SAIF GROUP

28th Annual Report 2017

Certified ISO 9001:2008

MOODY INTERNATIONAL CERTIFICATION ISO 9001

UKAS QUALITY MANAGEMENT

Saif Textile Mills Limited

Saif Textile Mills Limited (STM), a Public Listed Company on the Pakistan Stock Exchange commenced commercial production on 1st January 1992. It is principally engaged in the manufacture & sale of Compact Cotton & Synthetic Yarn.

SAIF GROUP

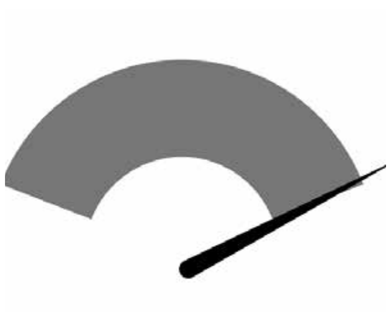
Saif Textile Mills Limited

Head Office : 3rd Floor, City Centre, Plot No-40, Main Bank Road, Saddar, Rawalpindi
Telephone : 051-5700824-8
Cell: +92-300-5000395

Designed and Produced by: **ASTRAL HATCH INC.** 0336-5710955

Financial Highlights

Net Sales Revenue
Rs 7,586 million



Gross Profit
Rs 763 million

Operating Profit
Rs 423 million

Profit After Tax
Rs 23 million

Earnings Per Share
Rs 0.87

Contents

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

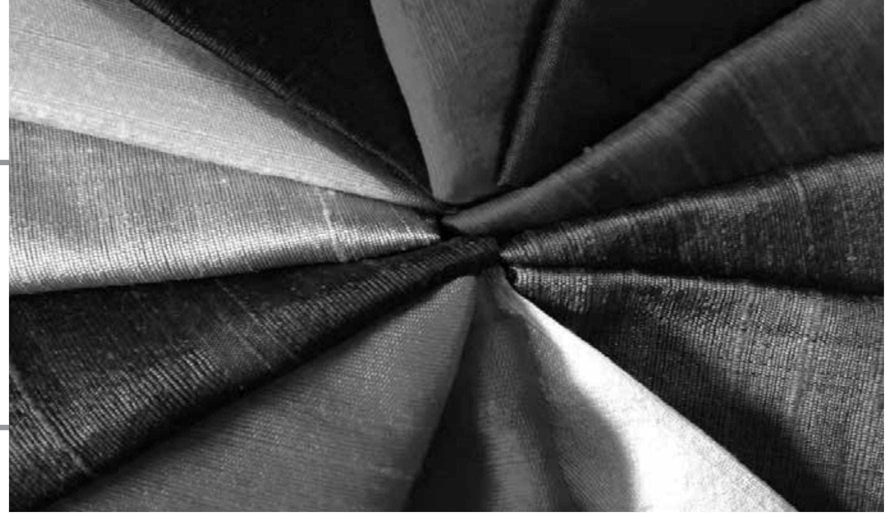
SHARES REGISTRAR
M/s Hameed Majeed Associates (Pvt.) Ltd.
HM House, 7-Bank Square, Lahore

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:	stmgdn@saifgroup.com

CYBER
www.saiftextile.com



Our Vision

To attain market leadership through unmatched quality, a diverse and unique product mix, empowered employees, world-class systems, and the highest ethical and professional standards.

Our Mission

Give our shareholders a competitive return on their investment through market leadership, sustainable business growth and sound financial management.

Earn and sustain the trust of our stakeholders through efficient resource management.

Provide the highest quality products and services consistent with customer needs and continue to earn the respect, confidence and goodwill of our customers and suppliers .

Foster a culture of trust and openness in order to make professional life at the Saif Textile Mills Limited a stimulating and challenging experience for all our people.

Strive for the continuous development of Pakistan while adding value to the textile sector.

Quality Statement

We strive to manufacture quality yarn as per our customer's requirement. This is achieved by:

- Our commitment to quality
- Extensive process monitoring and
- Training of personnel

Our Products

Our products dyed yarns, mélange yarns, special yarns for knitting and weaving and surgical cotton.

Raw White Yarns

Saif textile offers one-stop solution for variety of yarn requirements of the leading customers in Pakistan in the international markets and widest range of specialized yarns.

Dyed Yarn

Saif Textile also offers wide range of dyed yarns, produced and dyed with state of the art machinery from Thiese Germany with highly automated dyeing operations, automatic dyestuff and chemical dispensing systems. The dyeing lab is equipped with an automatic lab dispensing machine from Data Color, Yarn dyeing shades are electronically measured by using state of the art spectrophotometer.

Melange Yarn

Saif Textile focus on the supply of top dyed mélange yarn keeping in view latest trends and fashion , care for environment and technology.

Surgical Cotton

Surgical Cotton is being supplied to various local and international customers dealing with healthcare products.

Our Customers

Local (Karachi, Lahore, Multan and Faisalabad)
Export (Turkey, Poland, Germany, Geneva, Tajikistan and Russia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th Annual General Meeting of the members of the Saif Textile Mills Limited will In shaa Allah be held on October 27, 2017 at 11:00 a.m. at its registered office, APTMA House Tehkal payan, Jamrud Road, Peshawar, to transact the following business:

ORDINARY BUSINESS:-

1. To read and confirm the minutes of the last Annual General Meeting held on October 31, 2016.
2. To receive, consider and adopt the annual audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2017.
3. To approve cash dividend @ 10 % i.e. Rs.1/- per share for the year ended June 30, 2017 as recommended by the Board of Directors.
4. To appoint auditors and to fix their remuneration for the financial year ending June 30, 2018, who will hold office till conclusion of the next Annual General Meeting. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s Shinewing Hameed Chaudhri Chartered Accountants as external auditors. The retiring auditors being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS:-

5. To consider and approve the following amendments in Article of Association of the Company:-

   Resolved that through a special resolution the following new Article be added after Article 63 in the Articles of Association as mentioned below.

i. 63(a) in case of e-voting both members and nonmembers can be appointed as proxy. The company while adopting e-voting shall formulate procedure for appointment and authorization of intermediaries and related methods in accordance with the act and the E- Voting Regulations 2016 and also maintain a database of registered email addresses of members in the register of members maintained under section 119 of the Act.

ii. To consider and approve the following resolution(s), with or without modification, as special resolution for sharing of common expenses, sale and purchase of goods with M/s. Kohat Textile Mills Limited an associated company or any other associated Company.

   Resolved that the company be and is hereby authorized to share common expenses with M/s. Kohat Textile Mills Limited an associated company or any other associated Company which may include but not limited to office rents, administrative salaries, utilities expenses, repair and maintenance and other miscellaneous expenses etc. (collectively the "Administrative Expenses"), in respect of its joint offices.

   Further Resolved that Chief Executive & Secretary of company be and are hereby authorized to take all legal and other corporate formalities with regard to these matters on behalf of the company and to do all such acts, deeds and things as may be deemed necessary and beneficial for the Company.

   Resolved Further that the Related Party Transactions of sale and purchase of goods to / from associated companies as disclosed in notes to the audited financial statements be and are hereby ratified, approved and confirmed.

   Further Resolved that the Chief Executive of the company be and is hereby authorized to approve the Related Party Transactions regarding sale and purchase of goods to / from associated companies as disclosed in notes to the financial statements.

6 To obtain consent of the members for transmission of annual audited financial statements or the other periodical accounts through CD / DVD /USB instead of transmitting such accounts in the form of hard copy.

7. To transact any other business with the permission of the Chair.

   Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017.

By order of the Board

Sabir Khan
Company Secretary

Peshawar,
October 06, 2017

NOTES:

1. The Shares Transfer Books of the Company will remain closed from October 21, 2017 to October 27, 2017 (both days inclusive) transfers received in order at the office of the Company's Shares Registrar. M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore by the close of business on dated October 20, 2017 will be treated in time.

2. A member entitled to attend and vote at the meeting, may appoint another person / member as a proxy to attend, speak and vote on behalf of him/her. Proxy Forms duly stamped with Rs.5/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

3. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.

4. For the convenience of Members, a Standard Request Form with appropriate details has been uploaded on the Company's website <www.saiftextile.com>. Those Members who opt to receive the hard copies of the annual audited financial statements instead of sending the same through CD/ DVD/USB at their registered addresses may apply to the Company Secretary at his postal address i.e. APTMA House Tehkal Payan Jamrud Road, Peshawar or email address c.a@saifgroup.com.

5. Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier.

6. Members are requested to promptly notify any change in their address.

7. Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following form and submit to the registered address of the Company within ten (10) days before holding of annual general meeting.

I/ We, ______________________________ of ______________________________ , being a member of Saif Textile Mills Limited, holder of ____ Ordinary Shares as per Register Folio No./ CDC A/C No. ______________________ hereby opt for Video Conference Facility at ______________________________

____

Signature of member

If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 days prior to the date of meeting, the Company will arrange Video Conference facility in that city subject to availability of such facility in that city.

9. DIVIDEND PAYMENTS THROUGH ELECTRONIC MODE:

In order to receive the future dividends through electronic mode as per requirements of Section 242 of the Companies Act, 2017 shareholders are requested to provide the following detail to our share registrar M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore.

Name of Shareholder	
Folio / CDS Account No.	
CNIC	
Email	
Title of Bank of Account	
Bank Account (IBAN) Number (24-Digits)	
Bank's Name	
Branch Name and Address	
Contact No.	

STATEMENT OF MATERIAL FACTS U/S 134(3) OF THE COMPANIES ACT, 2017

Pursuant to Regulation No. 5 of the Companies (E – Voting) Regulations, 2016, the general requirements to be complied with by the company are being provided in its articles of association.

The transactions with associated companies regarding sharing of common expenses and sale and purchase of goods require approval of the Board on the recommendation of the audit committee on quarterly basis pursuant to clause (x) of the code of corporate governance-2012 and since the majority of company directors were interested in the said transactions due to their common directorship and holding of shares in the associated companies, the quorum of the directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017, thus, these transactions have been place before the members for their approval.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

On behalf of Board of Directors, it gives me pleasure to present the 28th Annual Audited Financial statements for the year ended June 30, 2017.

GENERAL MARKET CONDITIONS

The overall yarn market remained neutral during the year. It started bearish but improved during the course due to increasing petroleum prices. Moreover the Textile Package announced by Government gave a breather to the domestic industry. However, the ever increasing cost of doing business and lack of competitiveness in the region continues to pose challenges to the domestic textile industry as evident from the export slide.

OPERATING RESULTS

The major highlights of your Company's performance are as follows:

TURNOVER

Total sales increased by 13.27%. This was achieved due to improved sales rates, better production levels and higher efficiencies.

PROFITABILITY

Your Company posted a Profit Before Tax of Rs. 106.52 million, compared to a Loss Before Tax of Rs. 45.59 million in the preceding year. Gross margin increased from 9.3% to 10.06%. The operational and financial performance of company is portraying improvement which is due to the timely decision taken by the Management to enter into the specialized product markets.

FUTURE OUTLOOK

The biggest challenge to our export competitiveness remains an overvalued local currency. This coupled with an already adverse cost structure is further hampering the sector growth. In terms of cotton supply, even though the global cotton crop production/supply looks higher, the early arrival of Pakistani crop is expected to give advantage to Pakistani yarn manufacturers over the regional competitors.

The other regional challenges include the subsidized competition from India and China badly hurting the yarn manufacturing. Import of yarn grew only by 4% during the year 2016-2017 in China. And it is giving now extraordinary incentives to its textile industry with an ambition to curtail import of yarn to zero by year 2020.

PROFIT APPROPRIATION

The Board in its meeting held on September 28, 2017 has recommended a final cash dividend @ 10% i.e., Rs. 1 per share for all shareholders of the Company. (2016: NIL).

PATTERN OF SHAREHOLDING

The pattern of shareholding under section 236(2) (d) of the Companies Ordinance, 1984 and additional information as required by the Code of Corporate Governance is enclosed.

EARNINGS / (LOSS) PER SHARE

Earnings per share during the period under report worked out to Rs. 0.87 (2016: Rs 1.86 loss per share),

EXTERNAL AUDITORS

The present auditors, M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their appointment as auditors of the Company to hold office from the conclusion of this Annual General Meeting to be held on October 27, 2017 until conclusion of next Annual General Meeting.

CORPORATE GOVERNANCE

We are pleased to report that your Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance, as incorporated in the listing rules of the Stock Exchange.

