



**SAIF GROUP**

**FIRST QUARTER REPORT**

(UN-AUDITED)

30 SEPTEMBER, 2017

**CERTIFIED ISO 9001:2008**



**Saif Textile Mills Limited**



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Osman Saifullah Khan	Chairman/ Director
Jehangir Saifullah Khan	Director
Hoor Yousafzai	Director
Assad Saifullah Khan	Director
Jehannaz Saifullah Khan	Director
Rana Muhammad Shafi	Director
Muhammad Danish	Director
Zaheen-ud-Din-Qureshi	Chief Executive

## AUDIT COMMITTEE

Muhammad Danish	Chairman
Jehangir Saifullah Khan	Member
Assad Saifullah Khan	Member

## HR & REMUNERATION COMMITTEE

Osman Saifullah Khan	Chairman
Hoor Yousafzai	Member
Assad Saifullah Khan	Member

## CHIEF FINANCIAL OFFICER

Noman Ahmad

## COMPANY SECRETARY

Sabir Khan

## HEAD OF INTERNAL AUDIT

Salman Shafiq

## LEGAL ADVISOR

Dr. Pervez Hassan  
Hassan & Hassan, Advocates  
Salahuddin Saif & Aslam  
(Attorney's at Law)

## AUDITORS

M/s Shinewing Hameed Chaudhri & Co.  
Chartered Accountants  
HM House, 7-Bank Square, Lahore

## BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Industrial and Commercial Bank of China Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Summit Bank Limited  
The Bank of Punjab  
United Bank Limited

## HEAD OFFICE

City Centre Plaza  
3rd Floor Plot # 40 Main Bank Road Saddar  
Rawalpindi  
Telephone: +92-51-5700824-5700825-26  
Fax: +92-51-5700829  
Email: stm@saifgroup.com

## REGISTERED OFFICE

APTMA House, Tehkal Payan, Jamrud Road,  
Peshawar  
Telephone: +92-91-5843870, 5702941  
Fax: +92-91-5840273  
Email: peshawar@saifgroup.com

## SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.  
HM House, 7-Bank Square, Lahore  
Telephone: +92-42-37235081-37235082  
Fax: +92-42-37358817  
Email: info@hmaconsultants.com

## MILLS

Industrial Estate, Gadoon Amazai, District  
Swabi  
Telephone: +92-0938-270313, 270429  
Fax: +92-0938-270514  
Email: stmgn@saifgroup.com

## CYBER

www.saiftextile.com

# DIRECTORS' REVIEW REPORT

We are pleased to present the un-audited results for the three months ended on September 30, 2017.

## FINANCIAL HIGHLIGHTS

During the first quarter, your Company has managed to earn a gross profit of Rs. 168.17 million on sales of Rs. 1.75 billion (Gross profit margin: 9.64%) as compared to gross profit of Rs. 198.91 million on sales of Rs. 1.85 billion (Gross profit margin: 10.77%) for the corresponding period last year.

Your Company closed the period with a Pre Tax Profit of Rs. 2.49 million as compared to Pre Tax Profit of Rs. 37.95 million for the corresponding period of last year. The profitability has declined due to the bearish trend in the local yarn market which started in the 4th quarter of financial year ended June 30, 2017. Moreover, overvaluation of Pak Rupee against USD and depreciation of regional currencies further deteriorated the export competitiveness of the local textile sector.

## GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

The ever increasing cost of doing business and subsidized competition from India and China is badly hurting the yarn manufacturing. Despite all these hindrances, the textile sector has great potential for improvement in future. We hope that our endeavors in product development, better sales mix and improved operational efficiency will result in better performance of the Company.

## ACKNOWLEDGMENT

The Board places on record its appreciation for the support of our bankers and our valued customers. We would also like to highlight the hard work put in by the members of our corporate family.

