

SAJJAD TEXTILE MILLS LIMITED

ANNUAL REPORT
JUNE 30, 2019

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Asim Sajjad - Chief Executive
Mrs. Seema Sajjad - Chairperson
Mr. Salman Muhammad Aslam
Mrs. Ayesha Rahim
Miss Batool Zahra
Mr. Mehr Allah Yar
Mr. Maqsood Akbar

CHIEF FINANCIAL OFFICER

Mr. Irfan Hamid

COMPANY SECRETARY

Mr. Muhammad Iqbal

AUDITORS

M/s. Iqbal Yasir & Company,
Chartered Accountants

AUDIT COMMITTEE

Mr. Maqsood Akbar - 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

SAJJAD TEXTILE MILLS LIMITED

VISION STATEMENT

We aim at seeing our company to be a model trading enterprise providing 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 strive hard to develop new markets for the sale of our products locally and internationally.
2. 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.
3. To attend to the prompt resolution of customer's complaints by taking timely corrective measures to redress the quality complaints.
4. To improve logistic facilities for our customers dispatch programme and issue all shipments/delivery documents well in time.
5. To make comprehensive arrangements for the training of our staff.
6. To promote team work, sense of transparency, creativity in our professionals.

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.

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 responsibility 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.

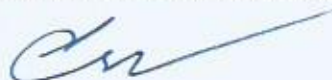
9. Coordination among staff members to maintain discipline

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 pr offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

For and on behalf of the Board



MUHAMMAD ASIM SAJJAD
Chief Executive Officer

October 04, 2019
Lahore

KEY OPERATING AND FINANCIAL DATA**OPERATING**RUPEES IN MILLION
(Restated)

	2019	2018	2017	2016	2015	2014
Net Sales	-	-	139.8	793.1	1171.1	1260.2
Gross Profit	-	-	(34.5)	-226.9	2.5	21.1
Operating Profit/(Loss)	(36.6)	(70.5)	(63.8)	(268.4)	(52.3)	(13.9)
Pre tax Profit/(Loss)	(10.4)	(82.3)	(74.2)	(275.1)	(56.1)	(17.4)
After tax Profit/(Loss)	(51.8)	(83.0)	(74.4)	(282.1)	(46.3)	(4.4)

FINANCIAL

Tangible Fixed Assets-Net

- Operating	8.3	9.2	22.1	292.9	466.2	430.7
- Capital work-in-progress	-	-	-	-	-	-
- Leased	-	-	-	-	-	-
Deposits	11.6	11.8	11.8	11.4	11.4	11.4
	19.8	21.0	33.9	304.3	477.5	442.1

Current Assets

Current Liabilities	31.1	27.7	36.5	143.0	203.7	167.6
	(503.7)	(464.9)	(465.4)	(530.8)	(456.9)	(318.3)
	(472.6)	(437.2)	(428.9)	(387.8)	(253.2)	58.5

Capital Employed

Long Term Loans and	(452.7)	(416.1)	(395.0)	(83.6)	219.4	454.0
Other Liabilities	-	-	-	0.3	2.5	23.3
Share Holders' Equity	(452.7)	(416.1)	(395.0)	(83.9)	221.9	477.3

REPRESENTED BY

Share Capital	212.7	212.7	212.7	212.7	212.7	212.7
Accumulated Loss	(617.4)	(561.4)	(499.0)	(426.7)	(148.6)	(106.4)
Surplus on revaluation						
of Fixed Assets	118.6	127.0	128.0	130.2	157.8	161.9
Directors and Sponsors loan	-	-	-	-	-	209.2
	(286.1)	(221.7)	(158.3)	(83.9)	221.9	477.3

RATIO

Debt/Equity Ratio	1.52 : 1	1.14 : 1	1.52 : 1	1.38 : 1	0.58 : 1	0.06 : 1
Current Ratio	0.41 : 1	0.47 : 1	0.08 : 1	0.27 : 1	0.45 : 1	0.53 : 1
Gross Profit/(Loss) to Sales %	N/A	N/A	(24.7)	(28.6)	0.2	1.7
Net Profit/(Loss) to Sales %	N/A	N/A	(53.2)	(35.6)	(4.0)	(0.3)
Break-up value per Share (Rs.)	(13.55)	(11.07)	(7.48)	(3.94)	10.43	12.61
Earning/(Loss) per Share (Rs.)	(2.44)	(3.91)	(3.50)	(13.26)	(2.00)	(0.21)
Dividends %	-	-	-	-	-	-



IQBAL YASIR & COMPANY

CHARTERED ACCOUNTANTS

Independent Auditor's Review Report to the Members of Sajjad Textile Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Sajjad Textile Mills Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 of Directors' 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Y. Iqbal Yasir

Lahore.

Date: October 4, 2019

SAJJAD TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of Members of the SAJJAD TEXTILE MILLS LIMITED will be held on October 28, 2019 (Monday) 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 February 18, 2019.
2. To receive, consider and adopt the annual audited Financial Statements of the Company together with the Directors', Chairperson and Auditors' Reports thereon for the year ended June 30, 2019.
3. To appoint Auditors for the year ending June 30, 2020 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

Lahore

Dated: October 04, 2019

By Order of the Board
(Muhammad Iqbal)
Company Secretary

NOTES:

1. The Share transfer books of the Company will remain closed from 21st October, 2019 to 28th October, 2019 (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 19 October, 2019 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. 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. **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.
6. The Company has placed the Audited Financial Statements for the year ended 30th June, 2019 along with Auditors', Chairperson and Directors' Reports thereon on its website:

www.sajjadtextile.com

سجاد ٹیکسٹائل ملز لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

معزز ممبرز کو مطلع کیا جاتا ہے کہ سجاد ٹیکسٹائل ملز لمیٹڈ کا عمومی اجلاس عام بتاریخ 28 اکتوبر 2019ء بروز پیر بوقت صبح 11:30 کمپنی کے رجسٹرڈ آفس بمقام 19 بی آف ظفر علی روڈ، گلبرگ 5، لاہور، پر منعقد ہوگا جس میں درج ذیل کارروائی عمل میں لائی جائے گی۔

عمومی کارروائی

- 1- کمپنی کے 18 فروری 2019ء کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق۔
- 2- سالانہ تخمینہ 30 جون 2019ء کی بابت کمپنی کے آڈٹ شدہ حسابات بھراہ ان پریڈائریکٹران، چیئر پرسن اور آڈیٹران کی رپورٹ کی منظوری، غور و غوض اور انکی قبولیت۔
- 3- آڈیٹران کا تقرر اور انکے صلہ خدمت کا تعین۔
- 4- کوئی اور کارروائی جسے چیئر مین کی اجازت سے اجلاس کے سامنے رکھا جائے۔

بجلم بورڈ
(محمد اقبال)
کمپنی سیکریٹری

لاہور: 4 اکتوبر، 2019

نوٹس:

- 1- حصص کی منتقلی رجسٹر 21 اکتوبر، 2019ء سے 28 اکتوبر، 2019ء تک بند رہے گی۔ منتقلی کمپنی کے رجسٹرار حمید مجید (پریویٹ) لمیٹڈ کے دفتر ایچ ایم ہاؤس، 7 بنک سکوائر، لاہور پر 19 اکتوبر، 2019ء 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 پراکسی مقرر کر سکتا یا سکتی ہے۔ پراکسی تقرری کی دستاویز اور مختار نامہ یا دیگر اتھارٹی جس کے تحت یہ دستخط شدہ ہے کی نوٹریلی مصدقہ کاپی، اجلاس کا وقت شروع ہونے سے 48 گھنٹے پہلے کمپنی کے دفتر میں جمع ہونی چاہیے اور مہر، دستخط اور گواہی شدہ ہونی چاہیے۔
- 3- سی ڈی سی 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۔ ای میل کے ذریعے سالانہ حسابات اور جنرل میٹنگ نوٹس موصول کرنے میں دلچسپی رکھنے والے ممبرز اپنا ای میل اور ایس کمپنی کے رجسٹرڈ پتہ پر ارسال کریں۔
- 4- کمپنی ایکٹ 2017 کے سیکشن 242 کے مطابق لسٹڈ کمپنیاں حصص یافتگان کو نقد تمسکات ان کے مقرر کردہ بینک میں ادا کرنے کا پابند ہے۔ فیزیکل حصص رکھنے والے حصص یافتگان کمپنی کو اپنا الیکٹرونک تمسکات مینڈیٹ فار مار سال کریں۔
- 5- (اے)۔ ممبرز کو درخواست کی جاتی ہے کہ کمپنی رجسٹرار حمید مجید (پریویٹ) لمیٹڈ کو اپنے پتہ میں تبدیلی اور کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی ارسال کریں تاکہ ایس ای سی پی کے ایس آر او 831(1) 2012 کی کمپلائنس کی جاسکے۔
- 5- (بی)۔ آپشن 2 کے تحت دستخط شدہ ای ووٹنگ فارم یا پراکسی دستاویز کی نوٹریلی مصدقہ کاپی، اجلاس کے دن سے کم از کم دس دن پہلے کمپنی کے دفتر میں جمع ہونی چاہیے اور مہر، دستخط اور دو لوگوں سے بمعہ شناختی کارڈ نمبر، نام و پتہ گواہی شدہ ہونی چاہیے۔ آپشن 2 کے تحت کم از کم دس دستخط شدہ ای ووٹنگ فارم موصول ہونے پر کمپنی ای ووٹنگ 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 کرائیں۔
- 6- کمپنی کے سالانہ حسابات 30 جون 2019ء کی بابت آڈٹ شدہ حسابات بھراہ ان پریڈائریکٹران، چیئر پرسن اور آڈیٹران کی رپورٹ کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے ہیں۔

CHAIRPERSON'S REVIEW REPORT

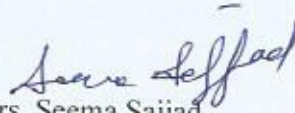
An annual evaluation of the Board of Directors' overall performance is conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board of Directors' (the Board) performance is measured in the context of overall corporate objectives and governance structure of the Company.

