



SAIF GROUP



First Quarterly Report
(Un-audited)
30 September, 2016

Certified ISO 9001:2008



014



Saif Textile Mills Limited



**In The Name Of Allah
The Merciful
The Compassionate**

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SAIF TEXTILE MILLS LIMITED *First Quarterly Report 2016-2017*

BOARD OF DIRECTORS	<p>Anwar Saifullah Khan - Chairman/Director</p> <p>Javed Saifullah Khan - Director</p> <p>Osman Saifullah Khan - Director</p> <p>Jehangir Saifullah Khan - Director</p> <p>Hoor Yousafzai - Director</p> <p>Assad Saifullah Khan - Director</p> <p>Arif Saeed - Director</p> <p>Zaheen-ud-Din-Qureshi - Chief Executive</p>
AUDIT COMMITTEE	<p>Javed Saifullah Khan - Chairman</p> <p>Jehangir Saifullah Khan - Member</p> <p>Assad Saifullah Khan - Member</p>
HR & REMUNERATION COMMITTEE	<p>Arif Saeed - Chairman</p> <p>Osman Saifullah Khan - Member</p> <p>Assad Saifullah Khan - Member</p>
CHIEF FINANCIAL OFFICER	Nouman Ahmad
COMPANY SECRETARY	Sabir Khan
HEAD OF INTERNAL AUDIT	Salman Shafiq
LEGAL ADVISORS	<p>Dr. Pervez Hassan</p> <p>Hassan & Hassan, Advocates</p> <p>Salahuddin Saif & Aslam</p> <p>(Attorney's at Law)</p>
AUDITORS	<p>M/s Shinewing Hameed Chaudhri & Co.,</p> <p>Chartered Accountants</p> <p>HM House, 7-Bank Square, Lahore</p>
BANKERS	<p>Allied Bank Limited</p> <p>Askari Bank Limited</p> <p>Dubai Islamic Bank Pakistan Limited</p> <p>Faysal Bank Limited</p> <p>Habib Bank Limited</p> <p>Industrial and Commercial Bank of China Limited</p> <p>Meezan Bank Limited</p> <p>National Bank of Pakistan</p> <p>NIB Bank Limited</p> <p>Soneri Bank Limited</p> <p>Summit Bank Limited</p> <p>The Bank of Punjab</p> <p>United Bank Limited</p>
HEAD OFFICE	<p>Kashmir Commercial Complex, 3rd Floor,</p> <p>2020- Blue Area, Islamabad- 44000</p> <p>Telephone : +92-51-2201951-2201856</p> <p>Fax : +92-51-2822564</p> <p>Email : stm@saifgroup.com</p>
REGISTERED OFFICE	<p>APTMA House, Tehkal Payan,</p> <p>Jamrud Road, Peshawar</p> <p>Telephone : +92-91-5843870, 5702941</p> <p>Fax : +92-91-5840273</p> <p>Email : peshawar@saifgroup.com</p>
SHARES REGISTRAR	<p>M/s Hameed Majeed Associates (Pvt.) Ltd.,</p> <p>HM House, 7-Bank Square, Lahore</p> <p>Telephone : +92-42-7235081-7235082</p> <p>Fax : +92-42-7358817</p> <p>Email : info@hmaconsultants.com</p>
MILLS	<p>Industrial Estate, Gadoon Amazai, District Swabi</p> <p>Telephone: +92-0938-270313, 270429</p> <p>Fax : +92-0938-270514</p> <p>Email : stmngdn@saifgroup.com</p>
WEB SITE	www.saiftextile.com

Directors' Review Report

The un-audited financial statements of the company for the First Quarter ended on September 30, 2016 are being presented to you with the following observations.

FINANCIAL HIGHLIGHTS

During the first quarter, your company has managed to earn a gross profit of Rs. 198.911 million on sales of Rs. 1.846 billion (Gross profit margin: 10.78%) as compared to gross profit of Rs. 151.795 million on sales of Rs. 1.641 billion (Gross profit margin: 9.25%) for the corresponding period last year. The increase in gross profit is mainly due to slight improvement in the local market and decrease in manufacturing costs.

