS</u>		
	23.1 There were no contingencies as at June 30, 2017. (2016 : Nil).		
	23.2 There were no commitments as at June 30, 2017. (2016 : Nil).		
24	<u>SALES - NET</u>		
	Sale of yarn - Local	24.1 139,026,798	644,877,345
	Sale of yarn - Export	-	137,327,797
	Sale of waste	24.2 1,236,335	14,959,504
		140,263,133	797,164,646
	Less: Commission	(449,954)	(4,077,177)
		139,813,179	793,087,469
	24.1 Sale of yarn - Local		
	Sales	139,026,798	668,463,473
	Less: Sales tax	-	(23,586,128)
		139,026,798	644,877,345
	24.2 Sale of waste		
	Sales	1,236,335	15,414,254
	Less: Sales tax	-	(454,750)
		1,236,335	14,959,504

NOTES TO THE FINANCIAL STATEMENTS

		2017 Rupees	2016 Rupees
25	<u>COST OF SALES</u>		
	Raw material consumed	25.1 44,977,968	577,345,090
	Salaries, wages and benefits	25.2 19,298,551	79,004,154
	Packing material	2,424,817	13,053,473
	Fuel and power	29,529,312	170,704,474
	Repair and maintenance	734,459	2,065,250
	Other manufacturing overheads	5,010,717	17,058,397
	Rent, Rates & Taxes	513,351	769,879
	Cotton cess duty	50,470	1,015,037
	Store consumed	7,148,339	13,545,661
	Insurance	3,400,661	3,494,794
	Workers' Welfare Expenses	285,603	628,566
	Impairment of plant and machinery	-	143,447,704
	Depreciation	5.1.1 4,123,673	18,749,102
		117,497,921	1,040,881,581
	Opening stock of work in process	8,322,990	7,974,828
	Closing stock of work in process	-	(8,322,990)
		8,322,990	(348,162)
	Cost of goods manufactured	125,820,911	1,040,533,419
	Opening stock of finished goods	47,334,621	25,376,603
	Closing Stock of Finished Goods	-	(47,334,621)
		47,334,621	(21,958,018)
	Opening stock of waste	1,179,273	2,582,220
	Closing stock of waste	-	(1,179,273)
		1,179,273	1,402,947
		174,334,805	1,019,978,348
25.1	<u>Raw Material Consumed</u>		
	Opening Raw Material	2,284,354	49,611,682
	Add: Purchases	42,693,614	530,017,762
	Less: closing stock	-	(2,284,354)
		44,977,968	577,345,090
25.2	Salaries, wages and other benefits include Rs. Nil (2016: Rs. 5.153 million) in respect of staff retirement benefits.		
26	<u>DISTRIBUTION COSTS</u>		
	Export expenses	-	3,742,970
	Local Sale Expenses	357,864	-
	Freight - Steamer	-	1,770,156
	- Inland	843,022	477,563
		1,200,886	5,990,689

SAJJAD TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

		2017 Rupees	2016 Rupees
27 ADMINISTRATIVE EXPENSES			
Salaries and Other Benefits	27.1	17,126,057	18,259,725
Vehicle running and maintenance		1,567,310	2,296,522
Traveling and conveyance		3,051,976	2,617,007
Printing and stationery		317,440	457,780
Entertainment		273,710	558,514
Rent, rate and taxes		90,096	86,668
Fee and subscription		1,048,322	3,645,421
Legal and professional		911,864	3,201,393
Postage		114,156	290,105
Telephone		615,305	733,546
Utilities		650,322	825,883
Repair & maintenance		274,422	735,664
Papers & Periodicals		9,057	6,522
Insurance		128,355	275,520
Gardening		52,124	262,990
Staff Welfare		1,898	25,559
Advertisement		601,267	122,150
Auditors' remuneration	27.2	370,000	370,000
Depreciation	5.1.1	3,286,580	1,518,027
		30,490,261	36,288,996
27.1 Salaries and Other Benefits includes Rs.193,404/- (2016: Rs. 460,000/-) in respect of staff retirement benefits.			
27.2 Auditors' Remuneration			
Statutory audit fee		330,000	330,000
Review of compliance with code of corporate governance		10,000	10,000
Half yearly review		30,000	30,000
		370,000	370,000
28 OTHER OPERATING EXPENSES			
Loss on Investment		-	-
Exchange Loss		15,360	102,976
Bad Debts		2,559,962	-
		2,575,322	102,976
29 OTHER OPERATING INCOME			
Gain on sale of fixed assets		2,364,993	24,414
Markup from SNGPL against Security Deposit		555,000	
Creditors Written Off		1,838,676	
Income non-financial assets			
- Excess Realization		-	825,332
- Exchange Gain	29.1	-	-
Income financial assets			
- Dividend		259,998	2,277
		5,018,666	852,023
29.1 This represented gain on margin held by bank.			
30 FINANCE COST			
Markup on loan from directors and sponsors:			
- Short term		10,379,290	6,411,140
Bank charges and commission		35,553	304,566
		10,414,844	6,715,706

