



SAIF GROUP



Third Quarterly Report
(Un-audited)
31 March, 2017

Certified ISO 9001:2008



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Saif Textile Mills Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan - Chairman/Director Javed Saifullah Khan - Director Osman Saifullah Khan - Director Jehangir Saifullah Khan - Director Hoor Yousafzai - Director Assad Saifullah Khan - Director Muhammad Danish - Director Zaheen-ud-Din-Qureshi - Chief Executive
AUDIT COMMITTEE	Javed Saifullah Khan - 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 Shining Hameed Chaudhri & Co., Chartered Accountants
BANKERS	Allied Bank Limited Askari Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Industrial and Commercial Bank of China Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Soneri Bank Limited Summit Bank Limited The Bank of Punjab United Bank Limited
HEAD OFFICE	City Centre, 3rd Floor, Plot#40, Main Bank Road, Saddar, Rawalpindi Cantt. Telephone : +92-51-5700824, 5700828 Fax : +92-51-5700829 E-mail : stm@saifgroup.com
REGISTERED OFFICE	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Telephone : +92-91-5843870, 5702941 Fax : +92-91-5840273 E-mail : peshawar@saifgroup.com
SHARES REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd., HM House, 7-Bank Square, Lahore Telephone : +92-42-7235081-7235082 Fax : +92-42-7358817 E-mail : info@hmaconsultants.com
MILLS	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : stmrgdn@saifgroup.com
CYBER	www.saiftextile.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

The un-audited financial statements of the Company for the third quarter and nine months ended on March 31, 2017 are being presented to you with the following observations.

During the period under review, your Company has posted a gross profit of Rs 598 million (2016: Rs 344 million). The gross profit margin of the company has increased to 10.7% from 7.2% compared to corresponding period of last year. The period closed with a profit before tax of Rs 84.01 million (2016: Loss Rs 162.4 million). The enhanced profitability comes on back of employing better product mix with focus on manmade fibers. Overall market is still sluggish and cheaper imports from India and China limiting the options for local yarn manufacturers.

Going forward, we expect the market momentum to sustain. The recently announced Textile Package by the Government is also expected to support the market for value added product exporters.

The Management of your Company remains committed to business growth and has invested heavily in value additions and hopes these efforts will yield long term positive results.

We would like to conclude with heartfelt appreciation for the support of our bankers and our valued customers. We would also like to highlight the hard work put in by the management and staff. We look forward to the same dedication and cooperation in the days ahead.

Place: Islamabad
Dated: 28 April, 2017

ZAHEEN UD DIN QURESHI
Chief Executive

ڈائریکٹرز رپورٹ

معزز شیئر ہولڈرز

کمپنی ہذا کا تیسرے سہ ماہی اور نو مہینے اختتامی 31 مارچ 2017 کیلئے غیر آڈٹ شدہ مالیاتی رپورٹ/بیانات آپ کے سامنے درج ذیل مشاہدات کے ساتھ پیش کی جا رہی ہے۔

زیر جائزہ مدت کے دوران، آپ کی کمپنی نے مجموعی منافع مبلغ 598 ملین روپے (2016: مبلغ 344 ملین روپے) کمایا۔ کمپنی ہذا کے مجموعی منافع گزشتہ تقابلی سال کے مقابلے میں 7.2% سے 10.7% تک کا اضافہ ہوا۔ اس اختتامی مدت میں ٹیکس کٹوتی سے پہلے کا منافع مبلغ 84.01 ملین روپے (2016: نقصان مبلغ 162.4 ملین روپے) ہے۔ منافع کی شرح میں اضافہ ہاتھ کے بنی ہوئی ریشے سے تیار شدہ اچھے ملی جلی مصنوعات ہیں۔ مجموعی طور پر مارکیٹ ابھی تک سست روی کا شکار ہے اور اس کے علاوہ چائینہ اور انڈیا سے سستی درآمدات کی وجہ سے مقامی سوت تیار کرنیوالوں کے پاس محدود اختیارات ہیں۔

مزید برآں، ہم امید کرتے ہیں کہ مارکیٹ میں کاروبار کی رفتار برقرار رہے گی۔ حکومت پاکستان کی حالیہ ٹیکسٹائل پیکیج کے اعلان سے بھی ویلیو ایڈڈ مصنوعات کے برآمد کنندگان کی مارکیٹ کیلئے معاون ثابت ہوگا۔