The statement on Corporate Governance and Financial Reporting Frame Work is given below:

- The financial statements prepared by the management of the company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of shareholding.
- There has been no material departure from the best practices of code of corporate governance, as detailed in the listing regulations.
- The key operating and financial data of the Company for last six years is given below :-

Year Ended 30 June	2012	2013	2014	2015	2016	2017
	(Rupees in Thousand)					
Operating Fixed Assets	2,494,233	2,591,121	3,372,503	3,521,737	4,604,928	4,485,732
Net Worth (2012 & 2013 restated)	1,187,843	1,582,599	1,673,610	1,558,120	1,520,529	1,579,406
Turnover	6,483,423	7,679,220	7,925,862	7,945,789	6,697,773	7,586,301
Gross Profit (2013 restated)	761,459	1,151,545	946,438	701,134	621,988	763,013
Gross Profit Margin (% age)	11.74	15.00	11.94	8.82	9.28	10.06
Net Profit/(Loss)-After Taxation (2013 restated)	214,142	435,101	158,333	(54,588)	(49,132)	22,945
Net Profit/(Loss) Margin (% age)	3.30	5.67	2.00	(0.69)	(0.73)	0.30

- The board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- Regarding outstanding taxes and levies, please refer note 18 to the annexed audited statements.
- During the year under report five meetings of the Board of Directors were held. The attendance by each Director was as follows:

Sr.No.	Name	Board of Directors meetings
1	Osman Saifullah Khan	3
2	Jehangir Saifullah Khan	4
3	Hoor Yousafzai	4
4	Assad Saifullah Khan	5
5	Jehannaz Saifullah Khan	0
6	Muhammad Danish	2
7	Rana Muhammad Shafi	0
8	Zaheen-Ud-Din Qureshi	3

Leave of absence was granted to Directors who could not attend any of the Board meetings.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the support of our bankers and our valued customers.

I would also like to highlight the hard work put in by the members of our corporate family.

We are confident they will continue to show the same dedication in the days ahead.

On behalf of the board of Directors

ZAHEEN-UD-DIN QURESHI
Chief Executive

Dated: 28 September, 2017

ڈائریکٹرز رپورٹ

برائے شیئر ہولڈرز

محترم شیئر ہولڈرز

بورڈ آف ڈائریکٹرز کی جانب سے میرے لئے یہ خوشی کا امر ہے کہ میں اٹھائیسوی سالانہ مالیاتی گوشوارہ برائے اختتامی سال 30 جون ، 2017 پیش کر رہا ہوں۔

مارکیٹ کی عمومی صورت حال:

مجموعی طور پر سوت مارکیٹ اس سال کے دوران نیوٹرل (غیر جانبدار) رہی . مارکیٹ کا آغاز مندی کے ساتھ ہوا مگر پیٹرولیم کی قیمتوں میں اضافہ کی وجہ سے وقت کے ساتھ اس میں بہتری آئی .مزید براں حکومت کے ٹیکسٹائل پیکیج کے اعلان نے مقامی صنعت کو حوصلہ فراہم کیا .تاہم ہمیشہ کی طرح کاروبار کرنے کیلئے لاگت میں اضافہ اور علاقے میں مسابقتی کمی نے مقامی ٹیکسٹائل کی صنعت کیلئے چیلنج پیدا کر دیئے ہیں جس کا ثبوت برآمدات میں کمی ہے۔

آپریٹنگ (جاری کاروبار) کے نتائج:

آپکی کمپنی کی کارکردگی کے اہم خدوخال درج ذیل ہیں:

کاروباری شرح (ٹرن اوور)

مجموعی فروخت میں 13.27% کا اضافہ ہوا .اس کا حصول فروخت کی شرح میں بہتری ، اچھی پیداواری سطح اور اعلی کارکردگی کی وجہ سے ممکن ہوا.

منافع کی شرح

آپکی کمپنی نے گزشتہ سال کے اسی مدت کے دوران ٹیکس کی کٹوتی سے پہلے مبلغ 45.59 ملین روپے نقصان کے مقابلے میں ٹیکس کی کٹوتی سے قبل 106.22 ملین روپے کا منافع کمایا .مجموعی منافع میں 9.3% سے 10.06% کا اضافہ ہوا .کمپنی ہذا کی آپریشنل اور مالیاتی کارکردگی اس کی بہتری کی عکاسی کرتا ہے جس کی وجہ انتظامیہ کا خصوصی مصنوعات کی مارکیٹ میں داخل ہونے کا بروقت فیصلہ ہے.

مستقبل کا نقطہ نظر

ہماری برآمدات کی سب سے بڑی مسابقتی چیلنج مقامی کرنسی کی زیادہ قیمت کا برقرار رہنا ہے .اس نے پہلے ہی نقصان دہ لاگتی بناوٹ کے ساتھ مل کر بڑھوتری کے شعبے کیلئے مزید رکاوٹ پیدا کی ہے .کپاس کے سپلائی / فراہمی کے لحاظ سے ،حتی کہ عالمی طور پر کپاس کی فصل کی پیداوار / فراہمی میں اضافہ دیکھنے کو ملا . پاکستانی کپاس کی فصل کی جلد مارکیٹ میں آنے سے یہ توقع کی جاتی ہے کہ اس سے پاکستانی سوت کے کارخانہ دار کو علاقائی مسابقتوں پر ایک برتری حاصل ہو گی . دیگر علاقائی چیلنجز بشمول انڈیا اور چائنہ کی طرف سے بمع چھوٹ کاروباری مقابلے نے سوت کی پیداواری عمل کو بری طرح نقصان پہنچایا ہے . چائنہ میں سال 2017-2016 کے دوران سوت کی درآمد میں صرف

4% کا اضافہ ہوا اور یہ اب اپنی ٹیکسٹائل کی صنعت کو غیر معمولی مراعات اس مقصد کے ساتھ دے رہی ہے کہ سال 2020 تک سوت کی درآمد صفر تک کم کر دیا جائے.

منافع کا اختصاص/تعین

بورڈ ہذا نے اپنے اجلاس منعقدہ 28 ستمبر 2017 میں حتمی کیش ڈیوڈنڈ 10% کے حساب سے یعنی مبلغ 1 روپے فی حصص، کمپنی کے تمام شیئر ہولڈرز کیلئے سفارش کی ہے

شیئر ہولڈ ینگ کا طرز نمونہ/طریقہ کار

کمپنی آرڈیننس 1984 کے سیکشن (2)236 کے تحت شیئر ہولڈ ینگ کا طرز نمونہ/طریقہ کار اور اضافی معلومات جیسا کہ کارپوریٹ گورننس کے قانون کے مطابق مطلوب ہے، لف ہذا ہے.

آمدنی (منافع)/نقصان فی حصص

زیر جائزہ مدت کے دوران تیار کی گئی رپورٹ کے مطابق آمدنی (منافع) فی حصص مبلغ 0.87 روپے ہے (2016: مبلغ 1.86 روپے نقصان فی حصص)

بیرونی/ایکسٹرنل آڈیٹرز:

موجودہ آڈیٹرز ایم/ایس شائن ونگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنڈ ریٹائر ہو گئے ہیں اور خود دوبارہ تعینات کی پیش کش کیلئے اہل ہیں. جیسا کہ آڈٹ کمیٹی نے مشورہ دیا ہے کہ بورڈ ہذا نے ان کی بحثیت کمپنی ہذا کے آفس کی بطور آڈیٹرز اس سالانہ جنرل مٹینگ منعقدہ مورخہ 27 اکتوبر 2017 تا اگلی سالانہ جنرل مٹینگ کے اختتام تک تعنیاتی کی سفارش کرتی ہے.

کارپوریٹ گورننس:

ہمیں یہ رپورٹ پیش کر کے خوشی محسوس ہو رہی ہے کہ آپکی کمپنی نے اسٹاک ایکسچینج کے فہرست میں شامل قوائد کے مطابق کارپوریٹ گورننس کی قانون کے شرائط پر عمل درآمد کیلئے ضروری اقدامات کر رہی ہے.

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک پر بیانات درج ذیل دیئے گئے ہیں:

* مالیاتی گوشوارہ جیسے کمپنی ہذا کے انتظامیہ نے تیار کیا ہے جس میں اس کے اصل معاملات، اس کے آپریشن کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی شفاف انداز میں پیش کیئے گئے ہیں
* کمپنی ہذا نے بک آف اکاؤنٹس کا مناسب ریکارڈ رکھا گیا ہے.
* مالیاتی گوشوارے کی تیاری کیلئے مناسب اکاؤنٹنگ پالیسیاں باقاعدگی سے لاگو کی جاتی رہی ہیں اور اکاؤنٹنگ تخمینے موزوں اور محتاط فیصلے پر مبنی ہیں.

ڈائریکٹرز رپورٹ

برائے شیئر ہولڈرز

* بین الاقوامی اکاؤنٹنگ معیار جیسا کہ پاکستان میں لاگو ہے، مالیاتی گوشوارے کی تیاری میں اس کی پیروی کی جاتی ہے.
* انٹرنل کنٹرولز کا نظام ڈیزائن کے لحاظ سے مضبوط ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی گئی ہے.
* موجودہ صورت حال میں کمپنی ہذا کی جاری صلاحیت پر کسی قسم کا کوئی شبہ نہ ہے.
* شیئر ہولڈنگ کے طریقہ کار میں آشکار/درج ٹریڈنگ شیئر کے علاوہ جاری سال میں چیف ایگزیکٹو آفیسر، ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری، ان کے بیویوں اور بچوں کا کسی قسم کا کوئی ٹریڈنگ شیئر نہیں ہے.
* قواعد وضوابط کی فہرست میں درج تفصیل کے مطابق، کارپوریٹ گورننس کے بہترین قوانین میں سے کسی قسم کا کوئی میٹریل بے ضابطگی نہیں کی گئی.
* کمپنی ہذا کی گزشتہ چھ سالوں کیلئے اہم آپریٹنگ اور مالیاتی اعداد وشمار درج ذیل دیئے گئے ہیں:

سال کا اختتام 30 جون	2012	2013	2014	2015	2016	2017
آپریٹنگ فسکڈ اثاثہ جات	2,494,233	2,591,121	3,372,503	3,521,737	4,604,928	4,485,732
کل مالیت	1,187,843	1,582.599	1,673,610	1,558,120	1,520,529	1,579,406
کاروباری حجم	6,483,423	7,679,220	7,925,862	7,945,789	6,697,773	7,586,301
کل منافع (2013 دوبارہ بیان کیا گیا)	761,459	1,151,545	946,438	701,134	621,988	763,013
کل منافع کا مارجن (%)	11.74	15.00	11.94	8.82	9.28	10.06
خالص منافع / نقصان بعد از ٹیکس کٹوتی (2013 دوبارہ بیان کیا گیا)	214,142	435,101	158,333	(54,588)	(49,132)	22,945
خالص منافع / نقصان کا مارجن (%)	3.30	5.67	2.00	(0.69)	(0.73)	0.30

* بورڈ آف ڈائریکٹرز نے ایک مشن سٹیٹمنٹ اور ایک مجموعی کارپوریٹ حکمت عملی سٹیٹمنٹ اختیار کیا ہے.
* ٹیکس اور محصول کے بقایاجات کے سلسلہ میں برائے مہربانی آڈیٹڈ سٹیٹمنٹ کے ضمیمہ نوٹ 18 ملاحظہ کیجئے.

ڈائریکٹرز رپورٹ

برائے شیئر ہولڈرز

* زیر جائزہ رپورٹ اس سال کے دوران بورڈ آف ڈائریکٹرز کے 5 اجلاس (میٹنگ) منعقد ہوئے ہر ڈائریکٹر کی حاضری/ شمولیت درج ذیل ہے:

ڈائریکٹر کا نام	شامل ہونے والے اجلاس کی تعداد
عثمان سیف اللہ خان	3
جہانگیر سیف اللہ خان	4
حور یوسف زئی	4
اسد سیف اللہ خان	5
مس جہاں ناز سیف اللہ خان	0
محمد دانش	2
رانا محمد شفیع	0
ذہین الدین قریشی	3

ان ڈائریکٹرز حضرات کو چھٹیاں دی گئی جو کسی بورڈ اجلاس میں شریک نہ ہو سکے.

اظہار تشکر:

بورڈ ہذا ہمارے بینکرز اور معزز صارفین کے تعاون کو خراج تحسین پیش کرتے ہیں. میں اپنی کارپوریٹ فیملی ممبران کی ان تھک کاوش کو بھی اجاگر کرنا پسند کروں گا. ہم پر اعتماد ہیں کہ وہ مستقبل میں بھی اسی لگن اور کاوش کو برقرار رکھیں گے.