During the year, the Board of Directors focused on the future strategy and set the financial and operational targets. The Board regularly tracked the progress against the budgeted targets. The committees of the board worked diligently and focused on their terms of reference during the year under review.

For the financial year ended 30 June 2019, the Board's overall performance and effectiveness has been assessed as 'Satisfactory'. The Board evaluation during the year 2019 robustly considered all aspects of the Board including the performance of individual Directors, Board Committees and the Board as a whole and I am happy to report that your Board continues to function effectively and is focused on priorities for the Company's business.

Lahore

Dated: October 04, 2019


Mrs. Seema Sajjad
Chairperson

چیئرسن کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی کی سالانہ تشخیص کارپوریٹ گورننس اور کمپنی ایکٹ، 2017 کی ضرورت کے ساتھ تعمیل میں کیا گیا ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ آف ڈائریکٹرز (بورڈ) کی کارکردگی مجموعی کارپوریٹ مقاصد اور کمپنی کے حکومتی ڈھانچے کے تناظر میں مایا جائے۔

سال کے دوران، بورڈ آف ڈائریکٹرز مستقبل کی حکمت عملی پر توجہ مرکوز کرتے ہیں اور مالی اور آپریشنل مقاصد کو قائم کرتے ہیں۔ بورڈ نے باقاعدگی سے بجٹ کے اہداف پر غور کیا۔ بورڈ کے کمیٹیوں نے محنت سے کام کیا اور جائزہ لینے کے تحت سال کے دوران ان کے حوالہ جات کے حوالہ پر توجہ مرکوز کی۔

30 جون 2019 کو ختم ہونے والے مالی سال کے لئے، بورڈ کے مجموعی کارکردگی اور تاثیر 'اطمینان بخش' ہے۔ سال 2019 کے دوران بورڈ کی تشخیص نے بورڈ کے تمام پہلوؤں پر زور دیا ہے، بشمول انفرادی ڈائریکٹرز، بورڈ کمیٹیوں اور بورڈ کے مجموعی طور پر اور میں رپورٹ کرنے کے لئے خوش ہوں کہ بورڈ مؤثر طریقے سے کام جاری رکھتا ہے اور کمپنی کے کاروبار کے لئے ترجیحات پر توجہ مرکوز کرتا ہے۔

مسز سیما مسجاد

چیئرسن

04 اکتوبر، 2019

لاہور

DIRECTORS' REPORT

Dear Members,
Assalam-o-Alaikum,

The Directors welcome you to the 31st 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, 2019.

Financial Results

The financial results are as under:

	<u>30-06-2019</u> <u>Rs. (Million)</u>	<u>30-06-2018</u> <u>Rs. (Million)</u>
Sales – Net	-	-
Cost of Sales	-	-
Gross Profit / (Loss)	-	-
Profit / (Loss) before Financial & Other Charges	(36.570)	(75.493)
Profit / (Loss) before Taxation	(46.944)	(82.502)
Taxation	4.902	0.669
Profit / (Loss) after Taxation	(51.846)	(83.172)

The Company suffered after tax loss of Rs. (51.846) million for the year ended June 30, 2019 respectively as against after tax loss of Rs. (83.172) million for the preceding year.

Earning/(Loss) per share

Loss after tax per share was Rs. (2.44) for the year ended June 30, 2019 respectively as against per share after tax loss was Rs. (3.91) 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 February 20, 2018 and subsequently in the Extraordinary General Meeting held on February 18, 2019 to dispose off the land, building and other assets of the Company and to utilize their sale proceeds partially to meet the pressing of the Company and 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.

The Board of Directors in their meeting held on had approved the process of delisting of company through buy back of shares after approval of PSX.

The future operation of the company is mainly depends upon disposal of assets and repayments and settlements of outstanding liabilities.

Corporate and Financial Reporting Framework

- a) 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.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate account policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- 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, 2019 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) New Company Secretary has been appointed whereas Chief Financial Officer 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 Iqbal Yasir & 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 2018-2019, Directors, CEO, CFO/Company Secretary, their Spouses and minor children have not traded any shares of the Company during the period under discussion.
- p) Eight (06) Board of Directors' Meetings were held during the year. Following was the attendance of the Directors:-

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mr. Muhammad Asim Sajjad	06
Mrs. Seema Sajjad	05
Mr. Salman Muhammad Aslam	06
Mrs. Ayesha Rahim	06
Miss Batool Zahra	06
Mr. Mehr Allah Yar	06
Mr. Maqsood Akbar	05

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 upto 30th June, 2019.

- q) 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. Maqsood Akbar	Chairman	04
Mr. Mehr Allah Yar	Member	04
Miss Batool Zahra	Member	04

Human Resource and Remuneration Committee

In compliance with the Code of Corporate 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. Mehr Allah Yar	Member
Mr. Seema Sajjad	Member
Mr. Ayesha Rahim	Member

Statement of compliance with Code of Corporate Governance is annexed.

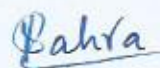
The appointment of Auditors for the year ending June 30, 2020 will be discussed in the Annual General Meeting along with fixation of their remuneration. The Statutory Auditors will retire and are eligible for re-appointment.

For and on behalf of the Board



(MUHAMMAD ASIM SAJJAD)
Chief Executive Officer

Lahore
October 04, 2019



Director

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،
السلام علیکم،

ڈائریکٹرز 30 جون، 2019 مالی سال کے اختتام پر کمپنی کا سالانہ آٹھ کردہ مالیاتی جائزہ آپ کو پیش کرتے۔

مالیاتی نتائج
مالیاتی نتائج حسب ذیل ہیں

30 June, 2018 (Rupees)	30 June, 2019 (Rupees)	
-	-	سیلز - نیٹ
-	-	فروخت کی مالیت
-	-	مجموعی نقصان
(82.502)	(46.944)	قبل از ٹیکسیشن نقصان
(83.172)	(51.846)	ٹیکسیشن کے بعد نقصان

کمپنی کا ٹیکس کے بعد نقصان (51.846) ملین روپے برائے زیر بحث مالی سال میں رہا جبکہ گزشتہ سال اسی مدت میں کمپنی کا ٹیکس کے بعد نقصان (83.172) ملین روپے رہا۔

کمپنی کا بعداز ٹیکس نقصان فی حصص (2.44) روپے برائے زیر بحث مالی سال میں رہا جبکہ گزشتہ سال اسی مدت میں کمپنی کا بعد از ٹیکس نقصان فی حصص (3.91) روپے رہا۔

کمپنی کے مینوفیکچرنگ آپریشنز 22 ستمبر، 2016 کو پاکستان اسٹاک ایکسچینج اور سیکورٹیز اینڈ ایکسچینج کمیشن کو اطلاع کے مطابق معطل رہے۔ 18 فروری، 2019 کو منعقد غیر معمولی جنرل اجلاس میں اراکین نے کمپنی کی زمین، بلڈنگ اور کمپنی کے دیگر اثاثوں کو فروخت کرنے اور متبادل کاروباری منصوبہ کو نافذ کرنے کے ذریعے کمپنی کی بحالی کی منظوری دے دی۔ زمین، بلڈنگ اور دیگر اثاثوں کے ممکنہ خریداروں کو مدعو کرنے کے لئے ایک اشتہار شائع کیا گیا تھا۔ چند ممکنہ خریداروں نے اثاثوں کی خریداری میں دلچسپی ظاہر کی ہے اور اس وقت کمپنی کی طرف سے اس پر غور کیا جا رہا ہے۔

یہ سہی کسی ایک منظور کے بعد حصص کی واپس کے عے یذری کمپن کو سٹیلیڈ کیا جا رہا ہے۔
کمپن کے مستقبل میں کام کا انحصار واجبات کی وں یگی ادائی اور اثاثوں پر ہے