آپ کی کمپنی کی انتظامیہ کاروبار کو ترقی دینے کا عہد کیے ہوئے ہے اور اس نے ویلیو ایڈیشن کاروبار میں بہت زیادہ سرمایہ کاری کی ہے اور امید کرتے ہیں کہ لمبی مدت کے دوران اس کے مثبت نتائج برآمد ہوں گے۔

ہم اپنے بینکرز حضرات اور معزز صارفین کی معاونت کا بہت تہہ دل سے شکر گزار ہیں۔ ہم انتظامیہ اور سٹاف کی سخت محنت اور جدوجہد کو بھی خراج تحسین پیش کرتے ہیں۔ ہم مستقبل میں بھی اسی لگن اور تعاون کے متنبی ہیں۔

زبین الدین قریشی
چیف ایگزیکٹو

مقام: اسلام آباد
تاریخ: 28 اپریل 2017

**CONDENSED INTERIM BALANCE SHEET AS AT
31 MARCH, 2017**

	Note	Un-audited 31 Mar, 2017	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		1,053,380	990,419
		1,583,490	1,520,529
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		694,697	720,338
NON-CURRENT LIABILITIES			
Sub-ordinated loan		524,250	523,500
Long term financing	3	859,819	977,872
Liabilities against assets subject to finance lease		17,810	11,959
Long term deposits		7,237	5,542
Deferred liability- staff retirement benefits		132,726	151,966
Deferred taxation-net		100,162	103,396
		1,642,004	1,774,235
CURRENT LIABILITIES			
Trade and other payables		607,744	682,890
Accrued mark-up and financial charges		177,297	164,895
Short term borrowings		3,184,026	2,767,636
Current portion of non-current liabilities		445,485	398,179
		4,414,552	4,013,600
CONTINGENCIES AND COMMITMENTS	4	0	0
		8,334,743	8,028,702
NON-CURRENT ASSETS			
Property plant and equipment	5	4,497,177	4,604,928
Intangible assets		11,434	565
Long term loans		16,911	14,950
Long term deposits		9,343	9,353
		4,534,864	4,629,796
CURRENT ASSETS			
Stores, spare parts and loose tools		241,992	190,366
Stock-in-trade		1,929,321	1,765,510
Trade debts		881,124	758,712
Loans and advances		144,092	133,186
Trade deposits and short term prepayments		12,426	1,315
Other receivables		40,381	24,380
Investments		7,918	6,147
Deposit for shares		0	0
Taxation - net		314,650	321,414
Taxes refundable		197,241	160,612
Cash and bank balances		30,734	37,264
		3,799,879	3,398,906
		8,334,743	8,028,702

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2017
(UN-AUDITED)**

	Quarter Ended		Nine Months Ended	
	31, March 2017	31, March 2016	31, March 2017	31, March 2016
	(Rupees in thousand)			
SALES	1,807,670	1,428,521	5,590,941	4,793,488
COST OF SALES	1,579,562	1,376,669	4,992,555	4,449,277
GROSS PROFIT	228,108	51,852	598,386	344,211
DISTRIBUTION COST	35,828	26,175	109,212	107,992
ADMINISTRATIVE EXPENSES	47,745	48,160	158,110	151,913
OTHER OPERATING EXPENSES	1,100	(28)	6,554	2,322
	84,673	74,307	273,876	262,227
	143,435	(22,455)	324,510	81,984
OTHER OPERATING INCOME	3,323	17,927	11,635	19,240
OPERATING PROFIT / (LOSS)	146,758	(4,528)	336,145	101,224
FINANCE COST	82,564	89,342	244,698	248,232
	64,194	(93,870)	91,447	(147,008)
EXCHANGE FLUCTUATION LOSS - Net	4,595	4,154	7,433	15,378
PROFIT / (LOSS) BEFORE TAXATION	59,599	(98,024)	84,014	(162,386)
TAXATION	(17,249)	4,629	(48,370)	4,629
PROFIT / (LOSS) AFTER TAXATION	42,350	(93,395)	35,644	(157,757)
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	42,350	(93,395)	35,644	(157,757)
	(Rupees)			
PROFIT / (LOSS) PER SHARE	1.60	(3.54)	1.35	(5.97)

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 31 MARCH, 2017
(UN-AUDITED)**

	Note	2017 (Rupees in thousand)	2016
NET CASH INFLOW / FROM OPERATING ACTIVITIES	A	6,510	341,941
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances - net		(70,747)	225,616
Short term borrowings - net		416,390	(137,340)
Liabilities against assets subject to finance lease		5,851	0
Finance cost paid		(221,440)	(192,164)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		130,054	(103,888)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(143,094)	(244,038)
Held-for-trading investment -net		0	0
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(143,094)	(244,038)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,530)	(5,985)
CASH AND CASH EQUIVALENTS:			
- At the beginning of the period		37,264	35,814
- At the end of the period		30,734	29,829

