



Annual Report 2018



Saritow Spinning Mills Limited

CONTENTS

Company Information	2
Vision and Mission Statement	3
Notice of Annual General Meeting	4
Financial Highlights - <i>Six Years at a Glance</i>	8
Directors' Report to the Shareholders	9
Statement in Compliance of the Code of Corporate Governance.....	13
Statement of Compliance with listed Companies	15
Independent Auditor's Review Report	18
Independent Auditor's Report	19
Statement of Financial Position	22
Statement of Profit or Loss	24
Statement of Comprehensive Income	25
Statement of Cash Flows	26
Statement of Changes in Equity	27
Notes to and forming part of Financial Statements.....	28
Pattern of Shareholding.....	58
Form of Proxy.....	63

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman
Mr. Samir Iqbal Saigol	Chief Executive Officer
Mr. M. Murad Saigol	
Mr. M. Zeid Yousuf Saigol	
Mr. Muhammad Omer Farooq	
Mr. Muhammad Athar Rafiq	
Syed Haroon Rashid	NIT Nominee

AUDIT COMMITTEE

Syed Haroon Rashid	Chairman/Member
Mr. M. Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member

HR & REMUNERATION COMMITTEE

Syed Haroon Rashid	Chairman/Member
Mr. M. Zeid Yousuf Saigol	Member
Mr. Samir Iqbal Saigol	Member
Mr. Muhammad Omer Farooq	Member

COMPANY SECRETARY

Mr. Anees-ur-Rehman

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shamil, FCA

AUDITORS

Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
NIB Bank Limited
The Bank of Punjab
Summit Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
Askari Bank Limited
Habib Bank Limited
JS Bank Limited
Sindh Bank Limited

SHARE REGISTRAR

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 042-35916714-19, 35839182 Fax: 042-35869037
E-mail: shares@corplink.com.pk

REGISTERED OFFICE

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35717364-65 & 35715029-30
Fax: 042-35715105
E-mail: shares@saigols.com

MILLS

51-KM, Multan Road,
Phool Nagar, District Kasur

VISION

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by marketing high quality of yarn through team work by means of honesty, integrity and commitment.

MISSION

To transform the Company into a modern and dynamic Yarn manufacturing Company and to provide quality products to customers and explore new markets to promote / expand sales of the Company through Good Governance and foster a sound and dynamic team, so as to achieve optimum profitability for the Company for sustainable and equitable growth and prosperity of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **32nd Annual General Meeting** of Shareholders of **Saritow Spinning Mills Limited** will be held on **Saturday, October 27, 2018 at 10:00 A.M.** at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

1. To confirm the minutes of the last Extraordinary General Meeting held on March 22, 2018.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2018 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Lahore : October 06, 2018

Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from October 21, 2018 to October 27, 2018 (both days inclusive). Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", wings arcade, 1-K, Commercial Model Town, Lahore on or before October 20, 2018 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.
4. Members are requested to notify the Company change in their addresses, if any
5. Annual Audited Financial Statements of the Company for the Financial Year ended June 30, 2018 have been placed on the Company's website i.e. www.saritowspinningmillsLtd.com
6. **SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2018, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 15.00% and Non filers of Income Tax return 20.00%.

7. **Payment of Cash Dividend Electronically**

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. The shareholders are requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.) at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker/participant/CDC Investor account services.

8. Transmission of Annual Financial Statements through E-mail

The Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their written consent. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.)

9. Transmission of Annual Financial Statements through CD/DVD/USB

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses. However a shareholder may request to the Company Secretary at 17- Aziz Avenue, Canal Bank, Gulberg-V, Lahore to provide printed copy of Annual Financial Statements and the same will be provided at his/her registered address, free of cost, within one week of the demand.

10. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

7- نفع منافع کی الیکٹرونک ادائیگی

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت کوئی بھی قابل ادائیگی منافع شیئر ہولڈر کے بتائے گئے اکاؤنٹ میں الیکٹرانکلی جمع کروایا جائے گا۔ تمام حصہ داران سے استدعا کی جاتی ہے کہ وہ اپنے فوئیو نمبر اور نام کے ساتھ بینک اکاؤنٹ کی تفصیلات جیسے بینک کا نام، برانچ کا نام، برانچ کوڈ، اکاؤنٹ نمبر، اکاؤنٹ ٹائٹل اور IBAN جس میں وہ منافع لینا چاہتے ہیں فراہم کریں کیونکہ اس کے بغیر کمپنی کسی اور طریقے سے ادائیگی کرنے سے قاصر ہے۔ تجویز کردہ درخواست فارم کمپنی کی ویب سائٹ پر موجود ہے۔ تمام ممبرز سے التماس ہے کہ درج بالا معلومات کمپنی کے شیئر رجسٹرار (میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن، لاہور) کو فوری ارسال کریں۔

شیئرز CDC میں ہونے کی صورت میں فارم حصہ داران کے بروکرز / شرکت دار اور CDC حصہ دار کو ارسال کر دیا جائے گا۔

8- سالانہ مالی رپورٹ کی ترسیل بذریعہ E-mail

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 2014(I) 787 مورخہ 8 ستمبر 2014 کے تحت کمپنیوں کو اپنے سالانہ بیلنس شیٹ، منافع اور نقصان کے کھاتے، آڈیٹرز اور ڈائریکٹرز رپورٹ کے ساتھ سالانہ اجلاس عام کے نوٹس کو بذریعہ ای میل فراہم کرنے کی اجازت دی ہے۔ وہ ممبران جو اس سہولت سے فائدہ اٹھانا چاہتے ہیں وہ تحریری طور پر مطلع کریں۔ تجویز کردہ درخواست فارم ہماری ویب سائٹ پر موجود ہے۔ ممبرز سے گزارش ہے کہ درکار تفصیلات ہمارے شیئر رجسٹرار (کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن، لاہور) کو ارسال کریں۔

9- سالانہ مالی رپورٹ کی ترسیل بذریعہ CD/DVD/USB

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 2016(I) 470 مورخہ 31 مئی 2016 کے تحت کمپنی کے سالانہ اکاؤنٹس، نفع اور نقصان کے کھاتے، آڈیٹرز رپورٹ اپنے ممبرز کو CD/DVD/USB پر ممبرز کے رجسٹرڈ پتہ پر فراہم کرنے کی اجازت دی ہے۔ تاہم کوئی بھی حصہ دار چھپے ہوئے سالانہ مالیاتی گوشوارے حاصل کرنے کیلئے کمپنی سیکرٹری کو (17 عزیز ایونیو، کینال بینک، گلبرگ V لاہور) پر درخواست بھیج سکتا ہے، جو کہ اس کو بغیر کسی معاوضہ کے طلب کے 7 دن کے اندر اندر فراہم کئے جائیں گے۔

10- زکوٰۃ ڈیکلیریشن (CZ-50)

زکوٰۃ اور عشر قوانین کے تحت ڈیویڈنڈ سے زکوٰۃ کی کٹوتی شیئرز کی ادا شدہ رقم (10 روپے فی حصص) پر 2.5 فیصد کے حساب سے کی جائے گی اور متعلقہ اتھارٹیز کو مقررہ مدت میں جمع کروادی جائے گی۔ برائے مہربانی استثنیٰ کے خواہشمند افراد زکوٰۃ اور عشر آرڈیننس 1980 اور CZ-50 فارم زکوٰۃ کے قوانین (کٹوتی اور واپسی) کے قانون نمبر 4 کے تحت اپنے زکوٰۃ ڈیکلیریشن فارم اپنے بروکریسنٹرل ڈیپازٹری کمپنی لمیٹڈ (شیئرز کے انویسٹر اکاؤنٹس سروسز میں CDC میں ہونے کی صورت میں) یا ہمارے شیئر رجسٹرار آفس کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل ماڈل ٹاؤن لاہور کو ارسال کریں (شیئرز کے پیپر شوفلیٹ کی صورت میں ہونے پر) شیئر ہولڈرز زکوٰۃ ڈیکلیریشن ارسال کرتے ہوئے اپنی کمپنی کا نام اور انکے متعلقہ فوئیو نمبر ضرور فراہم کریں۔

سالانہ اجلاس عام کی اطلاع

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ساریٹو سپننگ ملز لمیٹڈ کے حصص داران کا بتیسواں (32nd) سالانہ اجلاس عام 27 اکتوبر 2018 بروز ہفتہ 10 بجے صبح کمپنی کے رجسٹرڈ آفس 17 عزیز ایونیو کینال بینک، گلبرگ-V لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

- 1- 22 مارچ 2018 کو منعقد ہونے والے غیر معمولی اجلاس عام کی کارروائی کی تصدیق۔
- 2- مالی سال ختم 30 جون 2018 کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات بھر اہان پرڈائریکٹران و آڈیٹران کی رپورٹس کی وصولی اور ان کی قبولیت۔
- 3- اگلے سالانہ اجلاس کے اختتام تک عہدہ پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 4- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

بحکم بورڈ

کمپنی سیکرٹری

لاہور 06 اکتوبر 2018

نوٹس

- 1- کمپنی کی حصص کی منتقلی کی کتابیں 21 اکتوبر 2018 تا 27 اکتوبر 2018 (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار آفس ایم ایس کارپ لنک (پرائیویٹ) لمیٹڈ ونگز آرکیڈ، 1-K، کمرشل ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 20 اکتوبر 2018 کو کاروبار بند ہونے تک قابل قبول ہوں گی۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر پر کسی مقرر کر سکتا ہے۔ پراکسیاں تا آنکہ موثر ہو سکیں، اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے صدر دفتر (17- عزیز ایونیو کینال بینک، گلبرگ-V لاہور) میں لازماً وصول ہونی چاہئیں اور باقاعدہ مہرزہ، دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔
- 3- وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں التماس ہے کہ وہ اپنے اصلی شناختی کارڈ یا پاسپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کیلئے ہمراہ لائیں۔
- 4- ممبران سے التماس ہے کہ اپنے پتے میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔
- 5- 30 جون 2018 کو ختم ہونے والے مالی سال کے کمپنی کے سالانہ آڈیٹڈ اکاؤنٹس کمپنی کی ویب سائٹ www.saritowspinningmills.com پر جاری کر دیئے گئے ہیں۔

6- کمپیوٹرائزڈ قومی شناختی کارڈ / نیشنل ٹیکس نمبر کی نقول کی حوالگی (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے تحت ڈیویڈنڈ وارنٹ پر شیئر ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ ہونا لازمی ہے۔ فنانس ایکٹ 2018 کے تحت کی جانے والی ترمیم کے مطابق ڈیویڈنڈ پرائم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت ود ہولڈنگ ٹیکس کی کٹوتی فائلر کیلئے 15 فیصد اور نان فائلر کیلئے 20 فیصد ہوگی۔