We look forward to the same dedication and cooperation in the days ahead.

for and on behalf of the Board



ZAHEEN-UD-DIN QURESHI  
Chief Executive

Place: Islamabad  
Dated: 30 October, 2017

بہتر ملی جلی سلیز (فروخت) اور آپریشن کی کارکردگی میں اضافہ کی کاوش سے کمپنی ہذا کی کارکردگی کے بہتر نتائج برآمد کر سکیں گے۔

اظہار تشکر

بورڈ ہذا ہمارے مینجمنٹ اور معزز صارفین کی معاونت کو خراج تحسین پیش کرتا ہے۔ ہم اپنے کارپوریٹ فیملی ممبران کے سخت محنت اور کوششوں کی بھی تعریف کرتے ہیں

منجانب بورڈ ہذا



ذہین الدین قریشی

چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

تاریخ: 30 اکتوبر 2017

## ڈائریکٹر جائزہ رپورٹ

ہمارے لئے خوشی کا باعث ہے کہ ہم کمپنی ہذا کے اختتامی تین مہینے کی غیر آڈٹ شدہ نتائج رپورٹ پیش کر رہے ہیں۔

مالیاتی خدو خال نتائج:

پہلی سہ ماہی کے دوران آپکی کمپنی نے مجموعی سیلز (فروخت) مبلغ 1.85 بلین (مجموعی منافع کی شرح %10.77) سے گزشتہ تقابلی سال میں مجموعی منافع مبلغ 198.91 ملین روپے کی نسبت اس سال مجموعی سیلز (فروخت) مبلغ 1.75 بلین روپے (مجموعی منافع کی شرح %9.64) سے مبلغ 168.17 ملین روپے کا مجموعی منافع حاصل کیا۔

آپکی کمپنی نے گزشتہ سال ٹیکس کی کٹوتی سے قبل منافع مبلغ 37.95 ملین روپے کی نسبت اس سال اسی مدت کے اختتام پر ٹیکس کی کٹوتی سے قبل منافع مبلغ 2.49 ملین روپے حاصل کیا۔ منافع کی شرح میں کمی مقامی سوت مارکیٹ میں قیمتوں کی گرنے کے رجحان کی وجہ سے ہے جو کہ اختتامی مالیاتی سال 30 جون 2017 کے چوتھی سہ ماہی سے شروع ہوئی۔ اس کی علاوہ ڈالر کے مقابلے میں پاکستانی روپے میں اضافہ اور علاقائی کرنسی میں تنزلی نے مقامی ٹیکسٹائل سیکٹر کی برآمدات کی متقابلی صورت حال کو مزید خراب کیا۔

مارکیٹ کی عمومی صورت حال اور مستقبل کا نقطہ نظر

کاروباری لاگت میں ہمہ جہت اضافہ، چائنہ اور انڈیا کی طرف سے سبسڈی مقابلہ نے بھی سوت کی پیداواری عمل کو بری طرح نقصان پہنچایا ہے۔ ان تمام رکاوٹوں کے باوجود، ٹیکسٹائل سیکٹر مستقبل (قریب) میں بہتری کی بہت زیادہ گنجائش رکھتا ہے۔ ہم امید کرتے ہیں کہ ہم مصنوعات میں جدت،

# CONDENSED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Note	Un-audited 30 September, 2017	Audited 30 June, 2017
		Rupees	
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
<b>Authorised capital</b>			
30,000,000 ordinary shares of Rs. 10 each		300,000	300,000
Issued, subscribed and paid-up capital		264,129	264,129
Reserves		265,981	265,981
Unappropriated profit		1,060,041	1,049,296
		1,590,151	1,579,406
<b>Surplus on revaluation of property, plant and equipment</b>		685,025	693,647
<b>Non-current Liabilities</b>			
Sub-ordinated loan		527,250	525,000
Long term financing	3	859,525	863,676
Liabilities against assets subject to finance lease		16,580	17,221
Long term deposits		6,956	5,097
Staff retirement benefits-gruity		136,490	135,379
Deferred taxation-net		108,438	120,162
		1,655,238	1,666,535
<b>Current Liabilities</b>			
Trade and other payables		624,739	589,080
Accrued mark-up and financial charges		203,578	196,882
Short term borrowing		3,397,017	3,429,881
Current portion of non-current liabilities		478,546	483,432
		4,703,880	4,699,275
<b>Contingencies and Commitments</b>	4	-	-
		8,634,295	8,638,863
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	5	4,562,121	4,485,732
Intangible assets		12,046	12,102
Long term loans		15,072	13,652
Long term deposits and prepayments		9,453	9,453
<b>Current Assets</b>			
Stores, spare parts and loose tools		274,910	324,401
Stock-in-trade		2,087,261	2,029,069
Trade debts		1,023,511	1,017,609
Loans and advances		85,618	74,146
Short term prepayments		3,670	1,356
Other receivables		101,711	101,646
Investments		5,247	6,270
Deposit for shares		-	-
Taxation		310,935	325,065
Taxes refundable		115,245	211,343
Cash and bank balances		27,497	27,019
		4,035,603	4,117,924
		8,634,295	8,638,863

