

# Saif Textile Mills Limited

Third Quarterly Report  
(Un-Audited)  
March 31, 2019



Saif Group

Certified ISO 9001:2008  
Certified ISO 14001:2004



# ENTITY RATING OF SAIF TEXTILE MILLS LIMITED

<b>Long Term</b>	<b>A-</b>
<b>Short Term</b>	<b>A2</b>

**CREDIT RATING AGENCY**



**The Pakistan Credit Rating Agency Limited**

# Contents

02	Corporate Information
03	Directors' Report to the Shareholders
05	Condensed Interim Statement of Financial Position
06	Condensed Interim Statement of Profit or Loss & Other Comprehensive Income (Un-audited)
07	Condensed Interim Statement of Cash Flows (Un-audited)
09	Condensed Interim Statement of Changes in Equity (Un-audited)
10	Notes to the Condensed Interim Financial statements (Un-audited)

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

Muhammad Danish	Chairman
Hoor Yousafzai	Member
Assad Saifullah Khan	Member

## HR & REMUNERATION COMMITTEE

Muhammad Danish	Chairman
Hoor Yousafzai	Member
Assad Saifullah Khan	Member

## CHIEF FINANCIAL OFFICER

Nouman Ahmad

## COMPANY SECRETARY

Fahad Talal

## HEAD OF INTERNAL AUDIT

Meesam Habib Butt

## 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 Limited  
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  
Sindh Bank Limited  
Soneri Bank Limited  
Summit Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
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](mailto: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](mailto: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](mailto:info@hmaconsultants.com)

## MILLS

Industrial Estate, Gadoon Amazai, District  
Swabi  
Telephone: +92-0938-270313, 270429  
Fax: +92-0938-270514  
Email: [stmgdn@saifgroup.com](mailto:stmgdn@saifgroup.com)

## CYBER

[www.saiftextile.com](http://www.saiftextile.com)

# DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of Board, it gives me pleasure to present the financial statements of the Company for the third quarter and nine months ended on March 31, 2019. Our commentary on the salient features of the company's performance follows below.

During the period under review, your Company recorded turnover of Rs. 6,247 million against Rs. 5,644 million for the same period last year; an increase of Rs. 603 million (10.7%) for the same period last year. The growth in turnover is attributable to increase in local sales by 13%. Your Company earned profit before tax & exchange loss amounting Rs 32.71 million but the profitability was reduced due to an abrupt devaluation of PKR causing an exchange loss of Rs 95.14 million on account of foreign currency loan facility availed by the Company. Profitability was further dampened due to escalating KIBOR rates

## Future Outlook

The businesses in Pakistan continue to suffer from grave economic challenges stemming from high cost of doing business, abrupt currency devaluations and a general political instability. Despite these challenges, the Management of your Company remains committed to business growth and exploring new opportunities to encounter the increasing cost through automation, backward and forward integration. We are optimistic that these efforts will yield long term positive results.

We would like to conclude with heartfelt appreciation for the support of our bankers and our valued customers. We would also like to highlight the hard work put in by the management and staff. 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 Officer



**ASSAD SAIFULLAH KHAN**  
Director

Place: Islamabad  
Dated: 26 April, 2019

## ڈائریکٹر رپورٹ برائے شیئر ہولڈر

کمپنی ہذا کے بورڈ کی جانب سے، میرے لئے یہ خوشی کا امر ہے کہ میں کمپنی کی تیسری سہ ماہی اور نوے مہینے کی اختتام مورخہ 31 مارچ 2019 کیلئے کمپنی ہذا کا مالیاتی گوشوارے پیش کر رہا ہوں۔ کمپنی کی کارکردگی کے اہم خدوخال کے بارے میں ہماری توضیح تشریح درج ذیل ہے:

زیر جائزہ مدت کے دوران، آپ کی کمپنی نے گزشتہ سال کے اسی مدت کے مجموعی حجم مبلغ 5.644 ملین روپے کے مقابلے میں مبلغ 6247 ملین روپے کا ریکارڈ کاروباری مجموعی حجم حاصل کیا یعنی گزشتہ سال کے اسی مدت کے دوران کے مقابلے میں مبلغ 603 ملین روپے (10.7 فیصد) کا اضافہ ہوا۔ مجموعی حجم میں بڑھوتری کی وجہ مقامی سبز (فروخت) میں 13 فیصد کا اضافہ ہے۔ آپ کی کمپنی نے ٹیکس اور آپکھینچ کے نقصان سے قبل منافع مبلغ 32.71 ملین روپے حاصل کیا لیکن پاکستانی روپے میں غیر متوقع کمی کی وجہ منافع کی شرح میں کمی واقع ہوئی جس سے فارن کرنسی قرضے کی مدد میں آپکھینچ کا نقصان مبلغ 95.14 ملین روپے کا ہوا جس کی سہولت کمپنی ہذا کو حاصل ہے۔ منافع کی شرح میں (KIBOR) ریٹ میں کمی پیشی کی وجہ سے مزید کمی واقع ہوئی۔