FINANCIAL HIGHLIGHTS - Six Years at a Glance

Particulars	2018	2017	2016	2015	2014	2013
<u>Operating Performance (Rupees in Thousands)</u>						
Turnover- Net	2,993,265	2,934,545	2,470,387	2,496,767	2,523,328	2,188,429
Gross Profit	178,403	162,762	41,699	167,790	231,337	303,956
Profit/(Loss) before tax	46,760	27,560	(88,436)	(27,788)	53,274	157,973
Profit/(Loss) after tax	17,868	13,779	(66,156)	(17,499)	42,075	120,511
<u>Financial Position (Rupees in Thousands)</u>						
Share Capital	298,406	298,406	298,406	298,406	298,406	298,406
Shareholders, Equity	571,263	557,467	516,960	577,426	631,070	598,772
Operating Fixed Assets	1,298,134	1,315,578	1,360,930	1,432,050	1,446,553	1,074,622
Total Assets	2,175,900	2,175,202	2,061,806	2,045,964	2,084,799	1,597,520
Bank Borrowings	790,299	850,773	703,299	615,691	700,960	278,122
<u>Ratio Analysis</u>						
<i>Profitability</i>						
Gross Profit Margin-% age	5.96	5.55	1.69	6.72	9.17	13.89
Profit/(Loss) after tax-% age	0.60	0.47	(2.68)	(0.70)	1.67	5.51
Earning/(Loss) Per Share-Rupees	0.60	0.46	(2.22)	(0.59)	1.41	4.04
<i>Activity</i>						
Sales to Operating Fixed Assets-Times	2.31	2.23	1.82	1.74	1.74	2.04
<i>Liquidity</i>						
Current Ratio-Times	0.98	0.91	0.96	1.05	1.19	1.37
Break up Value Per Share-Rupees	19.14	18.68	17.32	19.35	21.15	20.07

DIRECTORS' REPORT

The Directors of M/s Saritow Spinning Mills Limited are please to present Financial Results for the year ended June 30, 2018 along with director report thereon.

Financial High Lights	2018 ('000)	2017 ('000)
Net Sales	2,993.265	2,934.545
Gross Profit	178.402	162.762
Profit before Tax	46.760	27.560
Profit after Tax	17.867	13.307
Gross Profit Ratio to Sales	5.96%	5.55%
Profit after Tax Ratio to Sales	0.60%	0.45%

Operating Financial Results

During the year under review Alhamdulillah, your Company had performed well during the year under review. Total net sales for the year were Rs 2,993.265 million as compared to Rs 2,934.545 million during last year. Net profit after tax for the year is Rs. 17.867 million as against after tax profit of Rs. 13.307 million in corresponding year.

The year under review was competitive as usual for Textile Industry in general, Domestic crop of raw cotton was affected due to various reasons and only 10.7 million bales were harvested which is quite low as compared to our domestic consumption. Cotton prices were up and many mills were forced to shut down and the rest were forced to import expensive raw material from abroad. Yarn prices remain subdued except for the last quarter of the year under review. During last quarter due to various economic factors yarn prices improved locally and in international market which resulted in batter net profits compared to corresponding year.

Future Outlook

Presently textile industry is under pressure due to prevailing international economic scenario in the wake of ongoing trade war between two super economic powers of the world. Yarn market is under pressure at the moment, but we hope that the prices of yarn will improve in days to come. Present Government is also working for facilitating the export oriented industries which will have positive impact on earnings of Textile industry.

Merger/amalgamation of Kohinoor Power Company Limited and Saritow Spinning Mills Limited

The Board of Directors have considered and given in principle approval for merger / amalgamation of Kohinoor Power Company Limited and Saritow Spinning Mills Limited in terms of the provisions of the Companies Act, 2017. The Scheme of Arrangement for merger / amalgamation will be prepared and presented to the Board in due course for approval and shall be subject to obtaining all requisite permissions / approvals and sanction of the Scheme by the honorable Lahore High Court, Lahore and subject to fulfillment of all requisite legal requirements. The proposed merger/amalgamation will be beneficial for the stakeholders of both the companies.

Cash Flow Management

Board of directors places great importance for an effective cash flow management so as to ensure smooth running of the business. For this purpose cash inflows and outflows are projected on regular basis and verified periodically. Working capital requirements have been planned to be finance through internal cash generation and short term financing from external sources.

Corporate Social Responsibility (CSR)

Your company gives high priority to its social responsibilities and is committed to the highest standards of corporate behavior. The company's CSR responsibilities are fulfilled through monetary contributions in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities. Our CSR includes contributions to hospitals and education programs engaged in assisting the under privileged patients students and children's of various walks of life.

Health Safety and Environment

Your company is well aware of the importance of skilled workers and staff therefore the company is strongly committed towards all aspects of safety, health and environment connected with our business.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

Total Number of Directors	
Male	7
Female	None
Composition	
Independent Directors	Syed Haroon Rashid
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
	Mr. Muhammad Athar Rafiq
Executive Directors	Mr. Samir Iqbal Saigol

COMMITTEE'S

Detail of Committee's of Board is as under

AUDIT COMMITTEE	
Syed Haroon Rashid	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member
HR & REMUNERATION COMMITTEE	
Syed Haroon Rashid	Chairman/Member
Mr. Samir Iqbal Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Board

Mian Samir Iqbal Saigol
Chief Executive

Lahore : October 06, 2018

کمیشنر

بورڈ کی کمیٹی کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب سید ہارون رشید	چیئر مین / ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر
جناب محمد اطہر رفیق	ممبر

ایچ آر اینڈ ریمریشن کمیٹی

جناب سید ہارون رشید	چیئر مین / ممبر
جناب سامر اقبال سہگل	ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہہ دل سے مشکور ہیں۔ ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی اپنے ملازمین کو سہارا دیتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔

منجانب و برائے بورڈ:

لاہور

06 اکتوبر، 2018

میاں سامر اقبال سہگل

چیف ایگزیکٹو

ڈائریکٹرز رپورٹ

سارٹو سپننگ ملز لمیٹڈ کے ڈائریکٹرز بڑی مسرت کے ساتھ کمپنی کے رواں مالی سال کے مالیاتی نتائج پیش کرتے ہیں جو کہ 30 جون 2018 کو مکمل ہو رہا ہے۔

آپریشنل نتائج

زیر نظر مدت کے دوران الحمد للہ آپ کی کمپنی نے زیر نظر سال کے دوران بہتر کارکردگی کا مظاہرہ کیا ہے دوران سال تمام مصنوعات کی فروخت 2,993.265 ملین روپے رہی اس کے مقابلے میں پچھلے اس عرصے کے دوران تمام مصنوعات کی فروخت 2,934.545 ملین روپے تھی۔ زیر نظر سال میں آپ کی کمپنی نے 17.860 ملین روپے کا خالص منافع کمایا ہے جو گذشتہ سال 13.307 ملین روپے کا خالص منافع کمایا تھا۔

زیر نظر سال ٹیکسٹائل صنعت کے لئے عمومی طور پر گذشتہ سالوں کی طرح بہت سخت تھا ملکی کپاس کی فصل مختلف وجوہات کی بنا پر بڑی طرح متاثر ہوئی جسکی وجہ سے کپاس کی پیداوار صرف 10.7 ملین گانٹھ رہی۔ جو کہ ہماری ملکی ٹیکسٹائل صنعت کی ضروریات سے بہت کم ہے۔ کپاس کی قیمتیں بڑھنے سے بہت ساری ملیں بند ہونے پر مجبور ہو گئیں اور بقایا کو بہت مہنگی غیر ملکی روئی درآمد کرنی پڑی۔ سال کے شروع میں دھاگے کی قیمتیں بہت دباؤ میں تھیں مگر زیر نظر سال کے آخری چوتھائی میں دھاگے کی قیمتیں معاشرتی وجوہات کی وجہ سے اندرون ملک اور عالمی منڈی میں بہتر ہو گئی جس کی وجہ سے پچھلے سال کی نسبت کمپنی کا خالص منافع بہتر ہو گیا۔

مستقبل کا نقطہ نظر

موجودہ وقت میں ٹیکسٹائل کی صنعت دنیا کی موجودہ معاشرتی حالات جو کہ دو بڑی طاقتوں میں کھینچاؤ کی وجہ سے بہت خراب ہیں۔ دھاگے کی مارکیٹ بہت دباؤ میں ہے۔ لیکن ہم اُمید کرتے ہیں کہ آنے والے دنوں میں دھاگے کی قیمتیں بہتر ہو جائیں گی موجودہ حکومت بھی ٹیکسٹائل صنعت کی بہتری کے لئے اقدامات کر رہی ہے۔ جس کا آنے والے دنوں میں کمپنی کے منافع پر مثبت اثر ہوگا۔

کوہ نور پاور کمپنی لمیٹڈ اور سارٹو سپننگ ملز لمیٹڈ کا آپس میں زم ہونا

کمپنی کے بورڈ آف ڈائریکٹرز نے اصولی طور پر کوہ نور پاور کمپنی لمیٹڈ کو سارٹو سپننگ ملز لمیٹڈ میں زم کرنے کی منظوری کمپنی ایکٹ 2017 کی شقوں کے مطابق منظوری دے دی ہے۔ دونوں کمپنیوں کے زم ہونے کی مکمل شرائط جو بورڈ آف ڈائریکٹرز کی منظوری کے لیے تیار کی جائیں گی۔ اور اس کے بعد اس سکیم کی منظوری قانون کے مطابق عزت مآب لاہور ہائی کورٹ سے لی جائے گی۔ کوہ نور پاور کمپنی لمیٹڈ کا سارٹو سپننگ ملز لمیٹڈ میں زم ہونا دونوں کمپنیوں کے حصہ داروں کے لیے فائدہ مند ثابت ہوگا۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
7	مرد
کوئی نہیں	عورت
ساخت	
آزاد ڈائریکٹر	جناب سید بارون رشید
نان ایگزیکٹو ڈائریکٹر	جناب محمد نسیم سہگل
	جناب محمد زید یوسف سہگل
	جناب محمد مراد سہگل
	جناب محمد عمر فاروق
	جناب محمد اطہر رفیق
ایگزیکٹو ڈائریکٹر	جناب سامرا اقبال سہگل