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



**ZAHEEN UD DIN QURESHI**  
Chief Executive Officer



**ASSAD SAIFULLAH KHAN**  
Director



# PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2017

	Note	Three months ended	
		30 September, 2017	30 September, 2016
Rupees in thousand			
Sales		1,744,955	1,846,301
Cost of Sales		1,576,784	1,647,390
<b>Gross profit</b>		<b>168,172</b>	198,911
Administrative expenses		46,548	54,570
Distribution cost		31,899	32,333
Other operating expenses		1,800	1,100
		<b>80,247</b>	88,002
Other operating income		6,413	3,955
<b>Profit from operations</b>		<b>94,337</b>	114,864
Finance cost		91,810	76,904
		<b>2,527</b>	37,959
Exchange fluctuation loss - net		37	14
<b>Profit before taxation</b>		<b>2,490</b>	37,945
Taxation		367	18,464
<b>Profit after taxation</b>		<b>2,123</b>	19,481
		(Rupees)	
<b>Earnings per share</b>		<b>0.08</b>	0.74

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



ZAHEEN UD DIN QURESHI  
Chief Executive Officer



ASSAD SAIFULLAH KHAN  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2017

	Note	Three months ended	
		30 September, 2017	30 September, 2016
		Rupees	
<b>Net Cash generated from operating activities</b>	<b>A</b>	<b>191,240</b>	122,415
<b>Cash flow from financing activities</b>			
Long term finances - net		(9,037)	(40,496)
Lease finances - net		(641)	1,741
Short term borrowing - Net		(32,864)	(83,150)
Financial charges paid		6,696	13,272
<b>Net cash used in financing activities</b>		<b>(35,845)</b>	(108,633)
<b>Cash flow from investing activities</b>			
Operating assets acquired		(154,974)	(34,188)
Capital work-in-progress - net		56	18,689
Profit on deposit accounts			
<b>Net cash used in investing activities</b>		<b>(154,917)</b>	(15,499)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>478</b>	(1,717)
<b>Cash and cash equivalents - at beginning of the year</b>		<b>27,019</b>	37,264
<b>Cash and cash equivalents - at end of the year</b>		<b>27,497</b>	35,547

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



**ZAHEEN UD DIN QURESHI**  
Chief Executive Officer



**ASSAD SAIFULLAH KHAN**  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2017

	Three months ended	
	30 September, 2017	30 September, 2016
	Rupees	
<b>Note 'A'</b>		
<b>Cash flow from operating activities</b>		
<b>Profit for the period - before taxation</b>	<b>2,490</b>	<b>37,945</b>
<b>Adjustments for:</b>		
Depreciation & amortization	<b>78,585</b>	81,495
Deferred liability -staff retirement benefits - net	<b>1,111</b>	(2,943)
Loss on revaluation of long term loan	<b>2,250</b>	(250)
Loss / (gain) on investments - net	<b>1,023</b>	(1)
<b>Cash generated from operating activities</b>		
<b>- Before working capital changes</b>	<b>85,458</b>	<b>116,246</b>
<b>(increase) / decrease in current assets:</b>		
Store, spare parts and loose tools	<b>49,491</b>	3,708
Stock-in-trade	<b>(58,192)</b>	47,172
Trade debtors	<b>(5,902)</b>	(166,197)
Loans and advances	<b>(11,472)</b>	16,049
Trade deposits and short term prepayments	<b>(2,314)</b>	(35)
Taxes refundable	<b>96,098</b>	(1,037)
Other receivables	<b>(65)</b>	(950)
Increase in trade and other payables (excluding unclaimed dividend)	<b>35,659</b>	119,138
	<b>103,304</b>	17,849
<b>Cash generated from operating activities</b>		
<b>- Before taxation</b>	<b>188,762</b>	<b>134,095</b>
Taxes paid	<b>2,039</b>	(16,265)
<b>Cash generated from operating activities</b>		
<b>- After taxation</b>	<b>190,801</b>	<b>117,830</b>
Long term loans - net	<b>(1,420)</b>	2,406
Long term deposits	<b>1,859</b>	2,180
Long term deposits and advance rentals	<b>-</b>	(1)
	<b>439</b>	4,585
<b>Net Cash generated from operating activities</b>	<b>191,240</b>	<b>122,415</b>