برائے اور بحکم بورڈ

ڈائریکٹر

محمد عاصم سجاد
چیف ایگزیکٹو آفیسر
04 اکتوبر، 2019
لاہور

SAJJAD TEXTILE MILLS LIMITED

Plant & Machinery's Disposal and Funds Utilization Upto 30 June, 2019

SR. No.	DESCRIPTION	COST/ REVALUED FIGURE	WRITTEN DOWN (BOOK VALUE)	SALE PROCEEDS (Upto 30 June, 2018)	TOTAL SALE PROCEEDS (upto 30 June, 2019)	REMAINING ASSETS' BOOK VALUE	GAIN / (LOSS) (upto 30 June, 2019)	REMARKS
1	P & M-Blow Room	5,625,000	5,484,375	6,750,000	6,750,000	-	1,265,625	COMPLETE SOLD
2	P & M-Drawing Machine	21,150,000	20,782,500	20,884,000	20,884,000	-	101,500	COMPLETE SOLD
3	P & M- Card Machine	14,400,000	14,268,750	9,360,000	9,360,000	-	(4,908,750)	COMPLETE SOLD
4	P & M-Drawing Simplex Frames	10,758,082	10,650,112	10,663,283	10,663,283	-	13,171	COMPLETE SOLD
5	P & M-Ring Spinning Frames	25,041,000	24,709,025	15,310,882	15,310,882	-	(9,398,143)	COMPLETE SOLD
6	P & M-Auto Cone Winder	14,250,000	13,893,750	14,326,050	14,326,050	-	432,300	COMPLETE SOLD
7	P & M-Air Conditioning and	4,125,000	4,071,875	4,000,000	4,000,000	-	(71,875)	COMPLETE SOLD
8	P & M-Laboratory Equipments	675,000	658,125	688,000	688,000	-	29,875	COMPLETE SOLD
9	P & M- Workshop Equipments, Spare Parts	130,000	126,750	134,500	134,500	-	7,750	COMPLETE SOLD
10	P & M- Compressor	1,020,000	994,500	1,000,000	1,000,000	-	5,500	COMPLETE SOLD
11	Store and Spares Transformer &	4,988,552	4,988,552	2,700,000	2,700,000	-	(2,288,552)	COMPLETE SOLD
12	Electrification	7,500,000	7,312,500	-	-	7,312,500	-	NOT SOLD
HELD FOR SALE AFTER APPROVAL IN EOGM HELD ON FEBRUARY 18, 2019								
13	Free hold Land Buildings (Production Hall, Godowns and Colony)	86,500,000	86,500,000	-	-	86,500,000	-	NOT SOLD
14		96,945,804	70,549,480	-	-	70,549,480	-	NOT SOLD
15	Other related Assets	20,141,187	10,987,505	-	-	10,987,505	-	NOT SOLD
TOTAL		313,249,625	275,977,798	85,816,715	85,816,715	175,349,484	(14,811,599)	

Utilization of Funds Detail

Sr. No	PAYMENTS' DETAIL	AMOUNT (Rs.)
1	Creditors and Other Payables	42,056,695
2	Salaries & Wages	18,174,367
3	Electricity/ Gas / Utilities Bills	3,610,468
4	Repair & Maint./Travelling/Conveyance/Legal & Professional/ Fees/ Advertisement/ Repair & Maintenance/ Postage/ Printing & Stationery/ Other Expenses/ Insurance & Taxes	11,581,241
6	Sponsor Loan Repayment	5,650,000
7	Investment in Al-Meezan Funds & NAFA Stock Funds	4,743,944
TOTAL		85,816,715

SAJJAD TEXTILE MILLS LIMITED**Sale of Assets Detail as per SRO 1227(I)/2005
for the Quarter ended: 30 June, 2019**

Sr. No.	SALE DATE	PARTICULARS OF ASSETS (MACHINERY)	QTY.	SALES AMOUNT	BUYING PARTY'S NAME
1	13-Apr-2017	Draw Frames-RSB D-22 (2013+2015)	2	12,000,000	Asher Imran Spinning Mills
2	18-Apr-2017	Draw Frames-DYH 500C	3	900,000	Waqas Rafiq International
3	20-Apr-2017	Blowroom One Line Complete Set	1	2,900,000	Crescent Cotton Mills Ltd
4	20-Apr-2017	Dust Filter Plant	2	2,500,000	Crescent Cotton Mills Ltd
5	25-Apr-2017	Cone Winding-Murata 7-II	2	1,200,000	Anwar Spinning Mills Ltd
6	03-May-2017	Cone Winding-Murata 7-II	1	600,000	Combine Spinning Pvt. Ltd.
7	05-May-2017	Bale Breaker GBR1000-Complete Set	1	1,400,000	Shahzad Textile Mills Ltd.
8	05-May-2017	Draw Frames-DYH 500C	2	600,000	Shahzad Textile Mills Ltd.
9	11-May-2017	Murata Japan 7-II, Cone Winding	1	563,025	Anjum Tariq, Faisalabad
10	19-May-2017	Mono Axial Flow Opener, Multimixer & Dustex DX	3	1,000,000	Waqas Rafiq International
11	22-May-2017	Murata Japan 7-II, Cone Winding	1	563,025	Zeeshan Traders
12	24-May-2017	Schlafhorst 338-RM, Cone Winding	3	11,400,000	Crescent Cotton Mills Ltd
13	26-May-2017	EJM 1008 Ring Frame	1	210,882	Anjum Mehtab
14	16-Jun-2017	Used/ Damaged Cans & Bobbins	1 Lot	300,000	Crescent Cotton Mills Ltd
15	17-Jun-2017	Blendomat BDT-019, Auto Plucker FA-002, Krishner Beater RV	1 Lot	1,450,000	Crescent Cotton Mills Ltd
16	07-Jul-2017	Card Machines DK - 740 with FBK-533 feeder	4	1,560,000	Ideal Trading Co.
17	25-Jul-2017	Drawing Machine RSB D-22	1	6,800,000	Kohat Textile Mills Limited
18	27-Jul-2017	Laboratory Equipments	1 Lot	363,000	Crescent Cotton Mills Ltd
19	27-Jul-2017	Stores & Spare Parts	1 Lot	2,400,000	Crescent Cotton Mills Ltd
20	07-Aug-2017	Air Conditioned Plant - Luwa Switzerland	1	1,500,000	Zeeshan Traders
21	12-Aug-2017	Card Machines DK - 740 with FBK-533 feeder	6	2,340,000	Ideal Trading Co.
22	19-Aug-2017	Card Machines DK - 740 with FBK-533 feeder	12	4,680,000	Ideal Trading Co.
23	20-Aug-2017	Card Machines DK - 740 with FBK-533 feeder	2	780,000	Ideal Trading Co.
24	28-Aug-2017	Simplex FL16 Machine - 120 Spindles	1	1,378,000	National Spinning Mills
25	29-Aug-2017	Compressors: Comp Air L-22, SANCO VS-15C & Meiji SO-15C	5	275,000	Bahoo Cotton Corporation
26	29-Aug-2017	Lab. Equipments: Lee Strength Tester and Fibro Graph etc.	2	325,000	Bahoo Cotton Corporation
27	09-Sep-2017	Ring Frames RY-5 Toyoda Japan - 960 Spindles each	2	1,600,000	Qadri Textile Mills Ltd.
27	06-Oct-2017	Ring Frames RY-5 Toyoda Japan - 960 Spindles each	2	1,600,000	Qadri Textile Mills Ltd.
28	13-Sep-2017	Simplex FL16 Machine - 120 Spindles	4	5,385,283	Gulf Tex Machines
29	19-Oct-2017	Compressor L-55 with Air Dryer SD-0850A	1	725,000	ACT Air Compressor Tech.
30	16-Nov-2017	Ring Frame RY-5 Japan 960 spindles each	2	1,200,000	Ideal Trading Co.
31	17-Nov-2017	Drawing Frames Toyoda Japan DYH-2C	2	84,000	Mr. Muhammad Nawaz
32	22-Nov-2017	Simplex Roving Frames Huwa RME 93	2	1,400,000	Beacon Impex
33	05-Dec-2017	Ring Frame RY-5 Japan 960 spindles each	4	2,400,000	Ideal Trading Co.
34	07-Dec-2017	Ring Frames EJM-168	3	2,100,000	Crescent Cotton Mills Ltd
35	13-Dec-2017	Ring Frame RY-5 Japan 960 spindles each	2	1,200,000	Ideal Trading Co.
36	26-Dec-2017	Ring Frame RY-5 Japan 960 spindles each	4	2,400,000	Ideal Trading Co.
37	27-Dec-2017	Roving Frame Simplex FL-100 Toyoda Japan	1	2,500,000	Al-Nasr Textile Limited
38	03-Jan-2018	Ring Frames EJM-168	2	1,200,000	Ulfat textile Mills (Pvt) Ltd
39	05-Jan-2018	Draw Frames-DYH 500C	3	300,000	The Lahore Textile & Gen. Mills
40	16-Jan-2018	Ring Frames EJM-168	1	600,000	Ulfat textile Mills (Pvt) Ltd
41	10-Feb-2018	Draw Frames-DYH 500C	2	200,000	Ideal Trading Co.
42	02-Apr-2018	Ring Frame EJM-168	2	800,000	Nagra Spinning Mills (Pvt) Ltd.
43	04-Apr-2018	Workshop Equipments	1 Lot	134,500	Mr. Muhammad Pervaiz
TOTAL				85,816,715	

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company **SAJJAD TEXTILE MILLS LIMITED** Year Ended 30th June, 2019.