### مستقبل کا نقطہ نظر:

پاکستان میں کاروبار درپیش معاشی مشکلات / چیلجز کی وجہ سے مسلسل متاثر ہو رہا ہے جس کی وجہ زیادہ کاروباری لاگت، غیر متوقع کرنسی میں کمی اور سیاسی بے یقینی (غیر استحکام) ہیں۔ ان مشکلات کے باوجود آپ کی کمپنی کی انتظامیہ کاروباری بڑھوتری کا عہد کیے ہوئے ہے اور لاگت میں اضافے کو کم کرنے کیلئے مختلف ذرائع استعمال کر کے نئے مواقعوں کو تلاش کر رہی ہے۔ ہمیں امید ہے کہ ہماری یہ کاوشیں لمبی مدت میں مثبت نتائج فراہم کرے گی۔

ہم آخر میں اپنے معزز بینکرز اور صارفین کی معاونت کو خراج تحسین پیش کرتے ہیں۔ مزید برآں ہم انتظامیہ ہذا اور سٹاف کی سخت محنت کی بھی تعریف کرتے ہیں۔ ہم مستقبل میں اسی لگن اور معاونت کی امید رکھتے ہیں۔

منجانب بورڈ ہذا:

Asad S. Khan

اسد اللہ خان

ڈائریکٹر

سید

ذہین الدین قریشی

چیف ایگزیکٹو

بمقام: اسلام آباد

تاریخ: 126 اپریل 2019

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH, 2019

	Note	Un-audited 31 March, 2019	Audited 30 June, 2018
(Rupees in thousand)			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 30,000,000 ordinary shares of Rs. 10 each		300,000	300,000
Issued, subscribed and paid-up capital		264,129	264,129
Capital reserves			
Share premium account		115,981	115,981
Revenue Reserves		150,000	150,000
Surplus on revaluation of property, plant and equipment		748,506	774,625
Unappropriated profit		1,028,110	1,097,183
		2,306,726	2,401,918
<b>NON-CURRENT LIABILITIES</b>			
Sub-ordinated loan		703,500	608,000
Long term financing	5	1,314,690	1,220,781
Liabilities against assets subject to finance lease		19,562	22,885
Long term deposits		8,914	6,847
Deferred liability- staff retirement benefits		138,867	117,523
Deferred taxation-net		68,691	102,937
		2,254,225	2,078,973
<b>CURRENT LIABILITIES</b>			
Trade and other payables		696,958	659,052
Unclaimed dividend		9,093	8,330
Accrued mark-up and financial charges		329,927	235,829
Short term borrowings		3,786,819	3,299,165
Current portion of non-current liabilities		366,090	321,332
		5,188,887	4,523,708
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		9,749,839	9,004,599
<b>NON-CURRENT ASSETS</b>			
Property plant and equipment	7	5,123,956	4,991,596
Intangible assets		7,522	9,485
Long term loans		13,739	12,282
Long term deposits		10,426	9,553
		5,155,643	5,022,916
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		263,438	278,387
Stock-in-trade		2,191,020	1,835,839
Trade debts		1,515,703	1,268,412
Loans and advances		103,878	95,407
Short term prepayments		2,393	896
Other receivables		66,425	79,914
Investments		4,151	5,081
Deposit for shares		-	-
Taxation - net		350,294	324,309
Taxes refunds due from Government		73,938	74,638
Cash and bank balances		22,956	18,800
		4,594,196	3,981,683
		9,749,839	9,004,599

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

**ZAHEEN UD DIN QURESHI**  
Chief Executive Officer

**ASSAD SAIFULLAH KHAN**  
Director

**NOUMAN AHMAD**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME(UN-AUDITED)

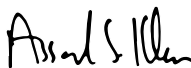
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