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Note 'A'

2017

2016

(Rupees in thousand)

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) for the period - before taxation

84,014 (162,386)

Add adjustments for non-cash charges and other items:

Depreciation and amortization	239,976	182,142
Deferred liability - staff retirement benefits - net	(19,240)	(4,410)
Exchange fluctuation loss of long term financing	750	15,378
Adjustment on re-measurement of investments - net	(1,771)	179
Finance cost (excluding bank charges)	233,842	248,232

CASH INFLOW FROM OPERATING ACTIVITIES

- Before working capital changes

537,571 279,135

(increase) / decrease in current assets:

Store, spare parts & loose tools	(51,626)	39,777
Stock-in-trade	(163,811)	(71,492)
Trade debts	(122,412)	108,837
Loans and advances	(10,906)	(93,727)
Trade deposits and short term prepayments	(11,111)	1,970
Taxes refundable	(36,629)	(54,435)
Other receivables	(16,001)	20,944
(Decrease) / Increase in trade and other payables	(75,146)	154,514
	(487,643)	106,388

CASH INFLOW FROM OPERATING ACTIVITIES

- Before taxation

49,928 385,523

Taxes paid (43,163) (51,587)

CASH INFLOW FROM OPERATING ACTIVITIES

- After taxation

6,765 333,936

Long term loans - net	(1,961)	(612)
Long term deposits from employees	0	1,961
Long term deposits	1,706	6,656
	(255)	8,005

NET CASH INFLOW FROM OPERATING ACTIVITIES

6,510 341,941

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2017 (UN-AUDITED)

	Share Capital	Reserves			Unappropriated (loss) / profit	Total equity
		Capital	Revenue	Sub-total		
			(Rupees in thousand)			
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 nine months ended 31 March, 2016	0	0	0	0	(157,757)	(157,757)
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the nine month ended- net of deferred taxation	0	0	0	0	5,661	5,661
Balance as at 31 March, 2016	264,129	115,981	150,000	265,981	857,914	1,406,024
Total comprehensive income for the quarter ended 30 June, 2016	0	0	0	0	112,619	112,619
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the quarter ended- net of deferred taxation	0	0	0	0	1,886	1,886
Balance as at 30 June, 2016	264,129	115,981	150,000	265,981	990,419	1,520,529
Balance as at July 01, 2016	264,129	115,981	150,000	265,981	990,419	1,520,529
Total comprehensive income for the nine months ended 31 March, 2017	0	0	0	0	35,644	35,644
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the nine month ended- net of deferred taxation	0	0	0	0	27,317	27,317
Balance as at 31 March, 2017	264,129	115,981	150,000	265,981	1,053,380	1,583,490

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 31 MARCH, 2017 (UN-AUDITED)

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 Limited. 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 Pakistan Stock Exchange Limited.

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 FINANCING - Secured

	(Un-audited) 31 March, 2017	(Audited) 30 June, 2016 (Rupees in thousand)
Balance at the beginning of the period / year	1,373,565	1,276,665
Add: obtained during the period / year	150,000	400,301
	1,523,565	1,676,966
Less: repaid during the period / year	222,425	303,401
	1,301,140	1,373,565
Less: Current portion grouped under current liabilities	441,321	395,693
	859,819	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.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) 31 March, 2017	(Audited) 30 June, 2016 (Rupees in thousand)
Operating fixed assets	5.1	4,497,177	4,578,808
Capital work-in-progress		0	23,800
Stores held for capital expenditure		0	2,320
		4,497,177	4,604,928

	(Un-audited) 31 March, 2017	(Audited) 30 June, 2016
	(Rupees in thousand)	
5.1 Opening written down value	4,578,808	3,189,963
Add: Additions made during the period / year	163,333	1,650,456
	4,742,141	4,840,419
Less: Written down value of disposals made during the period / year	5,392	5,582
	4,736,749	4,834,837
Less: Depreciation charged during the period / year	239,572	256,029
	4,497,177	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.

	Jul - Mar 2017	Jul - Mar 2016
	(Rupees in thousand)	
- sale of goods and services	0	25,621
- purchase of goods and services	516,301	405,124
- purchase of fixed assets	750	0

7. CORRESPONDING FIGURES

- 7.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.
- 7.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made.

8. GENERAL

- 8.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on 28 April, 2017.
- 8.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

