

Saif Textile Mills Limited

First Quarterly Report
(Un-Audited)

September 30, 2018



Saif Group

Certified ISO 9001:2008
Certified ISO 14001:2004



ENTITY RATING OF SAIF TEXTILE MILLS LIMITED

Long Term	A-
Short Term	A2

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 and 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	Selected Notes to the Condensed Interim Financial Statement (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

Sabir Khan

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

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: stmgdn@saifgroup.com

CYBER

www.saiftextile.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to present the un-audited results for the three months ended on September 30, 2018.

FINANCIAL HIGHLIGHTS

During the first quarter, your Company has earned a gross profit of Rs. 253.40 million on sales of Rs. 1.89 billion (Gross margin: 13.42%) as compared to gross profit of Rs. 168.17 million on sales of Rs. 1.75 billion (Gross margin: 9.64%) for the corresponding period of last year.

Gross profit of the Company improved significantly due to better product mix, improvement in yarn market and timely procurement of raw materials.

Pre Tax Profit of Rs. 51.02 million as compared to Rs. 2.49 million for the corresponding period of last year has been reported. The profitability took a hit of Rs. 16.87 million due to exchange loss on the translation of foreign currency loan because of devaluation of Pak Rupee against USD. Despite the adverse impact of devaluation, the Earnings per Share of your company has increased to Rs. 1.84 from Rs. 0.08 in same period last year.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

Owing to the ongoing trade war among world economies, the export market for yarn remains under pressure and reportedly many finalized deals have either been cancelled or renegotiated by Chinese importers. On the other hand, readymade garments and bed sheet manufacturers are receiving larger inquiries from the US and the EU. We believe this is a good sign for the market and should this phenomenon continue the local supply chain will be incentivized towards value-addition enabling Pakistan to fetch more revenues from finished goods exports. Major challenges are stagnant cotton crop production, unnecessary antidumping duties on import of polyester fiber from competitive sources and rising cost structures due to inflationary pressures.

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 Officer



ASSAD SAIFULLAH KHAN
Director

Place: Islamabad

Dated: 25 October, 2018

ڈائریکٹر رپورٹ برائے شیئر ہولڈر

ہمارے لئے خوشی کا امر ہے کہ ہم تین مہینے کی اختتامی ستمبر 2018-30 کیلئے غیر آڈٹ شدہ رپورٹ / نتائج پیش کر رہے ہیں۔

مالیاتی تفصیل کا خلاصہ

پہلے سہ ماہی کے دوران، آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے تقابلی سال کی فروخت مبلغ 1.75 ملین روپے (مجموعی حجم 9.64%) پر کل منافع مبلغ 168.17 ملین روپے کے مقابلے میں اس سال کی فروخت مبلغ 1.89 ملین روپے (مجموعی حجم 13.42%) پر کل منافع 253.40 ملین روپے حاصل کیا۔

کمپنی ہذا کے مجموعی منافع میں بہترین پیداواری تنوع، سوت کی مارکیٹ میں بہتری اور خام مال کی بروقت فراہمی کی وجہ سے کافی اضافہ ہوا۔ گزشتہ سال کے اسی مدت کے تقابلی سال میں ٹیکس سے قبل منافع مبلغ 2.49 ملین روپے کے مقابلے میں اس سال کا منافع مبلغ 51.02 ملین روپے رپورٹ کیا گیا۔ ڈالر کے مقابلے میں پاکستانی روپے میں کمی کی وجہ سے فارن کرنسی لین دین کے قرضے پر مبلغ 16.87 ملین روپے ایکسچینج کا نقصان ہوا، روپے کے کمی میں برے اثرات کے باوجود، آپ کی کمپنی کے گزشتہ سال کے اسی مدت کے فی حصص آمدنی میں مبلغ 0.08 روپے سے 1.84 روپے تک کا اضافہ ہوا۔

مارکیٹ کی عام صورت حال اور مستقبل کا نقطہ نظر

دنیا بھر کی معاشی قوتوں کے درمیان جاری تجارتی جنگ کی وجہ سے، سوت کی برآمدی مارکیٹ دباؤ کا شکار رہی اور بہت سی حتمی لین دین یا تو منسوخ ہو گئی یا اس سلسلہ میں چابیز درآمد کنندہ گان سے دوبارہ بات چیت کی گئی۔ جبکہ دوسری جانب، ریڈی میڈ گارمنٹس اور بیڈ شیٹ کے صنعت کاروں کو امریکہ اور یورپ کی طرف سے بہت سی انکویری / تحقیقات وصول ہو رہی ہیں، ہمیں یقین ہے کہ یہ مارکیٹ کے لئے ایک اچھا شگون ہے اور اس امر کو مقامی سپلائی (ٹرینل) چین میں جاری رہنا چاہیے جس سے اضافی قیمت میں بہتری آئی گی اور اس طرح تیار شدہ اشیاء کی برآمدات سے پاکستان کافی زرمبادلہ حاصل کر سکتا ہے۔ اہم چیلنج بشمول کپاس کی پیداوار میں جمود، مسابقی ذرائع سے مصنوعی ریشے کی درآمدات پر غیر ضروری آئی ڈی پی ٹی عائد کرنا اور مہنگائی کی دباؤ کی وجہ سے عوام کی لاگت میں اضافہ ہے۔

