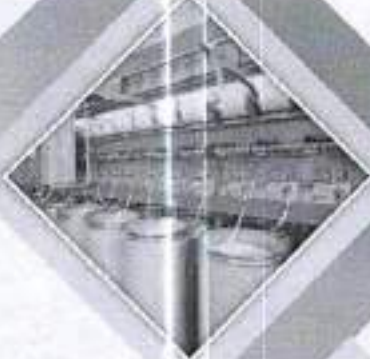




Annual Report | 2020

Saritow Spinning Mills Limited



BOARD OF DIRECTORS

Mr. M. Naseem Saigol
 Mr. Samir Iqbal Saigol
 Mr. M. Murad Saigol
 Mr. M. Zeid Yousuf Saigol
 Mr. Muhammad Omer Farooq
 Mr. Jamal Nasim
 Syed Raza Abbas Jaffari

Chairman
 Chief Executive Officer

NIT Nominee
 NIT Nominee

AUDIT COMMITTEE

Syed Raza Abbas Jaffari
 Mr. M. Zeid Yousuf Saigol
 Mr. Muhammad Omer Farooq
 Mr. Jamal Nasim

Chairman/Member
 Member
 Member
 Member

HR & REMUNERATION COMMITTEE

Syed Raza Abbas Jaffari
 Mr. M. Zeid Yousuf Saigol
 Mr. Samir Iqbal Saigol
 Mr. Muhammad Omer Farooq

Chairman/Member
 Member
 Member
 Member

COMPANY SECRETARY

Mr. Anees-ur-Rehman

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shamil, FCA

AUDITORS

Rahman Sarfaraz 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



SARITOW SPINNING MILLS LIMITED

17 - Aziz Avenue, Canal Bank, Gulberg-V, Lahore (Pakistan). Phone: (042) 35715029-31, Fax: 35715105
Email: azamsaritow@saigols.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34TH Annual General Meeting of Shareholders of **SARITOW SPINNING MILLS LIMITED** will be held on **Wednesday, October 28, 2020 at 10:00 A.M.**, at 06-Egerton Road, Lahore to transact the following business: -

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2019.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2020 along with 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


Company Secretary

Lahore: October 07, 2020

Notes:

1. Share Transfer Books of the Company will remain closed from **October 22, 2020 to October 28, 2020 (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 21, 2020** 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, 2020 have been placed on the Company's website i.e. www.saritowspinningmills.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 2019, 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 30.00%.



SARITOW SPINNING MILLS LIMITED

17 - Aziz Avenue, Canal Bank, Gulberg-V, Lahore (Pakistan), Phone: (042) 35715029-31, Fax: 35715105

Email: azamsaritow@saigols.com

ISO 9001:2008 Certified

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 share's 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 share's 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.

سالانہ اجلاس عام کی اطلاع

پذیرا میونسپلٹیڈ اے جی ایچ کے سارٹو سپننگ ملز لمیٹڈ کے حصص داران کا چوتھا سالانہ اجلاس عام 28 اکتوبر 2020 بروز بدھ 10 بجے صبح 06-انٹرٹین روڈ، بلاکٹ ایل LDA Plaza لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

- 1۔ 28 اکتوبر 2019 کو منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی تصدیق۔
- 2۔ مالی سال ختم 30 جون 2020 کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات بھر لو ان پرا انٹیکسٹران و آڈیٹران کی رپورٹس کی وصولی اور ان کی تصدیق۔
- 3۔ اگلے سالانہ اجلاس کے اختتام تک مہد پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 4۔ صاحبِ ممبر کی اجازت سے کسی دیگر ممبر پر کارروائی۔

محکمہ برڈ
کمپنی سیکریٹری

لاہور: 07 اکتوبر 2020

نوٹس:

- 1۔ کمپنی کی حصص کی منتقلی کی کتابیں 22 اکتوبر 2020 تا 28 اکتوبر 2020 (شمول دونوں دنوں) بند رہیں گی۔ کمپنی کے شیئرز رجسٹر آفیس ایم ایس کارپ ٹیک (پرائیویٹ) لمیٹڈ، ونگز آر کیڈر K-1، کمرشل، مال ٹاؤن، لاہور میں وصول ہونے والی دستخطیائیں (شمول CDS/Physical) 21 اکتوبر 2020 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۔ پراسیاں تا آئندہ موثر ہوئیں سالانہ اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے صدر دفتر (17-عزیز ایونیو، کینال ونگ گلبرگ-11، لاہور) میں لازماً وصول ہونی چاہئیں اور باقاعدہ ممبر زود رجسٹر شدہ اور گواہ شدہ ہونی چاہئیں۔
- 3۔ وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں انہیں اسے کدو اپنے اصلی شناختی کارڈ یا سپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کیلئے بھرا دلائیں۔
- 4۔ ممبران سے اتنا اس ہے کہ اپنے پتے میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔
- 5۔ 30 جون 2020 کو ختم ہونے والے مالی سال کے کمپنی کے سالانہ آڈیٹڈ اکاؤنٹس کمپنی کی ویب سائٹ www.saritowspinningmills.com پر جاری کر دیے گئے ہیں۔

6۔ کمپیوٹرائزڈ قومی شناختی کارڈ / پیشگی نمبر کی نقل کی خواہش (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے تحت ڈیویڈنڈ وارنٹ پر شیئرز ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ ہونا لازمی ہے۔ فنانس ایکٹ 2019 کے تحت کی جانے والی ترمیم کے مطابق ڈیویڈنڈ پر انکم ٹیکس آرائینس 2001 کے سیکشن 150 کے تحت دو ہولڈنگ ٹیکس کی کٹوتی کا ٹیکس 15 فیصد اور نان ٹیکس 30 فیصد ہوگی۔

7۔ نقد منافع کی الیکٹرونک ادائیگی

نمبریز ایکٹ 2017 کے سیکشن 242 کے تحت کوئی بھی قابل ادائیگی منافع شیئرز ہولڈرز کے بنائے گئے اکاؤنٹ میں الیکٹرانکلی جمع کر دیا 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، 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۔ ممبران کو در خواست فارم کمپنی کی ویب سائٹ پر موجود ہے۔ تمام ممبرز سے اتنا اس ہے کہ درج بالا معلومات کمپنی کے شیئرز رجسٹر (ممبرز کارپ ایکٹ پرائیویٹ لمیٹڈ، ونگز آر کیڈر K-1، کمرشل، مال ٹاؤن، لاہور) کو فوری ارسال کریں۔

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

8۔ سالانہ مالی رپورٹ کی ترسیل بذریعہ E-mail

سیکریٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان کے سرکل نمبر 2014 (I) 787 مورخہ 8 ستمبر 2014 کے تحت کہانیوں کو اپنے سالانہ بیلنس شیٹ، منافع اور نقصان کے کھاتے، آڈیٹرز رپورٹ اور ایکٹرز 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 وہ کارڈ تعلیمات ہمارے شیئر رجسٹرار (کارپوریشن) پر ایچ بی سی، 1-10، کمرشل، ماڈل ٹاؤن، لاہور کو ارسال کریں۔

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

سیکریٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان کے سرکل نمبر 2016 (I) 470 مورخہ 31 مئی 2016 کے تحت کہانی کے سالانہ اکاؤنٹس، منافع اور نقصان کے کھاتے، آڈیٹرز رپورٹ اپنے ممبرز کو CD/DVD/USB پر ممبرز کے رجسٹرڈ پتے پر فراہم کرنے کی اجازت دی ہے۔ تاہم کوئی بھی حصہ دار چھپے ہوئے سالانہ مالیاتی گوشوارے حاصل کرنے کیلئے کہانی بیکری کو (17- عزیز ایجنڈ، کینال بینک بکیرگ-14، 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۔ ڈکوڈنگ میکانزم (CZ-50)

ڈکوڈ اور مشرقی قوامین کے تحت ڈی پی اینڈ سے ڈکوڈ کی کوئی شیئرز کی ادا شدہ رقم (10 روپے فی حصص) پر 2.5 فیصد کے حساب سے کی جائے گی اور متعلقہ اقدار شیئر کو مشرقی قوامین میں جمع کروادی جائے گی۔ برائے مہربانی اسٹیٹ کے فوائد شدہ افراد کو ڈکوڈ اور مشرقی آرائش 1980 اور CZ-50 فارم ڈکوڈ کے قوامین (کوئی اور دائیں) کے قانون نمبر 4 کے تحت اپنے ڈکوڈنگ میکانزم فارم اپنے بروکر یا سنٹرل ڈیپازٹری کہانی لمیٹڈ (شیئرز کے انویسٹر اکاؤنٹس سرورسز میں CDC میں ہونے کی صورت میں) یا ہمارے شیئر رجسٹرار آف کارپوریشن (برائے بیٹ) لمیٹڈ، بنگلہ آرکائیو، 1-10، کمرشل، ماڈل ٹاؤن، لاہور کو ارسال کریں (شیئرز کے ہیئر شپ کی صورت میں ہونے پر) شیئر ہولڈرز ڈکوڈنگ میکانزم سال کرتے ہوئے اپنی کہانی کا نام اور اگلے متعلقہ فوئیڈ نمبر و ضرور فراہم کریں۔



SARITOW SPINNING MILLS LIMITED

17 – Aziz Avenue, Canal Bank, Gulberg-V, Lahore (Pakistan), Phone: (042) 35715029-31, Fax: 35715105

Email: azamsaritow@saigols.com

ISO 9001:2008 Certified

DIRECTORS' REPORT

The Directors of Saritow Spinning Mills Limited are pleased to present the Annual Report, together with the audited financial statements and Auditors' Report thereon along with Directors' Report for the year ended June 30, 2020.

Textile Industry Outlook

The export-based textile industry showed promising results during early period of financial year 2019-20 with growth in export. During third quarter of the year, Covid-19 pandemic crisis create havoc on world economy. It also affected Pakistan's economy very hard which led to a sharp decline in growth rate. The global volatility created by the pandemic has altered the buying habits of the general population. People appear more inclined towards saving and spending on basic necessities, which negatively affected the demand of textile supply chain.

In line with other emerging markets, Covid-19 has had an adverse impact on Pakistan's economy. In order to counter the impacts of the pandemic, the government took a number of initiatives including timely release of Drawback of Local Taxes and Levies, customs rebate and sales tax refunds, availability of borrowing at reduced rates and deferment of loans, which saved the industry from immediate disastrous consequences. Further decision of Federal Government to restart the industry post Covid-19 at the right time and limiting lockdowns to smart lock downs in high risk areas allowed the necessary manpower to run the labour-intensive industry. This played a key role in recovery of textile sector. However, the change in spending dynamics of people, along with incentives offered by governments of our direct competitor countries to their textile sectors is likely to keep the profitability of Pakistan's textile industry under pressure.