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

a. Male	4
b. Female	3
2. The composition of BOD is as follows:

Independent Director	Mr. Mehr Allah Yar
	Mr. Maqsood Akbar
Other Non-executive Director	Mrs. Seema Sajjad
	Mrs. Ayesha Rahim
	Mrs. Batool Zahra
Executive Director	Mr. Muhammad Asim Sajjad
	Mr. Salman Muhammad Aslam
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of board were presided over by the Chairman and, in his absence, by a director elected by board for this purpose. Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of the directors are certified of the Directors' Training Program. The board has arranged Directors' Training program for the following:

Mr. Mehr Allah Yar
 Mrs. Seema Sajjad
 Mrs. Ayesha Rahim
 Mrs. Batool Zahra
 Mr. Muhammad Asim Sajjad
 Mr. Salman Muhammad
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. BOARD has formed committees comprising of members given below:

a) Audit Committee	Mr. Maqsood Akbar – Chairman Mr. Mehr Allah Yar – Member Miss Batool Zahra – Member
b) HR and Remuneration Committee	Mr. Salman Muhammad Aslam-Chairman Mr. Mehr Allah Yar – Member Mrs. Seema Sajjad – Member Mrs. Ayesha Rahim – Member
13. Terms of reference of aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

a) Audit Committee	4
b) HR and Remuneration Committee	1
15. The internal audit functions of the company are carried out by internal auditor appointed by the Board of directors of the company for this purpose and is conversant with policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight BOARD 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 the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Mrs. Seema Sajjad
Chairperson

Date: October 04, 2019

 ✓
Muhammad Asim Sajjad
Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

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 04, 2019


(MUHAMMAD ASIM SAJJAD)
Chief Executive



IQBAL YASIR & COMPANY

CHARTERED ACCOUNTANTS

Independent Auditor's Report to the members of Sajjad Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sajjad Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2019 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 2 of the financial statements, which states that the Company suspended its operations in September 2016 and the company's accumulated losses stand at Rs. 617.24 million and a negative equity balance of Rs. 288 million as at the statement of financial position date. Additionally, the directors of the company have now planned to delist the company from Pakistan Stock Exchange (PSX) and to buy-back shares from the general public. As a result now, the company is not considered as a going concern. Therefore, these financial statements have been prepared by the management on a non-going concern basis (estimated realizable / settlement value of assets and liabilities respectively). Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



IQBAL YASIR & COMPANY

CHARTERED ACCOUNTANTS

Following are the Key audit matters

Sr. #	Key audit matters	How the matter was addressed in our audit
1.	Contingencies in relation to pending litigations The Company has significant litigation cases in respect of claim lodged by National Bank of Pakistan (NBP) regarding LC facilities. Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.	Our audit procedures included the following: - Obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee; - Reading correspondence of the Company with regulatory departments and the Company's external counsel, where applicable. Where relevant, also assessing external legal advices obtained by the Company; - Discussing open matters and developments with the officials of the legal department of the Company; - Circularizing external confirmations, where appropriate, on material cases and assessing the replies received thereto; - Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.
2.	Valuation of non-current assets classified as held for sale As disclosed in Note 15 to the financial statements, the Company has classified its non-current assets as held for sale. As the company had a policy of revaluing its items of property, plant and equipment, the valuation of the company's non-current assets classified as held for sale has been a significant area for the audit of financial statements. Therefore, we have considered this as a key audit matter.	Our audit procedures included the following: - Review of revaluation surplus and impairment working in addition to the prior year's financial statements; - Obtaining valuation reports for the purpose of impairment testing and substantiation of fair values from both management's and auditor's expert; - Review of documentation for work and efforts performed by the Company's management to locate buyer of non-current assets classified as held for sale. - Assessing the appropriateness of the related disclosures made in the annexed financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



IQBAL YASIR & COMPANY

CHARTERED ACCOUNTANTS

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



IQBAL YASIR & COMPANY

CHARTERED ACCOUNTANTS

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980, (XVIII of 1980).

Other Matter

The financial statements of the company for the year ended June 30, 2018 were audited by another firm of Chartered Accountants, M/s Mudassar Ehtisham & Co. who expressed unmodified opinion in their report dated October 01, 2018.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Yasir Riaz**.

Yasir Riaz
Lahore.



Date: October 4, 2019

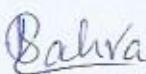
SAJJAD TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	Restated 2018	Restated 2017
----- Rupees -----				
ASSETS				
Non-current assets				
Property, plant and equipment	7	8,279,786	9,199,763	22,082,068
Long term deposits	8	-	11,826,813	11,826,813
Investment Properties	9	-	-	166,661,889
Long term investments	10	2,928,410	3,806,462	3,538,283
Deferred tax asset	11	-	-	-
		11,208,196	24,833,038	204,109,053
Current assets				
Trade debts	12	-	-	7,550,133
Advances, prepayments and other receivables	13	26,120,341	16,937,285	4,056,791
Tax refunds due from government		4,779,516	8,033,467	23,905,784
Cash and cash equivalents	14	189,123	2,761,765	980,636
		31,088,980	27,732,517	36,493,344
Non-current assets classified as held for sale	15	173,220,970	176,891,338	72,995,839
Total assets		215,518,146	229,456,893	313,598,236
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital		300,000,000	300,000,000	300,000,000
30,000,000 Ordinary shares of Rs. 10 each.				
Issued, subscribed and paid up share capital	16	212,678,000	212,678,000	212,678,000
Surplus on revaluation of property, plant and equipment	17	118,586,946	118,586,946	119,918,278
Fair value loss on remeasurement of investments		(2,050,974)	(1,172,922)	(746,322)
Accumulated losses		(617,370,987)	(565,525,284)	(483,684,905)
		(288,157,015)	(235,433,260)	(151,834,949)
Current liabilities				
Trade and other payables	18	81,497,295	70,933,558	87,320,898
Deferred liability - staff gratuity	19	393,100	-	-
Short term loan from directors and sponsors - unsecured	20	357,796,461	348,377,550	344,760,550
Accrued mark-up		62,248,853	44,742,542	32,945,052
Unclaimed dividend		166,942	166,942	166,942
Provision for taxation		1,572,510	669,561	239,743
		503,675,161	464,890,153	465,433,185
Contingencies and commitments	21	-	-	-
Total equity and liabilities		215,518,146	229,456,893	313,598,236

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

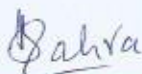
SAJJAD TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 ----- Rupees -----	Restated 2018
Revenue - net		-	-
Cost of revenue		-	-
Gross profit		-	-
Administrative expenses	22	(32,630,722)	(41,302,285)
Other operating expenses	23	(3,939,306)	(34,191,332)
		(36,570,028)	(75,493,617)
Operating loss		(36,570,028)	(75,493,617)
Other income	24	7,145,218	4,814,784
Finance costs	25	(17,518,847)	(11,823,317)
		(10,373,629)	(7,008,533)
Loss before tax		(46,943,657)	(82,502,149)
Taxation	26	(4,902,046)	(669,561)
Loss after tax		(51,845,703)	(83,171,710)
Loss per share - basic and diluted	27	(2.44)	(3.91)

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

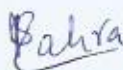
SAJJAD TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	Restated 2018
		Rupees	
Loss after tax		(51,845,703)	(83,171,710)
Other comprehensive loss			
<i>Items that may not be subsequently reclassified to profit or loss</i>			
Fair value loss on remeasurement of investments classified at fair value through other comprehensive income	10	(878,052)	(426,600)
Total comprehensive loss for the year		(52,723,755)	(83,598,311)

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

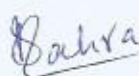
SAJJAD TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	Restated 2018
		Rupees -----	
Cash flows from operating activities			
Loss before tax		(46,943,657)	(82,502,149)
Adjustments for:			
Depreciation	7.1	919,976	3,951,836
Provision for gratuity	19	393,100	542,000
Impairment loss on non current assets held for sale	15	3,670,368	5,490,002
Provision for doubtful receivables	8.2	268,938	11,385,757
Loss on disposal of assets	23	-	17,315,576
Finance cost	25	17,518,847	11,823,317
Dividend Income	24	(12,500)	(17,021)
		22,758,729	50,491,466
Operating loss before working capital changes		(24,184,928)	(32,010,683)
Effect of working capital changes			
(Increase) / decrease in current assets			
Trade Debts	12	-	66,888
Advances, prepayments and other receivables	13	2,374,819	(910,687)
		2,374,819	(843,799)
Increase / (decrease) in current liabilities			
Trade and other payables	18	10,563,737	(16,387,340)
		10,563,737	(16,387,340)
Cash used in operations		(11,246,372)	(49,241,822)
Finance costs paid		(12,536)	(25,827)
Gratuity paid	8.2	-	(542,000)
Income tax paid		(745,146)	(240,582)
		(757,682)	(808,409)
Net cash outflows from operating activities		(12,004,054)	(50,050,231)
Cash flows from investing activities			
Payments for property, plant and equipment	7.1	-	(3,208,500)
Payments for long term investments		-	(693,944)
Proceeds from sale of property, plant and equipment		-	52,099,783
Dividend income received	24	12,500	17,021
Net cash inflows from investing activities		12,500	48,214,360
Cash flows from financing activities			
Proceeds from short term loan from directors and sponsors	20	9,418,912	3,617,000
Net cash inflows from financing activities		9,418,912	3,617,000
Net (decrease) / increase in cash and cash equivalents		(2,572,642)	1,781,129
Cash and cash equivalents at the beginning of the year		2,761,765	980,636
Cash and cash equivalents at end of the year	14	189,123	2,761,765

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

SAJJAD TEXTILE MILLS LIMITED						
STATEMENT OF CHANGES IN EQUITY						
FOR THE YEAR ENDED JUNE 30, 2019						
	Note	Issued, subscribed and paid up share capital	Surplus on revaluation of property, plant and equipment	Fair value loss on remeasurement of investments	Accumulated losses	Total share capital and reserves
Rupees						
Balance as at July 01, 2017		212,678,000	128,041,735	(746,322)	(499,010,251)	(159,036,838)
Effect of rectification of prior period error	31	-	(8,123,457)	-	15,325,346	7,201,889
Restated balance as at July 01, 2017		212,678,000	119,918,278	(746,322)	(483,684,905)	(151,834,949)
Effect of error wrongly recognised in 2018	31	-	-	-	19,576,627	19,576,627
Loss for the year		-	-	-	(83,171,710)	(83,171,710)
Other comprehensive loss for the year		-	-	(426,600)	-	(426,600)
Revaluation surplus on account of incremental depreciation current period - net of deferred tax		-	(1,331,332)	-	1,331,332	-
Balance as at June 30, 2018		212,678,000	118,586,946	(1,172,922)	(545,948,657)	(215,856,633)
Effect of rectification of error	31	-	-	-	(19,576,627)	(19,576,627)
Restated balance as at July 01, 2018		212,678,000	118,586,946	(1,172,922)	(565,525,284)	(235,433,260)
Loss for the year		-	-	-	(51,845,703)	(51,845,703)
Other comprehensive loss for the year		-	-	(878,052)	-	(878,052)
Balance as at June 30, 2019		212,678,000	118,586,946	(2,050,974)	(617,370,987)	(288,157,015)

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

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SAJJAD TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 Status and nature of business

Sajjad Textile Mills Limited (the Company) was incorporated in Pakistan as a public limited company on June 12, 1988 under the repealed Companies Ordinance, 1984 now Companies Act, 2017 and got listed on Pakistan Stock Exchange on December 31, 1990. The Company was principally engaged in manufacturing, selling, buying and dealing in all types of yarn. The registered office of the Company is situated at 19-B, Off Zafar Ali Road, Gulberg-V, Lahore. The manufacturing facility of the company is situated at 65 Km Multan Road, Jhambar Klan, Distt Kasur.