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



ZAHEEN UD DIN QURESHI  
Chief Executive Officer



ASSAD SAIFULLAH KHAN  
Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2017

Share capital	Revenue reserves			Unappropriated profit	Total	
	Capital	Revenue	Sub-total			
Rupees in thousands						
<b>Balance as at 30 June, 2017</b>	264,129	115,981	150,000	265,981	1,049,296	1,579,406
Total comprehensive income for the quarter ended						
<b>01 July, 2017 to 30 September, 2017</b>	-	-	-	-	2,123	2,123
Surplus on revaluation of property, plant & equipment realised during the period						
- net of deferred taxation:						
- on account of incremental depreciation for the year	-	-	-	-	8,622	8,622
<b>Balance as at 30 September, 2017</b>	<u>264,129</u>	<u>115,981</u>	<u>150,000</u>	<u>265,981</u>	<u>1,060,041</u>	<u>1,590,151</u>

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



**ZAHEEN UD DIN QURESHI**  
Chief Executive Officer



**ASSAD SAIFULLAH KHAN**  
Director

# INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2017

## 1. LEGAL STATUS AND OPERATIONS

Saif Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan on 24 December, 1989 under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Swabi and the Registered Office of the Company at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

## 2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the period ended September 30, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 (Interim Financial Reporting). Securities and Exchange Commission of Pakistan (SECP) vide its circular no.23 of 2017 dated October 04, 2017 communicated Commission's decision that the companies whose financial year closes on or before December 31, 2017 shall prepare the financial statements in accordance with the provisions of the repealed Companies Ordinance 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance, have been followed. This condensed interim financial information is being circulated to shareholders as required by section 245 of the Companies ordinance, 1984 and the Listing regulations of Pakistan stock exchange. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2017.

## 3. LONG TERM FINANCES - Secured

	Un-audited 30 September, 2017	Audited 30 June, 2017
	(Rupees in thousand)	
Balance at the beginning of the period / year	1,341,764	1,373,565
Add: obtained during the period / year	38,860	342,974
	1,380,624	1,716,539
Less: repaid during the period / year	47,698	374,775
	1,332,926	1,341,764
Less: Current portion grouped under current liabilities	473,401	478,088
	859,525	863,676

## 4. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies since the Company's latest annual audited financial statements of the company for the year ended 30 June, 2017.

# INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2017

	Note	Un-audited 30 September, 2017	Audited 30 June, 2017
(Rupees in thousand)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	4,562,121	4,471,486
Capital work-in-progress		-	14,246
		<b>4,562,121</b>	<b>4,485,732</b>
<b>5.1 Operating fixed assets</b>			
Opening written down value		4,471,486	4,578,808
Add: Additions made during the period / year		170,363	219,887
		<b>4,641,849</b>	<b>4,798,695</b>
Less: Written down value of disposals made during the period / year		(1,199)	(6,151)
		<b>4,640,650</b>	<b>4,792,544</b>
Less: Depreciation charged during the period / year		(78,529)	(321,058)
		<b>4,562,121</b>	<b>4,471,486</b>

## 6. TRANSACTIONS WITH RELATED PARTIES

Related parties include associated companies, major shareholders, directors and key management personnel. Transactions with related parties during the period are as follows.

	July - Sep, 2017	July - Sep, 2016
(Rupees in thousand)		
- Purchase of goods and services	52,394	-

## 7. DATE OF AUTHORISATION FOR ISSUE

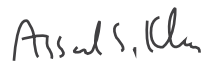
These financial statements were authorised for issue on 30 October, 2017 by the board of directors of the Company.

## 8. FIGURES

Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.



**ZAHEEN UD DIN QURESHI**  
Chief Executive Officer



**ASSAD SAIFULLAH KHAN**  
Director



