

# **SARITOW SPINNING MILLS LIMITED**

**QUARTERLY REPORT  
SEPTEMBER 30, 2018  
(UN-AUDITED)**

**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

## **DIRECTORS' REPORT**

The Directors of M/s Saritow Spinning Mills Limited are please to present Financial Results for the 1<sup>st</sup> quarter ended September 30, 2018 along with director report thereon.

### **Financial High Lights**

	<b><u>Quarter Ending September 30, 2018</u></b>	<b><u>Quarter Ending September 30, 2017</u></b>
Net Sales	652.514	673.380
Gross Profit	58.340	32.633
Profit Before Tax	25.040	0.806
Profit After Tax	16.884	0.806
Gross Profit Ratio to Sales	8.94%	4.85%
Profit After Tax Ratio to Sales	2.59%	0.12%

### **Operating Financial Results**

During the period under review your Company had achieved net sales of Rs. 652.514 million as compared to Rs. 673.380 million during same period last year. Net profit after tax for the period is Rs. 16.884 million as against profit of Rs0.806 million in corresponding period last year.

The arrival of current year cotton crop started from the month of July and it took time to gain momentum. Phutti arrival picked up from the start of September 2018, till that time everybody was cautiously buying cotton due to different news prevailing about the size of crop. This cautious approach resulted in slow down of the overall activity in textile market and ultimately resulted in lower turnover. Period under review witnessed huge fluctuation in Dollar Rupee parity, which resulted in instability in the market. However the company was able to earn quite handsome profits during the period under review due to very vigilant buying and sell policy adopted by the management of the company.

### **Future Outlook**

Present Government after coming in to power have announced various incentives for the export oriented industries of the country that includes creating separate tariff of Gas and Electricity at subsidized rate. This step will reduce the Power cost for the industry. We hope that raw material will remain available at competitive prices which are presently very high. Hope fully yarn prices will remain stable in comparison to fluctuations in raw material and our company will be able perform better during the remaining period of the year.

### **Acknowledgement**

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

For and on behalf of the Board



Chief Executive

Lahore : October 30, 2018

### ڈائریکٹر رپورٹ

ساریٹسپنگ ملز لمیٹڈ کے ڈائریکٹر بڑی مسرت کے ساتھ کمپنی کے رواں تین ماہ کے مالیاتی نتائج پیش کرتے ہیں جو کہ 30 ستمبر، 2018 کو مکمل ہو رہا ہے

### آپریٹنگ نتائج

زیر نظر مدت کے دوران الحمد للہ آپ کی کمپنی کی تمام اشیاء کی فروخت 652.514 ملین روپے رہی اس کے مقابلے میں پچھلے اس عرصے کے دوران تمام مصنوعات کی فروخت 673.380 ملین روپے تھی۔ زیر نظر عرصہ میں آپ کی کمپنی نے 16.884 ملین روپے کا خالص منافع کمایا ہے جو گذشتہ سال 0.806 ملین روپے تھا

رواں سال کی کاٹن کی فصل کی پیداوار اس سال ماہ جولائی سے شروع ہوئی اور اس کو بھرپور پیداوار حاصل کرنے میں کچھ وقت لگا۔ کپاس کی منڈیوں میں بھرپور آمد ماہ ستمبر کے اوائل میں شروع ہوئی، اس وقت تک ہر کوئی کپاس کی پیداوار کے مختلف تخمینوں کی وجہ سے بڑی احتیاط کے ساتھ خریداری کرتا رہا۔ اس احتیاط کی وجہ سے مارکیٹ میں کاروبار بہت سست روی کا شکار ہو گیا۔ جس کی وجہ سے ہماری مصنوعات کی فروخت کم ہوئی۔ زیر نظر عرصے کے دوران ڈالر کے مقابلے میں روپے کی قیمت میں بہت زیادہ اتار چڑاؤ دیکھنے میں آیا۔ جس کی وجہ سے بازار غیر مستحکم رہا۔ علاوہ ازیں ہماری کمپنی نے زیر نظر عرصے میں بہت احتیاط سے کی گئی روٹی کی خرید اور دھاگے کی فروخت کی وجہ سے اچھا نفع کمایا۔