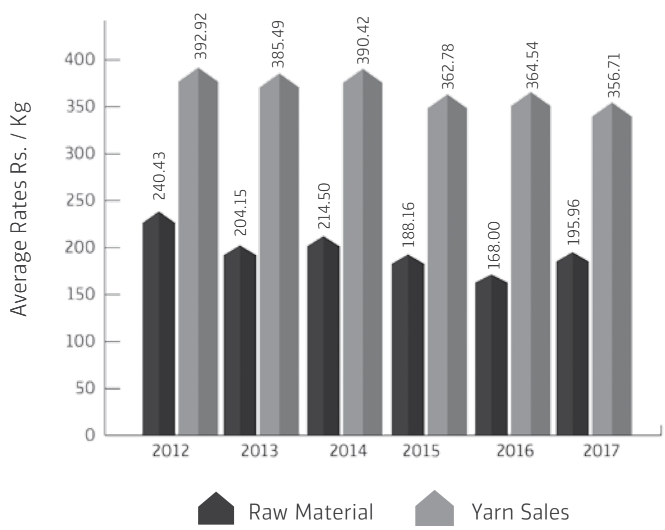
بورڈ آف ڈائریکٹرز کی جانب سے:

جناب ذہین الدین قریشی

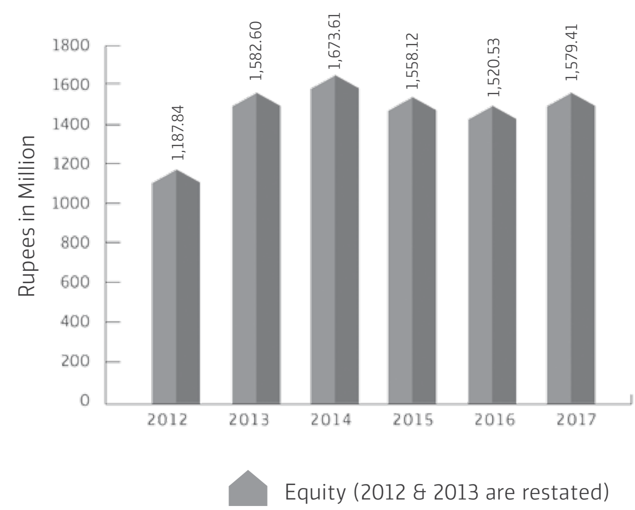
چیف ایگزیکٹو

تاریخ: ستمبر 28, 2017

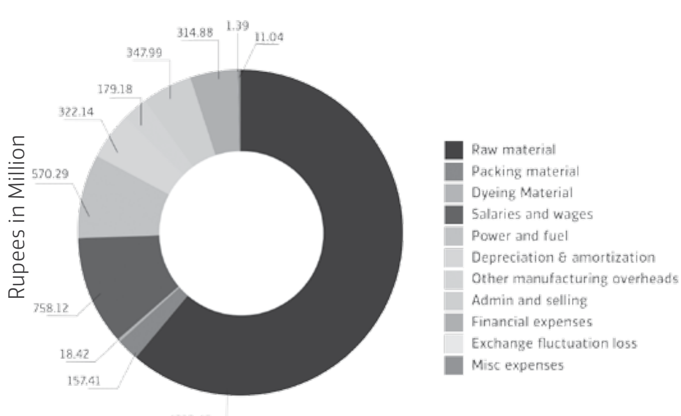
RAW MATERIAL CONSUMPTION AND YARN SALES RATES



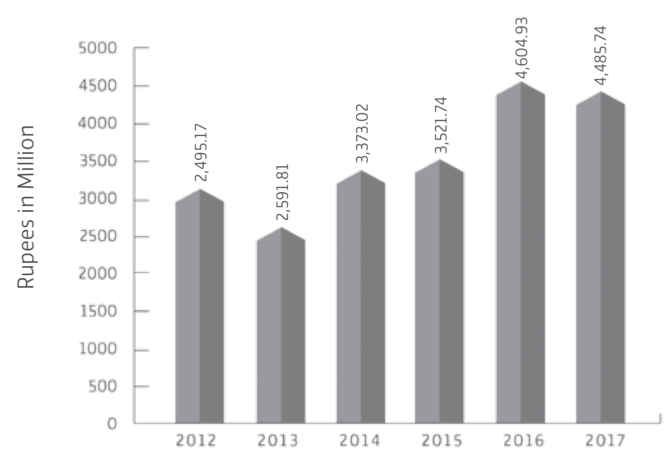
Equity



REVENUE DISTRIBUTION



FIXED CAPITAL EXPENDITURE GROWTH



Pattern of Shareholding
AS ON JUNE 30TH, 2017

Sr. No.	Number of Shareholders	<-----------HAVING SHARES------------> From	To	Total Shares Held	%age of Capital
1	366	1 -	100	16,752	0.06
2	441	101 -	500	121,334	0.46
3	168	501 -	1000	141,691	0.54
4	318	1001 -	5000	734,136	2.78
5	56	5001 -	10000	471,365	1.78
6	17	10001 -	15000	210,317	0.80
7	11	15001 -	20000	202,167	0.77
8	12	20001 -	25000	289,551	1.10
9	8	25001 -	30000	233,500	0.88
10	3	30001 -	35000	100,500	0.38
11	4	35001 -	40000	155,010	0.59
12	8	45001 -	50000	392,500	1.49
13	2	55001 -	60000	119,000	0.45
14	1	60001 -	65000	65,000	0.25
15	3	70001 -	75000	220,500	0.83
16	1	75001 -	80000	76,000	0.29
17	1	80001 -	85000	84,500	0.32
18	1	90001 -	95000	93,500	0.35
19	2	100001 -	105000	209,000	0.79
20	1	105001 -	110000	107,129	0.41
21	2	110001 -	115000	226,360	0.86
22	1	120001 -	125000	124,500	0.47
23	2	125001 -	130000	256,409	0.97
24	1	140001 -	145000	141,000	0.53
25	1	145001 -	150000	146,000	0.55
26	3	180001 -	185000	548,956	2.08
27	1	215001 -	220000	217,000	0.82
28	1	285001 -	290000	288,159	1.09
29	4	295001 -	300000	1,194,715	4.52
30	1	305001 -	310000	308,327	1.17
31	1	345001 -	350000	349,500	1.32
32	1	350001 -	355000	350,650	1.33
33	1	720001 -	725000	720,946	2.73
34	1	795001 -	800000	798,600	3.02
35	1	800001 -	805000	800,087	3.03
36	1	1030001 -	1035000	1,031,848	3.91
37	1	1765001 -	1770000	1,769,371	6.70
38	1	13095001 -	13100000	13,097,000	49.5938
	1,449			26,412,880	100.00

Categories of Shareholders				
Sr. No	Name	No of Shareholders	Total Shares Held	% age of Capital
1	Directors, Chief Executive Officer, and their spouse and minor children	7	7,000	0.0265
2	Associated Companies, Undertakings and Related Parties	1	13,097,000	49.5857
3	NIT and ICP	3	1,898,049	7.1861
4	Banks, Development Financial Instituations, Non Banking Financial Instituations	4	357,684	1.3542
5	Insurance Companies	1	1,031,848	3.9066
6	Modarbas and Mutual Funds	7	363,940	1.3779
7	General Public (Local)	1,396	9,018,286	34.1435
8	Others	30	639,073	2.4196
	Others	1,449	26,412,880	100.0000

DETAILED CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30TH, 2017

Directors, Chief Executive Officer, and their spouse and minor children			
Sr. No	**Name**	**Shares Held**	**% age of Capita**
1	Mr. Muhammad Danish	500	0.0019
2	Mrs. Hoor Yousafzai	500	0.0019
3	Mr. Osman Saifullah Khan (05039)	3,500	0.0133
4	Mr. Rana Muhammad Shafi	500	0.0019
5	Mr. Assad Saifullah Khan	500	0.0019
6	Ms. Jehannaz Saifullah Khan	500	0.0019
7	Mr. Jehangir Saifullah Khan	1,000	0.0038
	Running Total:	7,000	0.0265

Associated Companies, Undertakings and Related Parties			
1	Saif Holdings Ltd.	13,097,000	49.5857
	Running Total:	13,097,000	49.5857

NIT and ICP			
1	Investment Corp of Pakistan	1,228	0.0046
2	CDC - Trustee National Investment (Unit) Trust	1,769,371	6.6989
3	National Bank of Pakistan	127,450	0.4825
	Running Total:	1,898,049	7.1861

Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	Acadian Frontier Markets Equity Fund	59,000	0.2234
2	National Bank of Pakistan	1,129	0.0043
3	Classical Insights Fund LP	297,500	1.1263
4	Atlas Bot Investment Bank Ltd.	55	0.0002
	Running Total:	357,684	1.3542

Insurance Companies			
1	State Life Insurance Corp. of Pakistan	1,031,848	3.9066
	Running Total:	1,031,848	3.9066

Modarbas and Mutual Funds			
Sr. No	Name	Shares Held	% age of Capita
1	Golden Arrow Selected Stocks Fund Limited	217,000	0.8216
2	First I.B.L. Modaraba	977	0.0037
3	Golden Arrow Selected Stock Fund Limited	215	0.0008
4	First Inter Fund Modaraba	65	0.0002
5	CDC - Trustee AKD Opportunity Fund	141,000	0.5338
6	First UDL Modaraba	4,669	0.0177
7	Crescent Standard Modaraba	14	0.0001
	Running Total:	363,940	1.3779

General Public (Local)			
	Running Total:	9,018,286	34.1435

Others			
1	Y.s. Securities & Services (Pvt) Ltd.	1,083	0.0041
2	Prudential Securities Limited	26	0.0001
3	Shafi Lifestyle (Pvt.) Ltd.	25,000	0.0947
4	Seven Star Securities (Pvt.) Ltd.	46,000	0.1742
5	Mra Securities Limited - MF	183,500	0.6947
6	Bawa Securities (Pvt) Ltd. - MF	48,500	0.1836
7	Sakarwala Capital Securities (Private) Limited	2,000	0.0076
8	Fikree's (SMC-Pvt) Ltd.	500	0.0019
9	Shadab Innovations (Private) Limited	500	0.0019
10	Muhammad Ahmed Nadeem Securities (Smc-Pvt) Limited	105	0.0004
11	Intermarket Securities Limited	10,892	0.0412
12	Networth Securities Limited	5,000	0.0189
13	Khadim Ali Shah Bukhari & Co. Limited	80	0.0003
14	Premier Fashions (Pvt) Ltd	104,000	0.3937
15	Fortune Securities Limited	200	0.0008
16	The Northern Trust Company	100	0.0004
17	RS Publishers (Private) Limited	10,000	0.0379
18	Javed Omer Vohra & Co. Ltd.	8,758	0.0332
19	Taurus Securities Limited	100	0.0004
20	International Securities Ltd.	118	0.0004
21	Sarfraz Mahmood (Private) Ltd	500	0.0019
22	S.H. Bukhari Securities (Pvt) Limited	500	0.0019

Sr. No	Name	Shares Held	% age of Capita
23	PYRAMID INVESTMENTS (PVT) LTD.	495	0.0019
24	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSIO	183,956	0.6965
25	EASTMAN CONSULTING (PVT) LTD.	50	0.0002
26	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	210	0.0008
27	MAPLE LEAF CAPITAL LIMITED	1	0.0000
28	TRUSTEE N	6,455	0.0244
29	BMA CAPITAL MANAGEMENT LTD.	344	0.0013
30	MORGAN STANLEY TRUST CO.	100	0.0004
	Running Total:	639,073	2.4196
	Grand Total	26,412,880	100.0000

Shareholders Holding 5% or more voting rights:			
1	SAIF HOLDINGS LTD.	13,097,000	49.5857
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,769,371	6.6989
	Total:	14,866,371	56.2846

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation of Listing Regulation of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mrs. Hoor Yousafzai Mr. Zaheen Ud Din Qureshi
Non-Executive Directors	Mr. Osman Saifullah Khan Mr. Jehangir Saifullah Khan Mr. Assad Saifullah Khan Ms. Jehannaz Saifullah Khan Mr. Rana Muhammad Shafi
Independent Directors	Mr. Muhammad Danish

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Four casual vacancies occurred on the board and were duly filled up by the board of directors.
5. 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.
6. 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.
7. All the powers of the board have been duly , exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. During First quarter meeting held to fill the casual vacancy by appointment of CEO of the company in place of Mr. Osman Saifullah Khan who resigned from the said position.

   During the last week of September 2016 majority directors were out of country therefore, two meetings were held during October 2016 for approval of annual audited accounts and first quarterly accounts. Written notices of· the board meetings, along-with agenda and working papers, were circulated at-least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. As on May 29, 2017 the casual vacancies filled up by the board. Therefore, the Board will arrange Director's Training Program for required directors during the year July-2017 to June-2018.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including the remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the audit committee is an independent Director.

16. The terms of reference of the committee have been formed and advised to the committee for compliance. Four Meetings of the audit committee were held in 2nd, 3rd and 4th quarter. Two meeting were held in 2nd quarter in the month of October, 2016 prior to approval of interim and final results of the company. Meeting in the 1st quarter cannot be held because the directors were not available during the last week of September 2016.

17. The board has formed an HR and Remuneration Committee. It comprises three members; all of them are non-executive directors.

18. The board has set up an effective internal audit function and the persons involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. 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, 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside Information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons for the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Zaheen Ud Din Qureshi
Chief Exective 28 September, 2017

Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Saif Textile Mills Limited (the Company) for the year ended June 30, 2017 to comply with the rule no. 5.19.24 of Rule Book of the Pakistan Stock Exchanges Limited.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Shinewing Hameed Chaudhri & co.