Your Company closed the period with a Pre Tax Profit of Rs. 37.945 million as compared to Pre Tax Loss of Rs 25.697 million for the corresponding period of last year.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

While the prices have started to stagnate again, we are hopeful that in the coming month the situation will improve as the price of new Pakistani cotton crop and the petroleum products are largely expected to remain stable. Your Company's timely investment in the energy conservation projects during last few years is now paying off in the shape of curtailment in operational costs even when cost pressures continue in the industry.

Moreover, we are expecting an announcement from the Government soon regarding new textile package which should support the industry by alleviating, albeit partially, the adverse impact of fiscal incentives given by the competitor countries to their local businesses.

In these challenging times, the management has doubled its efforts to restore the company's profitability and will continue to strive for better results.

ACKNOWLEDGMENT

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

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

for and on behalf of the Board

Place: Islamabad
Dated: 27 October, 2016

Zaheen Ud Din Qureshi
Chief Executive

ڈائریکٹرز جائزہ رپورٹ

سیف ٹیکسٹائل ملز لمیٹڈ

کمپنی ہذا کے پہلی اختتامی سہ ماہی مورخہ 30 ستمبر 2016 کیلئے غیر آڈٹ شدہ مالیاتی سٹیٹمنٹ آپ کو درج ذیل مشاہدات کیساتھ پیش کی جا رہی ہیں۔

مالیاتی نکات

پہلی سہ ماہی کے دوران، گزشتہ سال کے سبز مبلغ 1.641 بلین روپے پر کل منافع مبلغ 151.795 بلین روپے (کل منافع کی شرح %9.25) کی نسبت آپ کی کمپنی نے سبز مبلغ 1.846 بلین روپے پر کل منافع مبلغ 198.911 بلین روپے (کل منافع کی شرح %10.78) کمائے۔ کل منافع میں اضافہ کی وجہ مقامی مارکیٹ میں تھوڑی بہت بہتری اور پیداواری لاگت میں کمی ہے۔

آپ کی کمپنی نے گزشتہ سال ٹیکس سے قبل نقصان مبلغ 25.697 بلین روپے کی نسبت اس سال کے اختتام پر ٹیکس سے قبل منافع مبلغ 37.945 بلین روپے کمایا۔

مارکیٹ کی عام صورتحال اور مستقبل کا نقطہ نظر

اب جبکہ قیمتیں دوبارہ جمود کا شکار ہو گئی ہیں، ہمیں امید ہے کہ آئندہ آنے والے مہینوں میں صورتحال بہتر ہو جائے گی کیونکہ نئی پاکستانی کپاس کی فصل اور پٹرولیم کی مصنوعات مجموعی طور پر مستحکم رہے گی۔ گزشتہ کچھ سالوں میں آپ کی کمپنی کی طرف سے توانائی کے تحفظ کے منصوبوں میں بروقت سرمایہ کاری کی وجہ سے، صنعت کے شعبے میں لاگت میں اضافہ جاری رہنے کے باوجود آپریشنل لاگت میں تخفیف کی شکل میں ادائیگی جا رہی ہے۔

تاہم جلد ہی ہم حکومت کی جانب سے نئے ٹیکسٹائل پیکیج کے اعلان کی توقع کر رہے ہیں جس سے حریف ممالک کے اپنے مقامی تجارت کو دی جانے والی مالیاتی مراعات کے منفی اثرات کے خاتمے، ہر چند عارضی ہوں، سہارا فراہم کرے گا۔

اس مشکل وقت میں، انتظامیہ نے کمپنی کے منافع کو بڑھانے کیلئے اپنی کوشش دگنی کر دی ہے اور اچھے نتائج کے حصول کیلئے اپنی کوشش جاری رکھے ہوئے ہے۔

اظہار تشکر

بورڈ اپنے بیکاروں اور معزز صارفین (خریدار) کی معاونت فراہم کرنے کے سلسلہ میں اپنی جانب سے اس امر کی تعریف کا اظہار کرتا ہے۔ ہم اپنی کارپوریٹ فیملی ممبران کی طرف سے سخت محنت کرنے کے عمل کی بھی تعریف کرتے ہیں۔ ہم (آپ سے) آئندہ آنے والے دنوں میں اسی لگن اور تعاون کی توقع رکھتے ہیں۔