اظہار تشکر

بورڈ ہذا معزز مینجنگز اور صارفین کی معاونت کو خراج تحسین پیش کرتا ہے۔ مزید برآں ہم اپنے کارپوریٹ فیلو ممبران کے انتھک کاوش کے بھی شکر گزار ہیں۔

ہم آئندہ آنے والے دنوں میں اسی لگن اور تعاون کی امید کرتے ہیں۔

بورڈ ہذا کی جانب سے

Assad S. Khan

اسد سیف اللہ خان

ڈائریکٹر

سید

ذہین الدین قریشی

چیف ایگزیکٹو آفیسر

بمقام: اسلام آباد

تاریخ: 25 اکتوبر، 2018

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

		Un-audited September 30, 2018	Audited 30 June, 2018
	Note	(Rupees in thousand)	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
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		1,154,559	1,097,183
Surplus on revaluation of property, plant and equipment		765,921	774,625
Total Shareholders' equity		2,450,590	2,401,918
Non-current Liabilities			
Sub-ordinated loan		621,500	608,000
Long term financing	4	1,374,595	1,220,781
Liabilities against assets subject to finance lease		20,864	22,885
Long term deposits		7,760	6,847
Staff retirement benefits-gratuity		129,638	117,523
Deferred taxation-net		94,705	102,937
		2,249,062	2,078,973
Current Liabilities			
Trade and other payables		669,596	659,052
Unclaimed dividend		8,330	8,330
Accrued mark-up and financial charges		242,169	235,829
Short term borrowing		3,362,128	3,299,165
Current portion of non current liabilities		399,208	321,332
		4,681,431	4,523,708
Contingencies and Commitments	5	-	-
		9,381,083	9,004,599
Assets			
Non-current Assets			
Property, plant and equipment	6	5,131,634	4,991,596
Intangible assets		9,429	9,485
Long term loans		12,984	12,282
Long term deposits		9,475	9,553
Current Assets			
Stores, spare parts and loose tools		204,208	278,387
Stock-in-trade		2,176,122	1,835,839
Trade debts		1,250,797	1,268,412
Loans and advances		41,428	95,407
Short term prepayments		2,047	896
Other receivables		75,679	79,914
Investments		5,560	5,081
Deposit of shares		-	-
Income tax		340,334	324,309
Sales tax refundable		95,808	74,638
Cash and bank balances		25,578	18,800
		4,217,561	3,981,683
		9,381,083	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 AND OTHER COMPREHENSIVE INCOME

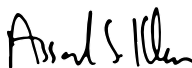
FOR THE QUARTER ENDED 30 SEPTEMBER, 2018 (UN-AUDITED)

	Three months ended	
	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
Sales	1,888,075	1,744,955
Cost of Sales	1,634,680	1,576,784
Gross profit	253,396	168,172
Administrative expenses	50,019	46,548
Distribution cost	35,149	31,899
Other operating expenses	2,000	1,800
	87,167	80,247
Other operating income	5,677	6,413
Profit from operations	171,906	94,337
Finance cost	104,013	91,810
	67,893	2,527
Exchange fluctuation loss - net	16,872	37
Profit before taxation	51,021	2,490
Taxation	2,349	367
Profit after taxation	48,672	2,123
Other comprehensive income	-	-
Total comprehensive income	48,672	2,123
	(Rupees)	
Earnings per share - basic and diluted	1.84	0.08

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

FOR THE QUARTER ENDED 30 SEPTEMBER, 2018 (UN-AUDITED)

		Three months ended	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
	Note		
Net Cash generated from operating activities	A	10,051	279,950
Cash flow from financing activities			
Long term finances - net		231,690	(9,037)
Lease finances - net		(2,021)	(641)
Short term borrowing - Net		62,963	(32,864)
Financial charges paid		(92,913)	(82,014)
Net cash generated / (used) in financing activities		199,719	(124,555)
Cash flow from investing activities			
Operating assets acquired		(289,507)	(154,974)
Capital work-in-progress - net		86,514	56
Net cash used in investing activities		(202,993)	(154,917)
Net increase / (decrease) in cash and cash equivalents		6,777	478
Cash and cash equivalents - at beginning of the year		18,800	27,019
Cash and cash equivalents - at end of the year		25,578	27,497

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



ZAAHEN UD DIN QURESHI
Chief Executive Officer



ASSAD SAIFULLAH KHAN
Director



NOUMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED 30 SEPTEMBER, 2018 (UN-AUDITED)