Financial High Lights

	<u>Year Ending</u> <u>June 30, 2020</u>	<u>Year Ending</u> <u>June 30, 2019</u>
Net Sales	2,812.843	3,494.805
Gross Profit	122.937	258.412
Profit / (Loss) before Tax	(39.292)	94.771
Profit / (Loss) after Tax	(58.204)	52.501
Gross Profit Ratio to Sales	4.37%	7.39%

Financial Results

The year under review was an unusual year. As explained above COVID-19 global pandemic has adversely impacted the businesses worldwide. Business confidence plummeted due to falling consumer demand. Our company goes through these challenging times the whole industry faced compulsory closure. Due to forced closure during Covid-19 Pandemic whole textile industry along with total supply chain remain closed for almost two months resulting in sharp decline in our sales. Corresponding to decline in sales our gross profit also goes down, which is quite clear from above financial high lights.

Future Outlook

Federal Government of Pakistan took quick necessary post Covid-19 steps to support ailing industry. It included interest rate cut, release of pending refunds and deferment of long-term loans principal repayments as well as provision of concessional rate finance to improve liquidity and to encourage retention of work force. Presently the markets remain fearful of a second wave of Covid-19 pandemic. In order to improve the confidence of business community, Governments all over the Globe are injecting



ISO 9001:2008 Certified

SARITOW SPINNING MILLS LIMITED

17 – Aziz Avenue, Canal Bank, Gulberg-V, Lahore (Pakistan), Phone: (042) 35715029-31, Fax: 35715105

Email: azamsaritow@saigols.com

liquidity and encouraging businesses to open up. The combination of government efforts and the reduction in new cases is likely to improve the marketed in days to come. The impact of Global trade war will also impact future of our textile industry in the shape of world demand shifting from China to our region. Demand in local market is quite encouraging as the value-added sector comprising towels, home textile enjoys good orders at the moment.

Another major factor effecting future profitability is size of cotton crop only 8.000 million bales are expected to Harvest any industry will force to procure costly imported cotton.

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 Raza Abbas Jaffari
	Mr. Jamal Nasim
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
Executive Director	Mr. Samir Iqbal Saigol



ISO 9001:2008 Certified

SARITOW SPINNING MILLS LIMITED

17 – Aziz Avenue, Canal Bank, Gulberg-V, Lahore (Pakistan), Phone: (042) 35715029-31, Fax: 35715105
Email: azamsaritow@saigols.com

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

Syed Roza Abbas Jaffari	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mr. Jamal Nasim	Member

HR & REMUNERATION COMMITTEE

Syed Roza Abbas Jaffari	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.

Lahore
October 07, 2020

For and on behalf of the Board


✓ Samir Iqbal Saigol
Chief Executive

ڈائریکٹرز رپورٹ

سرینو سٹنگ ٹریڈنگ کے ڈائریکٹرز سالانہ رپورٹ پیش کرنے پر فخر محسوس کرتے ہیں ساتھ میں آٹ شدہ مالی بیانات اور آڈیٹرز کی رپورٹ کے ساتھ ساتھ 30 جون 2020 کو ختم ہونے والے سال کے لئے ڈائریکٹرز کی رپورٹ بھی پیش کی گئی ہے۔

ٹیکسٹائل انڈسٹری کا نظریہ

ایک سپورٹ پرمی ٹیکسٹائل انڈسٹری نے مئی سال 2019-20 کے ابتدائی مرحلے کے دوران برآمد میں اضافے کے ساتھ نمایاں نتائج ظاہر کیے۔ سال کی تیسری مہینہ کے دوران کوویڈ-19 میں واپسی مرض کا بحران عالمی معیشت کو تباہ کرنے کا سبب بنا ہے۔ اس نے پاکستان کی معیشت کو بھی سخت متاثر کیا جس کی وجہ سے ٹیکسٹائل میں تیزی سے کمی واقع ہوئی۔ واپسی امراض کی وجہ سے پیدا کردہ عالمی آجڑے حالات نے عام لوگوں کی طریقے کے عادات کو تبدیل کر دیا ہے۔ لوگ بنیادی ضرورتوں پر پخت اور افریقات کی طرف زیادہ متوجہ ہو رہے ہیں جس نے ٹیکسٹائل سپلائی چین کی طلب کو وقتی طور پر متاثر کیا۔ دیگر امریکی ہوئی مسئلہ یوں کی طرح کوویڈ-19 کا پاکستان کی معیشت پر منفی اثر پڑا ہے۔ واپسی امراض کے اثرات سے خطے کے لئے حکومت نے متعدد اقدامات اٹھائے جن میں مقامی ٹیکسٹائل کی واپسی کو بروقت جاری کرنے بھی شامل ہے۔ اور لیونہ کنسٹم میں چھوٹ اور سٹریٹس کی واپسی، کم شرح پر سرمائے کی دستیابی اور قرضوں کی اٹھا، جس نے صنعت کو فوری طور پر تازگی سے پہنچایا۔ وفاقی حکومت کے کوویڈ-19 کے بعد مناسب وقت پر انڈسٹری کو دوبارہ شروع کرنے کے طریقے اور اعلیٰ قدر والے علاقوں میں لاگ ڈالنے کو ہمارے لاگ ڈالنے تک محدود کرنے سے ضروری افرادی قوت کو دوبارہ افرادی قوت استعمال کرنے والی صنعت کو چلانے کی اجازت دی گئی۔ اس نے ٹیکسٹائل کے شعبے کی ہائیڈرو پمپ کی روک تھام کیا۔ تاہم ہمارے برادرانہ حریف ممالک کی حکومتوں کی طرف سے ٹیکسٹائل کے شعبوں میں دی جانے والی مراعات کے ساتھ ساتھ لوگوں کی اخراجات پر خرچ کرنے میں تبدیلی سے پاکستان کی ٹیکسٹائل کی صنعت کے منافع کو بڑھانے میں مددگار ثابت ہوا ہے۔

مالیاتی نتائج

ذریعہ سال ایک غیر معمولی سال تھا۔ جیسا کہ اوپر بتایا گیا کوویڈ-19 عالمی واپسی تجارت نے دنیا بھر کے کاروباروں پر بڑی طرح سے اثر ڈالا ہے۔ گرتی صارفین کی طلب کی وجہ سے کاروباری اچھا دھچکا گیا۔ ہماری کمپنی کو ان مشکل اوقات سے گزرنا چاہیہ پوری صنعت کو لازمی بندش کا سامنا کرنا پڑا۔ کوویڈ-19 کے دوران جاری طور پر بندش کی وجہ سے ہماری ٹیکسٹائل انڈسٹری کے ساتھ ساتھ کھل سپلائی چین تقریباً ہر ماہ تک بند رہی جس کے نتیجے میں ہماری فروخت میں تیزی سے کمی واقع ہوئی ہے۔ فروخت میں کمی کے مطابق ہمارا مجموعی منافع بھی کم ہو جاتا ہے۔ جو مالی اعداد و شمار کی روشنی سے بالکل واضح ہے۔

مستقبل کا نقطہ نظر

وفاقی حکومت پاکستان نے بنیاد صنعت کی حمایت کے لئے کوویڈ-19 کے بعد فوری ضروری اقدامات اٹھائے اس میں سود کی شرح میں کوئی زبردستی اور قوم کی واپسی اور عوامی مدتی قرضوں کی اصل ادائیگی کے التواء کے ساتھ ساتھ ٹیکسٹائل میں بہتری لانے اور ورک فورس کو برقرار رکھنے کی حوصلہ افزائی کے لئے مراعات فراہم کی جس میں سستی خاص کی فراہمی بھی شامل ہے۔ اس وقت مارکیٹوں میں کوویڈ-19 واپسی امراض کی دوسری لہر کا اندیشہ ہے۔ کاروباری برادری کے اتحاد کو بہتر بنانے کے لئے پوری دنیا میں حکومتیں ٹیکسٹائل کی صنعت کو دوبارہ کاروبار کو کھولنے کی ترغیب دے رہی ہیں۔ حکومتی کوششوں اور نئے معاملات میں کمی کے اخراجات سے آگے والے دنوں میں مارکیٹ میں بہتری آنے کا امکان ہے۔ عالمی تجارتی جنگ کے اثرات ہماری ٹیکسٹائل کی صنعت کے مستقبل کو بھی چھینا ہے ہمارے خطے میں منتقل ہونے والی عالمی مالک کی نقل میں متاثر کریں گے مقامی مارکیٹ میں طلب کافی حوصلہ افزا ہے کیونکہ توہوں پر مشتمل دلیوریڈ ٹیکسٹائل گھریلو ٹیکسٹائل کا اس وقت اچھا رڈ رول رہے ہیں مستقبل کے منافع پر اثر ڈالنے والا ایک اور اہم عنصر کپاس کی فصل کا سائز ہے۔ صرف 8 ملین کاتھوں کی توقع کی جارہی ہے۔ جس کی وجہ سے صنعت کو اپنی ضروریات پوری کرنے کے لئے باہر کے ممالک سے بھی روٹی منگوانی پڑے گی۔

SARITOW SPINNING MILLS LIMITED

17 - Aziz Avenue, Canal Bank, Gulberg-V, Lahore (Pakistan), Phone: (042) 35715029-31, Fax: 35715105
Email: azamsaritow@saigols.com

بورڈ کی سہاست

بورڈ آف ڈائریکٹرز کی سہاست درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
7	مرد
کوئی نہیں	عورت
سہاست	
سید طاہاس چغتوی	آزاد ڈائریکٹرز
جناب جمال نسیم	
جناب محمد نسیم سہیل	غیر آزاد ڈائریکٹرز
جناب محمد زید یوسف سہیل	
جناب محمد مراد سہیل	
جناب محمد عرفان سہیل	
جناب سائر اقبال سہیل	ایگزیکٹو ڈائریکٹر

کمیٹی

بورڈ کی کمیٹی کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

سید طاہاس چغتوی	چیرمین آڈیٹر
جناب محمد زید یوسف سہیل	ممبر
جناب محمد عرفان سہیل	ممبر
جناب جمال نسیم	ممبر

ایگزیکٹو ڈائریکٹر کی کمیٹی

سید طاہاس چغتوی	چیرمین آڈیٹر
جناب سائر اقبال سہیل	ممبر
جناب محمد زید یوسف سہیل	ممبر
جناب محمد عرفان سہیل	ممبر

ام تمام حصہ داران کے ممبرانہ حقان کے تہہ دل سے شکوہ ہیں۔ ہم یہ اعلان کرتے ہوئے غلطی محسوس کرتے ہیں کہ کئی ایسے کارزمین کو سراہتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں کام کریں گے اور ان کے مسائل حل ہو جائیں گے۔

سائر اقبال سہیل
چیف ایگزیکٹو

لاہور
07 اکتوبر 2020

CHAIRMAN'S REVIEW

For the year ended June 30, 2020

It gives me great pleasure to present the Annual Report for the year ended June 30, 2020, to our valued members and stakeholders and to apprise them of the overall performance and effectiveness of the Board.