2 Material uncertainty related to going concern

The Company suspended its operations in September 2016 and after obtaining approval from shareholders intended to dispose of its entire assets including freehold land, building, plant & machinery and other assets to settle its liabilities and to initiate new business of trading/investing activities. However, the proposed plan could not be implemented during the year ended June 30, 2019 and the company's accumulated losses stand at Rs. 617.37 million and a negative equity balance of Rs. 288 million as at the statement of financial position date.

The company obtained approval from shareholders to dispose of freehold land, building, plant and machinery and other assets installed at the production facility in an extra-ordinary general meeting held on April 06, 2017. Process of disposal of fixed assets of the company as approved by the shareholders in the aforesaid extra-ordinary general meeting could not be completed within one year. Therefore, in accordance with the requirements of the Companies Act, 2017 the company again obtained approval from shareholders for the said disposal in an extra-ordinary general meeting held on February 20, 2018 and on February 18, 2019.

Additionally, the directors of the company have now planned to delist the company from Pakistan Stock Exchange (PSX) and to buy-back shares from the general public. In view of the aforesaid reasons, the company is not considered a going concern. Therefore, these financial statements have been prepared on non-going concern basis (i.e. on the basis of estimated realizable value / settlement values of assets and liabilities respectively).

3 Basis of preparation**3.1 Basis of measurement**

These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable/settlement values of the assets and liabilities respectively. In realizable/settlement value basis, assets are carried at the amount of cash and cash equivalents that could be currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

3.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Act, 2017. Approved accounting standards comprise of:

- International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFASs) as issued by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Provisions of and directives issued under the Companies Act, 2017.

Wherever, the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differs with the requirements of these accounting standards, the requirements of the Companies Act, 2017 or the requirements of the said directives shall prevail.

3.3 Functional and presentational currency

These financial statements have been prepared in Pakistani Rupees (PKR), which is the company's functional and presentational currency

4 Critical accounting estimates and judgments

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. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:



SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

4.1 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amount due according to original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

4.2 Useful life and residual values of property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits accruing to the company for use of such assets. The company reviews the value of assets for possible impairment losses on annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding affect on the depreciation charge and impairment.

4.3 Provision for taxation

In making the estimate of income taxes payable by the company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in past. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in which such final outcome is determined.

5 Standards, amendments and interpretations

5.1 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

5.2 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2019

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

- IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting; it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model.

As a result of application of IFRS 9, investments in equity instruments and mutual funds amounting to Rs. 3.81 million as at July 1, 2018 have been reclassified from 'available for sale' to 'fair value through profit or loss'. In accordance with the transitional provisions of IFRS 9, comparative figures and their related gains / (losses) have been reclassified in the opening statement of financial position.

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. There has been no change in recognition of revenue due to IFRS-15.

- Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 9 and IFRS 15 on these financial statements of the Company except for as disclosed above. Further, consequent to the adoption of above mentioned standards, changes in accounting policies have been reflected in relevant notes to these financial statements.

5.3 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2019

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning on or after July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

Additionally there are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.



6 Summary of significant accounting policies

6.1 Property, plant and equipment

Property, plant and equipment (except for freehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and buildings on freehold land are stated at revalued amounts less accumulated depreciation and impairment losses, if any.

Depreciation on property, plant and equipment is charged on reducing balance method at the rates stated in Note 7 to these financial statements. Depreciation charge commences from the date on which the asset becomes available for use and continues until the date of disposal.

The assets' residual values and useful lives are reviewed, at reporting date and if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate. Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives. Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Normal repairs and maintenance are charged to profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised, when it is probable that future economic benefits will flow to the Company. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit or loss.

Surplus on revaluation of assets are credited to a 'Surplus on revaluation' account on the statement of financial position. Surplus on revaluation of buildings to the extent of incremental depreciation charged thereon is transferred from surplus on revaluation of building to retained earnings (unappropriated profit), net of deferred tax.

6.2 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 property is measured at cost initially, including transaction costs. Subsequent to the initial recognition, the investment property is measured using the cost model. The cost model requires the company to measure the investment property at each statement of financial position date at its cost less accumulated depreciation and accumulated impairment losses, if any.

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.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgment.

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

6.3 Trade and other receivables

Trade and other receivables are recognized at fair value of consideration receivable. Balances considered irrecoverable are written off and those considered doubtful are provided for.

6.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and balances with banks on current accounts.

6.5 Non-current 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.

6.6 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

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SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

6.7 Related party transactions and transfer pricing

Transactions and contracts with the related parties are priced at arm's length using the method prescribed under the Companies Act 2017. Prices for transactions with related parties are determined on the basis comparable uncontrolled price method.

6.8 Foreign currencies

Transactions in foreign currencies during the financial year are converted into rupees at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities at the statement of financial position date are translated into rupees at exchange rates ruling at that date. All exchange gains or losses are dealt with in the statement of profit or loss.

6.9 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events 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 of the amount of obligation.

6.10 Taxation

Current:

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions, if any.

Deferred:

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except where deferred tax arises on the items credited or charged to equity in which case it is included in equity.

6.11 Borrowings and their costs

Borrowings are recorded at the proceeds received. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

6.12 Post employment benefits

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

6.13 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.

Sale of goods

Revenue from sale of goods is recognized when the control of the goods is transferred to the customers which coincide with the dispatch of goods to the customers.

Interest / Mark up income

Interest / Mark up is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Rental income

Rental income is recognised when the company's right to receive payments has been established.

6.14 Financial instruments

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

6.15 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.



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SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2019

7 Property, plant and equipment

Operating fixed assets

7.1 Operating fixed assets

Note	2019 Rupees	Revised 2018 Rupees
7.1	8,279,786	9,199,763
	8,279,786	9,199,763

	Electric Installation	Tools and Equipment	Fire Fighting Equipment	Furniture and Fixtures	Office Equipment	Computers	Air Conditioners	Vehicles	Weighing Scale	Arm and Ammunition	Telephone Installation	Total assets
Balance as at July 01, 2017	9,094,237	1,613,503	989,105	1,839,299	1,127,426	2,536,712	434,700	13,337,793	1,579,400	485,411	94,464	35,147,918
Additions during the year	351,000	-	-	-	-	-	-	2,857,540	-	-	-	3,208,540
Transferred to assets classified as held for sale	(9,445,237)	(1,612,503)	(989,105)	(1,839,299)	(1,127,426)	(2,536,712)	(434,700)	-	(1,579,400)	(485,411)	(94,464)	(20,141,167)
Disposals	-	-	-	-	-	-	-	(5,796,011)	-	-	-	(5,796,011)
Balance as at June 30, 2018	-	-	-	-	-	-	-	12,419,220	-	-	-	12,419,220
Balance as at July 01, 2018	-	-	-	-	-	-	-	12,419,220	-	-	-	12,419,220
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2019	-	-	-	-	-	-	-	12,419,220	-	-	-	12,419,220
Depreciation												
Balance as at July 01, 2017	2,462,559	239,432	603,344	1,381,196	659,940	1,697,645	289,326	4,297,004	1,167,461	249,419	68,976	13,065,831
Charge for the year	216,515	44,298	12,402	14,776	16,657	54,022	4,680	986,446	13,068	7,597	820	1,371,282
Transferred to assets classified as held for sale	(2,679,374)	(283,730)	(61,624)	(1,394,972)	(636,647)	(1,751,667)	(294,036)	-	(1,180,329)	(257,016)	(69,796)	(9,133,683)
Depreciation on disposals	-	-	-	-	-	-	-	(2,063,993)	-	-	-	(2,063,993)
Balance as at June 30, 2018	-	-	-	-	-	-	-	3,219,457	-	-	-	3,219,457
Balance as at July 01, 2018	-	-	-	-	-	-	-	3,219,457	-	-	-	3,219,457
Charge for the year	-	-	-	-	-	-	-	919,976	-	-	-	919,976
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2019	-	-	-	-	-	-	-	4,139,433	-	-	-	4,139,433
Rate of depreciation	3%	5%	3%	3%	9%	10%	5%	20%	5%	5%	5%	
Written down value as at June 30, 2018	-	-	-	-	-	-	-	9,199,763	-	-	-	9,199,763
Written down value as at June 30, 2019	-	-	-	-	-	-	-	8,279,787	-	-	-	8,279,787

7.2 Upside against vehicles in own use, not carried under the revaluation model as on reporting date is Rs. 4.03 million. This is not recognised in these financial statements.