SHINEWING HAMEED CHAUDHRI & CO.,
Chartered Accountants
Engagement Partner: Osman Hameed Chaudhri

Lahore:
28 September, 2017

Auditors' Report to the Members

We have audited the annexed balance sheet of Saif Textile Mills Limited (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw your attention to the note 18.3 to the financial statements which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess. Our opinion is not qualified in respect of this matter.

ShineWing Hameed Chaudhri & co.

SHINEWING HAMEED CHAUDHRI & CO.,
Chartered Accountants
Engagement Partner: Osman Hameed Chaudhri

Lahore:
28 September, 2017

FINANCIAL STATEMENTS

Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
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	5	264,129	264,129
Reserves	6	265,981	265,981
Unappropriated profit		1,049,296	990,419
		1,579,406	1,520,529
Surplus on Revaluation of Property, Plant and Equipment	7	693,647	720,338
Non-current Liabilities			
Sub-ordinated loan	8	525,000	523,500
Long term financing	9	863,676	977,872
Liabilities against assets subject to finance lease	10	17,221	11,959
Long term deposits	11	5,097	5,542
Staff retirement benefits - gratuity	12	135,379	151,966
Deferred taxation - net	13	120,162	103,396
		1,666,535	1,774,235
Current Liabilities			
Trade and other payables	14	589,080	682,890
Accrued mark-up and interest	15	196,882	164,895
Short term borrowings	16	3,429,881	2,767,636
Current portion of non-current liabilities	17	483,432	398,179
		4,699,275	4,013,600
		6,365,810	5,787,835
Contingencies and Commitments	18		
		8,638,863	8,028,702

Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Assets			
Non-current Assets			
Property, plant and equipment	19	4,485,732	4,604,928
Intangible assets	20	12,102	565
Long term loans	21	13,652	14,950
Long term deposits		9,453	9,353
		4,520,939	4,629,796
Current Assets			
Stores, spare parts and loose tools	22	324,401	190,366
Stock-in-trade	23	2,029,069	1,765,510
Trade debts	24	1,017,609	758,712
Loans and advances	25	74,146	133,186
Short term prepayments		1,356	1,315
Other receivables	26	101,646	24,380
Investments	27	6,270	6,147
Deposit for shares	28	-	-
Taxation - net	29	325,065	321,414
Tax refunds due from Government	30	211,343	160,612
Cash and bank balances	31	27,019	37,264
		4,117,924	3,398,906
		8,638,863	8,028,702

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

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

Profit and Loss Account
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Sales - net	32	7,586,301	6,697,773
Cost of sales	33	(6,823,288)	(6,075,785)
Gross profit		763,013	621,988
Distribution cost	34	(161,670)	(138,305)
Administrative expenses	35	(208,171)	(208,252)
Other income	36	40,645	12,121
Other expenses	37	(11,037)	(6,208)
Profit from operations		422,780	281,344
Finance cost - net	38	(314,877)	(323,968)
		107,903	(42,624)
Exchange fluctuation loss - net	39	(1,383)	(2,966)
Profit / (loss) before taxation		106,520	(45,590)
Taxation	40	(83,575)	(3,542)
Profit / (loss) after taxation		22,945	(49,132)
Other comprehensive (loss) / income			
Items that will not be reclassified subsequent to profit and loss:			
(Loss) / gain on remeasurement of staff retirement benefit obligation		(919)	5,515
Related deferred tax		251	(1,521)
		(668)	3,994
Total comprehensive income / (loss)		22,277	(45,138)
Earnings / (loss) per share - basic and diluted	41	0.87	(1.86)

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

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

Cash Flow Statement
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Cash (used in) / generated from operating activities	42	(172,628)	191,205
Cash flow from investing activities			
Additions to property, plant and equipment		(220,624)	(474,440)
Sale proceeds of operating fixed assets / insurance claims received		6,884	5,449
Net cash used in investing activities		(213,740)	(468,991)
Cash flow from financing activities			
Long term financing - obtained		342,974	275,000
- repaid		(374,775)	(178,101)
Liabilities against assets subject to finance lease - net		8,120	14,445
Short term borrowings - net		662,245	427,529
Finance cost paid		(262,441)	(259,637)
Net cash generated from financing activities		376,123	279,236
Net (decrease) / increase in cash and cash equivalents		(10,245)	1,450
Cash and cash equivalents - at beginning of the year		37,264	35,814
Cash and cash equivalents - at end of the year		27,019	37,264

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

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

Statement of Changes in Equity

For the year ended June 30, 2017

	Share Capital	Reserves			Unappropriated profit	Total
		Capital	Revenue	Sub total		
	(Rupees in '000)					
Balance as at July 01, 2015	264,129	115,981	150,000	265,981	1,028,010	1,558,120
Total comprehensive loss for the year ended June 30, 2016						
Loss for the year	-	-	-	-	(49,132)	(49,132)
Other comprehensive income	-	-	-	-	3,994	3,994
	-	-	-	-	(45,138)	(45,138)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation - net of deferred taxation	-	-	-	-	7,547	7,547
Balance as at June 30, 2016	264,129	115,981	150,000	265,981	990,419	1,520,529
Total comprehensive income for the year ended June 30, 2017						
Profit for the year	-	-	-	-	22,945	22,945
Other comprehensive loss	-	-	-	-	(668)	(668)
	-	-	-	-	22,277	22,277
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation - net of deferred taxation	-	-	-	-	36,600	36,600
Balance as at June 30, 2017	264,129	115,981	150,000	265,981	1,049,296	1,579,406

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

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

Notes to the Financial Statement
For the year ended June 30, 2017

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 and its shares are quoted on Pakistan Stock Exchange. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Sawabi and the registered office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

The Company is principally engaged in manufacture and sale of yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange commission of Pakistan (SECP) vide its circular no.17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year ended on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance,1984. Accordingly these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain operating fixed assets which have been included at their revalued amounts and staff retirement benefits (gratuity) stated at their present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

2.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.4.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning from July 1, 2016:

(a) IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in the financial statements by emphasising the importance of comparability, understandability and clarity in presentation.

The amendments provide clarification on number of issues including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- Disaggregation and subtotals – line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position and performance.

- Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

All the above amendments do not have any significant impact on the Company's financial statements.

(b) IAS 19, 'Employee Benefits' This amendment as part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment obligation, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this change.

(c) IAS 16, 'Property, Plant and Equipment' This amendment clarifies that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn might reflect a reduction of the future economic benefits embodied in the asset. This amendment does not has any significant impact on the Company's financial statements.

2.4.2 Standards, interpretations and amendments to approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

2.4.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Company:

(a) IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

(b) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

(c) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(d) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes 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. The Company has yet to assess the impact of these changes on its financial statements.

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

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. USE OF 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 accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

a) Staff retirement benefits - gratuity (note 4.3)

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 12.

b) Provision for taxation (note 4.5)

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

c) Property, plant and equipment (note 4.7)

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

d) Stores & spares and stock-in-trade (note 4.10 and 4.11)

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

e) Provision for impairment of trade debts (note 4.12)

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

4.1 Borrowings and borrowing cost

Borrowings are recognised initially at fair value.

Borrowing costs are recognised 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.

4.2 Interest rate and cross currency swaps

In certain cases, the Company uses interest rate and cross currency swaps to hedge its risk associated primarily with mark-up payments and foreign currency fluctuations. The calculation involves use of estimates with regard to mark-up and foreign currency rates, which fluctuate with the market forces.

4.3 Staff retirement benefits - gratuity

The Company operates an un-funded staff retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2017 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the balance sheet in respect of staff retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

4.4 Trade and other payables

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

4.5 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.6 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.7 Property, plant and equipment

Leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air-conditioning equipment are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 19.1. Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gains / losses on disposal of property, plant and equipment are taken to profit and loss account.

4.8 Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 19.1 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are currently charged to income.

4.9 Intangible assets - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 20.

4.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.11 Stock-in-trade

Basis of valuation are as follows:

Particulars		Mode of valuation
Raw materials:		
At mills	-	At lower of moving average cost and market value.
In transit	-	At cost accumulated to the balance sheet date.
Work-in-process	-	At manufacturing cost.
Finished goods	-	At lower of cost and net realisable value.
Waste	-	At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.

- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.12 Trade debts and other receivables

Trade debts and other receivables are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.13 Financial assets 'at fair value through profit or loss'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to profit and loss account in the period in which these arise.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

4.15 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.16 Provisions

Provisions are recognised 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 of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.18 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company looses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, other receivables, investments, bank balances, sub-ordinated loan, long term financing, liabilities against assets subject to finance lease, trade & other payables, accrued mark-up & financial charges and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.19 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Local sales through agents are recorded on intimation from agents whereas direct sales are recorded when goods are dispatched to customers.
- Export sales are booked on shipment of goods.
- Rebate on export sales is recorded on 'accrual basis'.
- Return on bank deposits is accounted for on 'accrual basis'.
- Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 48 to these financial statements.

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(No. of shares)			(Rupees in '000)	
17,312,468	17,312,468	ordinary shares of Rs.10 each issued for cash	173,125	173,125
9,100,412	9,100,412	ordinary shares of Rs.10 each issued as fully paid bonus shares	91,004	91,004
26,412,880	26,412,880		264,129	264,129

5.1 Saif Holdings Limited held 13,097,000 shares of the Company as at June 30, 2017 and 2016.

6. RESERVES

	Note	2017	2016
		(Rupees in '000)	
Capital - share premium account	6.1	115,981	115,981
Revenue - general reserve		150,000	150,000
		265,981	265,981

6.1 Share premium account

	2017	2016
Premium received on:		
3,820,780 shares @ Rs.7 per share issued during the year 1992	26,745	26,745
2,303,569 shares @ Rs.5 per share issued during the year 1996	11,518	11,518
562,019 shares @ Rs.5 per share allotted during the year 1997	2,810	2,810
7,500,000 shares @ Rs.10 per share allotted during the year 2007	75,000	75,000
	116,073	116,073
Less: preliminary expenses written-off during the year 1992	92	92
	115,981	115,981

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

7.1 The Company had revalued its leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air conditioning equipment during the financial years ended 2006, 2009 and 2016. These fixed assets were revalued by independent Valuers on the basis of market value / depreciated market values.

7.2 The latest revaluation exercise was carried-out by M/s Hamid Mukhtar & Co. (Pvt.) Ltd. (Independent Valuers and Consultants) to replace the carrying amounts of these assets with the market value / depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.870.837 million had been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2017	2016
	(Rupees in '000)	
Opening balance	720,338	125,158
Add: surplus arisen on revaluation carried-out during the preceding year	-	870,837
Less: related deferred taxation	-	(269,959)
	720,338	726,036
Less: transferred to unappropriated profit on account of incremental depreciation for the year net of deferred taxation	36,600	7,547
Add: adjustment resulting from reduction in tax rate	9,909	1,849
Closing balance	693,647	720,338

8. SUB-ORDINATED LOAN - Unsecured

The Company, Aqua Nominees Ltd. - London (ANL) and Habib Bank Ltd., United Bank Ltd., Faysal Bank Ltd., The Bank of Punjab, HSBC Bank Middle East Ltd., Allied Bank Ltd., National Bank of Pakistan, Al Baraka Bank (Pakistan) Ltd., NIB Bank Ltd., Dubai Islamic Bank Pakistan Ltd. and Meezan Bank Ltd. (the Banks) had entered into a sub-ordination agreements whereby ANL, in consideration of the Banks providing finance facilities to the Company, had offered and undertaken to treat 50% of the loan amount of U.S.$ 10 million extended by it to the Company as sub-ordinated loan. Accordingly, an amount of U.S.$ 5 million, extended by ANL to the Company, shall remain sub-ordinate to the finance facilities extended by the Banks to the Company; neither the Company shall make any payments pertaining to the sub-ordinated loan to ANL nor shall ANL make a demand for payments of any amount whatsoever with respect to the sub-ordinated loan unless and until:

- the entire amount of finance facilities extended by the Banks to the Company have been paid in full by the Company and the Banks have notified to ANL of such payments; or

- the Banks otherwise give permission in writing to the Company to make full or part of the payments due under the sub-ordinated loan.

This loan, during the current financial year, carried mark-up at the rates ranging from 2.405% to 2.930% (2016: 1.908% to 2.405%) per annum.