منجانب بورڈ ہذا
ذہین الدین قریشی
چیف ایگزیکٹو

اسلام آباد
تاریخ: 27 اکتوبر 2016

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER, 2016**

	Note	(Un-audited) 30 September 2016	(Audited) 30 June, 2016
(Rupees in thousand)			
SHARE CAPITAL AND RESERVES			
Authorised capital			
30,000,000 ordinary shares of Rs. 10 each		300,000	300,000
Issued, subscribed and paid-up capital		264,129	264,129
Reserves		265,981	265,981
Unappropriated profit		1,018,917	990,419
		1,549,027	1,520,529
Surplus on revaluation of property, plant and equipment		711,320	720,338
NON-CURRENT LIABILITIES			
Sub-ordinated loan		523,250	523,500
Long term financing	3	931,500	977,872
Liabilities against assets subject to finance lease		13,700	11,959
Long term deposits		7,722	5,542
Deferred liability- staff retirement benefits		149,023	151,966
Deferred taxation-net		103,396	103,396
		1,728,591	1,774,235
CURRENT LIABILITIES			
Trade and other payables		802,029	682,890
Accrued mark-up and financial charges		178,167	164,895
Short term borrowing		2,684,486	2,767,636
Current portion of :- - long term financing		404,056	398,179
		4,068,737	4,013,600
CONTINGENCIES AND COMMITMENTS			
	4	0	0
		8,057,675	8,028,702
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,538,864	4,604,928
Intangible assets		634	565
Long term loans		12,544	14,950
Long term deposits and prepayments		9,354	9,353
CURRENT ASSETS			
Stores, spare parts and loose tools		186,658	190,366
Stock-in-trade		1,718,338	1,765,510
Trade debts		924,909	758,712
Loans and advances		117,137	133,186
Trade deposits and short term prepayments		1,350	1,315
Other receivables		25,330	24,380
Investments		6,148	6,147
Deposit for shares		0	0
Taxation		319,215	321,414
Taxes refundable		161,649	160,612
Cash and bank balances		35,547	37,264
		3,496,280	3,398,906
		8,057,675	8,028,702

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

ZAHEEN UD DIN QURESHI
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2016**

	Jul - Sep 2016	Jul - Sep 2015
	(Rupees in thousand)	
Sales	1,846,301	1,641,182
Cost of Sales	1,647,390	1,489,387
Gross profit	198,911	151,795
Administrative expenses	54,570	52,941
Distribution cost	32,333	36,922
Other operating expenses	1,100	193
	88,002	90,056
	110,908	61,739
Other operating income	3,955	80
Profit from operations	114,863	61,819
Finance cost	76,904	74,042
	37,959	(12,223)
Exchange fluctuation loss - net	14	13,474
Profit/(Loss) before taxation	37,945	(25,697)
Taxation	18,464	0
Profit/(Loss) after taxation	19,481	(25,697)
	(Rupees)	
Earning / (Loss) per share	0.74	(0.97)

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

ZAHEEN UD DIN QURESHI
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2016**

	Note	2016	2015
		(Rupees in thousand)	
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	A	122,415	(369,165)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances - net		(40,496)	77,406
Lease finances - net		1,741	0
Short term borrowing - Net		(83,150)	302,397
Financial charges paid		13,272	39,948
CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES		(108,633)	419,751
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment		(34,188)	(74,553)
Capital work-in-progress - net		18,689	0
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(15,499)	(74,553)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,717)	(23,967)
CASH AND CASH EQUIVALENTS:			
- At the beginning of the period		37,264	35,814
- At the end of the period		35,547	11,847

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

ZAHEEN UD DIN QURESHI
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2016**