	Quarter ended		Nine months ended	
	31 Mar., 2019	31 Mar., 2018	31 Mar., 2019	31 Mar., 2018
	(Rupees in thousand)			
SALES	2,309,038	1,844,892	6,247,075	5,644,332
COST OF SALES	2,080,231	1,642,468	5,534,986	5,051,937
<b>GROSS PROFIT</b>	<b>228,807</b>	202,425	<b>712,089</b>	592,396
DISTRIBUTION COST	37,640	29,439	112,665	109,946
ADMINISTRATIVE EXPENSES	59,858	47,791	164,344	144,964
OTHER OPERATING EXPENSES	1,847	1,339	6,730	6,582
	99,345	78,569	283,739	261,492
	129,463	123,855	428,351	330,903
OTHER OPERATING INCOME	3,547	(1,940)	15,023	11,027
<b>PROFIT FROM OPERATIONS</b>	<b>133,010</b>	121,916	<b>443,374</b>	341,931
FINANCE COST	160,778	95,280	410,661	279,862
	(27,768)	26,635	32,713	62,068
EXCHANGE FLUCTUATION LOSS - Net	12,673	34,312	95,144	57,596
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<b>(40,441)</b>	(7,676)	<b>(62,431)</b>	4,473
TAXATION	11,133	(6,417)	(12,952)	2,043
<b>(LOSS) / PROFIT AFTER TAXATION</b>	<b>(29,307)</b>	(14,093)	<b>(75,382)</b>	6,516
OTHER COMPREHENSIVE INCOME	-	-	-	-
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	<b>(29,307)</b>	(14,093)	<b>(75,382)</b>	6,516
	----- Rupees -----			
<b>(LOSS) / PROFIT PER SHARE</b>	<b>(1.11)</b>	(0.53)	<b>(2.85)</b>	0.25

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



ZAHEEN UD DIN QURESHI  
Chief Executive Officer



ASSAD SAIFULLAH KHAN  
Director



NOUMAN AHMAD  
Chief Financial Officer



# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

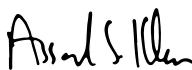
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

	Note	Nine months ended	
		31 March, 2019	31 March, 2018
		(Rupees in thousand)	
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>A</b>	<b>23,628</b>	554,314
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term finances - net		<b>138,667</b>	195,340
Short term borrowings - net		<b>487,654</b>	(102,236)
Dividend paid		<b>(19,046)</b>	(25,865)
Liabilities against assets subject to finance lease		<b>(3,323)</b>	3,480
Finance cost paid		<b>(298,696)</b>	(250,407)
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>305,256</b>	(179,689)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		<b>(326,311)</b>	(395,450)
Sale proceeds of operating fixed assets / Insurance claims received		<b>1,583</b>	14,227
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(324,728)</b>	(381,223)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,156</b>	(6,598)
<b>CASH AND CASH EQUIVALENTS:</b>			
- At the beginning of the period		<b>18,800</b>	27,020
- At the end of the period		<b>22,956</b>	20,422

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



**ZAAHEEN UD DIN QURESHI**  
Chief Executive Officer



**ASSAD SAIFULLAH KHAN**  
Director



**NOUMAN AHMAD**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

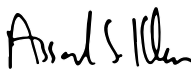
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

	Nine months ended	
	31 March, 2019	31 March, 2018
	(Rupees in thousand)	
<b>Note "A"</b>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period - before taxation</b>	(62,431)	4,473
<b>Add adjustments for non-cash charges and other items:</b>		
Depreciation and amortization	194,384	180,525
Deferred liability -staff retirement benefits - net	21,344	(16,040)
(Gain) / loss on disposal of property plant and equipment - net	(52)	(902)
Exchange fluctuation loss on foreign currency loan	95,500	52,000
Exchange fluctuation gain (others) - net	(356)	5,596
Adjustment on remeasurement of investments - net	930	907
Finance cost (excluding bank charges)	392,793	269,477
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>- Before working capital changes</b>	642,113	496,036
<b>(Increase) / decrease in current assets:</b>		
Store, spare parts & loose tools	14,949	(37,355)
Stock-in-trade	(355,181)	42,269
Trade debts	(246,935)	(116,504)
Loans and advances	(8,471)	45,794
Trade deposits and short term prepayments	(1,497)	89
Taxes refundable	700	83,965
Other receivables	13,489	33,063
<b>Increase in trade and other payables</b>	37,906	44,088
	(545,040)	95,409
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>- Before taxation</b>	97,073	591,444
Taxes paid	(73,183)	(39,475)
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>- After taxation</b>	23,890	551,969
Long term loans - net	(1,457)	1,524
Long term deposits	1,195	821
	(262)	2,345
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	23,628	554,314