I welcome to the board of directors, Syed Raza Abbas Jaffari and Mr. Jamal Nasim. I am highly confident they will add value to the board and Company at large with their immense experience. I would also like to appreciate the effort and contribution of outgoing directors Mr. Muhammad Athar Rafiq and MR. Arshad Ismail Khan.

The Board of Directors of Saritow Spinning Mills Limited is performing its duties in accordance with law and in the best interest of the Company and its shareholders as required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management.

I am grateful to our shareholders who show their trust by investing in us and our customers who recognize us as their business partner. I am also appreciative of the many contributions of my fellow Board members and their dedication to the success of the Company. We remain committed to maintaining this trust in years to come with stellar financial performance.

CHAIRMAN OF THE BOARD



M. NASEEM SAIGOL

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: -

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mr. M. Naseem Saigol	2
Mr. Muhammad Zeid Yousuf Saigol	4
Mr. Samir Iqbal Saigol	4
Mr. Muhammad Murad Saigol	2
Mr. Muhammad Omer Farooq	4
Mr. Muhammad Athar Rafiq	4
Syed Haroon Rashid	0 (Resigned as on 04-10-2019)
Mr. Arshad Ismail Khan	0 (Appointed as on 04-10-2019)

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

<u>Name of Members</u>	<u>No. of Meetings Attended</u>
Syed Haroon Rashid	0 (Resigned as on 04-10-2019)
Mr. Arshad Ismail Khan	0 (Appointed as on 04-10-2019)
Mr. Muhammad Zeid Yousuf Saigol	4
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: -

<u>Name of Members</u>	<u>No. of Meeting Attended</u>
Syed Haroon Rashid	0 (Resigned as on 04-10-2019)
Mr. Arshad Ismail Khan	0 (Appointed as on 04-10-2019)
Mr. Samir Iqbal Saigol	1
Mr. Muhammad 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, 2020 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



CHIEF EXECUTIVE OFFICER

Lahore: October 07, 2020

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

Name of company: **SARITOW SPINNING MILLS LIMITED**
Year ending: **JUNE 30, 2020**

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 the Board is as follows:

Category	Names
Independent Director	Mr. Arshad Ismail Khan
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 Director	Mr. Samir Iqbal Saigol

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. 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;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The company stands complied with the requirement of having half of the Directors on their board under Directors Training Program certified as prescribed under the Regulation. The remaining directors shall obtain certification under the DTP in due course of time;
10. The Board has approved appointment of chief financial officer, 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. Chief Financial Officer and Chief Executive Officer 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. Mr. Arshad Ismail Khan
 2. Mr. Muhammad Zeid Yousuf Saigol
 3. Mr. Muhammad Omer Farooq
 4. Mr. Muhammad Athar Rafiq
- b) HR and Remuneration Committee:**
1. Mr. Arshad Ismail Khan
 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 04, 2019
 2. October 30, 2019
 3. February 27, 2020
 4. April 30, 2020
- b) HR and Remuneration Committee:**
1. October 04, 2019
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
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 requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.


(M. Naseem Saigol)
Chairman

SARITOW SPINNING MILLS LTD
FINANCIAL HIGHLIGHTS - Six Years at a Glance

Particulars	2,020	2,019	2018	2017	2016	2015
<u>Operating Performance (Rupees in Thousands)</u>						
Turnover- Net	2,812,843	3,494,805	2,993,265	2,934,545	2,470,387	2,496,767
Gross Profit	122,937	258,413	178,403	162,762	41,699	167,790
Profit/(Loss) before tax	(39,292)	94,771	46,760	27,560	(88,436)	(27,788)
Profit/(Loss) after tax	(58,204)	52,501	17,868	13,779	(86,156)	(17,499)
<u>Financial Position (Rupees in Thousands)</u>						
Share Capital	298,406	298,406	298,406	298,406	298,406	298,406
Shareholders, Equity	560,750	621,631	571,263	557,467	544,522	577,426
Operating Fixed Assets	1,213,820	1,256,485	1,298,134	1,315,578	1,360,930	1,432,050
Total Assets	2,429,236	2,277,369	2,175,900	2,175,202	2,061,806	2,045,964
Bank Borrowings	963,116	767,346	790,299	850,773	703,299	615,691
<u>Ratio Analysis</u>						
<u>Profitability</u>						
Gross Profit Margin-% age	4.37	7.39	5.96	5.55	1.69	6.72
Profit/(Loss) after tax-% age	(2.07)	1.50	0.60	0.47	(2.68)	(0.70)
Earning/(Loss) Per Share-Rupees	(1.95)	1.76	0.60	0.46	(2.22)	(0.59)
<u>Activity</u>						
Sales to Operating Fixed Assets-Times	2.32	2.78	2.31	2.23	1.82	1.74
<u>Liquidity</u>						
Current Ratio-Times	1.03	1.01	0.98	0.91	0.96	1.05
Break up Value Per Share-Rupees	18.79	20.83	19.14	18.68	18.25	19.35

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, 2020**, 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, 2020 and of the loss, 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 matter
<p>1. COVID-19</p> <p>As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the Company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to uncertainty.</p> <p>Management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing conditions as well as financing and cash requirements to ensure</p>	<p>We considered the uncertainties arising from COVID-19 in planning and performing our audit. Our procedures included:</p> <ul style="list-style-type: none"> evaluated the Company's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy; assessed the reliability of the forecasted cash flows by comparing with the historical performance and market expectations; discussed the most recent forecast with management to understand their views on

Key audit matter

continuation of the Company's operations.
Refer to note 52 to the financial statements regarding the impact of COVID-19.

How our audit addressed the matter

going concern and the potential impact of COVID-19 on the Company;

- evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities and projected key ratios for covenant calculations;
- inspected supporting documentation such as contracts and underlying calculations and correspondence with financing and other relevant parties;
- evaluated the Company's assessment of other accounting estimates within the financial statements which could be impacted by the challenging economic environment resulting from COVID-19, including trade receivables and inventory provisioning; and
- considered the appropriateness of the disclosures made in the financial statements in respect of the potential impact of COVID-19.

2. First time adoption of IFRS 16 – Leases

As referred to in note 3.1 to the financial statements, the Company has adopted IFRS 16 – 'Leases'. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model with corresponding recognition of right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17 'Leases' i.e. operating and finance leases. For lessees all leases will be classified as finance leases only with the exception of certain short-term leases.

We have considered the first time application of IFRS 16 as a key audit matter due to significance of the change in accounting methodology, involvement of significant estimates and judgments resulting in adjustments, presentation and incremental quantitative and qualitative disclosures.

Our key procedures to review the application of IFRS 16 included, amongst others, review of managements' impact assessment of all lease arrangements in light of application of the new standard, review of lease contracts to determine whether the same are in scope of IFRS 16 and are also subject to recognition exemption under IFRS 16 for short-term and low value leases. We also reviewed contracts to determine whether it is a lease contract, and if so its various components, lease term, rental amount, payment terms, etc., reviewed the appropriateness of discount rate used by the Company to determine the present value of lease liability and calculation of related depreciation and finance charge.

3. Inventory valuation

Stock in trade amounts to Rs 856 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.

To address the valuation of stock in trade, we assessed historical costs recorded in the inventory valuation; 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 inventories.

We also assessed management's

Key audit matter	How our audit addressed the matter
<p>management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices.</p> <p>The significance of the balance coupled with the judgment involved has resulted in the valuation of inventories being identified as a key audit matter</p> <p>The disclosures in relation to inventories are included in note 25.</p>	<p>determination of the net realizable value of inventories by performing tests on the sales prices secured by the Company for similar or comparable items of inventories.</p>

4. Tax contingencies

As disclosed in note 37 to the annexed financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. Such contingencies require the management to make judgments and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management's judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered tax contingencies as a key audit matter.

Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.

We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Company.

We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 37 to the annexed financial statements.

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 is 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 07, 2020



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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 [the Regulations] prepared by the Board of Directors of SARITOW SPINNING MILLS LIMITED [the Company] for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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, 2020.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Reference	Description
Paragraph 2	As per Regulation 6, It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors. The Company has only one independent director on its Board.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore: October 07, 2020



SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
35,000,000 (2019: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	7	298,406,070	298,406,070
Surplus on revaluation of property, plant and equipment	8	57,755,154	58,691,100
Accumulated profit		204,588,957	294,534,174
TOTAL EQUITY		560,750,181	621,631,344
NON-CURRENT LIABILITIES			
Loan from directors and family members	9	265,884,966	265,884,966
Long term finances	10	237,430,692	186,653,868
Lease liability	11	-	11,893,981
Long term deposits	12	6,010,000	6,010,000
Employees retirement benefits	13	84,313,128	75,196,686
Deferred taxation	14	118,631,945	144,057,792
Deferred grant	15	2,978,614	-
		715,249,345	689,697,293
CURRENT LIABILITIES			
Trade and other payables	16	408,177,418	372,040,231
Unclaimed dividend		485,351	485,351
Short term borrowings	17	675,711,452	517,422,358
Accrued interest		18,889,075	24,716,864
Current portion of non-current liabilities	18	49,973,521	51,375,969
		1,153,236,817	966,040,773
TOTAL LIABILITIES		1,868,486,162	1,655,738,066
CONTINGENCIES AND COMMITMENTS			
	19		
		2,428,236,343	2,277,369,410

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

rsr/r
for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	20	1,143,274,680	1,182,226,776
Right-of-use assets	21	70,545,580	74,258,506
Long term deposits	22	26,085,661	27,738,781
Long term investments	23	-	18,918,490
		1,239,905,921	1,303,142,553
CURRENT ASSETS			
Stores, spares and loose tools	24	21,828,549	23,077,455
Stock in trade	25	855,709,830	565,435,167
Trade receivables	26	35,405,841	149,098,303
Advances, prepayments and other receivables	27	213,195,032	54,494,082
Current taxation	28	40,295	25,083,672
Cash and bank balances	29	63,150,875	157,038,198
		1,189,330,422	974,226,857
TOTAL ASSETS		2,429,236,343	2,277,369,410