9. LONG TERM FINANCING - Secured

	Note	2017	2016
		(Rupees in '000)	
United Bank Limited (UBL)			
- demand finance - I	9.1	15,000	37,500
- demand finance - II	9.2	116,131	193,552
- demand finance - III	9.3	200,000	200,000
- demand finance - IV	9.4	72,974	-
The Bank of Punjab (BoP)			
- term finance - I	9.5	37,565	56,348
- term finance - II	9.6	166,667	277,778
Habib Bank Limited (HBL)			
- demand finance - I	9.7	99,415	165,691
- demand finance - II	9.8	223,108	267,729
Soneri Bank Limited (SBL)			
- term finance	9.9	79,967	99,967
Askari Bank Limited (ABL)			
- diminishing musharkah	9.10	60,937	75,000
Summit Bank Limited (SMBL)			
- demand finance	9.11	150,000	-
Dubai Islamic Bank Pakistan Limited (DIBPL)			
- islamic finance facility	9.12	120,000	-
		1,341,764	1,373,565
Less: current portion grouped under current liabilities		478,088	395,693
		863,676	977,872

9.1 These finances have been obtained from UBL against a demand finance facility of Rs.75 million. The principal balance of this finance facility is repayable in 10 equal half-yearly installments commenced from December, 2013. This finance facility carries mark-up at the rate of 6-months KIBOR + 200 basis points; effective mark-up rates charged, during the current financial year, ranged from 8.13% and 8.53% (2016: 8.53% and 8.81%) per annum. This finance facility is secured against first registered pari passu hypothecation charge over fixed assets of the Company for Rs.100 million.

9.2 These finances have been obtained from UBL against a demand finance facility of Rs.300 million. The Bank has disbursed the total amount in eight tranches of different amounts and each tranche is repayable in 16 equal quarterly installments commenced from December, 2014. This finance facility carries mark-up at the rate of 3 months KIBOR + 125 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.30% to 7.40% (2016: 7.34% to 8.13%) per annum. This finance facility is secured against first pari passu hypothecation charge on all fixed assets of the Company for Rs.400 million.

9.3 These finances have been obtained from UBL against a demand finance facility of Rs.200 million. The principal balance is repayable in 16 equal quarterly installments commenced from June, 2017. This finance facility carries mark-up at the rate of 3-months KIBOR + 125 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.29% to 7.39% (2016: 7.60%) per annum. This finance facility is secured against joint first pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.700 million.

9.4 The Company, during the current financial year, obtained a demand finance facility of Rs.500 million from UBL. The Bank, against the said facility, disbursed Rs.72.974 million in two tranches of different amounts and each tranche is repayable in 20 equal quarterly installments commencing from August, 2019. This finance facility carries mark-up at the rate of 3-months KIBOR + 125 basis points; effective mark-up rate charged, during the current financial year, was 5% per annum. This finance facility is secured against first joint pari passu hypothecation charge over present and future fixed and current assets of the Company for Rs.667 million.

9.5 These finances have been obtained from BoP against a term finance facility of Rs.130 million. The principal balance of this finance facility is repayable in 14 half-yearly installments commenced from October, 2012. This finance facility carries mark-up at the rate of 6-months KIBOR + 225 basis points; effective mark-up rates charged, during the current financial year, ranged from 8.30% to 8.61% (2016: 8.61% and 10.26%) per annum. This finance facility is secured against first pari passu hypothecation charge over fixed assets of the Company for Rs.174 million.

9.6 These finances have been obtained from BoP against a term finance facility of Rs.500 million. The principal balance of this term finance facility is repayable in 9 equal half-yearly installments commenced from November, 2014. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.16% to 7.28% (2016: 7.28% and 7.90%) per annum. This finance facility is secured against first pari passu charge over all present and future fixed and current assets of the Company for Rs.667 million.

9.7 These finances have been obtained from HBL against a demand finance facility of Rs.270 million. The principal balance of this finance facility is repayable in 8 half-yearly installments commenced from April, 2015. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.15% to 7.46% (2016: 7.46% and 9.10%) per annum. This finance facility is secured against first pari passu charge over all present and future fixed assets of the Company for Rs.360 million.

9.8 These finances have been obtained from HBL against a demand finance facility of Rs.290 million. The Bank has disbursed the total amount in five tranches of different amounts and each tranche is repayable in 78 equal monthly installments commenced from January, 2016. This finance facility carries mark-up at the rate of 1-month KIBOR + 100 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.22% to 7.28% (2016: 7.22% to 7.97% per annum) per annum. This finance facility is secured against joint first pari passu charge over all present and future movable and immovable fixed and current assets of the Company and a ranking charge for Rs.386.660 million.

9.9 These finances have been obtained from SBL against a term finance facility of Rs.100 million. The principal balance of this term finance facility is repayable in 10 equal half-yearly installments commenced from December, 2016. This finance facility carries mark-up at the rate of 6-months KIBOR + 100 basis points; effective mark-up rate charged, during the current financial year, ranged from 7.06% to 7.15% (2016: 7.51% to 8.05%) per annum. This finance facility is secured against joint pari passu charge over current and fixed assets of the Company for Rs.133.334 million.

9.10 These finances have been obtained from ABL against a diminishing musharakah finance facility of Rs.75 million. The principal balance of this finance facility is repayable in 48 equal monthly installments of Rs.1.563 million each commenced from September, 2016. This finance facility carries profit at the rate of 3-months KIBOR + 90 basis points per annum payable monthly basis; effective profit rates charged, during the current financial year, ranged from 6.91% to 7.04% (2016: 7.04% to 7.91%) per annum. This finance facility is secured against first pari passu charge on current and fixed assets of the Company for Rs.100 million.

9.11 The Company, during the current financial year, obtained a demand finance facility of Rs.150 million from SMBL. The principal balance is repayable in 16 equal quarterly installments commencing from April, 2018. This finance facility carries mark-up at the rate of 3-months KIBOR + 1.20%; effective mark-up rates charged, during the current financial year, ranged from 7.29% to 8.32% per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.200 million.

9.12 The Company, during the current financial year, obtained an islamic finance facility of Rs.120 million from DIBPL. The principal balance is repayable in 9 equal half-yearly installments commencing from April, 2018. This finance facility carries profit at the rate of 6-months KIBOR + 1.50%; effective mark-up rate charged, during the current financial year, was 7.66% per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.160 million.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2017 Upto one year	2017 From one to five years	2017 Total	2016 Upto one year	2016 From one to five year	2016 Total
	(Rupees in '000)			(Rupees in '000)		
Minimum lease payments	7,040	22,373	29,413	3,476	15,509	18,985
Less: finance cost allocated future periods	1,696	2,185	3,881	990	1,945	2,935
	5,344	20,188	25,532	2,486	13,564	16,050
Less: security deposits adjustable on expiry of lease terms	-	2,967	2,967	-	1,605	1,605
Present value of minimum lease payment	5,344	17,221	22,565	2,486	11,959	14,445

10.1 The Company has entered into finance lease arrangements with NIB Bank Ltd., Meezan Bank Ltd., and Bank Alfalah Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in quarterly and monthly installments by June, 2022, and are subject to finance cost at the rates ranging from 7.04% to 7.65% per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. The lease finance facilities are secured against title of the leased vehicles in the name of the banks and post dated cheques of all principal installments.

11. LONG TERM DEPOSITS

These deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

12. STAFF RETIREMENT BENEFITS - Gratuity

12.1 The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

The movement in the present value of defined benefit obligation is as follows:	2017	2016
	(Rupees in '000)	
Balance at beginning of the year	151,966	159,611
Current service cost	25,783	26,846
Interest cost	8,932	13,492

	2017	2016
	(Rupees in '000)	
Benefits paid	(52,221)	(42,468)
Remeasurement of obligation	919	(5,515)
Balance at end of the year	135,379	151,966
Expense recognised in profit and loss account is as follows:		
Current service cost	25,783	26,846
Interest cost	8,932	13,492
Charge for the year	34,715	40,338
Remeasurement recognised in other comprehensive income		
Experience adjustment	919	(5,515)
Actuarial assumptions used	**2017**	2016
Discount rate	7.75%	7.25%
Expected rate of increase in future salaries	5.75%	6.25%
Demographic assumptions		
- Mortality rates (for death in service)	**SCIL (2001-05)**	SCIL (2001-05)
- retirement age	60 years	60 years

12.2 Sensitivity analysis for actuarial assumptions:

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how defined benefit obligation would have increased / decreased as a result of change in respective assumption by one percent.

	Increase in assumptions	Decrease in assumptions
	(Rupees in '000')	
Discount rate	126,718	145,280
Increase in salaries	145,379	126,449

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of undiscounted obligation is as follows:

Time in years	**(Rupees in 000')**
1	19,788
2	29,346
3	12,270
4	13,008
5	27,928
next five years	69,130

12.3 Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2017	2016	2015	2014	2013
			(Rupees in 000')		
Present value of defined benefit obligation	135,379	151,966	159,611	149,619	109,705
Experience adjustment: (gain) / loss on obligation	919	(5,515)	3,769	13,039	-

12.4 Based on actuary's advice, the expected contribution for the year ending June 30, 2018 to gratuity plan amounts to Rs.29.133 million.

	2017	2016
13. DEFERRED TAXATION - net	**(Rupees in '000)**	

This is composed of the following:

	2017	2016
Taxable temporary difference arising in respect of:		
- accelerated tax depreciation allowances	490,141	420,518
- surplus on revaluation of property, plant and equipment	271,087	287,837
- lease finances	489	576
	761,717	708,931

		2017	2016
		(Rupees in '000)	
Deductible temporary difference arising in respect of:			
- unused tax losses	13.1	594,283	560,879
- provision for doubtful deposit for shares		2,736	2,757
- provision for doubtful debt		7,500	-
- staff retirement benefits - gratuity		37,036	41,899
		641,555	605,535
Net deferred tax liability		120,162	103,396

13.1 Deferred tax asset on unused tax losses and minimum tax paid under section 113 of the Income tax Ordinance, 1984, aggregating Rs.501.469 million (2016: Rs.1,502.301 million) and Rs.108.180 million (2016: Rs.56.904 million) respectively has not been recognised based on the uncertainty of availability of future taxable profits.

14. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Creditors		123,851	285,113
Bills payable	14.1	204,842	124,162
Due to Associated Companies	14.2	79,666	9,130
Accrued expenses		167,327	223,006
Workers' welfare fund	14.3	-	30,522
Workers' (profit) participation fund		5,337	-
Unclaimed dividends		7,914	7,962
Tax deducted at source		143	2,995
		589,080	682,890

14.1 These are secured against import documents.

14.2 These balances, arisen in the normal course of business are interest free, are due to the following Associated Companies:

	2017	2016
	(Rupees in '000)	
Mediterranean Textile Company (S.A.E.), Egypt	79,634	8,206
Lahore Compost (Pvt.) Ltd.	32	-
Saif Holdings Ltd.	-	909
Saif Health Care Ltd.	-	15
	79,666	9,130

14.3 Through the Finance Acts of 2006 and 2008, certain amendments were introduced in the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Those amendments included the levy of WWF on higher of taxable income or profit as per accounts. Originally as per the WWF Ordinance WWF had been calculated at the rate of 2% of total taxable income of the of the industrial establishment in a particular year. During the year, the Honorable Supreme Court of Pakistan vide its Judgement dated November 10, 2016 decided that the amendments in WWF Ordinance made through Finance Acts were unconstitutional; accordingly the Company has reversed the excess provision for WWF made in the prior years.

15. ACCRUED MARK-UP AND INTEREST

	Note	2017	2016
		(Rupees in '000)	
Sub-ordinated loan		89,300	75,096
Long term financing			
- from banking companies		32,028	24,506
- others	15.1	24,836	24,765
		56,864	49,271
Liabilities against assets subject to finance lease		232	-
Short term financing		50,486	40,528
		196,882	164,895

15.1 This represents mark-up payable on U.S.$ 5 million loan obtained from Aqua Nominees Ltd. - London. The Company has repaid the principal balance of this loan during the financial year ended June 30, 2014.

16. SHORT TERM BORROWINGS

	Note	2017	2016
		(Rupees in '000)	
Running / cash finances - secured	16.1	3,429,881	2,767,599
Temporary bank overdraft - unsecured	16.2	-	37
		3,429,881	2,767,636

16.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.4.072 billion (2016: Rs.3.821 billion) and are secured against pledge of stocks, charge on fixed and current assets of the Company and lien over underlying export documents. These finance facilities, during the current financial year, carried mark-up at the rates ranging from 6.55% to 8.55% (2016: 6.60% to 10.23%) per annum and are expiring on various dates by January, 2018. Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.2.563 billion (2016: Rs.2.463 billion) of which the amount remained unutilised at the year-end was Rs.1.998 billion (2016: Rs.2.001 billion). These facilities are secured against lien over import documents and charge on fixed assets of the Company and are expiring on various dates by July, 2018.

16.2 These had arisen due to issuance of cheques in excess of balance at bank accounts during the preceding year.

17. CURRENT PORTION OF NON-CURRENT LIABILITIES	**Note**	**2017**	2016
		(Rupees in '000)	
Long term financing	9	478,088	395,693
Liabilities against asset subject to finance lease	10	5,344	2,486
		483,432	398,179

18. CONTINGENCIES AND COMMITMENTS

Contingencies

18.1 The Company had imported textile plant & machinery availing exemption from customs duty and sales tax on import thereof under SROs 554(1)/98 and 987(1)/99. In case conditions of the aforementioned SROs are violated, the amounts of customs duty and sales tax exempted aggregating Rs.151.014 million shall be recoverable by the Customs Authorities along with penalties under section 202 of the Customs Act, 1969.