7.3 Depreciation charge for the year has been allocated to administrative expenses.

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SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Note	2019 ----- Rupees -----	Restated 2018
8 Long term deposits			
Deposit with Sui Northern Gas Pipelines Limited (SNGPL)	8.1	-	11,557,875
Other long term deposits	8.2	-	268,938
		-	11,826,813
8.1 Classified as current as the deposit shall become refundable on sale of freehold land and building.			
8.2 Other long term deposits			
Outstanding balances		268,938	268,938
Provision for impairment		(268,938)	-
		-	268,938
9 Investment Properties			
Opening Balance		-	166,661,889
Depreciation		-	(2,580,554)
Transferred to non-current assets classified as held for sale		-	(164,081,335)
		-	-
10 Long term investments			
Investments at fair value through other comprehensive income			
Opening balance		3,806,462	3,538,383
Investment made during the year		-	694,679
Unrealised loss on re-measurement of investments		(878,052)	(426,600)
		2,928,410	3,806,462

10.1 Investments at fair value through other comprehensive income

2019	Restated 2018	Name of Scripts	2019		Restated 2018	
			Average Cost	Market Value	Average Cost	Market Value
No. of Shares / Units			----- Rupees -----			
347	347	Allied Bank Ltd.	5,000	36,504	5,000	35,793
1,000	1,000	International Steels Ltd.	104,988	39,710	104,988	101,700
2,000	2,000	Pak Elektron Ltd.	122,319	40,040	122,319	70,920
1,100	1,000	Systems Ltd.	73,131	105,567	73,131	101,220
1,700	1,000	The General Tyre & Rubber Co. of Pak. Ltd.	184,330	87,567	184,330	166,200
2,000	2,000	The Hub Power Co. Ltd.	209,175	157,500	209,175	184,320
29,598	29,598	Al Meezan Islamic Fund	2,625,842	1,418,637	2,625,842	1,874,590
86,969	86,969	Nafa Stock Fund	1,653,788	1,042,885	1,653,788	1,271,719
124,714	123,914		4,978,573	2,928,410	4,978,573	3,806,462
Unrealised loss on re-measurement of investments			(2,050,163)		(1,172,110)	
			2,928,410	2,928,410	3,806,462	3,806,462

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11 Deferred tax asset

Deferred tax comprises temporary differences attributable to:

Taxable temporary differences

Non-current assets classified as held for sale

Differences due to revaluation of property, plant and equipment

Accelerated depreciation on property, plant and equipment

Deductible temporary differences

Trade debts

Deferred liability - staff gratuity

Unused tax losses and depreciation

Net deductible temporary differences

Deferred tax asset @ 30% (2018: 29%)

Deductible temporary differences

Long term investments

Deferred tax asset @ 15% (2018: 15%)

Un-used tax credit

Net deferred tax asset

Unrecognized deferred tax asset

Closing balance of deferred tax asset

2019	Restated 2018
Rupees	
24,915,885	27,868,623
56,373,150	56,373,150
2,896,329	1,946,307
(84,185,363)	(86,188,080)
7,483,245	7,483,245
393,100	-
610,830,439	562,178,210
618,706,784	569,661,455
534,521,421	483,473,375
160,356,426	140,207,279
2,050,163	1,172,110
307,524	175,817
16,616,256	25,072,071
177,280,206	165,455,167
(177,280,206)	(165,455,167)
-	-

Deferred tax asset amounting to Rs. 177.28 million (2018: Rs. 165.46 million) has not been recognised in these financial statements as the future taxable profits are not expected at the moment.

12 Trade debts

Trade debts

Less: provision for doubtful debts

2019	Restated 2018
Rupees	
7,483,245	7,483,245
(7,483,245)	(7,483,245)
-	-

13 Advances, prepayments and other receivables

Advances to suppliers

Advances to staff

Deposit with Sui Northern Gas Pipelines Limited (SNGPL)

Sales tax refundable

Prepayments

Provision for advances to suppliers

Note

2019	Restated 2018
Rupees	
3,902,510	3,902,510
62,520	66,520
11,557,875	-
14,487,896	16,744,677
12,050	126,088
30,022,851	20,839,795
(3,902,510)	(3,902,510)
26,120,341	16,937,285

13.1 Directors, Chief Executives and Executives have not received any advance from the company during the year end (2018: Nil)

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SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	Restated 2018
		Rupees	
14 Cash and cash equivalents			
Cash in hand		29,318	268,220
Balances with banks in current accounts		159,805	2,493,545
		<u>189,123</u>	<u>2,761,765</u>
15 Non-current assets classified as held for sale			
Opening balance		176,891,338	72,995,839
Transferred during the year	7 & 9	-	175,068,839
Disposed off during the year		-	(65,683,338)
		<u>176,891,338</u>	<u>182,381,340</u>
Impairment loss for the year		(3,670,368)	(5,490,002)
		<u>173,220,970</u>	<u>176,891,338</u>

15.1 Composition and valuation of assets classified as held for sale

	2019			Restated 2018		
	Carrying value	Fair value less cost to sell	Impairment loss	Carrying value	Fair value less cost to sell	Impairment loss
	Rupees					
Land	86,500,000	108,729,844	-	86,500,000	99,504,900	-
Building	77,581,335	89,776,972	-	77,581,335	90,248,400	-
Other assets						
Transformer & Electrification	5,118,750	5,700,000	-	7,312,500	5,118,750	2,193,750
Electric Installation	4,736,328	2,000,000	2,736,328	6,766,183	4,736,328	2,029,855
Tools and Equipment	932,241	400,000	532,241	1,331,773	932,241	399,532
Fire Fighting Equipment	261,001	350,000	-	372,859	261,001	111,858
Furniture and Fixture	310,966	450,000	-	444,237	310,966	133,271
Office Equipment	350,545	400,000	-	500,779	350,545	150,234
Computers	549,532	150,000	399,532	785,046	549,532	235,514
Air Conditioners	98,486	100,000	-	140,694	98,486	42,208
Weighing Scale	275,010	300,000	-	392,872	275,010	117,862
Arms and Ammunition	159,877	200,000	-	228,395	159,877	68,519
Telephone Installation	17,267	15,000	2,267	24,667	17,267	7,400
Total other assets	12,810,003	10,065,000	3,670,368	18,300,005	12,810,004	5,490,002
	<u>176,891,338</u>	<u>208,571,816</u>	<u>3,670,368</u>	<u>182,381,340</u>	<u>202,563,304</u>	<u>5,490,002</u>

15.2 The company intends to dispose of a parcel of its production facility including freehold land, building and other assets. The facility was previously used in the production of textile products. A search is underway for a buyer. No impairment loss was recognised on reclassification of the land and building from investment properties to held for sale, as at June 30, 2018 and June 30, 2019 as the fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount. An impairment loss was recognised on remeasurement of other assets as held for sale amounting to Rs. 3.61 million and 5.49 million as at June 30, 2019 and 2018 respectively. The impairment loss has been charged in statement of profit or loss.

15.3 The freehold land, building and other assets were evaluated by M/s Creative Consultants & Construction (an independent valuer) for valuation purposes. The evaluation report was provided by the valuer on June 28, 2019. The fair value of freehold land has been derived from the market data (i.e. immediate neighbourhood), whereas, the fair value of building and other assets has been derived on the basis of current construction and condition.

The forced sale value of freehold land, building and other assets is Rs. 87,862,500/-, Rs. 70,733,371/- and Rs. 7,548,750/- respectively.

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

16 Issued, subscribed and paid up share capital

Ordinary shares of Rs. 10 each.
 - Fully paid in cash

2019	Restated 2018	2019	Restated 2018
Number of shares		Rupees	
21,267,800	21,267,800	212,678,000	212,678,000
21,267,800	21,267,800	212,678,000	212,678,000

- 16.1 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 Surplus on revaluation of property, plant and equipment

Balance at the beginning of the year

Less: Transferred to accumulated losses on account of incremental depreciation - net of deferred tax

Balance at the end of the year

Note

2019	Restated 2018
Rupees	
118,586,946	119,918,278
-	(1,331,332)
118,586,946	118,586,946

18 Trade and other payables

Creditors

Advances from customers

Withholding tax payables

Unearned income

Accrued liabilities

18.1

24,432,294	27,523,940
781,835	1,213,775
239,884	338,504
52,599	-
55,990,683	41,857,339
81,497,295	70,933,558

- 18.1 This amount includes a provision for Gas Infrastructure Development Cess (GIDC) amounting to Rs. 39,800,644 (2018: Rs.34,921,630). The Cess is levied and charged by the Federal Government to gas consumers, other than domestic consumers in accordance with the requirements of Gas Infrastructure Development Cess Act, 2015.

19 Deferred liability - staff gratuity

Opening balance

Charge for the year

Payments made during the year

Closing balance

2019	Restated 2018
Rupees	
-	-
393,100	542,000
393,100	542,000
-	(542,000)
393,100	-

- 19.1 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.

20 Short term loan from directors and sponsors - unsecured

Interest free Short term loan from directors and sponsors

Interest bearing Short term loan from directors and sponsors

Note

2019	Restated 2018
Rupees	
199,437,447	199,437,447
158,359,014	148,940,103
357,796,461	348,377,550

- 20.1 The above loans are unsecured and are repayable to directors and sponsors on demand.