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	30	2,812,842,619	3,494,804,982
Cost of sales	31	(2,689,905,327)	(3,236,392,455)
Gross profit		122,937,292	258,412,527
Selling and distribution expenses	32	(8,968,726)	(6,850,724)
Administrative and general expenses	33	(51,119,130)	(50,652,712)
		(60,087,856)	(57,503,436)
Other income	34	1,122,437	1,175,309
Operating profit		63,971,873	202,084,400
Finance cost	35	(103,181,530)	(95,433,544)
Other charges	36	(82,568)	(11,879,609)
		(103,264,098)	(107,313,153)
(Loss)/profit before taxation		(39,292,225)	94,771,247
Taxation	37	(18,912,136)	(42,270,638)
(Loss)/profit after taxation		(58,204,361)	52,500,609
(Loss)/earnings per share - basic and diluted	38	(1.95)	1.76

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<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	13.4	(3,770,144)	(3,003,456)
Taxation relating to remeasurements of defined benefit obligation	14	1,093,342	871,002
		(2,676,802)	(2,132,454)
Other comprehensive loss		(2,676,802)	(2,132,454)
(Loss)/profit for the year		(58,204,361)	52,500,609
Total comprehensive (loss)/income		(60,881,163)	50,368,155

The annexed notes from 1 to 53 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	39	(149,480,291)	256,418,082
Payments for:			
Employees retirement benefits		(18,033,364)	(19,707,272)
Finance cost		(109,009,319)	(79,958,177)
Income tax		(18,201,264)	(10,174,642)
Net cash (used in)/generated from operating activities		(294,724,238)	146,577,991
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18,887,757)	(21,622,315)
Proceeds from disposal of property, plant and equipment		1,913,889	502,836
Proceeds from disposal long term investments		18,835,922	-
Net cash generated from/(used in) investing activities		1,862,054	(21,119,479)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(31,108,977)	(41,478,637)
Long term finances obtained		79,997,748	-
Lease liability		(8,429,762)	(8,585,760)
Net increase in short term borrowings		158,289,094	27,112,443
Net cash generated from/(used in) financing activities		198,748,103	(22,951,954)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(94,114,081)	102,506,558
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		157,038,198	53,438,899
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		226,758	1,092,741
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40	63,150,875	157,038,198

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 Critical accounting judgements and key sources of estimation uncertainty

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.

2.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 6.6.2)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as

VSTG
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 6.21.1)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(b) 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.

(c) Recoverable amount and impairment (see note 6.21)

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.

(d) 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.

(e) Taxation (see note 6.17)

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.

(f) Provisions (see note 6.12)

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.

(g) 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.

(h) 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 07, 2020 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, except as stated otherwise.

RSR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3.1 IFRS 16 - Leases (2016)

IFRS 16 supersedes IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases-Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Whereas, for lessees all leases will be classified as finance leases only. However, as per relevant guidelines issued by Institute of Chartered Accountants of Pakistan, contracts under Ijarah will continue to be treated as operating leases under IAS 2.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with cumulative effect of initially applying standard recognised at the date of initial application and accordingly the Company is not required to restate prior year results.

The Company assessed its existing contracts and concluded that right-of-use assets as disclosed in these financial statements shall be recognised along with their corresponding lease liabilities. For other existing contracts, the Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low value assets').

The right-of-use assets were recognised based on the amount equal to their corresponding lease liabilities, adjusted for related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments. The Company did not have any sub-lease as on July 01, 2019. Accordingly, initial application of IFRS 16 did not have any impact on the opening retained earnings as of July 01, 2019 and on these financial statements.

3.2 IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- The effect of changes in facts and circumstances.

3.3 Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)

IFRS 9 - Financial Instruments has been amended regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

3.4 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)

IAS 28 - Investments in Associates and Joint Ventures have been amended to clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

3.5 Annual Improvements to IFRS Standards 2015 - 2017 Cycle

The annual improvements have made amendments to the following standards:

- **IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 - Income Taxes** - The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- **IAS 23 - Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

3.6 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)

IAS 19 - Employees Benefits has been amended to provide that:

RSR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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 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
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures).	January 01, 2020
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2022
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020.	January 01, 2022
COVID-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases).	June 01, 2020
Other than afore mentioned standards, interpretations and amendments, IASB 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	
IFRS 17 - Insurance contracts (2017)	

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 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.

5 CHANGES IN ACCOUNTING POLICIES

The adoption of new and revised standards, interpretations and amendments effective during the year has resulted in changes to accounting policies as follows:

For identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Previous accounting policy	New accounting policy
Liabilities against assets subject to finance lease Liabilities against assets subject to finance lease are classified as 'financial liabilities at amortized cost' respectively, however, since they fall outside the scope of measurement requirements of IFRS 9, these are measured in accordance with the requirements of IAS 17. 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.	Lease Liabilities At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses if the interest rate implicit in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.
Assets subject to finance lease 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.	Right-of-use assets The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred (if any), and lease payments made at or before the commencement date less lease incentives received (if any). Right-of-use assets are depreciated at the shorter of their useful lives and lease terms unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, in which case, these are depreciated over their estimated useful lives.

6 SIGNIFICANT ACCOUNTING POLICIES

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

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.

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

5.1.3 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred (if any), and lease payments made at or before the commencement date less lease incentives received (if any). Right-of-use assets are depreciated at the shorter of their useful lives and lease terms unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, in which case, these are depreciated over their estimated useful lives.

6.1.4 Spare parts held exclusively for capitalization

These are carried at cost less accumulated impairment. Cost is determined using moving average, except for items in transit, which are carried at invoice price plus related costs incurred upto the reporting date.

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.

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.

RSR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a) Financial assets at amortized cost

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(d) Financial liabilities at amortized cost

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

6.6.3 Measurement

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

6.6.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

6.6.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position 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.

6.6.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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.

6.8 Loans and borrowings

Loans and borrowings 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.

rsr
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6.9 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses if the interest rate implicit in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

6.10 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

6.11 Trade and other payables

6.11.1 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.

6.11.2 Non-financial liabilities

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

6.12 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.

6.13 Trade and other receivables

6.13.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade debts that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.13.2 Non-financial assets

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

6.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of sale of yarn. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers.

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6.15 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'.

6.16 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.

6.17 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.

6.17.1 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.

6.17.2 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.

6.18 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.

6.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. Interest income on cash and cash equivalents is recognized using effective interest method.

SARITOW SPINNING MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6.20 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.

6.21 Impairment

6.21.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade debts, for which the Company recognises lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

6.21.2 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.

6.22 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.

SARITOW SPINNING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Capital reserves	Revenue reserves	
	Issued subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Accumulated profit	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2018	298,406,070	59,676,306	213,180,813	571,263,189
Comprehensive income				
Profit after taxation	-	-	52,500,609	52,500,609
Other comprehensive loss	-	-	(2,132,454)	(2,132,454)
Total comprehensive income	-	-	50,368,155	50,368,155
Incremental depreciation	-	(985,206)	985,206	-
Transaction with owners	-	-	-	-
Balance as at June 30, 2019	298,406,070	58,691,100	264,534,174	621,631,344
Balance as at July 01, 2019	298,406,070	58,691,100	264,534,174	621,631,344
Comprehensive loss				
Loss after taxation	-	-	(58,204,361)	(58,204,361)
Other comprehensive loss	-	-	(2,676,802)	(2,676,802)
Total comprehensive loss	-	-	(60,881,163)	(60,881,163)
Incremental depreciation	-	(935,946)	935,946	-
Transaction with owners	-	-	-	-
Balance as at June 30, 2020	298,406,070	57,755,154	204,588,957	560,750,181

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
		Rupees	Rupees
7	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	Ordinary shares of Rs. 10 each		
	13,275,000 (2019: 13,275,000) ordinary shares issued for cash	132,750,000	132,750,000
	16,565,607 (2019: 16,565,607) ordinary shares issued as consideration on merger	165,656,070	165,656,070
		298,406,070	298,406,070
8	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	As at beginning of the year	58,691,100	59,676,306
	Incremental depreciation transferred to accumulated profits		
	Incremental depreciation for the year	(1,318,234)	(1,387,614)
	Deferred taxation	382,288	402,408
		(935,946)	(985,206)
	As at end of the year	57,755,154	58,691,100
9	LOAN FROM DIRECTORS AND FAMILY MEMBERS		
	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 10) 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. 26.18 million (2019: Rs. 26.67 million) was waived by the lenders at their sole discretion.		
		Note	
		2020	2019
		Rupees	Rupees
10	LONG TERM FINANCES		
	These represent long term finances utilized under interest arrangements from banking companies		
	Term Finance [TF - I]	10.1	197,023,528
	Refinance Scheme [RS - I]	10.2	72,263,626
			269,287,154
	Current maturity presented under current liabilities	18	(31,856,462)
			237,430,692
10.1	TF - I 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 interest at three months KIBOR plus 2.5% per annum (June 30, 2019: three months KIBOR plus 2.5% per annum) payable quarterly. The finance is repayable in twenty eight unequal installments with the first installment due on January 2018.		
10.2	RS - I has been obtained from MCB Bank Limited for payments of wages and salaries to workers and employees under SBP's scheme and is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's Directors. The finance carries interest at SBP rate plus 3% per annum payable quarterly. The finance is repayable in eight equal installments with the first installment due on March 2021. The amortised cost of this finance has determined using a discount rate of three months KIBOR plus 3% (10.03%) being the prevailing market rate of interest for the similar instruments. The difference between the amortised cost and face value has been recognized as deferred grant (see note 14). The details are as follow.		

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Face value of finance		79,997,748	-
Deferred grant	15	(7,734,122)	-
		72,263,626	-

10.3 For mortgages and charges on assets as security for liabilities, refer to note 46 to the financial statements.

	Note	2020 Rupees	2019 Rupees
11 LEASE LIABILITIES			
Present value of minimum lease payments	11.1 & 11.2	13,361,551	21,791,313
Current portion presented under current liabilities	11.1 & 11.2	(13,361,551)	(9,897,332)
		-	11,893,981

11.1 These represent machinery acquired under finance lease arrangements. The leases are priced rates ranging from three to six months KIBOR plus 3.5% per annum (2019: six months KIBOR plus 3.5% per annum). Lease rentals are payable monthly over a tenure ranging from three to four 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.

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

	2020 Rupees	2019 Rupees
Not later than one year	13,773,147	11,664,291
Later than one year but not later than five years	-	12,436,059
Total future minimum lease payments	13,773,147	24,100,350
Finance charge allocated to future periods	(411,596)	(2,309,037)
Present value of future minimum lease payments	13,361,551	21,791,313
Not later than one year	(13,361,551)	(9,897,332)
Later than one year but not later than five years	-	11,893,981

12 LONG TERM DEPOSITS

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 IFRS 9 'Financial Instruments' 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.