### مستقبل کا نقطہ نظر

موجودہ حکومت نے اقتدار میں آنے کے بعد درآمدی صنعت کے لیے بہت سارے فائدوں کا اعلان کیا ہے۔ جس میں بجلی اور گیس کا الگ سے رعایتی ٹیرف کا اعلان بھی شامل ہے۔ اس کی وجہ سے توانائی کی قیمتوں میں کمی ہوگی۔ ہم اُمید کرتے ہیں کہ خام مال سارا سال اچھی قیمت پر دستیاب رہے گا جو کہ موجودہ وقت بہت مہنگا ہے۔ ہم پُر اُمید ہیں کہ دھاگے کی قیمتیں مستحکم رہیں گی جس کی وجہ سے ہماری کمپنی رواں مالی سال میں بہتر کارکردگی کا مظاہرہ کرے گی۔

ہم بورڈ آف ڈائریکٹر کی جانب سے اپنے تمام کسٹمرز حضرات اور شیئر ہولڈرز کا شکریہ ادا کرتے ہیں اور ساتھ ہی کمپنی کے اہداف کو پورا کرنے کے لئے اپنے تمام ملازمین کی ان تھک محنت کو بھی سہراتے ہیں۔

بورڈ آف ڈائریکٹر کی جانب سے

میاں سامرا اقبال سہگل

چیف ایگزیکٹو

لاہور 30 اکتوبر، 2018

***SARITOW SPINNING MILLS LIMITED***

***FINANCIAL STATEMENTS***

***FOR 1<sup>ST</sup> QUARTER ENDED***

***30-09-2018***

# Saritow Spinning Mills Limited

## Condensed Interim Statement of Financial Position

### as at September 30, 2018

	Note	September 30, 2018 Rupees (Un-Audited)	June 30, 2018 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	4	298,406,070	298,406,070
Surplus on revaluation of property, plant and equipment		59,503,029	59,676,306
Accumulated Profit		230,237,592	213,180,813
<b>Total Equity</b>		<b>588,146,691</b>	<b>571,263,189</b>
<b>Non-current liabilities</b>			
Loan from directors and family members - <i>unsecured, subordinate</i>		265,884,966	265,884,966
Long term finances - <i>Secured</i>		217,762,846	228,132,505
Liabilities against assets subject to finance lease - <i>Secured</i>		19,529,995	21,771,155
Long term deposits - <i>Unsecured</i>		8,000,000	8,000,000
Employees retirement benefits		69,439,708	69,489,015
Deferred taxation		144,239,578	144,239,578
		<b>724,857,093</b>	<b>737,517,219</b>
<b>Current liabilities</b>			
Trade and other payables		439,753,328	313,435,349
Unclaimed dividend		485,351	485,351
Short term borrowings - <i>Secured</i>		530,915,165	490,309,915
Accrued interest/mark-up		18,237,657	12,804,441
Current portion of non-current liabilities		50,302,559	50,084,555
		<b>1,039,694,060</b>	<b>867,119,611</b>
<b>Total Liabilities</b>		<b>1,764,551,153</b>	<b>1,604,636,830</b>
<b>Contingencies and commitments</b>	5	-	-
		<b>2,352,697,844</b>	<b>2,175,900,019</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,283,571,429	1,298,133,887
Long term deposits- Unsecured, considered good		27,738,781	27,924,506
		<b>1,311,310,210</b>	<b>1,326,058,393</b>
<b>Current assets</b>			
Stores, spares and loose tools		24,723,453	20,955,036
Stock in trade		756,750,650	566,940,860
Trade receivables- Unsecured, considered good		54,809,648	56,584,024
Advances, deposits, prepayments and other receivables		108,293,991	95,432,355
Current taxation		52,650,222	56,490,452
Cash and bank balances		44,159,670	53,438,899
<b>Total Assets</b>		<b>1,041,387,634</b>	<b>849,841,626</b>
		<b>2,352,697,844</b>	<b>2,175,900,019</b>

The annexed notes 1 to 11 form an integral part of this interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

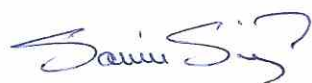


# Saritow Spinning Mills Limited

## Condensed Interim Statement of Changes in Equity for the Quarter ended September 30, 2018

	Share capital Issued subscribed and paid-up capital <i>Rupees</i>	Capital reserves Surplus on revaluation of property, plant and <i>Rupees</i>	Revenue reserves Accumulated profit <i>Rupees</i>	Total equity <i>Rupees</i>
Balance as at July 1, 2017	298,406,070	60,421,236	198,639,972	557,467,278
Profit after taxation for the year ended 30 June, 2018	-	-	17,867,572	17,867,572
Other comprehensive loss for the year ended 30 June, 2018	-	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	-
Balance as at June 30, 2018	298,406,070	59,676,306	213,180,813	571,263,189
Profit for the Quarter ended September 30, 2018	-	-	16,883,502	16,883,502
Other comprehensive income / (loss) for the Quarter	-	-	-	-
Total comprehensive income	-	-	16,883,502	16,883,502
Incremental depreciation	-	(173,277)	173,277	-
Balance as at September 30, 2018	298,406,070	59,503,029	230,237,592	588,146,691