- 20.2 These loans are unsecured and repayable on demand. The loan carries markup @ 3 months KIBOR + 2%.

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

21 Contingencies and commitments

Contingencies

21.1 Pending litigations

National Bank of Pakistan (NBP) has lodged a claim against the company amounting to Rs. 206.12 million based on LC facility settled about 7/8 years back. National Accountability Bureau (NAB) has also taken up this matter. The act of the Bank and NAB has been challenged by the company in Writ Petition No. 221750/2018 before the Honourable Lahore High Court. The Writ Petition has been allowed by the Full Bench of Lahore High Court on 24-12-2018. NAB has challenged the said judgement before Supreme Court of Pakistan vide CPLA No. 1473/2019, the said petition of NAB is pending in the Supreme Court. The legal advisor is of the view that the case shall be in favour of the company.

The Company has filed suit against National Bank of Pakistan (NBP) before the Honourable Lahore High Court challenging Bank's alleged claim based upon the LC facility sanctioned about 7/8 years back. This suit is still pending adjudication. The legal advisor of the company is of the view that there is no scope of any fiscal loss to the company in the instant matter as the claim of the Bank is baseless and time barred.

21.1 Notice from taxation authorities

The company has been selected for Income Tax Audit u/s 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2016, 2017 and 2018. The proceedings under the said section are still open as at the date of statement of financial position.

The company has been selected for Sales Tax Audit u/s 25 of The Sales Tax Act, 1990 for the Tax Year 2016 and 2017. The proceedings under the said section are still open as at the date of statement of financial position.

For Tax Year 2014, the Deputy Commissioner Inland Revenue issued notice u/s 48 of the Sales Tax Act, 1990 for recovery of sales tax amounting to Rs. 8,216,439/- and penalty of Rs. 410,822/- along with default surcharge (to be calculated at the time of deposit). The company has filed an appeal against the said notice in Appellate Tribunal, the proceedings of which are still open as at the date of statement of financial position. The tax advisor of the company is of the view that the decision would likely be in the favour of the company.

Commitments

There were no capital commitments as at the statement of financial position date. (2018: Nil)

22 Administrative expenses

Salaries and other benefits

Vehicle running and maintenance

Traveling and conveyance

Printing and stationery

Entertainment

Rent, rate and taxes

Fee and subscription

Legal and professional

Postage and courier

Communication

Utilities

Repair and maintenance

Newspapers and periodicals

Insurance

Advertisement

Depreciation

Auditors' remuneration

Miscellaneous Expenses

Note

2019 Restated 2018

----- Rupees -----

17,359,721	20,155,902
899,248	1,294,115
176,569	2,374,172
165,200	280,690
30,960	108,449
165,204	664,808
817,226	927,637
1,351,966	546,113
114,264	81,486
394,744	487,400
7,556,188	7,822,858
621,878	1,200,122
8,297	6,789
935,099	353,501
351,483	328,231
919,976	3,951,836
600,000	370,000
162,699	348,177
32,630,722	41,302,285

22.2

22.1 Salaries and Other Benefits includes Rs. 393,100 (2018: Rs. 542,000) in respect of staff retirement benefits.

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 ----- Rupees -----	Restated 2018
22.2 Auditors' remuneration			
Statutory audit fee		560,000	330,000
Review of compliance with code of corporate governance		10,000	10,000
Half yearly review		30,000	30,000
		600,000	370,000
23 Other operating expenses			
Loss on sale of non-current assets classified as held for sale		-	17,315,575
Impairment loss on non-current assets classified as held for sale		3,670,368	5,490,001
Provision for doubtful receivables	8.2	268,938	11,385,756
		3,939,306	34,191,332
24 Other income			
Income from financial assets			
Dividend income		12,500	17,021
Markup from SNGPL against Security Deposit		340,957	334,023
		353,457	351,044
Income from non financial assets			
Rental Income		6,769,978	4,463,740
Miscellaneous income		21,783	-
		6,791,761	4,463,740
		7,145,218	4,814,784
25 Finance costs			
Mark-up on short term borrowings		17,506,312	11,797,489
Bank charges		12,535	25,828
		17,518,847	11,823,317
26 Taxation			
Current tax expense			
- current year		1,572,510	669,561
- prior year(s)		3,329,536	-
Deferred tax income	11	-	-
		4,902,046	669,561

26.1 The current tax provision represents the minimum tax on turnover for the year due under Section 113, 15, 133 & 155 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.

26.2 As per the management's assessment, sufficient tax provision has been made in the company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	Restated 2018	Restated 2017	2016
	----- Rupees -----		
Provision as per Financial Statements	669,561	1,398,132	7,451,481
Tax Assessment	6,015	1,427,136	6,683,138

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

27 Loss per share - basic and diluted

	Loss after tax		Total shares in issue		Earnings per share	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
	Rupees		Number of shares		Rupees	
Loss per share - basic and diluted	(51,845,703)	(83,171,710)	21,267,800	21,267,800	(2.44)	(3.91)
	<u>(51,845,703)</u>	<u>(83,171,710)</u>	<u>21,267,800</u>	<u>21,267,800</u>	<u>(2.44)</u>	<u>(3.91)</u>

27.1 There is no dilutive effect on the basic earnings per share of the Company.

28 Financial instruments by category

Financial assets

At amortized cost

Deposit with Sui Northern Gas Pipelines Limited (SNGPL)

11,557,875 11,826,813

Cash and cash equivalents

189,123 2,761,765

11,746,998 14,588,578

At fair value through other comprehensive income

Long term investments

2,928,410 3,806,462

14,675,408 18,395,040

Financial liabilities

At amortized cost

Short term loan from directors and sponsors - unsecured

357,796,461 348,377,550

Creditors

24,432,294 27,523,940

Unclaimed dividend

166,942 166,942

Accrued mark-up

62,248,853 44,742,542

444,644,549 420,810,974

28.1 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

28.2 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. The fair value of financial assets (other than investments) and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

Discount/ interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

Fair value hierarchy

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The fair value hierarchy of financial assets measured at fair value is as follows:

	2019			
	Total	Level 1	Level 2	Level 3
	Amount in rupees			
Deposit with Sui Northern Gas Pipelines Limited (SNGPL)	11,557,875	-	-	11,557,875
Long term investments	2,928,410	2,928,410	-	-
Cash and cash equivalents	189,123	-	-	189,123
	14,675,408	2,928,410	-	11,746,998

	Restated 2018			
	Total	Level 1	Level 2	Level 3
	Amount in rupees			
Deposit with Sui Northern Gas Pipelines Limited (SNGPL)	11,826,813	-	-	11,826,813
Long term investments	3,806,462	3,806,462	-	-
Cash and cash equivalents	2,761,765	-	-	2,761,765
	18,395,040	3,806,462	-	14,588,578

29 Financial risk management - objectives and policies

Financial risk factors

The company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

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

The company's risk management policies are established to identify and analyse 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 react to changes in market conditions and the company's activities.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

29.1 Market risk

Market risk is the risk that fair value of financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or equity prices due to a change in credit rating of the issuer or the instrument, due to market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations, which are borrowed at floating interest rates.

As at June 30, 2019, had there been increase / decrease in floating interest rates by 100 basis points, with all other variables held constant, loss before tax and other comprehensive loss for the year would have been higher / lower by Rs. 1.54 million.

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

29.2 Credit risk

Credit risk is the risk that one party to the financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from balances with bank, trade debts, advances, deposits and other receivables. The maximum exposure to credit risk before any credit enhancement is given below:

	2019	Restated 2018
	----- Rupees -----	
Maximum exposure to credit risk		
Deposit with Sui Northern Gas Pipelines Limited (SNGPL)	11,557,875	11,826,813
Cash and cash equivalents	189,123	2,761,765
Long term investments	2,928,410	3,806,462
	14,675,408	18,395,040

The Company attempts to control the credit risk by monitoring credit exposure, limiting transactions with specific customers and continuing assessment of credit worthiness of customers.

Based on the past experience, record of recoveries, the Company believes that the past due amount do not require any provision or impairment loss.

29.3 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk.

Financial liabilities include non interest bearing liabilities and are presented below in accordance with their contractual maturities:

	2019	Restated 2018
	----- Rupees -----	
Maturity within one year		
Short term loan from directors and sponsors - unsecured	357,796,461	348,377,550
Creditors	24,432,294	27,523,940
Unclaimed dividend	166,942	166,942
Accrued mark-up	62,248,853	44,742,542
	444,644,550	420,810,974

30 Capital risk management

The company's objectives, policies and processes for managing capital are as follows:

To safeguard Company's ability to continue as going concern, so that it can continue to provide returns for shareholders and benefit other stakeholders; and

To provide adequate return to shareholders by pricing the products and services commensurately with the level of risk.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The capital structure of the Company consists of equity comprising of issued share capital and unappropriated profits.

The Company is not exposed to externally imposed capital requirements.

31 Effect of rectification of prior period error

- a) The company has recognised certain items of its property, plant and equipment using the Revaluation Model as is allowed under IAS 16 - Property, plant and equipment. Under the revaluation model, the company continues to revalue its assets after a certain period of time and the resulting surplus on revaluation is recognised in the equity as a separate line item (i.e. Surplus on revaluation of fixed assets). Such surplus is only derecognised upon devaluation or on disposal of such assets. The company has disposed off items of property, plant and equipment during the previous years whereas, the surplus on revaluation has not been transferred to accumulated losses in the financial statements, as a result of which, the revaluation surplus and accumulated losses were overstated.