NOTES TO THE FINANCIAL STATEMENTS

	2017 Rupees	2016 Rupees
31 TAXATION		
Opening Provision	1,158,389	
Current	1,398,132	7,451,481
Deferred	-	(1,541,726)
Prior	-	1,056,509
To be Provided	239,743	6,966,264

31.1 The company's income tax assessments have been finalized up to and including tax year 2016

31.2 The current tax provision represents the minimum tax on turnover for the year due under Section 113 of Income Tax Ordinance, 2001 since Company's tax computation results in tax loss. Therefore reconciliation of tax charge for the year is not presented.

32 BASIC LOSS PER SHARE

There is no dilutive effect on the basic earning / (loss) per share of the company.

Profit /(Loss) after taxation	(74,424,016)	(282,103,487)
Weighted average number of issued shares	21,267,800	21,267,800
Basic Earning / (Loss) per share	(3.50)	(13.26)

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts during the year for remuneration including benefits is as follows:

	June 30, 2017			June 30, 2016		
	Chief Executive	Executives	Directors	Chief Executive	Executive	Directors
Managerial Remuneration including House Rent & Utility	2,697,000	3,804,000	2,697,000	2,697,000	13,627,000	2,697,000
	2,697,000	3,804,000	2,697,000	2,697,000	13,627,000	2,697,000
Number of persons	1	3	1	1	9	1

No meeting fee has been paid to any director of the company during the year (2016: Rs. Nil).

Fuel and maintenance charges of vehicles are reimbursed to Chief Executive and one Director of the company for business use only.

34 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 (note 30) are as under:

- The company purchased from associated undertaking material of aggregate sum of Rs. Nil (2016: Rs. Nil) during the year.
- Interest free short term loan repaid Rs. Nil and provided by sponsors Rs. Nil (June 30, 2016 Rs. Nil)
- Interest bearing short term loan repaid Rs. 4.000 million and provided by sponsors Rs. 38.716 million (June 30, 2016 Rs. 112.225 million)
- Markup payable to directors and sponsors Rs. 32.945 million (June 30, 2016 Rs. 22.574 million)

34.1 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.

35 FINANCIAL RISK MANAGEMENT**35.1 Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

SAJJAD TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2017 Rupees	2016 Rupees
35.2 <u>Financial instruments by category</u>		
<u>Financial Assets</u>		
Long term deposits	11,826,813	11,368,938
Trade debts (net-off impairment)	7,550,133	27,374,398
Loans and Advances	138,207	910,957
Financial Asset	3,538,283	18,870
Cash and bank balances	980,636	10,022,975
Total	24,034,072	49,696,138
	2017 Rupees	2016 Rupees
<u>Financial Liabilities</u>		
Gratuity - Defined benefit plan	-	298,930
Trade and other payables	82,191,934	146,502,475
Accrued mark-up	32,945,052	22,565,762
Short term loan from sponsors	344,760,550	306,044,820
Total	459,897,536	475,411,987
35.3 <u>Fair Values</u>		
The carrying values of the financial assets and financial liabilities approximate their fair values except for Interest free sponsors' loans as disclosed in note. 20 to the financial statements. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.		
35.4 <u>Financial Risk Factors</u>		
The Company has exposures to the following risks from its use of financial instruments:		
- Credit Risk - Liquidity Risk - Market Risk		
35.4.1 <u>Credit Risk</u>		
Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances, deposits, trade debts, other receivables, bank balances and investments.		
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.		
Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. One of the major customer account for Rs. 1.8 million of the trade debts carrying amount as at June 30, 2017 that has good track record with the Company.		
The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:		
	2017 Rupees	2016 Rupees
Long term deposits	11,826,813	11,368,938
Trade debts	7,550,133	27,374,398
Loans and Advances	138,207	910,957
Financial Asset	3,538,283	18,870
Bank balances	920,679	8,086,748
Total	23,974,115	47,759,911

NOTES TO THE FINANCIAL STATEMENTS

2017
Rupees2016
Rupees

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. The company assesses the credit quality of the counter parties as satisfactory. Bank balances are held only with reputable banks with high quality credit ratings. Loans and advances are not exposed to any material credit risk. Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with customers within the country .