18.2 Guarantees aggregating Rs.205.203 million (2016: Rs.187.379 million) have been issued by banks of the Company to different parties including Government institutions and Sui Northern Gas Pipeline Limited.

18.3 The Company has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which had declared the same as constitutional. The order of the PHC was assailed before the Supreme Court, which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition. An application, however, has been made before the PHC for suspension of its judgment till the filing of petition before the Supreme Court. PHC has suspended its judgment vide its order dated June 20, 2017.

Sui Northern Gas Pipelines Limited, along with gas bill for the month of June, 2017, has raised GIDC demands aggregating Rs.801.141 million which are payable in case of an adverse judgment by the Supreme Court. Provisions for the GIDC demands aggregating Rs.801.141 million have not been made in the books of account as the management expects a favorable judgment by the Supreme Court due to meritorious legal grounds.

Commitments

18.4 Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.155.419 million (2016: Rs.150.515 million).

18.5 Commitments against capital expenditure other than letters of credit outstanding at the year-end aggregate to Rs.Nil million (2016: Rs.11.456 million).

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000)	
Operating fixed assets	19.1	4,471,486	4,578,808
Capital work-in-progress	19.5	14,246	23,800
Stores held for capital expenditures		-	2,320
		4,485,732	4,604,928

19.1 Operating fixed assets - tangible

	Lease hold land	Owned												Leased vehicles	Total
		Buildings on leasehold land	Plant & machinery	Generators	Electric installat-ions	Aircondi-tioning equipment	Furniture and fixtures	Office equipment	Telephone installat-ions	Weighing scales	Fire extingui-shing equipment	Gas fittings	Vehicles		
							(Rupees in '000)								
COST / REVALUATION															
Balance as at July 01, 2015	56,868	595,766	3,747,488	334,786	105,766	123,049	18,522	39,846	4,150	3,161	3,147	1,218	102,146	-	5,135,913
Additions during the year	55,624	53,496	347,925	275,143	50	-	347	3,774	464	-	24	-	25,956	16,816	779,619
Revaluation surplus	140,246	375,058	-	-	-	-	-	-	-	-	-	-	-	-	515,304
Disposals during the year	-	-	-	-	-	-	-	(62)	-	-	-	-	(10,516)	-	(10,578)
Balance as at June 30, 2016	252,738	1,024,320	4,095,413	609,929	105,816	123,049	18,869	43,558	4,614	3,161	3,171	1,218	117,586	16,816	6,420,258
Balance as at July 01, 2016	252,738	1,024,320	4,095,413	609,929	105,816	123,049	18,869	43,558	4,614	3,161	3,171	1,218	117,586	16,816	6,420,258
Additions during the year	-	12,139	167,872	11,000	1,014	1,172	1,767	6,059	731	2	-	-	5,283	12,848	219,887
Disposals during the year	-	-	-	-	-	-	-	(512)	(168)	-	-	-	(14,184)	-	(14,864)
Balance as at June 30, 2017	252,738	1,036,459	4,263,285	620,929	106,830	124,221	20,636	49,105	5,177	3,163	3,171	1,218	108,685	29,664	6,625,281
DEPRECIATION															
Balance as at July 01, 2015	6,446	125,246	1,517,256	108,908	66,036	40,384	10,371	17,520	2,035	1,236	1,202	559	48,751	-	1,945,950
Charge for the year	843	24,300	177,562	26,343	2,981	6,200	821	2,433	243	192	196	66	13,569	280	256,029
Elimination against revaluation surplus	(7,289)	(149,546)	(162,955)	8,345	(40,661)	(3,427)	-	-	-	-	-	-	-	-	(355,533)
On disposals during the year	-	-	-	-	-	-	-	(21)	-	-	-	-	(4,975)	-	(4,996)
Balance as at June 30, 2016	-	-	1,531,863	143,596	28,356	43,157	11,192	19,932	2,278	1,428	1,398	625	57,345	280	1,841,450
Balance as at July 01, 2016	-	-	1,531,863	143,596	28,356	43,157	11,192	19,932	2,278	1,428	1,398	625	57,345	280	1,841,450
Charge for the year	2,753	51,358	198,441	35,433	5,868	6,016	865	2,622	276	173	177	60	11,982	5,034	321,058
On disposals during the year	-	-	-	-	-	-	-	(359)	(49)	-	-	-	(8,305)	-	(8,713)
Balance as at June 30, 2017	2,753	51,358	1,730,304	179,029	34,224	49,173	12,057	22,195	2,505	1,601	1,575	685	61,022	5,314	2,153,795
BOOK VALUE AS AT JUNE 30, 2016	252,738	1,024,320	2,563,550	466,333	77,460	79,892	7,677	23,626	2,336	1,733	1,773	593	60,241	16,536	4,578,808
BOOK VALUE AS AT JUNE 30, 2017	249,985	985,101	2,532,981	441,900	72,606	75,048	8,579	26,910	2,672	1,562	1,596	533	47,663	24,350	4,471,486
Depreciation rate (%)	-	5	7.5	7.5	7.5	7.5	10	10	10	10	10	10	20	20	

19.2 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2017	2016
	(Rupees in '000)	
- leasehold land	111,479	112,828
- buildings on leasehold land	370,820	377,709
- plant & machinery	2,331,584	2,345,823
- generators	449,617	474,676
- electric installations	43,477	45,970
- air-conditioning equipment	59,719	63,319
	3,366,696	3,420,325

19.3 Disposal of operating fixed assets

Asset description	Cost / revaluation	Accumulated depreciation	Net book value	Sale proceeds/ insurance claim	Gain / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
2017							
Office equipment							
Laptop Compaq	67	34	33	18	(15)	Negotiation	Mr. Azam Ali (ex-employee)
Laptop Sony Vaio	28	9	19	-	(19)	- do -	Mr. Ahmed Nawaz - Late (ex-employee)
Laptop HP	66	32	34	48	14	Insurance Claim	EFU General Insurance Ltd.
Laptop Toshiba	96	60	36	40	4	- do -	- do -
Photo copier machine	255	224	31	15	(16)	Negotiation	Panasonic Company Product Ltd.
	512	359	153	121	(32)		
Telephone installation							
Samsung Mobile	26	16	10	16	6	Insurance Claim	EFU General Insurance Ltd.
Blackberry Mobile	24	7	17	19	2	- do -	- do -
Blackberry Mobile	39	9	30	17	(13)	- do -	- do -
Samsung Mobile	37	7	30	30	-	- do -	- do -
Samsung Mobile	21	3	18	12	(6)	Negotiation	Mr. Azam Ali ex-employee
Blackberry Mobile	21	7	14	-	(14)	- do -	Mr. Ahmed Nawaz - Late (ex-employee)
	168	49	119	94	(25)		
Vehicles							
Honda City	1,166	815	351	438	87	Company Policy	Mr. Zahid Iqbal (ex-employee)
Honda Civic	1,425	791	634	747	113	Negotiation	Mr. Ahmed Nawaz - Late (ex-employee)
Honda Civic	2,527	772	1,755	2,070	315	- do -	- do -
Suzuki Cultus	1,004	619	385	550	165	- do -	Mr. Azam Ali (ex-employee)
Suzuki Cultus	680	378	302	252	(50)	Company Policy	Rana Kaleem (employee)
Suzuki Cultus	445	264	181	195	14	- do -	Mr. Saleem Ahmed Khan (employee)
Suzuki Cultus	911	674	237	247	10	- do -	Mr. Akram Kayani (employee)
Suzuki Cultus	965	696	269	269	-	- do -	Mr. Hafiz Abdullah (employee)
Toyota Corolla	1,677	824	853	918	65	Negotiation	Mr. Shahzada Khurram (ex-employee)
Toyota Corolla	1,484	1,119	365	392	27	Company Policy	Mr. Liaquat Jadoon (employee)
Santro	260	142	118	120	2	- do -	Mr. Umer Hussain Amir (employee)
Coure	729	543	186	228	42	- do -	Mr. Rashid Bashir (employee)
Coure	844	621	223	223	-	- do -	Mr. Amir Badshah (employee)
Honda CD 70	67	47	20	20	-	- do -	Mr. Waseem Akhtar (employee)
	14,184	**8,305**	**5,879**	**6,669**	**790**		
	14,864	**8,713**	**6,151**	**6,884**	**733**		
2016	**10,578**	**4,996**	**5,582**	**5,449**	**(133)**		

19.4 Depreciation for the year has been apportioned as under:

	Note	2017	2016
		(Rupees in '000)	
Cost of sales		300,279	238,616
Administrative expenses		20,779	17,413
		321,058	256,029

19.5 Capital work-in-progress

Computer software		-	10,228
Advance payments			
- factory buildings		43	9,739
- plant & machinery		6,586	3,088
- furniture and fixtures		7,117	-
- vehicles		500	745
		14,246	23,800

20. INTANGIBLE ASSETS - Computer software

Cost at beginning of the year		6,654	6,179
Add: Addition during the year		12,611	475
		19,265	6,654
Less: amortisation:			
- at beginning of the year		6,089	5,842
- charge for the year	20.1	1,074	247
- at end of the year		7,163	6,089
Book value as at June 30, 2017		12,102	565

20.1 Amortisation is charged to income applying the straight-line method at the rate of 20% per annum.

21. LONG TERM LOANS - Considered good

	Note	2017	2016
		(Rupees in '000)	
Interest free loans to:			
- executives	21.1	15,485	16,552
- employees	21.2	2,201	3,007
		17,686	19,559
Less: current portion grouped under current assets		4,034	4,609
		13,652	14,950

		Note	2017	2016
			(Rupees in '000)	
21.1 (a)	**Balance at beginning of the year**		16,552	20,845
	Add: disbursements		2,000	250
			18,552	21,095
	Less: recoveries / adjustments		3,067	4,543
	Balance at end of the year		15,485	16,552

(b) These loans have been advanced for construction of house, employees' children educational expenses and for other purposes. These are recoverable in monthly installments and are adjustable against the gratuity balances of the employees at the end of respective employment terms.

(c) Maximum aggregate amount due from the executives at any month-end during the current financial year was Rs.16.279 million (2016: Rs.20.669 million).

21.2 These loans are recoverable in monthly installments and are adjustable against the gratuity balances of the respective employees at the end of employment terms.

22. STORES, SPARE PARTS AND LOOSE TOOLS

	2017	2016
	(Rupees in '000)	
Stores including in-transit inventory valuing Rs.94.93 million (2016: Rs.17.931 million)	245,049	145,459
Spare parts	76,644	35,611
Loose tools	2,708	9,296
	324,401	190,366

23. STOCK-IN-TRADE

	2017	2016
Raw materials:		
- at mills	913,017	807,453
- in transit	267,198	117,180
	1,180,215	924,633
Work-in-process	141,902	115,699
Finished goods	706,952	725,178
	2,029,069	1,765,510

23.1 Preceding year's stocks include items costing Rs.106.183 million which were stated at their net realizable values aggregating Rs.76.681 million. The amount charged to the profit and loss account in respect of stocks written down to their net realisable values was Rs.29.502 million.

23.2 Stock-in-trade inventory valuing Rs.1,358.374 million (2016: Rs.952.918 million) which is pledged with commercial banks as security for short term borrowings (note 16).

		Note	2017	2016
24.	**TRADE DEBTS**		(Rupees in '000)	
	Unsecured - local		893,951	616,285
	Secured			
	- export		148,339	142,095
	- local		319	332
			148,658	142,427
	Less: provision for doubtful debts - local		(25,000)	-
			1,017,609	758,712
25.	**LOANS AND ADVANCES** - Considered good			
	Current portion of long term loans	21	4,034	4,609
	Advances to:			
	- executives		2,143	408
	- employees		1,857	6,147
	- suppliers		66,112	122,022
			74,146	133,186
26.	**OTHER RECEIVABLES**			
	Insurance claims receivable		24,018	156
	Due from Associated Companies	26.1	3,960	554
	Receivable from Sui Northern Gas Pipelines Ltd.	26.2	23,331	23,331
	Advances against letters of credit		16,545	339
	Duty drawback of taxes	26.3	8,112	-
	Mark-up subsidy	26.4	25,680	-
			101,646	24,380

26.1 These balances, arisen in the normal course of business are interest free, are due from the following Associated Companies:

	2017	2016
	(Rupees in '000)	
- Saif Energy Ltd.	437	135
- Saif Holdings Ltd.	3,371	-
- Lahore Compost (Pvt.) Ltd.	-	308
- Saif Power Ltd.	152	111
	3,960	554

26.2 This represents excessive gas bills paid, during the financial year ended June 30, 2010 and 2015, under protest against which the Company has filed a complaint with the Oil & Gas Regulatory Authority, Islamabad. Presently, the Company's case is pending with the Regional Detection & Evaluation Committee of Sui Northern Gas Pipelines Ltd. for final decision.