13 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
13.1 Movement in present value of defined benefit obligation			
As at beginning of the year		75,196,686	69,489,015
Charged to profit or loss for the year	13.2	23,379,662	22,411,487
Benefits paid during the year		(18,033,364)	(19,707,272)
Remeasurements recognized in other comprehensive income	13.4	3,770,144	3,003,456
As at end of the year		84,313,128	75,196,686
13.2 Charge to profit or loss			
Current service cost		13,949,011	17,789,745
Interest cost		9,430,651	4,621,742
		23,379,662	22,411,487
13.3 The charge to profit or loss has been allocated as follows			
Cost of sales	31.2	17,900,815	17,209,492
Selling and distribution expenses	32.1	484,503	470,053
Administrative and general expenses	33.1	4,994,344	4,731,942
		23,379,662	22,411,487
13.4 Remeasurements recognized in other comprehensive income			
Actuarial loss arising from changes in:			
Demographic assumptions		-	-
Financial assumptions		-	-
Experience adjustments		3,770,144	3,003,456
		3,770,144	3,003,456
13.5 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:			
		2020	2019
Discount rate		8.50%	14.25%
Expected rates of increase in salary		7.50%	13.25%
13.6 Average duration of the defined benefit obligation			
The average duration of the defined benefit obligation is nine years.			
13.7 Expected charge to profit or loss for the next financial year			
The expected charge to profit or loss for the year ending June 30, 2021 amounts to Rs. 25.494 million.			
13.8 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:			

For identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020		2019	
	Change in actuarial assumption	Defined benefit obligation <i>Rupees</i>	Change in actuarial assumption	Defined benefit obligation <i>Rupees</i>
Discount rate	+ 1%	76,870,398	+ 1%	68,607,010
	- 1%	93,236,245	- 1%	83,138,182
Expected rate of increase in salary	+ 1%	93,236,245	+ 1%	83,138,182
	- 1%	76,742,693	- 1%	68,397,590

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.

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.

13.9 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 government 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	2020 <i>Rupees</i>	2019 <i>Rupees</i>
14 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	14.1	236,855,267	237,187,293
Deferred tax asset on deductible temporary differences	14.1	(118,223,322)	(93,129,501)
		118,631,945	144,057,792

14.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2020			
	As at July 01, 2019 <i>Rupees</i>	Recognized in profit or loss <i>Rupees</i>	Recognized in equity <i>Rupees</i>	As at June 30, 2020 <i>Rupees</i>
Deferred tax liabilities				
Operating fixed assets - owned	221,971,807	(1,699,908)	-	220,271,899
Right-of-use assets	15,215,486	1,367,882	-	16,583,368
	237,187,293	(332,026)	-	236,855,267
Deferred tax assets				
Employees retirement benefits	(21,807,039)	(1,550,426)	(1,093,342)	(24,450,807)
Unused tax losses and credits	(70,020,238)	(22,479,852)	-	(92,500,090)
Impairment allowance for expected credit losses	(1,302,224)	29,799	-	(1,272,425)
	(93,129,501)	(24,000,479)	(1,093,342)	(118,223,322)
	144,057,792	(24,332,505)	(1,093,342)	118,631,945

VSPL
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2019			
	As at July 01, 2018 Rupees	Recognized in profit or loss Rupees	Recognized in equity Rupees	As at June 30, 2019 Rupees
Deferred tax liabilities				
Operating fixed assets - owned	222,170,646	(198,839)	-	221,971,807
Right-of-use assets	6,524,536	8,690,950	-	15,215,486
	228,695,182	8,492,111	-	237,187,293
Deferred tax assets				
Employees retirement benefits	(20,151,814)	(784,223)	(871,002)	(21,807,039)
Unused tax losses and credits	(54,303,790)	(5,716,448)	-	(70,020,238)
Impairment allowance for expected credit losses	-	(1,302,224)	-	(1,302,224)
	(84,455,604)	(7,802,895)	(871,002)	(93,129,501)
	144,239,578	689,216	(871,002)	144,057,792

- 14.2 Deferred tax has been calculated at 29% (2019: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

15 DEFERRED GRANT

During the year, State Bank of Pakistan (SBP) through IH&SMEFD circular no. 6 of 2020 dated April 10, 2020, introduced a 'Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concern' [the Refinance Scheme]. The purpose of the Refinance Scheme was to provide relief to dampen the effects of Covid - 19 by providing loans at interest rates that are below normal lending rates.

The Company obtained financing of Rs. 79,996 million under the Refinance Scheme (see note 10.2). The benefit of below market interest rates, measured as the difference between the fair value of loan on the date of disbursement and its face value on that date has been recognised as deferred grant.

The movement during the year is as follows:

	Note	2020 Rupees	2019 Rupees
As at beginning of the year		-	-
Recognized during the year	10.2	7,734,122	-
As at end of the year		7,734,122	-
Current maturity presented under current liabilities	18	(4,755,508)	-
		2,978,614	-

16 TRADE AND OTHER PAYABLES

Trade creditors	16.1	108,854,311	97,961,221
Accrued liabilities		177,324,477	125,634,303
Advances from customers		90,263,388	89,507,929
Bills payable		-	24,918,955
Workers' Profit Participation Fund	16.2	6,105,609	5,343,610
Workers' Welfare Fund	16.3	-	2,030,572
Deductions against vehicle scheme	16.4	2,093,650	2,601,380
Other payables	16.5	23,535,983	24,042,261
		408,177,418	372,040,231

- 16.1 Trade creditors include an amount of Rs. 5,215,909 (2019: 2,052,978) due to a related party against rent of generator.

for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
16.2 Workers' Profit Participation Fund			
As at beginning of the year		5,343,610	2,516,291
Interest on funds utilized by the Company	16.2.1	761,999	236,351
Charged to profit or loss for the year	36	-	5,343,610
Paid during the year		-	(2,752,642)
As at end of the year		6,105,609	5,343,610

16.2.1 Interest is charged at 14.26% (2019: 13.34%) per annum.

	Note	2020 Rupees	2019 Rupees
16.3 Workers' Welfare Fund			
As at beginning of the year		2,030,572	1,518,631
Charged to profit or loss for the year	36	(2,030,572)	2,030,572
Paid during the year		-	(1,518,631)
As at end of the year		-	2,030,572

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. 23.54 million (2019: Rs. 24.04 million).

	Note	2020 Rupees	2019 Rupees
17 SHORT TERM BORROWINGS			
Secured			
These represent short term finances utilized under interest arrangements from banking companies			
Running finances	17.1	343,004,844	343,855,358
Term loans	17.1	230,706,608	71,567,000
		573,711,452	415,422,358
Unsecured			
Loan from director	17.2	102,000,000	102,000,000
		675,711,452	517,422,358

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 interest at rates ranging from one to three months KIBOR plus 2 % to 2.5% per annum (2019: one to three months KIBOR plus 2 % to 2.25% per annum), payable quarterly.

The aggregate available short term funded facilities amounts to Rs. 795 million (2019: Rs. 795 million) out of which Rs. 221 million (2019: Rs. 380 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
18 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	10	31,858,482	41,478,637
Lease liability	11	13,361,551	9,897,332
Deferred grant	15	4,755,508	-
		49,973,521	51,375,969
19 CONTINGENCIES AND COMMITMENTS			
19.1 Contingencies			
19.1.1 Guarantees issued by banks on behalf of the Company amount to Rs. 80.98 million (2019: Rs. 80.98 million)			
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.			
19.1.3 Gas Infrastructure Development Cess [GIDC] was levied by Sui Northern Gas Pipelines Limited [SNGPL] and Sui Southern Gas Pipelines Limited [SSGCL]. The Company and others have filed a suit before the Lahore High Court [LHC] and Sindh High Court [SHC] challenging the levy. The LHC & SHC have granted the stay in favour of the Company and directed SNGPL and SSGCL to avoid collection of GIDC. The Company has not recognized any provision for GIDC amounting to Rs. 37.29 million as a favourable outcome is expected.			
19.2 Commitments			
19.2.1 Commitments under irrevocable letters of credit for:			
- purchase of raw material		172,610,696	129,070,673
- purchase of stores, spare and loose tools		15,345,638	6,332,287
		187,956,334	135,402,960
19.2.2 Commitments under short term leases:			
The Company has rented office premises under short term leases 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	2020 Rupees	2019 Rupees
- payments not later than one year		2,243,846	2,064,652
- payments later than one year		-	-
		2,243,846	2,064,652
19.2.3 Commitments under short term leases:			
The Company has rented generator under short term leases 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	2020 Rupees	2019 Rupees
- payments not later than one year		8,000,000	8,000,000
- payments later than one year		-	-
		8,000,000	8,000,000
20 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	20.1	1,143,274,680	1,182,226,776
Capital work in progress	20.2	-	-
		1,143,274,680	1,182,226,776

for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

20.1 Operating fixed assets

	2020										
	COST / REVALUED AMOUNTS					DEPRECIATION					Net book value as at June 30, 2020 Rupees
	As at July 01, 2019 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2020 Rupees	Rate %	As at July 01, 2019 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2020 Rupees	
Freehold land	99,418,125	-	-	-	99,418,125	-	-	-	-	-	99,418,125
Buildings	326,906,844	-	-	-	326,906,844	5	176,797,897	7,505,448	-	184,303,345	142,603,499
Plant and machinery	1,696,299,312	-	-	13,000,493	1,709,299,805	5	778,970,596	46,000,204	-	824,970,800	884,329,005
Services and other equipment	2,976,737	-	-	-	2,976,737	10	2,375,596	60,114	-	2,435,710	541,027
Office equipment	9,109,420	408,000	-	-	9,517,420	10	7,487,401	166,602	-	7,653,003	1,864,417
Furniture and fixtures	7,627,523	-	-	-	7,627,523	10	6,763,033	86,449	-	6,849,482	778,041
Scooters and cycles	49,355	-	-	-	49,355	20	48,997	72	-	49,069	286
Arms and ammunitions	122,790	-	-	-	122,790	10	73,395	4,940	-	78,335	44,455
Vehicles	37,962,848	5,479,264	(1,678,100)	-	41,764,012	20	25,729,263	2,896,058	(557,134)	28,068,187	13,695,825
	2,180,472,954	5,887,264	(1,678,100)	13,000,493	2,197,682,611		998,246,178	56,718,887	(557,134)	1,054,407,931	1,143,274,680

*rsr/sr
for identification only*

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	COST / REVALUED AMOUNTS					2019					Net book value as at June 30, 2019 Rupees
						DEPRECIATION					
	As at July 01, 2018 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2019 Rupees	Rate %	As at July 01, 2018 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2019 Rupees	
Freehold land	99,418,125	-	-	-	99,418,125	-	-	-	-	-	99,418,125
Buildings	326,906,844	-	-	-	326,906,844	5	168,897,426	7,900,471	-	176,797,897	150,108,947
Plant and machinery	1,675,262,915	-	-	21,036,397	1,696,299,312	5	731,440,494	47,530,102	-	778,970,596	917,328,716
Services and other equipment	2,976,737	-	-	-	2,976,737	10	2,308,802	68,794	-	2,375,596	601,141
Office equipment	8,666,607	442,813	-	-	9,109,420	10	7,315,377	172,024	-	7,487,401	1,622,019
Furniture and fixtures	7,627,523	-	-	-	7,627,523	10	6,666,979	96,054	-	6,763,033	864,490
Scooters and cycles	49,355	-	-	-	49,355	20	48,907	90	-	48,997	358
Arms and ammunitions	122,790	-	-	-	122,790	10	67,907	5,488	-	73,395	49,395
Vehicles	39,363,733	143,105	(1,543,990)	-	37,962,848	20	23,681,699	3,088,716	(1,041,154)	25,729,263	12,233,585
	2,160,394,629	585,918	(1,543,990)	21,036,397	2,180,472,954		940,427,591	58,859,741	(1,041,154)	998,246,178	1,182,226,776

20.1.1 Freehold land of the Company is located at District Kasur with a total area of 311 Kanai 18 Marla (2019: 311 Kanai 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.

For identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

21 RIGHT-OF-USE ASSETS

		2020									
		COST				DEPRECIATION					Net book value as at June 30, 2020 Rupees
	As at July 01, 2019 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2020 Rupees	Rate %	As at July 01, 2019 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2020 Rupees	
Plant and machinery	92,392,604	-	-	-	92,392,604	5	18,134,098	3,712,926	-	21,847,024	70,545,580
	92,392,604	-	-	-	92,392,604		18,134,098	3,712,926	-	21,847,024	70,545,580
		2019									
		COST				DEPRECIATION					Net book value as at June 30, 2019 Rupees
	As at July 01, 2018 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2019 Rupees	Rate %	As at July 01, 2018 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2019 Rupees	
Plant and machinery	67,101,229	-	-	25,291,375	92,392,604	5	14,225,755	3,908,343	-	18,134,098	74,258,506
	67,101,229	-	-	25,291,375	92,392,604		14,225,755	3,908,343	-	18,134,098	74,258,506

21.1 Depreciation for the year is charged to cost of sales.

RSR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

20.1.3 Disposal of operating fixed assets

		2020					
	Cost/revalued amount Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain/(loss) on disposal Rupees	Mode of disposal	Particulars of buyer
Vehicles							
Honda City	1,606,000	508,923	1,097,077	1,890,000	792,923	Negotiation	Mr. Niamat Ali, Faisalabad.
Honda CD - 70	72,100	48,211	23,889	23,889	-	Book value	Qaiser Javed (Company Employee), Lahore.
	1,678,100	557,134	1,120,966	1,913,889	792,923		
		2019					
	Cost/revalued amount Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain/(loss) on disposal Rupees	Mode of disposal	Particulars of buyer
Vehicles							
Honda City	1,367,740	896,994	470,746	470,746	-	Book value	Mohammad Aziz (Ex Company Employee), Khushab.
Honda CD - 70	64,000	53,262	10,738	10,738	-	Book value	Amant Ali (Company Employee), Sheikhupura.
Honda CD - 70	64,000	53,262	10,738	10,738	-	Book value	Yousaf Ikram (Company employee), Lahore.
Honda CD - 70	48,250	37,636	10,614	10,614	-	Book value	Boots (Company employee), Lahore.
	1,543,990	1,041,154	502,836	502,836	-		

rsr/r
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
20.1.4 The depreciation charge for the year has been allocated as follows:			
Cost of sales	31	53,565,766	59,405,710
Administrative and selling expenses	33	3,153,121	3,352,374
		56,718,887	62,758,084

- 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 45.

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

	2020		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	59,445,942	-	59,445,942
Buildings on freehold land	243,357,241	125,800,178	117,557,063
Plant and machinery	1,787,933,132	809,014,385	978,918,747
	2019		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	59,445,942	-	59,445,942
Buildings on freehold land	243,357,241	119,512,954	123,744,277
Plant and machinery	1,774,932,639	758,035,774	1,016,896,865

- 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
Freehold land	79,534,500
Building on freehold land	126,780,000
Plant and machinery	743,175,000
	949,489,500

- 20.2 Capital work in progress

	2020		
	As at July 01, 2019 Rupees	Additions Rupees	Transfers Rupees
Plant and machinery	-	13,000,493	(13,000,493)
	-	13,000,493	(13,000,493)
	2019		
	As at July 01, 2018 Rupees	Additions Rupees	Transfers Rupees
Plant and machinery	25,291,375	21,036,397	(46,327,772)
	25,291,375	21,036,397	(46,327,772)

Sarita
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
22 LONG TERM DEPOSITS			
Financial institutions		12,749,251	14,402,371
Others	22.1	13,336,410	13,338,410
		26,085,661	27,738,781

- 22.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 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.

23 LONG TERM INVESTMENTS

These were 188 sale tax refund bonds issued by FBR Refund Settlement Company (Private) Limited at a face value of Rs. 100,000 each with a maturity period of three years. During the year, the Company was given a pre-mature refund at face value. Accrued profit amounting to Rs. 82,568 was written-off.

	Note	2020 Rupees	2019 Rupees
24 STORES, SPARES AND LOOSE TOOLS			
Stores		16,638,034	17,728,150
Spares		5,186,596	5,345,386
Loose tools		3,919	3,919
		21,828,549	23,077,455

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

25 STOCK IN TRADE

Raw material	25.1	595,101,680	448,301,893
Work in process		52,754,805	41,852,207
Finished goods	25.2	207,853,345	75,281,067
		855,709,830	565,435,167

- 25.1 These include stock in transit valued at nil (2019: Rs. 26,702,513)

- 25.2 Stock of finished goods include stock of waste valued at net realizable value of Rs. 6,802,622 (2019: Rs. 4,817,960).

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

- 25.4 Details of stock pledged as security are referred to in note 46 to the financial statements.

	Note	2020 Rupees	2019 Rupees
26 TRADE RECEIVABLES			
Trade receivables		39,793,512	153,588,730
Impairment allowance for expected credit losses	26.1	(4,387,671)	(4,490,427)
		35,405,841	149,098,303

26.1 Impairment allowance for expected credit losses

As at beginning of the year		4,490,427	-
Reversal during the year	34	(102,755)	-
Recognized during the year	36	-	4,490,427
As at end of the year		4,387,671	4,490,427

VSPIC
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
27 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers		16,817,579	1,702,414
Advances to employees	27.1	6,339,578	7,404,216
Prepayments		2,970,405	2,824,395
Margin deposits	27.2	163,125,101	-
Letters of credit		9,996,513	4,342,067
Sales tax refundable		13,945,856	38,220,970
		213,195,032	54,494,062
27.1	These represent advances to employees against future salaries and post employment benefits in accordance with the Company policy. No advances have been given to any of the directors of the Company.		
27.2	These represent deposits with a banking companies against under lien with providers of debt finances.		
		2020 Rupees	2019 Rupees
28 CURRENT TAXATION			
Advance income tax/income tax refundable		42,232,934	66,665,094
Provision for taxation		(42,192,639)	(41,581,422)
		40,295	25,083,672
29 CASH AND BANK BALANCES			
Cash in hand		1,008,826	467,049
Cash at banks			
current accounts in local currency		57,396,816	152,037,224
current accounts in foreign currency		4,745,233	4,533,925
		62,142,049	156,571,149
		63,150,875	157,038,198
30 SALES - NET			
Yarn		3,257,627,427	3,441,164,078
Waste		76,374,169	53,640,904
		3,334,001,596	3,494,804,982
Sales tax		(521,158,977)	-
		2,812,842,619	3,494,804,982
30.1	Payments from customers against sale of goods is typically due at the end of credit period ranging from 30 days to 120 days.		
30.2	Sales for the year include Rs. 89.51 million (2019: Rs. 30.64 million) against advances from customers at the beginning of the year.		

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
31 COST OF SALES			
Raw material consumed	31.1	1,929,793,795	2,253,300,745
Power and fuel		432,194,400	408,811,928
Stores, spares and loose tools consumed		81,620,536	97,331,861
Salaries, wages and benefits	31.2	301,834,809	313,442,711
Entertainment		698,504	737,477
Insurance		4,166,982	3,766,472
Repair and maintenance		20,717,126	23,961,952
Traveling and conveyance		2,001,460	282,483
Vehicle running and maintenance		2,137,678	3,151,396
Depreciation	20.1.4 & 21.1	57,278,692	59,405,710
Others		936,221	940,426
Manufacturing cost		2,833,380,203	3,165,132,961
Work in process			
As at beginning of the year		41,852,207	37,522,780
As at end of the year		(52,754,805)	(41,852,207)
		(10,902,598)	(4,329,427)
Cost of goods manufactured		2,822,477,605	3,160,803,534
Finished goods			
As at beginning of the year		75,281,067	150,869,988
As at end of the year		(207,853,345)	(75,281,067)
		(132,572,278)	75,588,921
		2,689,905,327	3,236,392,455
31.1 Raw material consumed			
As at beginning of the year		448,301,893	378,548,092
Purchased during the year		2,076,593,582	2,323,054,546
As at end of the year		(595,101,680)	(448,301,893)
		1,929,793,795	2,253,300,745
31.2 These include charge in respect of employees retirement benefits amounting to Rs. 17,900,815 (2019: Rs. 17,209,492).			
	Note	2020 Rupees	2019 Rupees
32 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	32.1	3,023,350	2,693,653
Commission		5,623,194	3,752,345
Vehicle running and maintenance		164,870	151,529
Others		157,312	253,197
		8,968,726	6,850,724
32.1 These include charge in respect of employees retirement benefits amounting to Rs. 484,503 (2019: Rs. 405,906).			