Detail of impairment of trade debts is given in Note.11. Based on past experience the management believes that no further impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

35.4.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Prudent liquidity, risk management implies maintaining sufficient cash, marketable securities and the availability of adequate credit facilities. Furthermore, the directors and the sponsors have provided liquidity support to the Company in the form of short term and long term interest free and interest bearing loans.

Following is the contractual maturity analysis of financial liabilities:

	Up to One Year Rupees	Between 1 to 5 years Rupees
<u>Non derivative financial liabilities</u>		
Gratuity - Defined benefit plan	-	-
Trade and other payables	82,191,934	-
Accrued mark-up	32,945,052	-
Short term loan from sponsors	344,760,550	-
2017	459,897,536	-
<u>Non derivative financial liabilities</u>		
Gratuity - Defined benefit plan	-	621,600
Trade and other payables	146,502,475	-
Accrued mark-up	22,565,762	-
Short term loan from sponsors	306,044,820	-
2016	475,113,057	621,600

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

35.4.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company analysis its interest rates exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available. The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit and loss account.

As at June 30, 2017, if interest rates on sponsors' loans had been 2% higher / lower the markup expenses would have been higher / lower by 2.91 million (2016: Rs. 1.498 million). The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and asset / liabilities of the Company.

SAJJAD TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2017 Rupees	2016 Rupees
b) <u>Other price risk</u>		
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available for sale equity securities held. The investment in available for sale equity securities is not material and company is not expose to significant price risk.		
c) <u>Currency risk</u>		
The company does not hold bank balances in foreign currencies nor any investment is denominated in currency other than the functional currency of the company. Therefore, the company is not expose to foreign currency risk.		
36 <u>CAPITAL RISK MANAGEMENT</u>		
The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The company's objective when managing capital are to safe guard the company's ability to continue as a going concern and to maintain an optimum capital structure to reduce the cost of capital.		
The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The company is not subject to externally imposed capital requirements.		
37 <u>CASH AND CASH EQUIVALENTS</u>		
Cash and bank balances (Note 14)	980,636	10,022,975
38 <u>PLANT CAPACITY AND ACTUAL PRODUCTION</u>		
Production was closed with effect from September 22, 2016.		
39 <u>NUMBER OF EMPLOYEES</u>		
Number of employees at the year end	No's 30	No's 622
Average number of employees	326	604
40 <u>NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE</u>		
There was no post balance sheet date event.		
41 <u>DATE OF AUTHORIZATION FOR ISSUE</u>		
These financial statements were authorized for issue on 06 October, 2017 by the Board of Directors of the Company.		

CHIEF EXECUTIVE

DIRECTOR

SAJJAD TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2017

FORM - 34
PATTERN OF HOLDING OF SHARES

No. of Share Holders	Shareholdings From	To	Total Shares Held
136	1	100	7,200
283	101	500	122,785
50	501	1000	48,620
59	1001	5000	156,116
15	5001	10000	125,085
12	10001	50000	315,775
2	50001	100000	148,525
4	100001	200000	576,868
2	200001	400000	700,232
2	400001	1000000	1,000,050
4	1000001	2000000	6,807,092
1	2000001	3000000	2,185,107
1	3000001	4000000	3,686,569
1	4000001	6000000	5,387,776
572			21,267,800