Note 'A'

Cash flow from operating activities

Profit for the period - before taxation

Adjustments for:

Depreciation & amortization

Deferred liability -staff retirement benefits - net

Exchange fluctuation loss on foreign currency loan

Exchange fluctuation loss on others

Finance cost

(Gain) / loss on investments - net

Cash generated from operating activities

- Before working capital changes

(increase) / decrease in current assets:

Store, spare parts and loose tools

Stock-in-trade

Trade debtors

Loans and advances

Trade deposits and short term prepayments

Taxes refundable

Other receivables

Increase / (Decrease) in trade and other payables

Cash generated from operating activities

- Before taxation

Taxes paid

Cash generated from operating activities

- After taxation

Long term loans

Long term deposits from employees

Long term deposits and prepayments

Net Cash generated from operating activities

Three months ended
September 30, 2018 September 30, 2017
(Rupees in thousand)

51,021	2,490
63,010	78,585
12,115	1,111
13,500	2,250
3,372	-
99,254	88,710
(479)	1,023
241,792	174,168
74,180	49,491
(340,283)	(58,192)
14,243	(5,902)
53,979	(11,472)
(1,151)	(2,314)
(21,170)	96,098
4,235	(65)
10,544	35,659
(205,425)	103,304
36,367	277,472
(26,606)	2,039
9,762	279,511
(702)	(1,420)
913	1,859
78	-
289	439
10,051	279,950

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 QUARTER ENDED SEPTEMBER 30, 2018

Share capital	Reserves			Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
	Capital	Revenue	Sub-total			

(Rupees in thousand)

Balance as at 30 June, 2018 264,129 115,981 150,000 265,981 1,097,183 774,625 2,401,918

Total comprehensive income
for the quarter ended

01 July, 2018 to 30 September, 2018 - - - - 48,672 - 48,672

Surplus on revaluation of property,
plant & equipment realised during
the period (net of deferred taxation)
on account of incremental
depreciation for the period

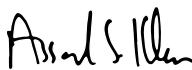
- - - - 8,704 (8,704) -

Balance as at 30 September, 2018 264,129 115,981 150,000 265,981 1,154,559 765,921 2,450,590

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

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER, 2018

1. LEGAL STATUS AND OPERATIONS

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.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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.

2.2 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.

2.3 This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER, 2018

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information 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.

Pursuant to recent decisions of Supreme Court of Pakistan related to discretionary beneficial ownership in overseas trusts on a prudent basis and in good faith transactions with Aqua Nominee Limited has been disclosed in note 7 irrespective of the absence of significant influence and the fact that the companies are not associated under Companies Act, 2017.

(Un-audited) September 30, 2018	(Audited) 30 June, 2018
(Rupees in thousand)	

4. LONG TERM FINANCING - Secured

Balance at the beginning of the period / year

Add: obtained during the period / year

Less: repaid during the period / year

Balance at the end of the period / year

Less: Current portion grouped under
current liabilities

1,534,606	1,341,764
400,507	661,126
168,968	468,284
1,766,145	1,534,606
391,550	313,825
1,374,595	1,220,781

5. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments since the Company's latest annual audited financial statements for the year ended 30 June, 2018.

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2018**

		Un-audited September 30, 2018	Audited 30 June, 2018
		(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	5,059,822	4,908,370
Capital work-in-progress		264	565
Stores held for capital expenditure		71,548	82,661
		<u>5,131,634</u>	<u>4,991,596</u>
6.1 Operating fixed assets			
Book value at beginning of the period / year		4,908,370	4,471,486
Add: Additions made during the period / year		214,952	552,367
Add: Revaluation surplus - net		-	146,561
Less: Book value of operating fixed assets disposed-off during the period / year		489	20,158
Less: Depreciation charged for the period / year		63,010	241,886
Book value at end of the period / year		<u>5,059,822</u>	<u>4,908,370</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER, 2018

7. TRANSACTIONS WITH RELATED PARTIES

7.1 Significant transactions with related parties are as follows:

Nature of transactions	Un-audited Three months period ended	
	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
Purchase of goods and services	17,151	52,394
Markup accrued	6,295	3,894
Exchange loss	16,872	2,633
	Un-audited September 30, 2018	Audited 30 June, 2018
	(Rupees in thousand)	
Trade and other payables	128,731	140,355
Other receivables	12,458	9,522
Sub-ordinated loan	621,500	608,000
Accrued markup	161,466	151,797

8. DATE OF AUTHORISATION FOR ISSUE

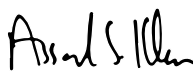
These financial statements were authorised for issue on 25 October, 2018 by the board of directors of the Company.

9. 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



NOUMAN AHMAD
Chief Financial Officer



Saif Textile Mills Limited

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