STATEMENT IN COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

- The Financial Statements, prepared by the management, present a true and fair state of affairs of the company, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- 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 control is sound in design and has been effectively implemented and maintained at all levels within the Company.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no outstanding statutory payments on account of duties, levies and charges.
- Significant deviation from last year in operating results of the Company and reasons thereof have been explained.
- The Key Operating and Financial Data of last six years are attached to the Report.
- There are no significant plans for corporate restructuring and discontinuation of operations except for improvement in the normal business activities to increase the business.
- Four Meetings of the Board of Directors of the Company were held during the year under review. Following was the attendance of the Directors: -

Name of Directors

No. of Meetings Attended

Mr. M. Naseem Saigol	1
Mr. M. Azam Saigol	0 (Ceased as on 26-02-2018)
Mr. M. Zeid Yousuf Saigol	2
Mr. Samir Iqbal Saigol	3
Mr. Muhammad Murad Saigol	1 (Appointed as on 26-02-2018)
Mr. Muhammad Omer Farooq	4
Mr. Muhammad Athar Rafiq	4
Syed Haroon Rashid	4

- Four Meetings of the Audit Committee were held during the year under review. Following was the attendance of the Members: -

Name of Members

No. of Meetings Attended

Syed Haroon Rashid	4
Mr. M. Zeid Yousuf Saigol	2
Mr. Muhammad Omer Farooq	4
Mr. Muhammad Athar Rafiq	4

- One Meeting of HR & Remuneration Committee was held during the year under review. Following was the attendance of the Members: -

Name of Members

No. of Meeting Attended

Syed Haroon Rashid	1
Mr. Samir Iqbal Saigol	1
Mr. M. Zeid Yousuf Saigol	1
Mr. Muhammad Omer Farooq	1

During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in the shares of the Company except as mentioned in Categories of Shareholding required under Code of Corporate Governance.

Pattern of Shareholding

A statement showing pattern of shareholding as on June 30, 2018 is annexed.

Acknowledgment

The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board

Lahore : October 06, 2018

Chief Executive Officer

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company: **SARITOW SPINNING MILLS LIMITED**

Year ending: **JUNE 30, 2018**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven as per the following:

a) Male: Seven

b) Female: None

2. The composition of board is as follows:

Category	Names
Independent Directors	Syed Haroon Rashid
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
	Mr. Muhammad Athar Rafiq
Executive Directors	Mr. Samir Iqbal Saigol

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
- 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.
- 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.
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- The Board has arranged Directors' Training program for the following:
 - Mr. Muhammad Zeid Yousuf Saigol
 - Mr. Muhammad Murad Saigol
 - Mr. Muhammad Omer Farooq
 - Mr. Muhammad Athar Rafiq
- The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee:**
 1. Syed Haroon Rashid
 2. Mr. Muhammad Zeid Yousuf Saigol
 3. Mr. Muhammad Omer Farooq
 4. Mr. Muhammad Athar Rafiq
 - b) **HR and Remuneration Committee:**
 1. Syed Haroon Rashid
 2. Mr. Muhammad Zeid Yousuf Saigol
 3. Mr. Samir Iqbal Saigol
 4. Mr. Muhammad Omer Farooq
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) **Audit Committee:**
 1. October 06, 2017
 2. October 30, 2017
 3. February 26, 2018
 4. April 27, 2018
 - b) **HR and Remuneration Committee:**
 1. October 06, 2017
15. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. 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 and registered with Audit Oversight Board of Pakistan, 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Lahore : October 06, 2018

M. Naseem Saigol
Chairman

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of **SARITOW SPINNING MILLS LIMITED**

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 [the Regulations] prepared by the Board of Directors of **SARITOW SPINNING MILLS LIMITED** for the year ended **June 30, 2018** in accordance with the requirements of regulation 40 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended **June 30, 2018**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore: **October 06, 2018**

INDEPENDENT AUDITOR'S REPORT

To the members of SARITOW SPINNING MILLS LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SARITOW SPINNING MILLS LIMITED** [the Company], which comprise the statement of financial position as at **June 30, 2018**, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing [ISAs] as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan [the Code] and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>1. Preparation of financial statements under Companies Act, 2017</p> <p>As disclosed in note 3 to the annexed financial statements, the Companies Act, 2017 [the Act] became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.</p> <p>We also evaluated the sources of information used by the management for the preparation of these disclosures and the internal consistency of such disclosures with other elements of the financial</p>

Key audit matter

various elements of the financial statements.

In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3 to the annexed financial statements.

Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property, plant and equipment as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 5 to the accompanying financial statements.

The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from transition to the new reporting requirements under the Act.

How our audit addressed the key audit matter

statements.

In respect of the change in accounting policy for the accounting and presentation of surplus on revaluation of property, plant and equipment, as referred to in note 5 to the financial statements, we assessed the accounting implications in accordance with the accounting and reporting standards as applicable in Pakistan and evaluated its application in the context of the Company.

2. Inventory valuation

Stock in trade amounts to Rs 566.941 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade.

The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contracts in hand and historically realized sales prices.

The significance of the balance coupled with the judgment involved has resulted in the valuation of stock in trade being identified as a key audit matter

The disclosures in relation to stock in trade are included in note 23.

To address the valuation of stock in trade, we assessed historical costs recorded in the valuation of stock in trade; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to stock in trade.

We also assessed management's determination of the net realizable value of stock in trade by performing tests on the sales prices secured by the Company for similar or comparable items of stock in trade.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore: October 06, 2018



SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
<i>Authorized capital</i>				
35,000,000 (2017: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000	350,000,000
Issued, subscribed and paid-up capital	8	298,406,070	298,406,070	298,406,070
Surplus on revaluation of property, plant and equipment	9	59,676,306	60,421,236	61,189,998
Accumulated profit		213,180,813	198,639,972	184,925,743
TOTAL EQUITY		571,263,189	557,467,278	544,521,811
NON-CURRENT LIABILITIES				
Loan from directors and family members - <i>Unsecured, subordinate</i>	10	265,884,966	265,884,966	265,884,966
Long term finances - <i>Secured</i>	11	228,132,505	201,890,309	302,835,465
Liabilities against assets subject to finance lease - <i>Secured</i>	12	21,771,155	5,388,691	12,352,942
Long term deposits - <i>Unsecured</i>	13	8,000,000	8,000,000	8,000,000
Employees retirement benefits	14	69,489,015	59,307,597	51,147,526
Deferred taxation	15	144,239,578	152,949,760	168,840,139
		737,517,219	693,421,323	809,061,038
CURRENT LIABILITIES				
Trade and other payables	16	313,435,349	264,645,414	305,013,285
Unclaimed dividend		485,351	485,351	458,351
Short term borrowings	17	490,309,915	528,125,313	354,758,296
Accrued interest/markup		12,804,441	15,689,287	14,639,801
Current portion of non-current liabilities	18	50,084,555	115,368,415	33,353,025
		867,119,611	924,313,780	708,222,758
TOTAL LIABILITIES		1,604,636,830	1,617,735,103	1,517,283,796
CONTINGENCIES AND COMMITMENTS				
	19	2,175,900,019	2,175,202,381	2,061,805,607

The annexed notes from 1 to 50 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	20	1,298,133,887	1,315,578,169	1,360,930,080
Long term deposits - <i>Unsecured, considered good</i>	21	27,924,506	22,674,506	21,038,886
		1,326,058,393	1,338,252,675	1,381,968,966
CURRENT ASSETS				
Stores, spares and loose tools	22	20,955,036	19,540,628	19,998,088
Stock in trade	23	566,940,860	547,688,266	453,251,090
Trade receivables - <i>Unsecured, considered good</i>		56,584,024	98,890,257	58,939,389
Advances, deposits, prepayments and other receivables	24	95,432,355	83,354,832	68,967,349
Current taxation	25	56,490,452	63,946,040	66,495,655
Cash and bank balances	26	53,438,899	23,529,694	12,185,090
		849,841,626	836,949,706	679,835,641
TOTAL ASSETS		2,175,900,019	2,175,202,381	2,061,805,607

The annexed notes from 1 to 50 form an integral part of these financial statements.



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SARITOW SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	27	2,993,265,499	2,934,544,549
Cost of sales	28	(2,814,862,590)	(2,771,782,117)
Gross profit		178,402,909	162,762,432
Selling and distribution expenses	29	(6,746,728)	(9,236,080)
Administrative and general expenses	30	(45,558,988)	(50,963,432)
		(52,305,716)	(60,199,512)
Other income	31	474,818	12,686
Operating profit		126,572,011	102,575,606
Finance cost	32	(76,332,440)	(72,958,506)
Other charges	33	(3,479,982)	(2,057,545)
		(79,812,422)	(75,016,051)
Profit before taxation		46,759,589	27,559,555
Taxation	34	(28,892,017)	(14,252,218)
Profit after taxation		17,867,572	13,307,337
Earnings per share - basic and diluted	35	0.60	0.45

The annexed notes from 1 to 50 form an integral part of these financial statements.


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SARITOW SPINNING MILLS LIMITED

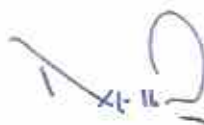
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)
<i>Items that may be reclassified subsequently to profit or loss</i>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligation	14, 4	(6,125,611)	(934,285)
Deferred tax on remeasurements of defined benefit obligation	15	1,776,427	280,286
Deferred tax adjustment on surplus on revaluation of property, plant and equipment attributable to changes in tax rates	9	(277,523)	(292,129)
		(4,626,707)	(946,128)
Other comprehensive loss		(4,626,707)	(946,128)
Profit for the year		17,867,572	13,307,337
Total comprehensive income		13,240,865	12,361,209

The annexed notes from 1 to 50 form an integral part of these financial statements.



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SARITOW SPINNING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

		Share capital	Capital reserves	Revenue reserves	Total equity
		Issued subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Accumulated profit	
	Note	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2016 - as originally reported	5	298,406,070	27,561,315	218,554,426	544,521,811
Impact of change in accounting policy		-	33,628,683	(33,628,683)	-
Balance as at July 01, 2016 - restated		298,406,070	61,189,998	184,925,743	544,521,811
Comprehensive income - restated					
Profit after taxation		-	-	13,307,337	13,307,337
Other comprehensive loss		-	292,129	(653,999)	(361,870)
Total comprehensive income - restated		-	292,129	12,653,338	12,945,467
Incremental depreciation - restated		-	(1,060,891)	1,060,891	-
Transaction with owners		-	-	-	-
Balance as at June 30, 2017 - restated		298,406,070	60,421,236	198,639,972	557,467,278
Balance as at July 01, 2017 - restated		298,406,070	60,421,236	198,639,972	557,467,278
Comprehensive income					
Profit after taxation		-	-	17,867,572	17,867,572
Other comprehensive loss		-	277,523	(4,349,184)	(4,071,661)
Total comprehensive income		-	277,523	13,518,388	13,795,911
Incremental depreciation		-	(1,022,453)	1,022,453	-
Transaction with owners		-	-	-	-
Balance as at June 30, 2018		298,406,070	59,676,306	213,180,813	571,263,189

The annexed notes from 1 to 50 form an integral part of these financial statements.


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SARITOW SPINNING MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations:	36	262,944,887	(7,754,385)
Payments for:			
Employees retirement benefits		(17,357,540)	(12,576,272)
Interest/markup/profit		(75,874,379)	(65,829,690)
Income tax		(28,092,661)	(27,020,567)
Net cash generated from/(used in) operating activities		141,620,307	(113,180,914)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(21,502,999)	(14,888,376)
Proceeds from disposal of property, plant and equipment		333,052	1,825,492
Long term deposits		(5,250,000)	(1,635,620)
Net cash used in investing activities		(26,419,947)	(14,698,504)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(33,224,323)	(12,764,790)
Repayment of liabilities against assets subject to finance lease		(14,726,252)	(21,390,891)
Net (decrease)/increase in short term borrowings		(37,815,398)	173,367,017
Net cash (used in)/generated from financing activities		(85,765,973)	139,211,336
NET INCREASE IN CASH AND CASH EQUIVALENTS		29,434,387	11,331,918
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		23,529,694	12,185,090
EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS		474,818	12,686
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	37	53,438,899	23,529,694

The annexed notes from 1 to 50 form an integral part of these financial statements.


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SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND OPERATIONS

Saritow Spinning Mills Limited ['the Company'] is incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore. The manufacturing facility is located at Bhai Pheru, District Kasur in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual

2.3 Judgments, estimates and assumptions

The preparation of financial statements 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. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. There are no estimation uncertainties as at the reporting date. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of operating fixed assets (see note 6.1.1)

The Company reassesses useful lives, depreciation method and rates for each item of operating fixed assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount and impairment (see note 6.22)

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Obligation under defined benefit plan (see note 6.5.2)

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.3.4 Taxation (see note 6.18)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

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SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

2.3.5 Provisions (see note 6.13)

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.6 Revaluation of property, plant and equipment (see note 6.2)

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.3.7 Net realizable values of stock in trade (see note 6.4).

The company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

2.5 Date of authorization for issue

These financial statements were authorized for issue on October 06, 2018 by the Board of Directors of the Company.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows have been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 12 - Disclosure of Interests in Other Entities)

IFRS 12 - Disclosure of Interests in Other Entities have been amended to clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

Companies Act, 2017

The Companies Act 2017 [the Act] was enacted on May 30, 2017. The Act has brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property, plant and equipment as fully explained in note 5 of these financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional/amended disclosures including, but not limited to, particulars of immovable assets of the Company (see note 20.1.1 and 20.1.6), management assessment of sufficiency of tax provision in the financial statements (see note 34.1), change in threshold for identification of executives (see note 44), additional disclosure requirements for related parties (see note 38), disclosure of significant events and transactions affecting the financial position and performance of the Company (see note 7), disclosure relating to number of employees (see note 47) etc.

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SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	July 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	July 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	July 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS 2014–2016 Cycle	January 01, 2018
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.

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SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

5 CHANGE IN ACCOUNTING POLICY

During the year, the Companies Act, 2017 has been enacted and has resulted in change in accounting policy for surplus on revaluation of property, plant and equipment.

- The surplus on revaluation of property, plant and equipment, which was previously disclosed in the statement of financial position of the Company after share capital and reserves, has now been included as part of equity with corresponding inclusion in statement of changes in equity;
- If an asset's carrying amount is increased as a result of revaluation, the increase will be recognised in statement of comprehensive income. However, the increase shall be recognised in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in statement of profit or loss;
- If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in statement of profit or loss. However, the decrease shall be recognised in statement of comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, section 235 of repealed Companies Ordinance, 1984 allowed that the surplus on revaluation of property, plant and equipment may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other property, plant and equipment of the Company.

The change has been applied retrospectively. The impact of retrospective application is as follows:

	2018 Rupees	2017 Rupees
Increase in current taxation	-	(471,997)
Impact on profit or loss	-	(471,997)
Impact on other comprehensive income	-	1,690,428
Impact on earnings per share	-	(0.0001)
Impact on liabilities	-	-
Impact on equity		
Decrease in accumulated profit	-	33,628,683
Increase in surplus on revaluation of property, plant and equipment	-	(33,628,683)
	-	-
Impact on assets	-	-

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change referred to in note 5.

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SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings on freehold land and plant and machinery which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 20.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

6.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

6.2 Surplus / deficit arising on revaluation of property, plant and equipment

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in share capital and reserves. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the surplus on revaluation of property, plant and equipment to accumulated profit.

6.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

6.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value.

Raw material	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.5 Employee benefits

6.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

6.5.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in statement of comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation. The details of the scheme are referred to in note 11 to the financial statements.

6.6 Financial instruments

6.6.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

6.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

(a) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

(b) *Financial liabilities at amortized cost*

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

6.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

6.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

6.6.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

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SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.8 Loans and borrowings

Loans and borrowings, other than those convertible into ordinary shares of the Company, are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

6.9 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

6.10 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

6.11 Ijarah transactions

Ujrah payments under an ijarah are recognized as an expense in profit or loss on straight line basis unless another systematic basis are representative of the time pattern of user's benefit.

6.12 Trade and other payables

6.12.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.12.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

6.13 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

6.14 Trade and other receivables

6.14.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.14.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. Transfer usually occurs on dispatch of goods to customers.

6.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

6.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

6.18 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in statement of comprehensive income.

6.18.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

6.18.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. 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 realized.

6.19 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

6.21 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

6.22 Impairment

5.22.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

5.22.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

6.23 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

7 SIGNIFICANT EVENTS AND TRANSACTIONS

During the year, there are no significant events and transactions that have affected the Company's financial position and performance.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Ordinary shares of Rs. 10 each		
13,275,000 (2017: 13,275,000) ordinary shares issued for cash	132,750,000	132,750,000
16,565,607 (2017: 16,565,607) ordinary shares issued as consideration on merger	165,656,070	165,656,070
	<u>298,406,070</u>	<u>298,406,070</u>

	Note	2018	2017
		Rupees	Rupees (Restated)

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at beginning of the year	60,421,236	61,189,998
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	(1,460,647)	(1,537,523)
Deferred taxation	438,194	476,632
	(1,022,453)	(1,060,891)
Deferred tax adjustment attributable to changes in tax rates	277,523	292,129
As at end of the year	<u>59,676,306</u>	<u>60,421,236</u>

10 LOAN FROM DIRECTORS AND FAMILY MEMBERS - UNSECURED, SUBORDINATE

This represents loan obtained from directors of the Company and their family members. The loan is unsecured.

The loan is subordinate to long term finances (see note 11) and short term borrowings (see note 17) of the Company. Accordingly the loan matures on March 31, 2021 being the date before which the lenders cannot demand repayment of this loan under the subordination agreement.

The loan carries interest at one year KIBOR plus 2.5% per annum payable on maturity. The lenders may at their sole discretion waive the payment of interest. During the year, interest amounting to Rs. 23.80 million (2017: Rs. 23.64 million) was waived by the lenders at their sole discretion.

	Note	2018	2017
		Rupees	Rupees

11 LONG TERM FINANCES - SECURED

These represent long term finances utilized under interest/markup/profit arrangements from banking companies

Term Finance - I	11.1	269,611,142	302,835,465
Current maturity presented under current liabilities	18	(41,478,637)	(100,945,156)
		<u>228,132,505</u>	<u>201,890,309</u>

11.1 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and their family members and personal guarantees of the Company's Directors. The finance carries markup at three months KIBOR plus 2.5% per annum (June 30, 2017: three months KIBOR plus 2.5% per annum) payable quarterly. The finance was originally repayable in twelve equal quarterly installments with first installment due in July 2017. During the period, the finance has been rescheduled and is now repayable in twenty eight unequal installments with the first installment due on January 2018.

11.2 For mortgages and charges on assets as security for liabilities, refer to note 43 to the financial statements.

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED			
Present value of minimum lease payments	12.1 & 12.2	30,377,073	19,811,950
Current portion presented under current liabilities	12.1 & 12.2	(8,605,918)	(14,423,259)
		<u>21,771,155</u>	<u>5,388,691</u>

12.1 These represent machinery acquired under finance lease arrangements. The leases are priced at three to six months KIBOR plus 2.25% to 4% per annum (2017: three months KIBOR plus 2.25% to 4% per annum). Lease rentals are payable monthly over a tenor of three to five years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of lease terms and intends to exercise the option.

12.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	2018 Rupees	2017 Rupees
Not later than one year	30,413,991	15,478,302
Later than one year but not later than five years	13,330,324	5,973,764
Total future minimum lease payments	43,744,315	21,452,066
Finance charge allocated to future periods	(13,367,242)	(2,375,014)
Present value of future minimum lease payments	30,377,073	19,811,950
Not later than one year	(8,605,918)	(14,423,259)
Later than one year but not later than five years	<u>21,771,155</u>	<u>5,388,691</u>

13 LONG TERM DEPOSITS - UNSECURED

These represent interest free security deposits from yarn dealers and are repayable on cancellation or withdrawal of dealership. These are being utilized by the Company in accordance with the terms of dealership agreements. These are classified as 'financial liabilities at amortized cost' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, since the date of repayment cannot be reasonably ascertained, these deposits have been carried at cost as their amortized cost is impracticable to determine.

14 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position represents present value of defined benefit obligation.

	Note	2018 Rupees	2017 Rupees
14.1 Movement in present value of defined benefit obligation			
As at beginning of the year		59,307,597	51,147,526
Charged to profit or loss for the year	14.2	21,413,347	19,802,058
Benefits paid during the year		(17,357,540)	(12,576,272)
Remeasurements recognized in other comprehensive income	14.4	6,125,611	934,285
As at end of the year		<u>69,489,015</u>	<u>59,307,597</u>

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
14.2 Charge to profit or loss			
Current service cost		17,742,757	15,764,713
Interest cost		3,670,590	4,037,345
		21,413,347	19,802,058
14.3 The charge to profit or loss has been allocated as follows			
Cost of sales	28.2	16,510,924	15,546,355
Selling and distribution expenses	29.1	405,906	314,893
Administrative and general expenses	30.1	4,496,517	3,940,810
		21,413,347	19,802,058
14.4 Remeasurements recognized in other comprehensive income			
Actuarial loss arising from changes in:			
Demographic assumptions		-	-
Financial assumptions		-	-
Experience adjustments		6,125,611	934,285
		6,125,611	934,285

14.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2018	2017
Discount rate	7.75%	7.25%
Expected rates of increase in salary	6.75%	6.25%
Expected average remaining working lives	11 years	11 years

14.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is eleven years.

14.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2019 amounts to Rs. 21.658 million.

14.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2018		2017	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		Rupees		Rupees
Discount rate	+ 1%	62,708,514	+ 1%	53,103,589
	- 1%	77,617,901	- 1%	66,810,397
Expected rate of increase in salary	+ 1%	77,617,901	+ 1%	66,810,397
	- 1%	62,591,373	- 1%	52,996,386

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

14.9 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	2018 Rupees	2017 Rupees
15 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	15.1	228,695,182	239,813,346
Deferred tax asset on deductible temporary differences	15.1	(84,455,604)	(86,863,586)
		<u>144,239,578</u>	<u>152,949,760</u>

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018			
	As at July 01, 2017 Rupees	Recognized in profit or loss Rupees	Recognized in equity Rupees	As at June 30, 2018 Rupees
Deferred tax liabilities				
Operating fixed assets - owned	229,059,413	(6,611,244)	(277,523)	222,170,646
Operating fixed assets - leased	10,753,933	(4,229,397)	-	6,524,536
	239,813,346	(10,840,641)	(277,523)	228,695,182
Deferred tax assets				
Employees retirement benefits	(17,792,279)	(583,108)	(1,776,427)	(20,151,814)
Unused tax losses and credits	(69,071,307)	4,767,517	-	(64,303,790)
	(86,863,586)	4,184,409	(1,776,427)	(84,455,604)
	<u>152,949,760</u>	<u>(6,656,232)</u>	<u>(2,053,950)</u>	<u>144,239,578</u>
	2017			
	As at July 01, 2016 Rupees	Recognized in profit or loss Rupees	Recognized in equity Rupees	As at June 30, 2017 Rupees
Deferred tax liabilities				
Operating fixed assets - owned	234,530,689	(5,179,147)	(292,129)	229,059,413
Operating fixed assets - leased	5,288,235	5,465,698	-	10,753,933
	239,818,924	286,551	(292,129)	239,813,346
Deferred tax assets				
Employees retirement benefits	(15,855,733)	(1,656,260)	(280,286)	(17,792,279)
Unused tax losses and credits	(55,123,052)	(13,948,255)	-	(69,071,307)
	(70,978,785)	(15,604,515)	(280,286)	(86,863,586)
	<u>168,840,139</u>	<u>(15,317,964)</u>	<u>(572,415)</u>	<u>152,949,760</u>

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 15.2 Deferred tax has been calculated at 29% (2017: 30%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

	Note	2018 Rupees	2017 Rupees
16 TRADE AND OTHER PAYABLES			
Trade creditors - <i>Unsecured</i>	16.1	122,276,552	114,748,222
Accrued liabilities		87,274,807	103,319,414
Advances from customers - <i>Unsecured</i>		30,644,452	8,004,680
Bills payable		46,185,724	26,618,114
Workers' Profit Participation Fund	16.2	2,516,291	1,480,213
Workers' Welfare Fund	16.3	1,518,631	562,440
Deductions against vehicle scheme	16.4	2,896,715	3,489,273
Other payables - <i>Unsecured</i>	16.5	20,122,177	6,423,058
		<u>313,435,349</u>	<u>264,645,414</u>

- 16.1 Trade creditors include an amount of Rs. 1,079,765 (2017: 954,912) due to a related party against rent of generator. The analysis of age is as follows:

	Note	2018 Rupees	2017 Rupees
Due by 0 to 180 days		1,079,765	954,912
Due by 181 days to one year		-	-
Due by more than one year		-	-
		<u>1,079,765</u>	<u>954,912</u>

16.2 Workers' Profit Participation Fund

As at beginning of the year		1,480,213	3,308
Interest on funds utilized by the Company	16.2.1	93,747	108
Charged to profit or loss for the year	33	2,516,291	1,480,105
Paid during the year		(1,573,960)	(3,308)
As at end of the year		<u>2,516,291</u>	<u>1,480,213</u>

- 16.2.1 Interest is charged at 11.68% (2017: 13.5%) per annum.

	Note	2018 Rupees	2017 Rupees
16.3 Workers' Welfare Fund			
As at beginning of the year		562,440	-
Charged to profit or loss for the year	33	956,191	562,440
As at end of the year		<u>1,518,631</u>	<u>562,440</u>

- 16.4 These represent deductions from employees' salaries on account of vehicle scheme whereby the Company and employees share a portion of the cost of vehicle. The vehicles are registered in the name of employee or leasing company in case of leased vehicles. The cost of vehicles is borne by the Company initially and is recovered from employees on monthly basis.

- 16.5 These represents withholding tax payable amounting to Rs. 20.12 million (2017: Rs. 6.4 million).

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
17 SHORT TERM BORROWINGS			
<i>Secured</i>			
These represent short term finances utilized under interest/markup arrangements from banking companies			
Running finances	17.1	275,599,837	272,856,072
Term loans	17.1	112,710,078	153,269,241
		388,309,915	426,125,313
<i>Unsecured</i>			
Loan from director	17.2	102,000,000	102,000,000
		490,309,915	528,125,313

- 17.1** These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current assets and operating fixed assets of the Company, pledge of stock, subordination of loan from directors and their family members and personal guarantees of the Company's Directors.

These finances carry markup at rates ranging from one to three months KIBOR plus 2 % to 7.25% per annum (2017: one to three months KIBOR plus 2% to 7.25% per annum), payable quarterly, except for term loans for which interest/markup is payable with principal on maturity.

The aggregate available short term funded facilities amounts to Rs. 795 million (2017: Rs. 795 million) out of which Rs. 407 million (2017: Rs. 369 million) remained unavailed as at the reporting date.

- 17.2** This represents temporary loan obtained from director of the Company. The loan is unsecured and interest free.

	Note	2018 Rupees	2017 Rupees
18 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	11	41,478,637	100,945,156
Liabilities against assets subject to finance lease	12	8,605,918	14,423,259
		50,084,555	115,368,415

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- 19.1.1** Guarantees issued by banks on behalf of the Company

80,980,000 80,980,000

- 19.1.2** The Company may have to indemnify its Directors for any loss that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.

19.2 Commitments

- 19.2.1** Commitments under irrevocable letters of credit for:

- purchase of raw material	143,246,527	47,923,004
- purchase of stores, spare and loose tools	877,219	469,875
	144,123,746	48,392,879

- 19.2.2** Commitments under operating leases

The Company has rented office premises under operating lease arrangements. Lease agreement covers a period of three years and is renewable/extendable on mutual consent. Commitments for payments in future periods under the lease agreement are as follows:

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
- payments not later than one year		1,807,920	4,205,088
- payments later than one year		-	1,807,920
		<u>1,807,920</u>	<u>6,013,008</u>

19.2.3 Commitments under operating leases

The Company has rented generator under operating lease arrangements. Lease agreement covers a period of one year and is renewable/extendable on mutual consent. Commitments for payments in future periods under the lease agreement are as follows:

	Note	2018 Rupees	2017 Rupees
- payments not later than one year		8,000,000	8,000,000
- payments later than one year		-	-
		<u>8,000,000</u>	<u>8,000,000</u>

20 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	20.1	1,272,842,512	1,315,578,169
Capital work in progress	20.2	25,291,375	-
		<u>1,298,133,887</u>	<u>1,315,578,169</u>

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

20.1 PROPERTY, PLANT AND EQUIPMENT

	2018										Net book value as at June 30, 2018 Rupees
	COST / REVALUED AMOUNTS					DEPRECIATION					
	As at July 01, 2017 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2018 Rupees	Rate %	As at July 01, 2017 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2018 Rupees	
Assets owned by the Company											
Freehold land	99,418,125	-	-	-	99,418,125	-	-	-	-	-	99,418,125
Buildings	326,906,844	-	-	-	326,906,844	5	160,581,140	8,316,286	-	168,897,426	158,009,418
Plant and machinery	1,656,587,216	-	-	18,675,699	1,675,262,915	5	682,442,123	48,998,371	-	731,440,494	943,822,421
Services and other equipment	2,976,737	-	-	-	2,976,737	10	2,234,586	74,216	-	2,308,802	667,935
Office equipment	8,666,607	-	-	-	8,666,607	10	7,165,240	150,137	-	7,315,377	1,351,230
Furniture and fixtures	7,627,523	-	-	-	7,627,523	10	6,560,252	106,727	-	6,666,979	960,544
Scooters and cycles	49,355	-	-	-	49,355	20	48,795	112	-	48,907	448
Arms and ammunitions	122,790	-	-	-	122,790	10	61,809	6,098	-	67,907	54,883
Vehicles	37,540,623	2,827,300	(1,004,190)	-	39,363,733	20	20,882,099	3,470,738	(671,138)	23,681,699	15,682,034
	2,139,895,820	2,827,300	(1,004,190)	18,675,699	2,160,394,629		879,976,044	61,122,685	(671,138)	940,427,591	1,219,967,038
Assets subject to finance lease											
Plant and machinery	67,101,229	-	-	-	67,101,229	5	11,442,836	2,782,919	-	14,225,755	52,875,474
	2,206,997,049	2,827,300	(1,004,190)	18,675,699	2,227,495,858		891,418,880	63,905,604	(671,138)	954,653,346	1,272,842,512

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	2017										Net book value as at June 30, 2017 Rupees
	COST / REVALUED AMOUNTS					DEPRECIATION					
	As at July 01, 2016 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2017 Rupees	Rate %	As at July 01, 2016 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2017 Rupees	
Assets owned by the Company											
Freehold land	99,418,125	-	-	-	99,418,125	-	-	-	-	-	99,418,125
Buildings	320,876,217	-	-	6,030,627	326,906,844	5	151,839,217	8,741,923	-	160,581,140	166,325,704
Plant and machinery	1,643,413,227	-	-	13,173,989	1,656,587,216	5	631,733,227	50,708,896	-	682,442,123	974,145,093
Services and other equipment	2,976,737	-	-	-	2,976,737	10	2,152,125	82,461	-	2,234,586	742,151
Office equipment	8,666,607	-	-	-	8,666,607	10	6,998,421	166,819	-	7,165,240	1,501,367
Furniture and fixtures	7,627,523	-	-	-	7,627,523	10	6,441,666	118,586	-	6,560,252	1,067,271
Scooters and cycles	49,355	-	-	-	49,355	20	48,655	140	-	48,795	560
Arms and ammunitions	122,790	-	-	-	122,790	10	55,033	6,776	-	61,809	60,981
Vehicles	40,880,858	70,000	(3,410,235)	-	37,540,623	20	18,219,255	4,247,587	(1,584,743)	20,882,099	16,658,524
	2,124,031,439	70,000	(3,410,235)	19,204,616	2,139,895,820		817,487,599	64,073,188	(1,584,743)	879,976,044	1,259,919,776
Assets subject to finance lease											
Plant and machinery	58,839,565	-	-	8,261,664	67,101,229	5	8,839,565	2,603,271	-	11,442,836	55,658,393
	2,182,871,004	70,000	(3,410,235)	27,466,280	2,206,997,049		826,327,164	66,676,459	(1,584,743)	891,418,880	1,315,578,169

20.1.1 Free hold land of the Company is located at District Kasur with a total area of 311 Kanal 18 Marla (2017: 311 Kanal 18 Marla).

20.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use and those from assets subject to finance lease on transfer of title to the Company at the end of lease term.

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

20.1.3 Disposal of property, plant and equipment

Vehicles

Suzuki Cultus

2018					Mode of disposal	Particulars of buyer
Cost/revalued amount Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain/(loss) on disposal Rupees		
1,004,190	671,138	333,052	333,052	-	Book value	Abdus Salam (Company employee) House # 1258, D Type Colony, Faisalabad
<u>1,004,190</u>	<u>671,138</u>	<u>333,052</u>	<u>333,052</u>	<u>-</u>		

Vehicles

Honda Civic
Honda Civic
Toyota GLI
Toyota GLI

2017					Mode of disposal	Particulars of buyer
Cost/revalued amount Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain/(loss) on disposal Rupees		
1,006,740	476,255	530,485	530,485	-	Book value	Company employee
957,778	453,093	504,685	504,685	-	Book value	Company employee
741,956	350,995	390,961	390,961	-	Book value	Company employee
703,761	304,400	399,361	399,361	-	Book value	Company employee
<u>3,410,235</u>	<u>1,584,743</u>	<u>1,825,492</u>	<u>1,825,492</u>	<u>-</u>		

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
20.1.4 The depreciation charge for the year has been allocated as follows:			
Cost of sales	28	60,171,792	62,136,551
Administrative and selling expenses	30	3,733,812	4,539,908
		<u>63,905,604</u>	<u>66,676,459</u>

20.1.5 Most recent valuation of land, building, plant and machinery was carried out by an independent valuer Messrs Star Tech Consultants as on June 30, 2016. For basis of valuation and other fair value measurement disclosures, refer to note 42.

Had there been no revaluation, the cost, accumulated depreciation and net book values of revalued items would have been as follows:

	2018		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	59,445,942	-	59,445,942
Buildings on freehold land	243,357,241	113,100,107	130,257,134
Plant and machinery	1,728,604,867	706,597,329	1,022,007,538
	2017		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	59,445,942	-	59,445,942
Buildings on freehold land	243,357,241	106,244,468	137,112,773
Plant and machinery	1,728,604,867	652,501,020	1,076,103,847

20.1.6 As per most recent valuation, forced sale values of freehold land, buildings on freehold land and plant and machinery are as follows:

	Rupees
Free hold land	79,534,500
Building on freehold land	126,780,000
Plant and machinery	743,175,000
	<u>949,489,500</u>

20.2 Capital work in progress

	2018			
	As at July 01, 2017 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2018 Rupees
Buildings	-	-	-	-
Plant and machinery	-	43,967,074	(18,675,699)	25,291,375
	<u>-</u>	<u>43,967,074</u>	<u>(18,675,699)</u>	<u>25,291,375</u>
	2017			
	As at July 01, 2016 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2017 Rupees
Buildings	4,386,240	1,644,387	(6,030,627)	-
Plant and machinery	-	21,435,653	(21,435,653)	-
	<u>4,386,240</u>	<u>23,080,040</u>	<u>(27,466,280)</u>	<u>-</u>

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
21 LONG TERM DEPOSITS			
Financial institutions		14,588,096	9,344,096
Others	21.1	13,336,410	13,330,410
		<u>27,924,506</u>	<u>22,674,506</u>

- 21.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	2018 Rupees	2017 Rupees
22 STORES, SPARES AND LOOSE TOOLS			
Stores		15,621,157	13,772,678
Spares		5,330,005	5,765,026
Loose tools		3,874	2,924
		<u>20,955,036</u>	<u>19,540,628</u>

- 22.1 There are no spare parts exclusively held for capitalization as at the reporting date.

23 STOCK IN TRADE

Raw material	23.1	378,548,092	445,798,577
Work in process		37,522,780	38,534,085
Finished goods	23.2	150,869,988	63,355,593
		<u>566,940,860</u>	<u>547,688,255</u>

- 23.1 These include stock in transit valued at Rs. 18,599,612 (2017: Rs. 69,845,454).

- 23.2 Stock of finished goods include stock of waste valued at net realizable value of Rs. 8,029,658 (2017: Rs. 5,496,826).

- 23.3 Entire stock in trade, with exception of stock of waste, is carried at cost being lower than net realizable value.

- 23.4 Details of stock pledged as security are referred to in note 43 to the financial statements.

	Note	2018 Rupees	2017 Rupees
24 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - <i>unsecured, considered good</i>		344,445	406,941
Advances to employees - <i>secured</i>	24.1	7,533,928	5,427,277
Security deposits		-	40,670
Prepayments		2,281,530	2,170,854
Letters of credit		50,090,641	1,727,822
Sales tax refundable		35,181,811	73,581,268
		<u>95,432,355</u>	<u>83,354,832</u>

- 24.1 These represent advances to employees against salaries and post employment benefits in accordance with the Company policy. No advances have been given to any of the directors of the Company.

	Note	2018 Rupees	2017 Rupees
25 CURRENT TAX ASSET			
Advance income tax		92,038,701	91,974,086
Provision for taxation		(35,548,249)	(28,028,046)
		<u>56,490,452</u>	<u>63,946,040</u>

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
26 CASH AND BANK BALANCES			
Cash in hand		474,847	1,211,222
Cash at banks			
current accounts in local currency		49,509,033	19,338,271
current accounts in foreign currency		3,455,019	2,980,201
		52,964,052	22,318,472
		<u>53,438,899</u>	<u>23,529,694</u>
27 SALES - NET			
Yarn		2,944,708,329	2,888,390,519
Waste		48,557,170	46,154,030
		<u>2,993,265,499</u>	<u>2,934,544,549</u>
28 COST OF SALES			
Raw material consumed	28.1	2,041,530,594	1,914,835,943
Power and fuel		381,706,607	342,665,382
Stores, spares and loose tools consumed		97,422,730	89,651,170
Salaries, wages and benefits	28.2	293,480,447	274,870,631
Entertainment		671,950	622,992
Insurance		3,882,200	3,005,490
Repair and maintenance		18,082,004	16,217,238
Traveling and conveyance		726,060	324,134
Vehicle running and maintenance		2,746,730	2,831,000
Depreciation	20.1.4	60,171,792	62,136,551
Others		944,566	832,301
Manufacturing cost		<u>2,901,365,680</u>	<u>2,707,992,832</u>
Work in process			
As at beginning of the year		38,534,085	28,898,614
As at end of the year		(37,522,780)	(38,534,085)
		1,011,305	(9,635,471)
Cost of goods manufactured		<u>2,902,376,985</u>	<u>2,698,357,361</u>
Finished goods			
As at beginning of the year		63,355,593	136,780,349
As at end of the year		(150,869,988)	(63,355,593)
		(87,514,395)	73,424,756
		<u>2,814,862,590</u>	<u>2,771,782,117</u>
28.1 Raw material consumed			
As at beginning of the year		445,798,577	287,572,127
Purchased during the year		1,974,280,109	2,073,062,393
As at end of the year		(378,548,092)	(445,798,577)
		<u>2,041,530,594</u>	<u>1,914,835,943</u>
28.2	These include charge in respect of employees retirement benefits amounting to Rs. 16,510,924 (2017: Rs. 15,546,355).		

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
29 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	29.1	2,585,181	2,246,093
Commission		3,813,730	6,648,131
Vehicle running and maintenance		125,455	134,428
Others		222,362	207,428
		<u>6,746,728</u>	<u>9,236,080</u>

29.1 These include charge in respect of employees retirement benefits amounting to Rs. 405,906 (2017: Rs. 314,893).

	Note	2018 Rupees	2017 Rupees
30 ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' meeting fee		40,000	25,000
Salaries and benefits	30.1	25,430,600	30,708,891
Rent, rates and utilities		4,565,817	4,099,680
Printing and stationery		792,115	653,473
Communication		1,464,483	1,555,928
Repair and maintenance		432,270	802,971
Vehicles running and maintenance		2,319,117	1,904,799
Fee and subscription		1,095,745	422,469
Traveling and conveyance		549,133	1,643,493
Legal and professional		517,000	560,508
Auditor's remuneration	30.2	786,250	786,250
Entertainment		560,581	533,322
Insurance		1,343,405	1,001,834
Depreciation	20.1.4	3,733,812	4,539,908
Others		1,928,660	1,724,906
		<u>45,558,988</u>	<u>50,963,432</u>

30.1 These include charge in respect of employees retirement benefits amounting to Rs. 4,496,517 (2017: Rs. 3,940,810).

	2018 Rupees	2017 Rupees
30.2 Auditor's remuneration		
Annual statutory audit	577,500	577,500
Limited scope review	131,250	131,250
Review report under Code of Corporate Governance	52,500	52,500
Out of pocket expenses	25,000	25,000
	<u>786,250</u>	<u>786,250</u>

31 OTHER INCOME

Gain on financial instruments

Exchange gain	474,818	12,686
	<u>474,818</u>	<u>12,686</u>

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
32 FINANCE COST			
Interest/markup on:			
loan from directors and family members		23,796,704	23,637,173
long term finances		26,124,466	26,177,799
liabilities against assets subject to finance lease		1,235,041	2,961,103
short term borrowings		45,630,026	37,740,274
Interest/markup waived	32.1	(23,796,704)	(23,637,173)
		72,989,533	66,879,176
Ijara rentals paid		-	2,549,629
Interest on workers' profit participation fund		93,747	108
Bank charges and commission		3,249,160	3,529,593
		<u>76,332,440</u>	<u>72,958,506</u>

32.1 This represents interest on loan obtained from directors and their family members which has been waived off by the lenders at their sole discretion.

	Note	2018 Rupees	2017 Rupees
33 OTHER CHARGES			
Workers' Profit Participation Fund	16.2	2,516,291	1,480,105
Workers' Welfare Fund	16.3	956,191	562,440
Donations	33.1	7,500	15,000
		<u>3,479,982</u>	<u>2,057,545</u>

33.1 None of the directors or their spouses had any interest in donees.

	Note	2018 Rupees	2017 Rupees
34 TAXATION			
Current taxation			
for current year	34.1	35,548,249	28,028,046
for prior year		-	1,542,136
		35,548,249	29,570,182
Deferred taxation	15.1		
for current year		(1,835,430)	(9,691,640)
adjustment attributable to changes in tax rates		(4,820,802)	(5,626,324)
		(6,656,232)	(15,317,964)
		<u>28,892,017</u>	<u>14,252,218</u>

34.1 Provision for taxation has been made under section 113 (2017: section 113) of the Income Tax Ordinance, 2001 ("the Ordinance"). There is no relationship between tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented. According to management, the provision for current taxation made in the financial statements is sufficient to discharge tax liability. A comparison of last three years of provision for current taxation with tax assessed is presented below:

	2017 Rupees	2016 Rupees	2015 Rupees
Provision for current taxation as per financial statements	29,570,182	-	8,762,425
Tax assessment under the Ordinance	28,028,046	24,703,872	29,315,483

34.2 The Government of Pakistan vide Finance Act 2017 notified a reduced tax rate of 30% for tax year 2018 as compared 31% applicable to previous year for Companies.

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 34.3 The income tax assessments of the Company up to and including tax year 2017 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except for the tax year highlighted below.
- 34.4 The Company's case for Tax Year 2015 was selected for audit in terms of section 177 of the Ordinance in September 2016. On conclusion of audit proceedings, the Assistant Commissioner Inland Revenue ['ACIR'] through order passed under section 122(1) of the Ordinance in July 2018 made certain additions to taxable income amounting to Rs. 21.83 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR (A)'] against this order which is pending adjudication.

	Unit	2018	2017
35 EARNING PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	Rupees	<u>17,867,572</u>	<u>13,307,337</u>
Weighted average number of ordinary shares outstanding during the year	No. of shares	<u>29,840,607</u>	<u>29,840,607</u>
Earning per share - Basic	Rupees	<u>0.60</u>	<u>0.45</u>

There is no dilutive effect on the basic earning per share of the Company.

	Note	2018	2017
		Rupees	Rupees
36 CASH GENERATED FROM/(USED IN) OPERATIONS			
Profit before taxation		46,759,589	27,559,555
Adjustments for non-cash and other items			
Interest/markup/profit on borrowings		72,989,533	66,879,176
Foreign exchange gain		(474,818)	(12,686)
Provision for employees retirement benefits		21,413,347	19,802,058
Depreciation		63,905,604	66,676,459
		<u>157,833,666</u>	<u>153,345,007</u>
Operating profit before changes in working capital		<u>204,593,255</u>	<u>180,904,562</u>
Changes in working capital			
Stores, spares and loose tools		(1,414,408)	457,440
Stock in trade		(19,252,605)	(94,437,165)
Trade receivables		42,306,233	(39,950,868)
Advances, deposits, prepayments and other receivables		(12,077,523)	(14,387,483)
Trade and other payables		48,789,935	(40,340,871)
		<u>58,351,632</u>	<u>(188,658,947)</u>
Cash generated from/(used in) operations		<u>262,944,887</u>	<u>(7,754,385)</u>

37 CASH AND CASH EQUIVALENTS

Cash and bank balances	26	<u>53,438,899</u>	<u>23,529,694</u>
		<u>53,438,899</u>	<u>23,529,694</u>

38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies, directors and their family members and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Kohinoor Power Company Limited	Associated company	Common directorship	N/A
Samir Iqbal Saigol	Key management personnel	Chief Executive Officer	0.004%
Naseem Saigol	Key management personnel	Director	27.27%
M. Azam Saigol	Key management personnel	Director(late)	3.12%
M. Murad Saigol	Key management personnel	Director	8.37%
M. Zeid Yousuf Saigol	Key management personnel	Director	8.39%
Syed Haroon Rashid	Key management personnel	Director	N/A

Transactions with directors and their family members are limited to provision of long term and temporary short term loans to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

		2018	2017
		Rupees	Rupees
38.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Key management personnel	Short-term employee benefits	4,660,000	7,465,000
	Post employment benefits	358,050	278,400
	Sale of vehicle	-	1,825,492
Associated company	Generator rent	12,000,000	12,000,000
38.2 Balances with related parties			
Nature of relationship	Nature of balance		
Directors and their family members	Long term loans	265,884,966	265,884,966
	Short term borrowing	102,000,000	102,000,000
Key management personnel	Short-term employee benefits payable	770,000	320,000
	Post employment benefits payable	6,767,145	4,983,360
Associated company	Generator rent payable	1,079,765	954,912

39 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	Note	2018	2017
		Rupees	Rupees
39.1 Financial assets			
Cash in hand	26	474,847	1,211,222
Loans and receivables			
Long term deposits	21	27,924,506	22,674,506
Trade receivables		56,584,024	98,890,257
Advances to employees		7,533,928	5,427,277
Security deposits	24	-	40,670
Bank balances	26	52,964,052	22,318,472
		145,481,357	150,562,404

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
39.2 Financial liabilities			
<i>Financial liabilities at amortized cost</i>			
Loan from directors and family members	10	265,884,966	265,884,966
Long term finances	11	269,611,142	302,835,465
Liabilities against assets subject to finance lease	12	30,377,073	19,811,950
Long term deposits	13	8,000,000	8,000,000
Short term borrowings	17	490,309,915	528,125,313
Accrued interest/markup		12,804,441	15,689,287
Trade creditors	16	122,276,552	114,748,222
Accrued liabilities	16	87,274,807	103,319,414
Bills payable	16	46,185,724	26,618,114
Unclaimed dividend		485,351	485,351
		<u>1,333,209,971</u>	<u>1,385,518,082</u>

40 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

40.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

40.1.1 Maximum exposure to credit risk

Credit risk mainly arises from the Company's loans and receivables. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2018 Rupees	2017 Rupees
<i>Loans and receivables</i>			
Long term deposits	21	27,924,506	22,674,506
Trade debts		56,584,024	98,890,257
Security deposits	24	-	40,670
Cash at banks	26	52,964,052	22,318,472
		<u>137,472,582</u>	<u>143,923,905</u>

40.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2018 Rupees	2017 Rupees
Customers	56,584,024	98,890,257
Banking companies and financial institutions	67,552,148	31,662,568
Utility companies and regulatory authorities	13,336,410	13,371,080
	<u>137,472,582</u>	<u>143,923,905</u>

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	2018				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Loan from directors and family members	265,884,966	289,681,670	-	289,681,670	-
Long term finances	269,611,142	344,903,010	63,256,376	281,646,634	-
Liabilities against assets subject to finance lease	30,377,073	43,744,315	30,413,991	13,330,324	-
Long term deposits	8,000,000	8,000,000	-	8,000,000	-
Short term borrowings	490,309,915	496,793,276	496,793,276	-	-
Accrued interest/markup	12,804,441	12,804,441	12,804,441	-	-
Trade creditors	122,276,552	122,276,552	122,276,552	-	-
Accrued liabilities	87,274,807	87,274,807	87,274,807	-	-
Bill payable	46,185,724	46,185,724	46,185,724	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	<u>1,333,209,971</u>	<u>1,452,149,146</u>	<u>859,490,518</u>	<u>592,658,628</u>	<u>-</u>
	2017				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Loan from directors and family members	265,884,966	289,558,139	-	289,558,139	-
Long term finances	302,835,465	338,836,318	121,649,893	217,186,425	-
Liabilities against assets subject to finance lease	19,811,950	21,452,066	15,478,302	5,973,764	-
Long term deposits	8,000,000	8,000,000	-	8,000,000	-
Short term borrowings	528,125,313	535,158,762	535,158,762	-	-
Accrued interest/markup	15,689,287	15,689,287	15,689,287	-	-
Trade creditors	114,748,222	114,748,222	114,748,222	-	-
Accrued liabilities	103,319,414	103,319,414	103,319,414	-	-
Bill payable	26,618,114	26,618,114	26,618,114	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	<u>1,385,518,082</u>	<u>1,453,865,673</u>	<u>933,147,345</u>	<u>520,718,328</u>	<u>-</u>

40.2.2 Liquidity risk management

The Company's approach to managing liquidity risk 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 Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies. Further, the Company has continued support of its sponsors and in respect of any temporary liquidity shortfalls.

40.3 Market risk

40.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

(a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

40.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to 'long term deposits' and 'cash at bank'. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

(b) Counterparties without external credit ratings

These include customers which are counter parties to 'trade debts' and utility companies and regulatory authorities which are counter parties to 'security deposits' and 'long term deposits'. Credit risk in respect of 'security deposits' and 'long term deposits' is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2018		2017	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Neither past due nor impaired	56,584,024	-	98,890,257	-
Past due	-	-	-	-
	<u>56,584,024</u>	<u>-</u>	<u>98,890,257</u>	<u>-</u>

The Company's four (2017: two) significant customers account for Rs. 35.28 million (2017: Rs. 47.34 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2017: 10%) of trade debts as at the reporting date. The Company's customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

40.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

40.1.5 Credit risk management

The Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

40.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

40.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	2018			
	CHF Rupees	EUR Rupees	USD Rupees	Total Rupees
Financial assets				
Cash and bank balances	-	-	3,455,019	3,455,019
Financial liabilities	-	-	-	-
Net balance sheet exposure	-	-	3,455,019	3,455,019
Foreign currency commitments	(216,501)	(660,718)	(143,246,527)	(144,123,746)
Net exposure	(216,501)	(660,718)	(139,791,508)	(140,668,727)
	2017			
	CHF Rupees	EUR Rupees	USD Rupees	Total Rupees
Financial assets				
Cash and bank balances	-	-	2,980,201	2,980,201
Financial liabilities	-	-	-	-
Net balance sheet exposure	-	-	2,980,201	2,980,201
Foreign currency commitments	-	-	(48,392,879)	(48,392,879)
Net exposure	-	-	(45,412,678)	(45,412,678)

(b) **Exchange rates applied as at reporting date**

The following spot exchange rates were applied as at reporting date

	2018		2017	
	Assets Rupees	Liabilities Rupees	Assets Rupees	Liabilities Rupees
CHF	-	122.11	-	-
EUR	-	141.33	-	-
USD	121.60	121.40	104.80	105.00

(c) **Sensitivity analysis**

A ten percent appreciation in Pak Rupee against the US \$ would have decreased profit for the year by Rs. 0.346 million (2017: Rs. 0.298 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) **Currency risk management**

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

40.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) **Interest/markup bearing financial instruments**

The effective interest/markup rates for interest/markup bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup bearing financial instruments as at the reporting date are as follows:

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	790,298,130	850,772,728

(b) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 7.90 million (2017: Rs. 8.51 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(c) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

40.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because 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 instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

41 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Any temporary shortfall is met through interest free loans from sponsors. The Board of Directors monitors the return on capital and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, loan from directors and family members and liabilities against assets subject to finance lease including current maturities. Total capital employed includes total equity, as shown in the statement of financial position, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	2018	2017
			(Restated)
Total debt	Rupees	565,873,181	588,532,381
Total equity	Rupees	571,263,189	557,467,278
		<u>1,137,136,370</u>	<u>1,145,999,659</u>
Gearing	% age	<u>49.76%</u>	<u>51.36%</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance and subordination of long term loan from directors and their family members (see note 10).

42 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

42.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

42.2 Assets and liabilities other than financial instruments.

42.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	2018 Rupees	2017 Rupees
Freehold land	-	99,418,125	-	99,418,125	99,418,125
Buildings	-	-	158,009,418	158,009,418	166,325,704
Plant and machinery	-	-	996,697,895	996,697,895	1,029,803,486

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 4.97 million (2017: Rs. 4.97 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in an increase in fair value of buildings by Rs. 7.9 million (2017: Rs. 8.32 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in an increase in fair value of plant and machinery by Rs. 49.83 million (2017: Rs. 51.49 million).

Reconciliation of fair value measurements categorized in Level 3 is presented in note 20.1.

There were no transfers between fair value hierarchies during the year.

42.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
43 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	1,167,000,000	534,000,000
Charge over operating fixed assets	1,405,000,000	1,102,000,000
Pledge		
Raw material	306,834,285	369,200,362
Finished goods	104,660,897	63,355,593

In addition to the above, the Company has given undertaking to various banking companies to effect that the Company, pursuant to the merger of Azam Textile Mills Limited [ATML] into the Company will be liable in respect of all finance facilities availed by ATML in the same manner as ATML was originally liable to the extent of Rs. 720 million.

44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives of the Company on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2018		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	3,080,004	-	8,748,204
Allowances and perquisites	1,539,996	-	4,374,112
Meeting fee	-	40,000	-
Post employment benefits	358,050	-	1,016,979
	4,978,050	40,000	14,139,295
Number of persons	1	1	5
	2017		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	2,340,000	2,560,008	8,013,804
Allowances and perquisites	1,260,000	1,279,992	4,006,896
Meeting fee	-	25,000	-
Post employment benefits	-	278,400	871,501
	3,600,000	4,143,400	12,892,201
Number of persons	1	2	5

44.1 Meeting fee includes Rs. 40,000 (2017: Rs. 25,000) paid to non-executive directors of the Company.

44.2 Executive directors and executives are provided with free use of Company maintained vehicles.

45 SEGMENT INFORMATION

45.1 The Company is a single reportable segment.

45.2 All non-current assets of the Company are situated in Pakistan.

45.3 All sales of the Company have originated from Pakistan.

46 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	2018	2017
Number of spindles installed	No.	51,840	51,840
Plant capacity on the basis of utilization converted into 80s count	Kgs	3,054,796	3,054,796
Actual production converted into 80s count	Kgs	2,643,817	2,663,298

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year. Further, power shortage in the country has also resulted in lower capacity utilization.

47 NUMBER OF EMPLOYEES

	Factory		Head office	
	2018	2017	2018	2017
Total number of employees	1,177	1,141	35	34
Average number of employees	1,154	1,127	34	34

48 RECLASSIFICATIONS

The following have been reclassified for compliance with Fourth Schedule to the Companies Act, 2017.

Particulars	From	To	2018	2017
Unclaimed dividend	Trade and other payables	Statement of Financial Position	485,351	485,351

49 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

50 GENERAL

50.1 Figures have been rounded off to the nearest rupee.

50.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year other than those referred to in note 48.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR


for identification only

FORM 34

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company

SARITOW SPINNING MILLS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2018

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
206	1	100	5,323
255	101	500	75,117
209	501	1,000	167,292
243	1,001	5,000	624,860
64	5,001	10,000	511,041
28	10,001	15,000	360,489
16	15,001	20,000	290,286
14	20,001	25,000	326,853
8	25,001	30,000	227,876
7	30,001	35,000	226,573
5	35,001	40,000	187,500
3	40,001	45,000	130,500
5	45,001	50,000	243,000
4	50,001	55,000	210,000
1	55,001	60,000	57,000
2	60,001	65,000	127,093
2	65,001	70,000	140,000
1	75,001	80,000	76,000
1	90,001	95,000	91,500
2	95,001	100,000	200,000
1	100,001	105,000	102,170
1	105,001	110,000	110,000
2	110,001	115,000	223,000
1	130,001	135,000	130,136
3	145,001	150,000	449,745
1	165,001	170,000	166,000
1	170,001	175,000	172,000
1	185,001	190,000	190,000
1	195,001	200,000	199,500
1	205,001	210,000	210,000
2	245,001	250,000	500,000
1	295,001	300,000	300,000
1	485,001	490,000	489,000
1	640,001	645,000	640,500
1	930,001	935,000	931,549
1	1,305,001	1,310,000	1,309,435
1	2,175,001	2,180,000	2,179,462
1	2,495,001	2,500,000	2,497,500
1	2,500,001	2,505,000	2,502,500
1	4,120,001	4,125,000	4,121,657
1	8,135,001	8,140,000	8,138,150
1101			29,840,607

Catagories of Shareholding required under Listed Companies (Code of Coprorate Governance) Regulations, 2017 as on June 30, 2018

Sr.No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:		-	-
Mutual Funds:			
1	PRUDENTIAL STOCK FUND LTD (CDC)	5,000	0.0168
Directors and their Spouse and Minor Chidren:			
1	MR. M. NASEEM SAIGOL (CDC)	8,138,150	27.2721
2	MR. SAMIR IQBAL SAIGOL	1,123	0.0038
3	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,503,123	8.3883
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MR. MUHAMMAD ATHAR RAFIQ	1,123	0.0038
6	MR. MUHAMMAD OMER FAROOQ	2,881	0.0097
7	SYED HAROON RASHID (NIT NOMINEE)	0	0.0000
8	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	2,179,462	7.3037
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:		272,354	0.9127
Shareholders holding five percent or more voting intrest in the listed company			
1	MR. M. NASEEM SAIGOL. (CDC)	8,138,150	27.2721
2	MRS. AMBER HAROON SAIGOL (CDC)	4,121,657	13.8122
3	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,503,123	8.3883
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MRS. SEHYR SAIGOL (CDC)	2,179,462	7.3037
All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:			

S. No.	NAME	SALE	PURCHASE
	NIL		
Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	15,323,362	51.3507
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	3	1,349,991	4.5240
Banks Development Financial Institutions Non Banking Financial Institution	8	30,337	0.1017
Insurance Companies	2	108,784	0.3646
Modarabas and Mutual Funds	4	8,097	0.0271
General Public	1,053	12,824,377	42.9763
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	1	4,566	0.0153
Joint Stock Companies	14	32,527	0.1090
Foreign Companies	7	28,430	0.0953
	<u>1,101</u>	<u>29,840,607</u>	<u>100.0000</u>

پٹرن آف شیئر ہولڈنگ

30 جون 2018

نمبر شمار	کیٹگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	15,323,362	51.3507
2	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔	-	-	-
3	این آئی ٹی اور آئی سی پی	3	1,349,991	4.5240
4	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	8	30,337	0.1017
5	انشورنس کمپنیز	2	108,784	0.3646
6	مدار بہ اور میوچل فنڈز	4	8,097	0.0271
7	عام عوام	1,053	12,824,377	42.9763
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	1	130,136	0.4361
	دوسری کمپنیز	1	4,566	0.0153
	جوائنٹ سٹاک کمپنیز	14	32,527	0.1090
	غیر ملکی کمپنیز	7	28,430	0.0953
	کل تعداد	1,101	29,840,607	100.0000

تعداد حصص

-	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔
5,000	میوچل فنڈز
15,323,362	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔
-	ایگزیکٹوز
-	پبلک سیکٹر کمپنیز اور کارپوریشنز
272,354	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انشورنس کمپنیز، مدار بہ اور پینشن فنڈز
19,439,892	پانچ فیصد یا اس سے زیادہ کے حصص داران
	لسٹڈ کمپنیز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید و فروخت

نمبر شمار	نام	فروخت	خرید	رائٹ
	کوئی نہیں			

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Form of Proxy

32ND ANNUAL GENERAL MEETING

LEDGER FOLIO

SHARES HELD

I / We _____
 of _____
 appoint _____
 (or of _____
 failing him) _____

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company to be held on October 27, 2018 at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore at 10:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this _____ day of _____ 2018.

Signed by the said

 REVENUE
STAMP

Witnesses:

1) Name _____	2) Name _____
Address _____	Address _____
CNIC No. _____	CNIC No. _____

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore, the Registered Office of the Company not later than forty eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirement have to be met.
 - (I) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form
 - (ii) In case of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).
 - (iii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

موجودہ قصص

لیجر فولیو

بطور گواہ آج بتاریخ۔۔۔۔۔۔۔۔۔۔ اکتوبر 2018 میرے ہمارے دستخط ہوئے۔

گواہان:

----- $\mu(2)$ ----- $\mu(1)$

قومی شناختی کارڈ نمبر

اہم نکات:

1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حقدار ہے کمپنی کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 52 کے تحت پراکسی کا تقرر کر سکتا ہے۔ پراکسیاں اسی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17- عزیز ایونیو کینال بینک گلبرگ-V، لاہور) میں موصول ہونا ضروری ہیں۔ پراکسیوں پر رسیدی نکتہ رکن کے دستخط اور گواہان کے دستخط ہونا ضروری ہیں۔

2- سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے

مزید بر آں درج ذیل شرائط کا پورا کرنا لازمی ہے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا سپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں گی۔

(ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کیا جاوے) کمپنی میں پراسیکیوٹر کے ساتھ جمع کرانی ہوگی۔

(iii) پراکسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا سپورٹ دکھانا ہوگا۔

SARITOW SPINNING MILLS LIMITED

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

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Fax: 042 - 35715105