26.3 These represent duty drawback of taxes booked under "Duty Drawback Of Taxes Order 2016-17". This incentive has been given by the Federal Government to encourage the exporter.

26.4 These represent mark-up subsidy claims booked under the Government's "Technology Up-gradation Support Order 2010". These claims have been duly verified by the banks of the Company.

27. INVESTMENTS - Quoted

(at fair value through profit or loss)	**Note**	**2017**	2016
		(Rupees in '000)	
National Bank of Pakistan			
105,000 (2016: 105,000) ordinary shares of Rs.10 each		6,070	5,585
Pakistan Petroleum Ltd.			
500 (2016: 500) ordinary shares of Rs.10 each		77	82
		6,147	5,667
Adjustment on remeasurement to fair value - net		123	480
		6,270	6,147

		Note	2017	2016
			(Rupees in '000)	
28.	**DEPOSIT FOR SHARES**			
	Security Electric Power Company Ltd. - SEPCL (an Ex - Associated Company)	28.1	10,000	10,000
	Less: provision for doubtful deposit for shares	28.2	10,000	10,000
			-	-

28.1 The Company had deposited Rs.5 million during the financial year ended September 30, 1994 and Rs.5 million during the financial year ended September 30, 1998 with SEPCL for purchase of shares. Shares against these deposits, however, have not been issued so far.

28.2 Full provision against these doubtful deposits was made as the management was of the view that SEPCL had abandoned the project due to IPP crisis and SEPCL utilised this amount in payment of penalty imposed by the Private Power Infrastructure Board (Ministry of Water and Power). The Company had filed a complaint before the Wafaqi Muhtasib for recovery of the said deposit along with penalty. As remote chances of recovery existed, full provision for doubtful deposits for shares was made in the books of account during the financial year ended September 30, 2000.

		Note	2017	2016
29.	**TAXATION** - net		(Rupees in '000)	
	Balance of advance tax at beginning of the year		321,414	250,911
	Add: income tax deducted / paid during the year		70,300	75,308
			391,714	326,219
	Less: provision made for			
	- current year	29.2	58,058	4,805
	- prior year		(1,409)	-
			56,649	4,805
	Less: refunds received during the year		(10,000)	-
	Balance of advance tax at end of the year		325,065	321,414

29.1 Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the tax year 2016.

29.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial years represent tax payable under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Ordinance after adjusting tax credit under section 65B of the Ordinance.

30. TAXES REFUNDS DUE FROM GOVERNMENT

	Note	2017	2016
		(Rupees in '000)	
Sales tax refundable		206,309	155,578
Minimum tax paid under protest	30.1	5,034	5,034
		211,343	160,612

30.1 The Company had made payments aggregating Rs.12.736 million till September 30, 2003 under protest; however, Rs.3.000 million were adjusted against the completed assessment during the financial year ended September 30, 2004. The Company, during the financial year ended June 30, 2008, had received refund of Rs.4.702 million.

31. CASH AND BANK BALANCES

	Note	2017	2016
		(Rupees in '000)	
Cash-in-hand		275	-
Cash at banks on:			
- current accounts	31.1	25,893	36,214
- saving accounts		851	1,050
		27,019	37,264

31.1 These include foreign currency balances of U.S.$ 48,963 (2016: U.S.$ 48,964).

32. SALES - Net

	2017	2016
	(Rupees in '000)	
Own manufactured goods:		
Local		
- yarn	6,369,763	5,553,988
- waste	35,718	30,573
- surgical cotton	15,865	53,559
	6,421,346	5,638,120
Export		
- yarn	415,550	640,573
- waste	-	36,117
- surgical cotton	244,599	64,308
	660,149	740,998

	Note	2017	2016
		(Rupees in '000)	
Trading activities:			
Local			
- yarn		543,381	441,475
- raw materials		23,392	78,994
- fabric		-	20,497
Less: sales return		(70,079)	-
		496,694	540,966
		7,578,189	6,920,084
Duty drawback of taxes	26.3	8,112	-
Processing services		-	5,979
Less: sales tax		-	(228,290)
		7,586,301	6,697,773

33. COST OF SALES

	Note	2017	2016
		(Rupees in '000)	
Raw materials consumed	33.1	4,213,448	4,087,656
Salaries, wages and benefits	33.2	758,112	731,861
Packing materials consumed		157,407	157,994
Dyes and chemical consumed		18,415	4,252
Power and fuel		570,285	599,116
Repair and maintenance		127,548	130,369
Depreciation	19.4	300,279	238,616
Insurance		24,097	22,636
Rent		6,062	7,263
Vehicles' running and maintenance		7,218	6,861
Travelling and conveyance		3,288	4,293
Textile cess		100	101
Others		10,868	11,208
		6,197,127	6,002,226
Adjustment of work-in-process			
Opening		115,699	148,790
Closing		(141,902)	(115,699)
		(26,203)	33,091
Cost of goods manufactured		6,170,924	6,035,317

	Note	2017	2016
		(Rupees in '000)	
Adjustment of finished goods			
Opening stock		725,178	371,003
Purchases		634,138	394,643
Closing stock		(706,952)	(725,178)
		652,364	40,468
		6,823,288	6,075,785

33.1 Raw materials consumed

	2017	2016
Opening stock	924,633	1,061,250
Purchases (for manufacturing)	4,444,177	3,871,595
Cost of raw materials sold	23,392	79,114
	4,467,569	3,950,709
	5,392,202	5,011,959
Less: closing stock	1,180,215	924,633
	4,211,987	4,087,326
Add: cotton cess	1,461	330
	4,213,448	4,087,656

33.2 These include Rs.20.250 million (2016: Rs.25.203 million) in respect of staff retirement benefits - gratuity.

34. DISTRIBUTION COST

	Note	2017	2016
		(Rupees in '000)	
Staff salaries and benefits	34.1	15,291	15,678
Travelling		5,325	4,348
Communication		1,668	3,517
Loading and unloading		27,257	17,789
Freight on local yarn sales		9,235	6,400
Freight on export yarn sales		33,835	29,536
Export expenses		1,920	7,391
Insurance		418	455
Commission on sales		35,017	47,426
Quality claims on sale supplies		6,704	5,765
Provision for doubtful debts	24	25,000	-
		161,670	138,305

34.1 These include Rs.4.632 million (2016: Rs.3.929 million) in respect of staff retirement benefits - gratuity.

35. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Directors' meeting fee		110	65
Salaries and benefits	35.1	130,035	131,389
Travelling and conveyance:			
- directors		583	967
- others		2,842	2,214
Rent, rates and taxes		4,359	4,898
Entertainment		2,719	2,739
Communication		5,750	6,829
Printing and stationery		1,911	1,550
Electricity, gas and water		6,345	5,306
Insurance		2,882	2,937
Repair and maintenance		4,567	4,793
Vehicles' running and maintenance		12,701	17,143
Advertisement		153	127
Fees and subscription		7,278	4,550
Newspapers and periodicals		141	250
Depreciation	19.4	20,779	17,413
Amortisation	20	1,074	247
Auditors' remuneration	35.2	1,510	1,510
Legal and professional (other than Auditors)		2,147	3,075
Others		285	250
		208,171	208,252

35.1 These include Rs.9.834 million (2016: Rs.11.206 million) in respect of staff retirement benefits - gratuity.

35.2 Auditors' remuneration

	2017	2016
	(Rupees in '000)	
Statutory audit	1,150	1,150
Half yearly review	140	140
Consultancy and certification charges	195	194
Out-of-pocket expenses	25	26
	1,510	1,510

35.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.6.679 million (2016: Rs.13.114 million) with an Associated Company on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

36. OTHER INCOME

	Note	2017	2016
		(Rupees in '000)	
Sale of scrap - net of sales tax of Rs.1,602 thousand (2016: Rs.1,924 thousand)		8,432	10,156
Unclaimed payable balances written-back		-	642
Reversal of prior years' workers' welfare fund	14.3	30,522	-
Gain on sale of operating fixed assets	19	733	-
Dividends		792	788
Profit on bank deposits		43	55
Gain on remeasurement of investments to fair value	27	123	480
		40,645	12,121

37. OTHER EXPENSES

	Note	2017	2016
Donations	37.1	5,700	6,075
Loss on sale of operating fixed assets	19.3	-	133
Workers' (profit) participation fund		5,337	-
		11,037	6,208

37.1 These include an amount of Rs.5.500 million (2016: Rs.5.500 million), which represents amount donated to Saifullah Foundation for Sustainable Development (a Social Welfare Society) administered by the following directors of the Company during the preceding financial year:

- Mr. Osman Saifullah Khan
- Mr. Jehangir Saifullah Khan

38. FINANCE COST - net

	Note	2017	2016
		(Rupees in '000)	
Mark-up on subordinated loan		13,954	10,755
Mark-up on long term financing		95,279	107,167
Less: mark-up subsidy	26.4	(25,680)	-
		69,599	107,167
Mark-up on short term borrowings		209,463	188,664
Lease finance charges		1,529	-
Bank and other charges		20,332	17,382
		314,877	323,968

39. EXCHANGE FLUCTUATION LOSS - net

Exchange fluctuation loss / (gain) on:			
- foreign currency financing		1,500	15,000
- others - net		(117)	(12,034)
		1,383	2,966

40. TAXATION

Current	29	56,649	4,805
Deferred			
- relating to temporary differences	13	17,017	(3,112)
- resulting from reduction in tax rate		9,909	1,849
		26,926	(1,263)
		83,575	3,542

41. BASIC EARNINGS PER SHARE

41.1 Profit / (loss) per share

Profit / (loss) after taxation attributable to ordinary shareholders		22,945	(49,132)
		(No. of shares)	
Weighted average number of ordinary shares outstanding during the year		26,412,880	26,412,880
		(Rupees)	
Earnings / (loss) per share		0.87	(1.86)

41.2 Diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2017 and June 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.

42. CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	(Rupees in '000)	
Profit / (loss) for the year - before taxation	106,520	(45,590)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	322,132	256,276
Staff retirement benefits - gratuity (net)	(17,506)	(2,130)
Unclaimed payable balances written-back	(30,522)	(642)
(Gain) / loss on sale of operating fixed assets - net	(733)	133
Finance cost	294,545	306,586
Exchange fluctuation loss on foreign currency loan	1,500	15,000
Exchange fluctuation gain (others) - net	(117)	(12,034)
Provision for doubtful debts	25,000	-
Gain on remeasurement of investments to fair value - net	(123)	(480)
Profit before working capital changes	700,696	517,119
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(134,035)	(28,081)
Stock-in-trade	(263,559)	(184,467)
Trade debts	(283,897)	111,715
Loans and advances	59,040	(38,650)
Trade deposits and short term prepayments	(41)	6,835
Other receivables	(77,266)	6,325
Tax refunds due from Government	(50,731)	(74,358)
Decrease in trade and other payables	(63,288)	(56,653)
	(813,777)	(257,334)
Cash (used in) / generated from operating activities	(113,081)	259,785
Income tax paid	(60,300)	(75,308)
Long term loans	1,298	4,442
Long term deposits	(100)	626
Long term deposits from employees	(445)	1,660
Net cash (used in) / generated from operating activities	(172,628)	191,205

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

43.1 Financial Risk Factors

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

- market risk
- credit risk; and
- liquidity risk.

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

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

43.2 Market risk

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

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on financing, import of raw materials, plant & machinery, stores & spares, foreign debtors and claims receivables denominated in Euro, U.S. Dollar, Swiss Frank and Japanese Yen. The Company's exposure to foreign currency risk for U.S. Dollar, Swiss Frank, Euro and Japanese Yen are as follows:

	2017				
	Rupees	**U.S. $**	**Euros**	**CHF**	**JPY**
			(in '000)		
Sub-ordinated loan	**525,000**	**5,000**	**-**	**-**	**-**
Bills payable	**204,842**	**1,803**	**110**	**22**	**-**
Due to an Associated Company	**79,634**	**759**	**-**	**-**	**-**
	809,476	**7,562**	**110**	**22**	**-**
Trade debts	**(148,339)**	**(1,274)**	**(123)**	**-**	**-**
Bank balances	**(5,131)**	**(49)**	**-**	**-**	**-**
Gross balance sheet exposure	**656,006**	**6,239**	**(13)**	**22**	**-**
Outstanding letters of credit	**155,419**	**1,385**	**61**	**13**	**1,434**
Net exposure	**811,425**	**7,624**	**48**	**35**	**1,434**

	2016			
	Rupees	U.S. $	Euros	CHF
		(in '000)		
Sub-ordinated loan	523,500	5,000	-	-
Bills payable	124,162	1,175	-	11
Due to an Associated Company	8,206	78	-	-
	655,868	6,253	-	11
Trade debts	(142,095)	(1,192)	-	-
Bank balances	(5,117)	(49)	-	-
Gross balance sheet exposure	508,656	5,012	-	11
Outstanding letters of credit	150,515	1,405	18	12
Net exposure	659,171	6,417	18	23

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2017	2016	**2017**	2016
U.S. Dollar to Rupee	104.89	104.37	104.80/105	104.50/104.70
Euro to Rupee	118.67	115.87	119.91/120.14	116.08/116.31
CHF to Rupee	107.34	106.51	109.54/109.75	106.64/106.85
JPY to Rupee	1.15	-	0.937/0.939	-

Sensitivity analysis

At June 30, 2017, if Rupee had strengthened by 10% against U.S.$, Euro and CHF with all other variables held constant, profit / (loss) after taxation for the year would have been higher / lower by the amount shown below mainly as a result of foreign exchange gains on translation of foreign currency financial liabilities and foreign exchange loss on translation of foreign currency financial assets.