	2016	2015
	(Rupees in thousand)	
Note 'A'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period - before taxation	37,945	(25,697)
Add adjustments for:		
Depreciation & amortization	81,495	52,754
Deferred liability -staff retirement benefits - net	(2,943)	6,560
Loss on revaluation of long term loan	(250)	13,500
(Gain) / loss on investments - net	(1)	191
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	116,246	47,308
decrease / (increase) in current assets:		
Store, spare parts and loose tools	3,708	9,631
Stock-in-trade	47,172	(186,425)
Trade debtors	(166,197)	(172,672)
Loans and advances	16,049	961
Trade deposits and short term prepayments	(35)	(1,859)
Taxes refundable	(1,037)	(47,584)
Other receivables	(950)	12,640
Decrease in trade and other payables (excluding unclaimed dividend)	119,138	(9,970)
	17,849	(395,278)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
- Before taxation	134,095	(347,970)
Taxes paid	(16,265)	(22,924)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
- After taxation	117,830	(370,894)
Long term loans - net	2,406	1,992
Long term deposits	2,180	514
Long term deposits and advance rentals	(1)	(777)
	4,585	1,729
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	122,415	(369,165)

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

ZAHEEN UD DIN QURESHI
Chief Executive

ASSAD SAIFULLAH KHAN
Director

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2016**

	Share Capital	Reserves			Unappropriated profit	Total
		Capital	Revenue	Sub-total		
(Rupees in thousand)						
Balance as at 30 June, 2016	264,129	115,981	150,000	265,981	990,419	1,520,529
Total comprehensive income for the quarter ended 01 July, 2016 to 30 September, 2016	0	0	0	0	19,481	19,481
Surplus on revaluation of property, plant & equipment realised during the period of nine months - net of deferred taxation: - on account of incremental depreciation for the year	0	0	0	0	9,017	9,017
Balance as at 30 September, 2016	264,129	115,981	150,000	265,981	1,018,917	1,549,027

ZAHEEN UD DIN QURESHI
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**SELECTED NOTES TO THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2016**

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting).

These financial information are being circulated to shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 June, 2016.

The accounting policies, significant judgment, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied to the preceding published annual financial statements of the Company for the year ended 30 June, 2016.

3. LONG TERM FINANCES - Secured

	(Un-audited) 30 September, 2016	(Audited) 30 June, 2016
	(Rupees in thousand)	
Balance at the beginning of the period / year	1,373,565	1,276,666
Add: obtained during the period / year	0	400,300
	1,373,565	1,676,966
Less: repaid during the period / year	38,010	303,401
	1,335,555	1,373,565
Add: adjustment of exchange fluctuation loss	0	0
	1,335,555	1,373,565
Less: Current portion grouped under current liabilities	404,055	395,693
	931,500	977,872

4. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies since the Company's latest annual audited financial statements of the company for the year ended 30 June, 2016.

SAIF TEXTILE MILLS LIMITED *First Quarterly Report 2016-2017*

	Note	(Un-audited) 30 September, 2016	(Audited) 30 June, 2016
5. PROPERTY, PLANT AND EQUIPMENT			(Rupees in thousand)
Operating fixed assets	5.1	4,531,501	4,578,808
Capital work-in-progress		7,363	23,800
Store held for capital expenditure		0	2,320
		4,538,864	4,604,928
5.1 Operating Fixed Assets			
Opening written down value		4,578,808	3,189,963
Add: Additions made during the period / year		34,188	1,284,348
		4,612,996	4,474,311
Less: Written down value of disposals made during the period / year		0	(360,526)
		4,612,996	4,834,837
Less: Depreciation charged during the period / year		81,495	256,029
		4,531,501	4,578,808

6. TRANSACTIONS WITH RELATED PARTIES

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

	July - Sep 2016	July - Sep 2015
		(Rupees in thousand)
- sale of goods and services	0	6,388

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 27 October, 2016 by the board of directors of the Company.

8. FIGURES

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

8.2 Corresponding figures, have been rearranged and reclassified, wherever necessary, for the purpose of comparison; no significant rearrangeents reclassifications have been made in this condensed interim financial information.

ZAHEEN UD DIN QURESHI
Chief Executive

ASSAD SAIFULLAH KHAN
Director

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