The annexed notes 1 to 11 form an integral part of this interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



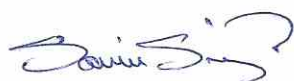
DIRECTOR

# Saritow Spinning Mills Limited

## *Condensed Interim Statement of Comprehensive Income for the Quarter ended September 30, 2018*

	Quarter ended	
	September 30, 2018	September 30, 2017
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
Other comprehensive income / loss	-	-
Profit after taxation	16,883,502	805,514
Total comprehensive income	<u>16,883,502</u>	<u>805,514</u>

*The annexed notes 1 to 11 form an integral part of this interim financial information.*



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



# Saritow Spinning Mills Limited

## Condensed Interim Cash Flow Statement for the Quarter ended September 30, 2018

	Quarter ended	
	September 30, 2018	September 30, 2017
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	25,039,928	805,514
Adjustments for non-cash items	40,429,976	38,839,057
Operating profit before changes in working capital	65,469,904	39,644,571
Changes in working capital	(78,347,488)	46,710,329
Cash used in operations	(12,877,584)	86,354,900
Payments for:		
Interest / mark-up	(13,958,437)	(20,913,071)
Employees retirement benefits	(5,463,770)	(4,287,460)
Income tax	(4,316,196)	(2,636,985)
	(23,738,403)	(27,837,516)
Net cash used in operating activities	(36,615,987)	58,517,384
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(1,082,878)	-
Proceeds from disposal of assets	21,476	-
Long term deposits	185,725	-
Net cash used in investing activities	(875,677)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(10,151,655)	(29,301,115)
Liabilities against assets subject to finance lease - Secured	(2,241,160)	(550,849)
Net increase in short term borrowings	40,605,250	(37,691,116)
Net cash flow from financing activities	28,212,435	(67,543,080)
Net (decrease)/increase in cash and cash equivalents	(9,279,229)	(9,025,696)
Cash and cash equivalents as at beginning of the period	53,438,899	23,529,694
Cash and cash equivalents as at end of the period	44,159,670	14,503,998

The annexed notes 1 to 11 form an integral part of this interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

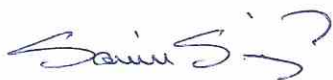
# Saritow Spinning Mills Limited

## Condensed Interim Statement of Profit Or Loss

### for the Quarter ended September 30, 2018

		Quarter ended	
	Note	September 30, 2018	September 30, 2017
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
Sales - net	7	652,514,090	673,380,047
Cost of sales	8	594,174,307	640,746,980
Gross profit		58,339,783	32,633,067
Selling and distribution expenses		1,742,559	655,799
Administrative and general expenses		12,165,643	13,414,653
		13,908,202	14,070,452
		44,431,581	18,562,615
Other income		-	-
Operating profit		44,431,581	18,562,615
Finance cost		19,391,653	17,757,101
Other charges		-	-
		19,391,653	17,757,101
Profit before taxation		25,039,928	805,514
Taxation	9	(8,156,426)	-
Profit after taxation		16,883,502	805,514
Earnings per share - basic and diluted		1.02	0.05

The annexed notes 1 to 11 form an integral part of this interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2018

### 1 REPORTING ENTITY

Saritow Spinning Mills Limited ("the Company") was incorporated in Pakistan on March 10, 1987 as Public Limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017) The registered office of the Company is situated at 17- Aziz Avenue, Canal Bank Gulberg - V, Lahore. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. The Mill is located at Bhai Pheru, District Kasur in the Province of Punjab.

### 2 BASIS OF PREPARATION

The interim financial information report is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2018.

#### 2.1 Statement of compliance

This condensed interim financial report of the Company for the Quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting" and provisions of or directives issued under the Companies Ordinance, 1984.

#### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value or amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

#### 2.3 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, 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 judgements 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

#### 2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

#### 2.5 Date of authorization for issue

This financial information was authorized for issue on October 30, 2018 by the Board of Directors of the Company.

### 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018.

3.2 Corresponding figures have been re-arranged/re-classified where necessary to facilitate comparison. Appropriate disclosure has been given in the relevant note in case of any material re-arrangement/re-classification.