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



ZAHEEN UD DIN QURESHI  
Chief Executive Officer



ASSAD SAIFULLAH KHAN  
Director



NOUMAN AHMAD  
Chief Financial Officer

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

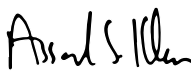
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

	Reserves		Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total	
	Share capital	Capital reserve				Revenue reserve
(Rupees in thousand)						
Balance as at July 01, 2017	264,129	115,981	150,000	1,049,296	693,647	2,273,053
Transaction with owners						
Cash dividend for the year ended June 30, 2017 at the rate of Rs.1.0 per share	-	-	-	(26,413)	-	(26,413)
<b>Total comprehensive income for the nine months ended March 31, 2018</b>	-	-	-	6,516	-	6,516
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the nine month ended- net of deferred taxation	-	-	-	22,705	(22,705)	-
<b>Balance as at March 31, 2018</b>	<b>264,129</b>	<b>115,981</b>	<b>150,000</b>	<b>1,052,104</b>	<b>670,942</b>	<b>2,253,156</b>
<b>Total comprehensive income for the quarter ended June 30, 2018</b>	-	-	-	35,235	104,058	139,293
Transfer from surplus on revaluation of property, plant & equipment on account o incremental depreciation for the nine month ended- net of deferred taxation	-	-	-	9,844	(9,844)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	-	9,469	9,469
<b>Balance as at June 30, 2018</b>	<b>264,129</b>	<b>115,981</b>	<b>150,000</b>	<b>1,097,183</b>	<b>774,625</b>	<b>2,401,918</b>
<b>Balance as at July 01, 2018</b>	264,129	115,981	150,000	1,097,183	774,625	2,401,918
Cash dividend for the year ended June 30, 2018 at the rate of Rs.0.75 per share	-	-	-	(19,810)	-	(19,810)
<b>Total comprehensive income for the nine months ended March 31, 2019</b>	-	-	-	(75,382)	-	(75,382)
Transfer from surplus on revaluation of property, plant & equipment on account o incremental depreciation for the nine month ended- net of deferred taxation	-	-	-	26,119	(26,119)	-
<b>Balance as at March 31, 2019</b>	<b>264,129</b>	<b>115,981</b>	<b>150,000</b>	<b>1,028,110</b>	<b>748,506</b>	<b>2,306,726</b>

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



ZAHEEN UD DIN QURESHI  
Chief Executive Officer



ASSAD SAIFULLAH KHAN  
Director



NOUMAN AHMAD  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Saif Textile Mills Limited (the Company) is a Public Limited Company incorporated in Pakistan on December 24, 1989 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn.

### 1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

<b>Sawabi</b>	<b>Purpose</b>
Industrial Estate, Gadoon Amazai	Mills / factory
<b>Peshawar</b>	
APTMA House, Tehkal Payan, Jamrud Road	Registered office
<b>Rawalpindi</b>	
City Centre, Main Bank Road, Saddar Cantt	Head office
<b>Karachi</b>	
2nd Floor, The Plaza, Block-9, Clifton	Marketing office

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

2.1.2 These condensed interim financial statements do not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2018. These condensed interim financial information is being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

## 2.2 New standards, amendments to approved accounting standards and interpretations that are effective during the period and are relevant to the Company

2.2.1 During the period, the Company has adopted following new standards / interpretations:

- IFRS 15, 'Revenue from contracts with customers' which is effective for the annual period beginning on July 01, 2018. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- IFRS 9, 'Financial Instruments' which is effective for the annual period beginning on July 01, 2018. IFRS 9 sets out requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

## 2.3 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2018, except for the change specified in note 3 below.

## 3. CHANGE IN ACCOUNTING POLICY

### 3.1 IFRS 15 'Revenue from Contracts with Customers'

3.1.1 Following the application of IFRS 15, the Company policy for revenue recognition under different contracts with customers stands amended as follows:

#### Sale of goods

The Company sold its products in separately identifiable contracts. The contracts entered into with the customers generally includes one performance obligation i.e. the provision of goods to the customer.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

Revenue from local sale of goods is recognised when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from the export sale of goods is recognised at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port.