SAJJAD TEXTILE MILLS LIMITED
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FOR THE YEAR ENDED JUNE 30, 2019

- b) The company has accounted for its Investment Properties using the Cost Model under IAS 40 - Investment Property, an adjustment was made during the year ended June 30, 2018 on account of change in accounting policy which in effect reversed the incremental depreciation charged in the statement of profit or loss. As the company had accounted for the property, plant and equipment using the Revaluation Model previously in accordance with IAS 16 - Property, plant and equipment, the effect of incremental depreciation has already been reversed net of deferred tax to accumulated losses, therefore, the said adjustment resulted in understatement of accumulated losses.

The error has been identified in the current year's financial statements and the resulting adjustment has been made in these financial statements. The effect of adjustment has been reflected in the reconciliation.

31.1 Reconciliation of the financial statements line items

	Restated 2018			Restated 2017		
	Reported previously	Effect of prior period error	Reported now	Reported previously	Effect of prior period error	Reported now
	----- Rupees -----					
Statement of financial position						
Assets						
Investment Properties	-	-	-	159,460,000	7,201,889	166,661,889
Non-current assets classified as held for sale	189,436,110	(12,544,772)	176,891,338	72,995,839	-	72,995,839
	<u>189,436,110</u>	<u>(12,544,772)</u>	<u>176,891,338</u>	<u>232,455,839</u>	<u>7,201,889</u>	<u>239,657,728</u>
Equity						
Surplus on revaluation of property, plant and equipment	127,010,314	(8,423,369)	118,586,946	128,041,734	(8,123,456)	119,918,278
Accumulated losses	(561,403,879)	(4,121,405)	(565,525,284)	(499,010,250)	15,325,345	(483,684,905)
	<u>(434,393,565)</u>	<u>(12,544,774)</u>	<u>(446,938,338)</u>	<u>(370,968,516)</u>	<u>7,201,889</u>	<u>(363,766,627)</u>
Statement of profit or loss						
Administrative expenses	(41,132,249)	(170,036)	(41,302,285)	-	-	-
	<u>(41,132,249)</u>	<u>(170,036)</u>	<u>(41,302,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Statement of changes in equity						
Surplus on revaluation of property, plant and equipment	127,010,314	(8,423,369)	118,586,946	128,041,734	(8,123,456)	119,918,278
Accumulated losses	(561,403,879)	(4,121,405)	(565,525,284)	(499,010,250)	15,325,345	(483,684,905)
	<u>(434,393,565)</u>	<u>(12,544,774)</u>	<u>(446,938,338)</u>	<u>(370,968,516)</u>	<u>7,201,889</u>	<u>(363,766,627)</u>

32 Reclassification and rearrangements

Corresponding figures have been reclassified and rearranged wherever necessary to reflect more appropriate presentations of events and transactions for the purpose of comparison.

	Restated 2018			
	Reported previously	Difference	Reported now	Classified to / from
	----- Rupees -----			
Revenue	4,463,740	(4,463,740)	-	Classified to Other income
Other income	351,043	4,463,741	4,814,784	Classified from Revenue

SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

33 Transactions with related parties

The related parties comprise of major shareholder, associated undertakings, entities under common directorship and key management personnel.

Significant transactions with related parties are as follows:

Nature of relationship	Nature of transactions	2019	Restated 2018
		----- Rupees -----	
Directors / Sponsors	Short term loan received during the year	9,418,912	3,617,000
Directors / Sponsors	Mark-up cost on loan from directors and sponsors	17,506,311	11,797,490
		<u>26,925,223</u>	<u>15,414,490</u>

All transactions with related parties have been carried out on commercial terms and conditions.

34 Remuneration of Chief Executive, Directors and Executives

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

	2019			Restated 2018		
	Chief Executive	Executives	Director	Chief Executive	Executives	Director
	----- Rupees -----			----- Rupees -----		
Managerial remuneration including house rent & utility	2,697,000	3,996,000	2,697,000	2,697,000	3,672,750	2,697,000
	<u>2,697,000</u>	<u>3,996,000</u>	<u>2,697,000</u>	<u>2,697,000</u>	<u>3,672,750</u>	<u>2,697,000</u>
Number of persons	1	3	1	1	3	1

34.1 No meeting fee has been paid to any director of the company during the year (2018: Rs. Nil).

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

2019	Restated 2018
Number of persons	

35 Number of employees

Average number of employees during the year

26 30

Total number of employees as at June 30th

20 20

36 Production capacity

The company has ceased its production activities since September 2016.

37 Events after the reporting period

Subsequently after the year end, the directors of the company have decided to delist the company from Pakistan Stock Exchange (PSX). The directors have proposed to buy-back shares of the company from the general public against cash. There are no other significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

38 Date of authorization for issue

These financial statements have been approved and authorized for issue on **October 04, 2019** by the Board of Directors of the company.

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SAJJAD TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

39 General

- Figures have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

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Chief Executive



Director



Chief Financial Officer

SAJJAD TEXTILE MILLS LIMITED**FORM - 34****PATTERN OF HOLDING OF SHARES
HELD BY THE SHARE HOLDERS AS AT 30-06-2019**

No. of Share Holders	Shareholdings		Total Shares Held
	From	To	
148	1	100	7,154
287	101	500	124,532
53	501	1000	51,220
64	1001	5000	168,911
16	5001	10000	130,489
15	10001	50000	338,775
2	50001	100000	132,025
3	100001	200000	510,868
2	200001	400000	1,171,632
2	400001	1000000	528,650
4	1000001	2000000	6,837,592
1	2000001	3000000	2,185,107
1	3000001	4000000	3,686,569
1	4000001	6000000	5,394,276
599			21,267,800

CATEGORIES OF SHAREHOLDERS**AS AT 30-06-2019**

		<u>SHARES HELD</u>	<u>PERCENTAGE</u>
			%
1	Directors, Chief Executive Their Spouse and minor Children		
	Mr. Muhammad Asim Sajjad - Chief Executive	1,662,590	7.817
	Mr. Salman Muhammad Aslam - Director	1,698,090	7.984
	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. Maqsood Akbar - Director	500	0.002
	TOTAL	7,364,009	34.625

2 Executives

CATEGORIES OF SHAREHOLDERS**AS AT 30-06-2019**

3 Associated Companies, undertakings, related parties, spouse and family members of Directors.	-	-
Mr. Sajjad Aslam	5,394,276	25.364
Mr. Raza Muhammad Aslam	1,660,190	7.806
4 NIT and ICP	348,424	1.638
5 Bank, DFIs, Non-Banking Financial Institutions	579	0.003
6 Insurance Companies	-	0.000
7 Modaraba and Mutual Funds	500	0.002
8 General Public		
a) Local	6,088,322	28.627
b) Foreign	-	-
9 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

SHAREHOLDERS HOLDING MORE THAN 5% SHAREHOLDING

	<u>SHARES HELD</u>	<u>PERCENTAGE</u>
Mr. Sajjad Aslam	5,394,276	25.364
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	1,698,090	7.984
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.

SAJJAD TEXTILE MILLS LIMITED

FORM OF PROXY

Ledger Folio No./CDC Account 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 Monday 28th October, 2019 at 11:30 A.M. and at every adjournment thereof.

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

Signed by the said

Revenue
Stamp

Witnesses:

- | | |
|--------------------|-------------------|
| 1. Signature | 2. Signature..... |
| Name: | Name: |
| C.N.I.C. No..... | C.N.I.C. No..... |
| Address..... | 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 62 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.
 - i). Attested copies of CNIC 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.

سجاد کسٹائلٹی ملز ٹڈیلم

یپراکس فارم

حصص بولڈنگ

ویفول نمبر / یس یڈ یس اکاؤنٹ نمبر

ی م / بم

کا/ کے

رکن اور حصص دار

محترم کا/ کے

ای اس یک ریغ ی موجودگ ی م محترم کا/ کے

اس یک جگہ یکمپن کا دوسرا رکن اور حصص دار ہونے کے ناطے ی ری م / ی ہمار طرف سے یکمپن یک سالانہ جنرل

ٹنگ ی منعقدہ 28 اکتوبر، 2019 کو صبح ساڑھے ارہ یگ بجے ی ری م / ی ہمار طرف سے ووٹ نے ی د کے لئے

شرکت ی کر اور اس یک ہر التوا ی م۔

بطور گواہ ی ری م / ی ہمار ی موجودگ ی م کا دن

دستخط

ویون ی ر مپی سٹ

گواہان :

1. دستخط

2. دستخط

نام

نام

ی قوم ی شناخت کارڈ نمبر

ی قوم ی شناخت کارڈ نمبر

مستقل پتہ

مستقل پتہ

نوٹ :

1. زی پراکس کے مؤثر ہونے کے لئے ی ضرور ہے کہ ی پراکس اجلاس کے انعقاد سے 48 گھنٹے پہلے یکمپن کے رجسٹرڈ آفس وصول ہوں۔

(a) ی پراکس کو ووٹ نے ی د کے لئے ی قوم ی شناخت کارڈ ی کمصدقہ نقول فراہم کرنا ہوگا۔

(b) ٹی کارپور یکمپن ی صورت ی م ی پراکس فارم کے ساتھ بورڈ آف مٹرز یڈائر یک قرارداد اور پاور آف ی اٹارن

ی ضرور ہے