rsr
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
33 ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' meeting fee		25,000	40,000
Salaries and benefits	33.1	30,490,979	28,687,461
Rent, rates and utilities		5,109,110	4,638,910
Printing and stationery		518,988	734,588
Communication		1,388,364	1,094,102
Repair and maintenance		304,898	799,320
Vehicles running and maintenance		1,614,801	2,561,693
Fee and subscription		671,634	838,195
Traveling and conveyance		923,914	2,125,999
Legal and professional		1,525,000	255,000
Auditor's remuneration	33.2	875,000	917,500
Entertainment		589,162	653,680
Insurance		1,573,106	1,255,488
Depreciation	20.1.4	3,153,121	3,362,374
Others		2,356,053	2,690,402
		51,119,130	50,652,712
33.1	These include charge in respect of employees retirement benefits amounting to Rs. 4,994,344 (2019: Rs. 4,731,942).		
		2020 Rupees	2019 Rupees
33.2 Auditor's remuneration			
Annual statutory audit		675,000	708,750
Limited scope review		125,000	131,250
Review report on corporate governance		50,000	52,500
Out of pocket expenses		25,000	25,000
		875,000	917,500
34 OTHER INCOME			
Gain on financial instruments			
Exchange gain		226,758	1,092,741
Reversal of impairment allowance for expected credit losses	26	102,756	-
Accrued profit on long term investment		-	82,568
		329,514	1,175,309
Other income			
Gain on disposal of property, plant and equipments		792,923	-
		1,122,437	1,175,309
35 FINANCE COST			
Interest on:			
loan from directors and family members		26,189,669	26,668,262
long term finances		31,860,283	28,835,231
lease liability		2,041,401	2,308,830
short term borrowings		65,647,343	60,728,539
Interest waived	35.1	(26,189,669)	(26,668,262)
		99,549,027	91,870,600
Interest on workers' profit participation fund		761,999	236,351
Bank charges and commission		2,870,504	3,326,593
		103,181,530	95,433,544

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- 35.1 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	2020 Rupees	2019 Rupees
36 OTHER CHARGES			
Loss on financial instruments			
Impairment allowance for expected credit losses	26.1	-	4,490,427
Accrued profit on long term investment written-off	23	82,568	-
		82,568	4,490,427
Other expenses			
Workers' Profit Participation Fund	16.2	-	5,343,610
Workers' Welfare Fund	16.3	-	2,030,572
Donations	36.1	-	15,000
		-	7,389,182
		82,568	11,879,609

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

37 TAXATION

Current taxation			
for current year	37.1	42,192,639	41,581,422
for prior year		1,052,002	-
		43,244,641	41,581,422
Deferred taxation	14.1		
for current year		(24,332,505)	689,216
adjustment attributable to changes in tax rates		-	-
		(24,332,505)	689,216
		18,912,136	42,270,638

- 37.1 Provision for taxation has been made under section 113 (2019: 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.
- 37.2 The income tax assessments of the Company up to and including tax year 2019 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 as referred to in note 37.3 and 37.4.
- 37.3 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.
- 37.4 In respect of Tax Year 2017, the Company received notice under section 161(1A) of the Income Tax Ordinance, 2001 dated March 2019. In compliance to notice, the case was adjourned on written request of the Company. However, the concerned officials were changed and no notice from new officers is yet received. The proceedings are still under process.

	Unit	2020	2019
38 (LOSS)/EARNING PER SHARE - BASIC AND DILUTED			
(Loss)/profit attributable to ordinary shareholders	Rupees	(58,204,361)	52,500,609
Weighted average number of ordinary shares outstanding during the year	No. of shares	29,840,607	29,840,607
(Loss)/earning per share - Basic	Rupees	(1.95)	1.76

There is no anti-dilutive/dilutive effect on the basic (loss)/earning per share of the Company.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
39 CASH GENERATED FROM OPERATIONS			
(Loss)/profit before taxation		(39,292,225)	94,771,247
Adjustments for non-cash and other items			
Finance cost		103,181,530	91,870,600
Foreign exchange gain		(226,758)	(1,092,741)
Provision for employees retirement benefits		23,379,662	22,411,487
Reversal of impairment allowance for expected credit losses		(102,756)	-
Impairment allowance for expected credit losses		-	4,490,427
Accrued profit on long term investment		-	(82,568)
Gain on disposal of property, plant and equipment		(792,923)	-
Accrued profit on long term investment written-off		82,568	-
Depreciation		60,431,813	62,768,084
		185,953,136	180,355,289
Operating profit before changes in working capital		146,660,911	275,136,536
Changes in working capital			
Stores, spares and loose tools		1,248,906	(2,122,419)
Stock in trade		(290,274,663)	1,505,693
Trade receivables		113,795,218	(97,004,706)
Advances, deposits, prepayments and other receivables		(158,700,970)	22,102,371
Trade and other payables		36,137,187	58,604,882
Long term deposits		1,653,120	(1,804,275)
		(296,141,202)	(18,718,454)
Cash generated from operations		(149,480,291)	256,418,082
40 CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	63,150,875	157,038,198
		63,150,875	157,038,198

41 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:

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	0.00%
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)	0.00%
M. Murad Saigol	Key management personnel	Director	8.37%
M. Zeid Yousuf Saigol	Key management personnel	Director	8.39%
Arshad Ismail Khan	Key management personnel	Director	0.00%
Amber Haroon Saigol	Close family member of director	Spouse of director	16.93%

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:

rsr
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		2020 Rupees	2019 Rupees
41.1	Transactions with related parties		
	Nature of relationship	Nature of transactions	
	Key management personnel	Short-term employee benefits Post employment benefits	5,605,000 465,000
	Associated company	Generator rent	12,000,000
41.2	Balances with related parties		
	Nature of relationship	Nature of balance	
	Directors and their family members	Long term loans Short term borrowings	265,884,966 102,000,000
	Key management personnel	Short-term employee benefits payable Post employment benefits payable	930,000 9,765,000
	Associated company	Generator rent payable	5,215,909
42	FINANCIAL INSTRUMENTS		
	The carrying amounts of the Company's financial instruments by class and category are as follows:		
	Note	2020 Rupees	2019 Rupees
42.1	Financial assets		
	<i>Cash in hand</i>	29	1,008,826
	<i>Financial assets at amortized cost</i>		
	Long term deposits	22	26,085,661
	Trade receivables	26	35,405,841
	Advances to employees	27	6,339,578
	Margin deposits	27	163,125,101
	Bank balances	29	62,142,049
			294,107,056
42.2	Financial liabilities		
	<i>Financial liabilities at amortized cost</i>		
	Loan from directors and family members	9	265,884,966
	Long term finances	10	269,287,154
	Lease liability	11	13,361,551
	Long term deposits	12	6,010,000
	Short term borrowings	17	675,711,452
	Accrued interest		18,889,075
	Trade creditors	16	108,854,311
	Accrued liabilities	16	177,324,477
	Bills payable	16	-
	Unclaimed dividend		485,351
			1,535,808,337

43 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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:

43.1 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.

43.1.1 Credit risk management practices

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade 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.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the debtor has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: Twelve month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

For identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

43.1.2 Exposure to credit risk

Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2020 Rupees	2019 Rupees
Financial assets at amortized cost			
Long term deposits	22	26,085,661	27,738,781
Trade receivables	26	39,793,512	153,588,730
Advances to employees	27	6,339,578	7,404,216
Margin deposits	27	163,125,101	-
Bank balances	29	62,142,049	156,571,149
		297,485,901	345,302,876

43.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
Long term deposits	22	N/A	N/A	12-month ECL	26,085,661	-
Trade receivables	26	N/A	Performing	Lifetime ECL	39,793,512	4,387,671
Advances to employees	27	N/A	Performing	12-month ECL	6,339,578	-
Margin deposits	27	A3 - A1+	N/A	12-month ECL	163,125,101	-
Bank balances	29	A3 - A1+	N/A	12-month ECL	62,142,049	-
					297,485,901	4,387,671

(a) Long term deposits

Long term deposits comprise security deposits placed with various utility companies and regulatory authorities. These deposits are substantially perpetual with no determinable maturity date and will be due for refund only if the Company is wound up. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) Trade receivables

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, all trade receivables are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade receivables as at the reporting date is as follows:

	Note	2020 Rupees	2019 Rupees
Neither past due nor impaired		23,240,061	122,806,258
Past due by upto 30 days		4,397,127	15,489,060
Past due by 31 days to 180 days		7,789,957	10,925,741
Past due by 180 days or more		4,387,671	4,387,671
		39,814,816	153,588,730

(c) Advances to employees

Advances to employees have been given against future salaries and post-employment benefits. Accordingly, these are considered to have no credit risk.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

(d) Margin deposits

These are deposited with a banking companies against under lien with providers of debt finances. The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss.

(e) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss.

43.1.4 Concentrations of credit risk

There are no significant concentrations of credit risk, except for trade receivables. The Company's two (2019: two) significant customers account for Rs. 14,868 million (2019: Rs. 78.16) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2019: 10%) of trade receivables as at the reporting date. These significant 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.

43.1.5 Collateral held

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

43.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 26.1.

43.2 Liquidity risk

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

43.2.1 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.

43.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest/profit rate curves at the reporting date.

	2020				
	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	265,884,966	265,884,966	-	-
Long term finances	277,021,276	361,867,686	53,002,586	308,865,100	-
Lease liabilities	13,361,551	13,773,147	13,773,147	-	-
Long term deposits	6,010,000	6,010,000	-	6,010,000	-
Short term borrowings	675,711,452	675,711,452	675,711,452	-	-
Accrued interest	18,889,075	18,889,075	18,889,075	-	-
Trade creditors	108,854,311	108,854,311	108,854,311	-	-
Accrued liabilities	177,324,477	177,324,477	177,324,477	-	-
Bill payable	-	-	-	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	1,543,542,459	1,628,800,465	1,313,925,365	314,875,100	-

for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2019				
	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	265,884,966	-	265,884,966	-
Long term finances	228,132,505	317,577,614	70,540,146	247,037,468	-
Lease liabilities	21,791,313	24,100,350	11,664,291	12,436,059	-
Long term deposits	6,010,000	6,010,000	-	6,010,000	-
Short term borrowings	517,422,358	522,229,538	522,229,538	-	-
Accrued interest	24,716,864	24,716,864	24,716,864	-	-
Trade creditors	97,961,221	97,961,221	97,961,221	-	-
Accrued liabilities	125,634,303	125,634,303	125,634,303	-	-
Bill payable	24,918,955	24,918,955	24,918,955	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	1,312,957,835	1,409,519,162	878,150,669	531,368,493	-

43.3 Market risk

43.3.1 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) 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.

(b) Exposure to currency risk

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

	2020			
	CHF Rupees	EUR Rupees	USD Rupees	Total Rupees
Financial assets				
Cash and bank balances	-	-	4,745,233	4,745,233
Financial liabilities				
Net balance sheet exposure	-	-	4,745,233	4,745,233
Foreign currency commitments	-	(1,052,985)	(186,903,349)	(187,956,334)
Net exposure	-	(1,052,985)	(182,158,116)	(183,211,101)
	2019			
	CHF Rupees	EUR Rupees	USD Rupees	Total Rupees
Financial assets				
Cash and bank balances	-	-	4,533,925	4,533,925
Financial liabilities				
Net balance sheet exposure	-	-	4,533,925	4,533,925
Foreign currency commitments	(216,501)	(660,718)	(143,246,527)	(144,123,746)
Net exposure	(216,501)	(660,718)	(138,712,602)	(139,589,821)

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

(c) Exchange rates applied as at reporting date

The following spot exchange rates were applied as at reporting date

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
CHF	176.59	168.03
EUR	188.61	186.37
USD	168.05	164.00

(d) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US \$ would have decreased profit for the year by Rs. 0.475 million (2019: Rs. 0.453 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.