## 3.1.2 Effect of change in accounting policy

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entity to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The above mentioned revised policy do not have any significant impact on these condensed interim financial statements as the revised policy do not have an impact on the timing or the amount of revenue recognition from the contracts with customers.

## 3.2 IFRS 9 'Financial Instruments'

Following the application of IFRS 9, the Company policy for financial instrument stands amended as follows:

### 3.2.1 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 assets.

### 3.2.2 Initial recognition and measurement of financial assets

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Gains and losses arising on financial assets at amortised cost and financial assets at fair value through profit or loss are recognised in profit or loss. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

and losses on financial assets at fair value through other comprehensive income are also recognised in profit or loss. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and, in case of debt instruments, are reclassified to profit or loss on derecognition or reclassification. Gain and losses on derecognition of equity instruments are reclassified to unappropriated profit with in statement of changes in equity.

### 3.2.3 Derecognition of financial assets

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.

### 3.2.4 Financial liabilities

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.

### 3.2.5 Impairment of financial assets

The adoption of IFRS 9 has also changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management, after conducting an exercise to assess the impairment of its financial assets, has concluded that it is in compliance with the requirements of the new accounting standard.

### 3.2.6 Effect of change in accounting policy

The application of IFRS 9 do not have any significant impact on these condensed interim financial statements of the Company.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

Judgments and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

5. LONG TERM FINANCING - Secured	Un-audited 31 March, 2019	Audited 30 June, 2018
	(Rupees in thousand)	
Balance at the beginning of the period / year	1,534,606	1,341,764
Add: obtained during the period / year	521,997	661,126
	<b>2,056,603</b>	2,002,890
Less: repaid during the period / year	385,137	468,284
	<b>1,671,466</b>	1,534,606
Less: Current portion grouped under current liabilities	356,776	313,825
	<b>1,314,690</b>	1,220,781

## 6. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies since the Company's latest annual audited financial statements.

## 7. PROPERTY, PLANT AND EQUIPMENT

7.1 Opening written down value	Un-audited 31 March, 2018	Audited 30 June, 2018
	(Rupees in thousand)	
Operating fixed assets	5,120,879	4,908,370
Capital work-in-progress	3,078	565
Stores to be capitalised currently in transit	-	82,661
	<b>5,123,956</b>	4,991,596
	<b>4,908,370</b>	4,471,486
Add: Additions made during the period / year	408,422	552,367
Add: Surplus on revaluation during the period / year	-	146,561
	<b>5,316,792</b>	5,170,414
Less: Written down value of disposals made during the period / year	1,530	20,158
	<b>5,315,262</b>	5,150,256
Less: Depreciation charged during the period / year	194,384	241,886
	<b>5,120,879</b>	4,908,370



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

## 8. TRANSACTIONS WITH RELATED PARTIES

### 8.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Nine months period ended	
		31 March, 2019	31 March, 2018
(Rupees in thousand)			
Associated Companies & Undertakings	Purchase of fixed assets	1,398	1,250
	Sale of fixed assets	-	6,684
	Purchase of goods and services	19,287	203,746
	Dividend paid	8,349	13,097
	Donations	4,500	4,500
Key management personnel	Remuneration and other benefits	19,024	20,200
Others	Consultancy Charges	13,500	6,300

### 8.2 Period / year end balances are as follows:

	Un-audited 31 March, 2019	Audited 30 June, 2018
(Rupees in thousand)		
Trade and other payables	128,337	140,355
Other receivables	10,862	9,522

## 9. FINANCIAL RISK MANAGEMENT

### 9.1 The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2018, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the current period.

This condensed interim financial information does not include all financial risk management information and disclosures as required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2018.

### 9.2 Fair value estimation

The carrying values of financial assets and liabilities reflected in the financial statements approximate their fair values.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2019

## 10. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2018, whereas, the condensed interim statement of profit or loss, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year i.e. nine months period ended March 31, 2018.


## 11. GENERAL

11.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on 26 April, 2019.

11.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



ZAHEEN UD DIN QURESHI  
Chief Executive Officer



ASSAD SAIFULLAH KHAN  
Director



NOUMAN AHMAD  
Chief Financial Officer





**Saif Group**



## **Saif Textile Mills Limited**

3<sup>rd</sup> Floor, City Centre, Plot#40, Main Bank Road,  
Saddar Cantt., Rawalpindi  
Tel: +92-51-5700824-8, Cell: +92-300-5000395