	2017	2016
Effect on profit / (loss) for the year	**(Rupees in '000)**	
U.S.$ to Rupee	65,510	52,476
Euro to Rupee	(156)	-
CHF to Rupee	241	118

The weakening of Rupee against U.S. Dollar, Euro and CHF would have had an equal but opposite impact on profit / (loss) after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

(b) 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 change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2017	2016	**2017**	2016
	Effective rate		**Carrying amount**	
Financial liabilities	**%**	%	**(in '000)**	
Variable rate instruments				
Sub-ordinated loan	**2.405 to 2.930**	1.908 to 2.405	**525,000**	523,500
Long term financing	**5 to 8.61**	7.04 to 10.26	**1,341,764**	1,373,565
Liabilities against assets subject to finance lease	**7.04 to 7.65**	-	**22,565**	14,445
Short term borrowings	**6.55 to 8.55**	6.60 to 10.23	**3,429,881**	2,767,636

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2017, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit / (loss) after taxation for the year would have been Rs.53.192 million (2016: Rs.46.791 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of its investments classified as fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

A 10% increase / decrease in market value of equity investments, profit / (loss) before taxation for the year would have been higher / lower by Rs.627 thousand (2016: Rs.615 thousand).

43.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss to the Company if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from long term deposits, trade debts, trade deposits, investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 along with comparative is tabulated below:

	2017	2016
	(Rupees in '000)	
Long term deposits	9,453	9,353
Trade debts	1,042,609	758,712
Other receivables	101,646	24,380
Investments	6,270	6,147
Bank balances	26,744	37,264
	1,186,722	835,856

	2017	2016
	(Rupees in '000)	
Trade debts exposure by geographic region is as follows:		
Domestic	894,270	616,617
Export	148,339	142,095
	1,042,609	758,712

The majority of export debts of the Company are situated in Europe, Asia and America.

The ageing of trade debts at the balance sheet date is as follows:

	2017	2016
	(Rupees in '000)	
Not yet due	908,056	709,753
Past due		
- upto 30 days	46,415	10,680
- more than 30 days	88,138	38,279
	1,042,609	758,712

Provision is made for doubtful receivables according to the Company's policy. As at June 30, 2017, the Company's management believes that impairment allowance amounting Rs.25 million is sufficient in respect of doubtful trade debts. Debts aggregating Rs.600.861 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time. Further, major export debts are secured through letters of credit.

Investments comprise of share-holdings in listed securities. The management assesses the credit quality ratings of its holdings and diversifies its portfolio accordingly.

43.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2017				
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
			(Rupees in '000)		
Sub-ordinated loan	**525,000**	**586,540**	**15,385**	**30,770**	**540,385**
Long term financing	**1,341,764**	**1,520,882**	**546,933**	**955,307**	**18,642**
Liabilities against assets subject to finance lease	**22,565**	**26,446**	**7,040**	**19,406**	**-**
Trade and other payables	**583,600**	**583,600**	**583,600**	**-**	**-**
Accrued mark-up and interest	**196,882**	**196,882**	**196,882**	**-**	**-**
Short term borrowings	**3,429,881**	**3,528,938**	**3,528,938**	**-**	**-**
	6,099,692	**6,443,288**	**4,878,778**	**1,005,483**	**559,027**

	2016				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
			(Rupees in '000)		
Sub-ordinated loan	523,500	573,853	12,588	25,177	536,088
Long term financing	1,373,565	1,578,216	490,048	1,028,113	60,055
Liabilities against assets subject to finance lease	14,445	17,380	3,476	13,904	-
Trade and other payables	649,373	649,373	649,373	-	-
Accrued mark-up and interest	164,895	164,895	164,895	-	-
Short term borrowings	2,767,636	2,853,853	2,853,853	-	-
	5,493,414	5,837,570	4,174,233	1,067,194	596,143

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

43.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2017, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

43.6 Financial instruments by category

Financial assets as per balance sheet	Loans and receivables		Financial assets at fair value through profit and loss	
	2017	2016	**2017**	2016
	(Rupees in '000)		**(Rupees in '000)**	
Long term loans	**13,652**	14,950	**-**	-
Long term deposits	**9,453**	9,353	**-**	-
Trade debts	**1,042,609**	758,712	**-**	-
Loans and advances	**8,034**	11,164	**-**	-
Other receivables	**101,646**	24,380	**-**	-
Investments	**-**	-	**6,270**	6,147
Bank balances	**26,744**	37,264	**-**	-
	1,202,138	855,823	**6,270**	6,147

Financial liabilities as per balance sheet	Financial liabilities measured at amortised cost	
	2017	2016
	(Rupees in '000)	
Sub-Ordinated loan	**525,000**	523,500
Long term financing	**1,341,764**	1,373,565
Liabilities against assets subject to finance lease	**22,565**	14,445
Long term deposits	**5,097**	5,542
Trade and other payables	**589,080**	682,890
Accrued mark-up and interest	**196,882**	164,895
Short term borrowings	**3,429,881**	2,767,636
	6,110,269	5,532,473

44. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

45. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, Companies in which directors are interested, key management personnel and close members of the families of the directors. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 46. Amounts due from and to related parties are shown under respective heads of balance sheet. Significant transactions with related parties are as follows:

	2017	2016
	(Rupees in '000)	
- purchase of fixed assets	1,449	3,846
- sale of fixed assets	-	1,013
- sale of goods and services	20,349	179,244
- purchase of goods and services	622,982	429,543
- Raw material purchase return to associate	34,899	-
- sales return from associate:		
- raw material	72,181	-
- yarn	80,158	-

46. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2017	2016	**2017**	2016	**2017**	2016
			(Rupees in '000)			
Meeting fees	**15**	10	**5**	5	**-**	-
Managerial remuneration	**11,547**	8,040	**5,700**	5,700	**31,287**	36,731
House rent and utilities	**180**	-	**666**	-	**17,208**	20,202
Retirement benefits	**-**	-	**-**	-	**8,869**	11,045
Medical expenses reimbursed	**266**	-	**-**	-	**958**	846
	12,008	8,050	**6,371**	5,705	**58,322**	68,824
Number of persons	**2**	1	**1**	1	**14**	15

46.1 Mr. Osman Saifullah Khan resigned as the Chief Executive of the Company during the current financial year and in his place Mr. Zaheen ud din has been appointed as the Company's new Chief Executive.

46.2 Meeting fees of Rs.90 thousand (2016: Rs.50 thousand) were also paid to six (2016: four) non-executive directors during the year.

46.3 Chief executive and some of the executives have also been provided with the Company maintained cars and residential telephones.

47. CAPACITY AND PRODUCTION

47.1 Spinning units

			2017	2016
No. of spindles installed			100,993	100,980
Average of spindles shifts installed		**Figure in '000**	110,587	110,876
Average of spindles shifts worked		**Figure in '000**	106,572	107,313
No. of days worked			365	366
No. of shifts worked			1,095	1,098
Average count			31.24	33.11
Actual production	**Kgs**	**Figure in '000**	18,779	18,040

It is difficult to describe precisely the production capacity in textile spinning industry since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

47.2 Dyeing

			2017	2016
Cotton / Fibre Dyeing Unit				
Total number of days worked			365	366
No. of shift worked			1,095	1,098
Installed capacity	**Kgs**	**Figure in '000**	2,920	2,928
Actual production	**Kgs**	**Figure in '000**	1,153	1,282

48. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

48.1 Yarn sales represent 96% (2016: 96%) of the total sales of the Company.

48.2 91% (2016: 89%) of the Company's sales relate to customers in Pakistan.

48.3 All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

48.4 The Company does not have any customer having sales of ten percent or more during the year ended June 30, 2017 and 2016.

49. NUMBER OF EMPLOYEES

Number of employees as at June 30,	2017	2016
- Permanent	2,304	2,218
- Contractual	25	25
Average number of employees during the year		
- Permanent	2,229	2,276
- Contractual	25	25

50. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors, in their meeting held on September 28, 2017 has proposed a final cash dividend of Rs.1 per share amounting to Rs.26.413 million for the year ended June 30, 2017. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on October 27, 2017. These financial statements do not reflect the proposed appropriations, which will be accounted for in the statement of changes in equity as appropriations from unappropriated profit in year ending June 30, 2018.

51. GENERAL

These financial statements were authorised for issue on September 28, 2017 by the Board of Directors of the Company.

ZAHEEN UD DIN QURESHI	**ASSAD SAIFULLAH KHAN**
Chief Executive Officer	Director

SAIF TEXTILE MILLS LIMITED
FORM OF PROXY

I / We____ of______________________ being a member of Saif Textile Mills Limited hereby appoint Mr./Ms.____ ___________________ of ____ ________failing whom Mr./Ms.____________________________________ of____________________ as my proxy to attend and act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Friday, October 27, 2017 at 11:00 am. at APTMA House, Tehkal Payan, Jamrud Road, Peshawar and any adjournment thereof.

Dated this __________ day of _________ 2017.

____

Specimen Signature of Proxy

Folio No. _______________

Participant I.D. No.________

Sub Account No.__________

________________________________	________________________________
Signature of Shareholder	Specimen Signature of Alternate Proxy
Folio No._________________________	Folio No._________________________
Participant I.D. No.________________	Participant I.D. No._________________
Sub Account No.__________________	Sub Account No.___________________

Note:

i) If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Saif Textile Mills Limited, APTMA House, Tehkal Payan, Jamrud Road, Peshawar to reach not less than 48 hours before the time appointed for holding the meeting.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

سیف ٹیکسٹائل ملزلمیٹڈ

فارم آف پراکسی

میں/ہم .... سکنہ .... سیف ٹیکسٹائل

ملزلمیٹڈ کارکن ہوتے ہوئے بذریعہ ہذا مسمی/مسماۃ/بیگم .... سکنہ

.... کوتعینات کرتے ہوئے بطور متبادل مسمی/مسماۃ/بیگم

.... سکنہ .... کواپنا پراکسی مقرر کرتا ہوں

جوکہ میری جانب سے میری عدم موجودگی کی صورت میں کمپنی کی سالانہ عمومی اجلاس جوکہ بروز جمعہ مورخہ ۲۷ اکتوبر ۲۰۱۷ءکوآپٹماہاؤس،تہکال پایاں، جمرود روڈ، پشاور میں منعقد ہوگا یاالتواء کی صورت میں حاضر ہوکرمیری نمائندگی کرے۔

مورخہ .... بروز .... ماہ ۲۰۱۷ء

....

پراکسی کے دستخط کانمونہ

فولیونمبر ....

شرکت کنندہ کی شناختی کارڈنمبر ....

ذیلی اکاؤنٹ نمبر ....

حصہ دارکادستخط ....

فولیونمبر ....

شرکت کنندہ کی شناختی کارڈنمبر ....

ذیلی اکاؤنٹ نمبر ....

متبادل پراکسی کے دستخط کانمونہ ....

فولیونمبر ....

شرکت کنندہ کی شناختی کارڈنمبر ....

ذیلی اکاؤنٹ نمبر ....

نوٹ:

(i) اگرکوئی ممبراجلاس میں حاضر ہونے سے قاصر ہے تووہ اپناپراکسی تعینات کرنے کا مجاز ہےاور فارم ہذاکو اجلاس کےانعقاد کے لئےمقررہ وقت سے کم ازکم ۴۸ گھنٹے پہلے تک سیف ٹیکسٹائل ملزلمیٹڈواقع آپٹماہاؤس،تہکال پایاں، جمرود روڈ، پشاور میں جمع کرادے۔

(ii) مستفید مالکان اور پراکسی کے شناختی کارڈیاپاسپورٹ کےمصدقہ نقول پراکسی فارم کے ساتھ منسلک ہوناچاہیئے۔

(iii) اجلاس کے وقت پراکسی کو اپنااصلی شناختی کارڈیاپاسپورٹ پیش کرناہوگا ۔

(iv) کمپنی ہونے کی صورت میں بورڈآف ڈائریکٹرز کی قرارداد/مختارنامہ بشمول نمونہء دستخط (بشرطیکہ پہلے سے کمپنی کوفراہم نہ کیاگیاہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا ۔