CATEGORIES OF SHAREHOLDERS**AS AT 30-06-2017**

		<u>SHARES HELD</u>	<u>PERCENTAGE</u> %
Directors, Chief Executive Their Spouse and minor Children			
Mr. Muhammad Asim Sajjad	- Chief Executive	1,662,590	7.817
Mr. Salman Muhammad Aslam	- Director	1,667,590	7.841
Mrs. Seema Sajjad	- Director	2,185,107	10.274
Mrs. Ayesha Rahim	- Director	1,816,722	8.542
Miss Batool Zahra	- Director	500	0.002
Mr. Mehr Allah Yar	- Director	500	0.002
Mr. Sultan Mehmood	- Director	500	0.002
TOTAL		7,333,509	34.482
Executives		-	-

SAJJAD TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2017

CATEGORIES OF SHAREHOLDERS**AS AT 30-06-2017**

**Associated Companies, undertakings,
related parties, spouse and family
members of Directors.**

Mr. Sajjad Aslam	5,387,776	25.333
Mr. Raza Muhammad Aslam	1,660,190	7.806

NIT and ICP	347,724	1.635
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Bank, DFIs, Non-Banking Financial Institutions	579	0.003
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Insurance Companies	-	0.000
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Modaraba and Mutual Funds	500	0.002
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General Public

a) Local	6,126,022	28.804
b) Foreign	-	-

Others (to be specified)

Nazir Cotton Mills Limited	383,300	1.802
Tariq Industries Limited	2,100	0.010
Shahzad Textile Mills Limited	26,000	0.122
Mehran Sugar Mills Ltd.	100	0.000

Grand Total	21,267,800	100.000
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SHAREHOLDERS HOLDING MORE THAN 5% SHAREHOLDING

	<u>SHARES HELD</u>	<u>PERCENTAGE</u>
Mr. Sajjad Aslam	5,387,776	25.333
Mr. Shahzad Aslam	3,686,569	17.334
Mrs. Seema Sajjad	2,185,107	10.274
Mrs. Ayesha Rahim	1,816,722	8.542
Mr. Salman Muhammad Aslam	1,667,590	7.841
Mr. Muhammad Asim Sajjad	1,662,590	7.817
Mr. Raza Muhammad Aslam	1,660,190	7.806

No trade in shares of the Company carried out by the Directors, CEO CFO, Company Secretary and their spouses and minor children.

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Ledge Folio/CDC A/C No.

Shares Held

I/We
of.....
appoint.....
of.....
(or failing him)..... of.....

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Saturday 28th October, 2017 at 11:30 a.m. and at every adjournment thereof.

As witness my/our hand(s) this Day of

Signed by the said

Witnesses:

1. Signature
Name:
N.I.C. No.....
Address.....

2. Signature.....
Name:
N.I.C. No.....
Address:

Notes:

1. A member entitled to attend and vote at this Meeting may appoint member as his/her proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 19 -B, Off. Zafar Ali Road, Gulberg-V, Lahore, the Registered Office of the Company not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Accounts Holders/Corporate Entities in addition to the above the following requirements be met:
 - i). Attested copies of NIC or the Passport of the Beneficial Owners and the proxy shall be provided with the proxy form.
 - ii). In case of a Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
 - iii). The proxy shall produce his original CNIC or original Passport at the time of attending the meeting.

Option 2
Form for E-voting as per The Companies (E-Voting) Regulations, 2016

I/We, _____ of _____ being a member of Sajjad Textile Mills Limited, holder of Ordinary Share(s) as per Register Folio No./CDC Accounts No. _____ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer (ABC) as proxy and will exercise e-voting as per The Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____, please send login details, password and electronic signature through email.

Signature should agree
with the specimen signature
registered with the company

Signed in the presence of:

Signature of Witness

Signature of Witness

NOTES:

The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting, at the registered office (address) of the company or through email corporate@sajjadtextile.com.

Ref: .

Date:

Dear Members,

PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC TRANSFER DIRECTLY INTO THE BANK ACCOUNT DESIGNATED BY ENTITLED SHAREHOLDERS

Pursuant to the provision of Section 242 of the Companies Act, 2017, a listed company is required to pay any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders. You are requested to please fill the following information regarding International Bank Account Number (IBAN), sign at specified place and send the same through post at any of the addresses given below for receiving cash dividend through electronic mode:

Folio Number:	
Title of Account:	
IBAN/Account No:	
Bank Name:	
Branch Name:	
Branch Address & Code:	
CNIC Number:	
Contact Number:	
Email Address:	

 Signature of Member

Company's Address:	Share Registrar's Address:
Contact Nos:	Contact Nos:

-SD-

Company Secretary