43.3.2 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 rate risk management

The Company manages interest rate risk by analysing 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.

(b) Interest bearing financial instruments

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

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	79,997,748	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	784,096,531	787,346,176

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value

(d) 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. 7.841 million (2019: Rs. 7.673 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.

43.3.3 Other price risk

Other 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.

for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

44 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	2020	2019
Total debt	Rupees	556,267,793	515,808,784
Total equity	Rupees	560,750,181	621,631,344
		1,117,017,974	1,137,440,128
Gearing	% age	49.80%	45.35%

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 9).

45 FAIR VALUE MEASUREMENTS

45.1 Financial Instruments

45.1.1 Financial instruments measured at fair value

The Company measures some of its financial assets at fair value. 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).

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:

a) Recurring fair value measurements

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

b) Non-recurring fair value measurements

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

45.2 Assets and liabilities other than financial instruments.

45.2.1 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	2020 Rupees	2019 Rupees
Freehold land	-	99,418,125	-	99,418,125	99,418,125
Buildings	-	142,603,499	-	142,603,499	150,108,947
Plant and machinery	-	954,874,585	-	954,874,585	991,587,222

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

For identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	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 (2019: 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. 7.13 million (2019: Rs. 7.51 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. 47.74 million (2019: Rs. 49.58 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.

45.2.2 Non-recurring fair value measurements

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

	2020 Rupees	2019 Rupees
46 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	1,568,000,000	1,167,000,000
Charge over operating fixed assets	1,138,000,000	1,405,000,000
Pledge		
Raw material	518,147,963	362,366,162
Finished goods	98,264,278	57,484,314

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.

47 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:

For identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	3,720,000	-	10,310,016
Allowances and perquisites	1,860,000	-	5,154,984
Meeting fee	-	25,000	-
Post employment benefits	465,000	-	1,288,750
	6,045,000	25,000	16,753,750
Number of persons	1	1	5

	2019		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	3,080,004	-	9,115,404
Allowances and perquisites	1,539,996	-	4,557,896
Meeting fee	-	40,000	-
Post employment benefits	385,000	-	1,139,425
	5,005,000	40,000	14,812,525
Number of persons	1	1	5

47.1 Meeting fee includes Rs. 25,000 (2019: Rs. 40,000) paid to non-executive directors of the Company.

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

48 SEGMENT INFORMATION

48.1 The Company is a single reportable segment.

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

48.3 All sales of the Company have originated from Pakistan.

49 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	2020	2019
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	2,157,675	2,604,046

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.

50 NUMBER OF EMPLOYEES

	2020	2019
Total number of employees	1,373	1,200
Average number of employees	1,145	1,201

51 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.

RSR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020


52 IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

COVID-19 pandemic started at the end of December 2019 and broke out in China in January 2020. The slow down in Pakistan started in February 2020 following which a nationwide lockdown was imposed in Pakistan. The Company's production facilities remained closed for about two months. However, things are now seen getting back to track and as sales continue to pick up with the pandemic easing out, the management expects sustainable growth in revenue and profits in the ensuing financial year. The benefits payroll financing at low interest rates under various schemes of the State Bank of Pakistan will further provide required momentum. There is no financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses reported in these financial statements.

53 GENERAL

53.1 Figures have been rounded off to the nearest rupee.

53.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

for identification only

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

30-06-2020

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
202	1	100	4,931
257	101	500	77,015
206	501	1,000	164,610
245	1,001	5,000	666,065
64	5,001	10,000	500,861
25	10,001	15,000	315,140
23	15,001	20,000	426,786
20	20,001	25,000	463,853
8	25,001	30,000	228,581
7	30,001	35,000	224,868
2	35,001	40,000	76,000
3	40,001	45,000	130,500
6	45,001	50,000	293,000
3	50,001	55,000	157,500
1	55,001	60,000	57,500
3	60,001	65,000	192,093
1	65,001	70,000	70,000
2	70,001	75,000	150,000
1	75,001	80,000	77,000
1	90,001	95,000	94,500
1	95,001	100,000	96,000
2	100,001	105,000	202,670
1	105,001	110,000	110,000
1	110,001	115,000	111,500
1	130,001	135,000	130,136
2	145,001	150,000	299,745
1	170,001	175,000	175,000
1	185,001	190,000	190,000
1	190,001	195,000	190,500
1	200,001	205,000	202,500
1	205,001	210,000	210,000
1	210,001	215,000	212,000
1	245,001	250,000	250,000
1	255,001	260,000	258,000
1	270,001	275,000	275,000
1	295,001	300,000	300,000
1	575,001	580,000	576,500
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	5,050,001	5,055,000	5,053,206
1	8,135,001	8,140,000	8,138,150
1,105			29,840,607

SARITOW SPINNING MILLS LIMITED
Categories of Shareholding required under Listed Companies (Code of Corporate Governance)
Regulations, 2019 as on June 30, 2020

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 Children:			
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	MR. ARSHAD ISMAIL KHAN (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 interest in the listed company			
1	MR. M. NASEEM SAIGOL (CDC)	8,138,150	27.2721
2	MRS. AMBER HAROON SAIGOL (CDC)	5,053,206	16.9340
3	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,502,500	8.3862
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
	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL (CDC)		

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	1,059	12,826,623	42.9838
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	1	4,566	0.0153
Joint Stock Companies	13	40,904	0.1371
Foreign Companies	6	17,807	0.0597
	<u>1,105</u>	<u>29,840,807</u>	<u>100.0000</u>

پٹرین آف شیئر ہولڈنگ

30 جون 2020

نمبر شمار	کمپنی آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	قیمت
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	15,323,362	51.3507
2	ایسوسی ایٹ کمپنیز، مائٹریکلور اور متعلقہ پارٹی۔	-	-	-
3	این آئی سی اور آئی سی بی	3	1,349,991	4.5240
4	بینک، ڈیویڈنٹ فنانس انسٹیٹیوٹ، نان بینکنگ فنانس انسٹیٹیوٹ	8	30,337	0.1017
5	انسٹورنس کمپنیز	2	108,784	0.3546
6	مدار بہادر میوہل فنڈز	4	8,097	0.0271
7	عام عوام	1,059	12,826,623	42.9838
8	دوسرے (خصوصی کیا جائے گا)			
	میشن فنڈز	1	130,136	0.4361
	دوسری کمپنیز	1	4,566	0.0153
	جوائنٹ سٹاک کمپنیز	13	40,904	0.1371
	غیر ملکی کمپنیز	6	17,807	0.0597
	کل تعداد	1,105	29,840,607	100.0000

تعداد حصص

-	ایسوسی ایٹ کمپنیز، مائٹریکلور اور متعلقہ پارٹی۔
5,000	میوہل فنڈز
15,323,362	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔
-	ایگزیکٹوز
-	پبلک سیکورٹیز اور کارپوریٹ
272,354	بینک، ڈیویڈنٹ فنانس انسٹیٹیوٹ، نان بینکنگ فنانس انسٹیٹیوٹ، انسٹورنس کمپنیز، مدار بہادر میوہل فنڈز
20,370,818	پانچ فیصد یا اس سے زیادہ کے حصص داران
	لسٹڈ کمپنیز میں ڈائریکٹرز، ای ای او، ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید و فروخت

نمبر شمار	نام	فروخت	خرید
1	محترم سائبر بادن ہنگ زہ چھوٹا عظیم ہنگ	---	931,549 (وراثتی منتقلی)

Form of Proxy

34th Annual General Meeting

LEDGER FOLIO

SHARES HELD

I / We _____
of _____
hereby appoint _____
of _____

(or failing him) _____ of _____

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 34th Annual General Meeting of the Company to be held on October 28, 2020 at 06-Egerton Road, Lahore at 10:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this _____ day of _____ 2020.

Signed by the said

REVENUE
STAMP

Witnesses:

1) Name _____
Address _____

CNIC No. _____

2) Name _____
Address _____

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 requirements 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 along with proxy form to the Company).
 - (ii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

پراکسی فارم

34 وال سالانہ عمومی اجلاس عام۔

لکھنؤ

موجودہ حصص

Page 10 of 10

[illegible]

اپوزیٹو آج تاریخ: _____ اکتوبر 2020 میری عمر: _____

گواہان:

 $\varphi_2(\tau)$

Figure 6

تومی شناختی

اهم نکات:

1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حقدار ہے کھلی کے آرٹیکل 52 آف ایسوی ایشن کے آرٹیکل 52 کے تحت پراکسی کا حق قرار دیا گیا ہے۔ پراکسی نامی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کھلی کے رجسٹر آف آفس (17- عزیز ایویجیو، کیمنل بینک بنگلہ گھر -7، لاہور) میں موصول ہونا ضروری ہیں۔ پراکسیوں پر سیدنی ٹیکٹ رکن کے دخل سے اور گواہان کے دخل سے ہونا ضروری ہیں۔

2- سی ڈی سی اکاؤنٹ رکھنے والے انکارپوریٹڈ ادارے کے لیے

مزید برآں درج ذیل شرائط کا پورا کرنا لازمی ہے۔

(i) یہ انکسی غلام کے بھرا ہوا مکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں گی۔

(ii) کارپوریت لوہار سے کی صورت میں پورا آف ڈائریکٹرز کی قراردادوں/پاور آف ایٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کر لیا ہو) کمپنی میں پر کسی فارم کے ساتھ جمع کرانی ہوگی۔

(iii) پراگسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔

Welcome to
8181



**An informed
investor is a “safe”
investor**




**Stay informed, invest
wisely.**

**SECP SMS* verification
service offers:**

-  **Company verification**
SMS <incorporation ID> to 8181
-  **License verification**
SMS LV<space><incorporation ID>
to 8181
-  **Agent verification**
SMS <Agent ID> to 8181
-  **Modaraba verification**
SMS MV<space><Modaraba
authorization ID> to 8181

Never invest in unregistered and unlicensed entity, it's risky

Value Added Services:

-  **Saving & Investment Quotes**
-  **Regulatory & Enforcement Actions
taken by SECP**
-  **Event Notification**
-  **Scams Alerts**

To subscribe; SMS sub to 8181



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Regular SMS Rates will be applicable