	Note	September 30, 2018	June 30, 2018
		Rupees	Rupees
4 ISSUED,SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary shares of Rs. 10 each:			
13,275,000 (June 30, 2018: 13,275,000) ordinary shares issued for cash		132,750,000	132,750,000
16,565,607 (June 30, 2018: 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>

# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2018

### 5 CONTINGENCIES AND COMMITMENTS

#### Contingencies

There is no change in status and amount of contingencies since June 30, 2018.

		September 30, 2018	June 30, 2018
		Rupees	Rupees
<b>Commitments</b>			
Payments under irrevocable letters of credit for import of:			
Stores and spare		1,137,671	877,219
Raw material		76,966,532	143,246,527
		<u>78,104,203</u>	<u>144,123,746</u>
<b>6 Property, plant and equipment</b>		<u>1,283,571,429</u>	<u>1,298,133,887</u>
<b>6.1 Operating Assets</b>			
Assets owned by the Company	6.2	1,206,381,666	1,219,967,038
Assets subject to finance lease	6.3	77,189,763	52,875,474
Capital work in progress	6.4	-	25,291,375
		<u>1,283,571,429</u>	<u>1,298,133,887</u>
<b>6.2 Assets owned by the Company</b>			
Net book value at the beginning of the period/year		1,219,967,038	1,259,919,776
Additions during the period/year			
Plant and machinery		1,014,473	18,675,699
Buildings on freehold land		-	-
Vehicles		68,405	2,827,300
		1,082,878	21,502,999
Net book value of assets disposed during the period/year		(21,476)	(333,052)
Depreciation for the period/year		(14,646,774)	(61,122,685)
Net book value at the end of the period/year		<u>1,206,381,666</u>	<u>1,219,967,038</u>
<b>6.3 Assets subject to finance lease</b>			
Net book value at the beginning of the period/year		52,875,474	55,658,393
Additions during the period/year		25,291,375	-
Depreciation for the period/year		(977,086)	(2,782,919)
Net book value at the end of the period/year		<u>77,189,763</u>	<u>52,875,474</u>
<b>6.4 Capital work in progress</b>			
Book value as at beginning of the period		25,291,375	-
Additions during the period		-	25,291,375
Transfer during the year		(25,291,375)	-
Book value at the end of the period		<u>-</u>	<u>25,291,375</u>

		Quarter ended	
		September 30, 2018	September 30, 2017
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>7 SALES - NET</b>			
Yarn		642,519,778	660,073,947
Waste		9,994,312	13,306,100
		<u>652,514,090</u>	<u>673,380,047</u>



# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2018

### 8 COST OF SALES

Raw material consumed	552,525,558	498,069,207
Stores, spares and loose tools consumed	21,478,771	21,379,430
Power and fuel	85,999,621	86,318,442
Salaries, wages and benefits	76,754,624	74,006,840
Insurance	900,728	777,304
Repair and maintenance	4,076,915	2,707,045
Depreciation	14,779,362	15,868,862
Vehicle running and maintenance	769,070	646,783
Other manufacturing overheads	500,264	439,698
	<b>757,784,913</b>	<b>700,213,611</b>
Work in process		
Opening stock	<b>37,522,780</b>	<b>38,534,085</b>
Closing stock	<b>(45,268,470)</b>	<b>(31,824,012)</b>
	<b>(7,745,690)</b>	<b>6,710,073</b>
Cost of goods manufactured	<b>750,039,223</b>	<b>706,923,684</b>
Finished goods		
Opening stock	<b>150,869,988</b>	<b>63,355,593</b>
Closing stock	<b>(306,734,904)</b>	<b>(129,532,297)</b>
	<b>(155,864,916)</b>	<b>(66,176,704)</b>
	<b>594,174,307</b>	<b>640,746,980</b>

### 9 TAXATION

9.1 Provision for current tax has been made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001.

9.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

### 10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and undertakings, key management personnel and sponsor directors and their family members. 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.

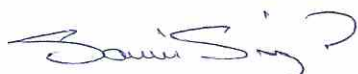
Transactions with key management personnel are limited to payment of short term and post employment benefits. Transactions with sponsors and their family members are limited to provision of interest free loans to the Company. The Company in the normal course of business carries out various transactions 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:

		Quarter ended	
		September 30, 2018	September 30, 2017
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Key management personnel	Short term employee benefits	1,155,000	1,155,000
	Post employment benefits	358,050	334,950
Kohinoor Power Company Ltd	Generator Rent	3,000,000	3,000,000
<b>Balances with related parties</b>			
Sponsors and their family members	Interest free loan-long term	265,884,966	265,884,966
Sponsors and their family members	Interest free loan-short term	102,000,000	102,000,000
Kohinoor Power Company Ltd	Generator Rent	1,872,114	1,726,153

### 11 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR