

SARITOW SPINNING MILLS LIMITED

1st QUARTER REPORT

30-09-2020

(Un-Audited)

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Non-Executive / Chairman
Mr. Muhammad Zeid Yousuf Saigol	Chief Executive Officer
Mr. Muhammad Murad Saigol	Non-Executive Director
Mr. Muhammad Omer Farooq	Executive Director
Syed Zubair Ahmad Shah	Independent Director
Mr. Muhammad Asif	Independent Director
Mrs. Sadaf Kashif	Non-Executive Director

AUDIT COMMITTEE

Mr. Muhammad Asif	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Syed Zubair Ahmad Shah	Member
Mrs. Sadaf Kashif	Member

HR & REMUNERATION COMMITTEE

Mr. Muhammad Asif	Chairman
Mr. M. Naseem Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member

COMPANY SECRETARY

Mr. Liaquat Ali

CHIEF FINANCIAL OFFICER

Mr. Zahoor Ahmed

AUDITORS

M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co.
Chartered Accountants

REGISTRATION NUMBER

0025880

NTN

1351003-7

WEBSITE

www.kpcl.com.pk

BANKERS

Askari Bank Limited
MCB Bank Limited
National Bank of Pakistan
United Bank Limited
Sindh Bank Limited

REGISTERED OFFICE

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35715029-31 Fax: 042-35715105
E-mail: shares@saigols.com

WORKS

Kohinoor Nagar, Faisalabad.
51-KM, Multan Road, Lahore.

SHARE REGISTRAR

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



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

DIRECTORS' REPORT

The Directors of M/s. Saritow Spinning Mills Limited are please to present Financial Results for the first quarter of financial year 2019-20 ending September 30, 2020 along with director report thereon.

Financial High Lights

	Quarter Ending <u>Sept 30, 2020</u>	Quarter Ending <u>Sept 30, 2019</u>
Net Sales	876.182	664.591
Gross Profit	57.574	40.268
Gross Profit Ratio	6.57 %	6.06 %
Profit before tax	21.876	0.398
Profit/ (Loss) after tax	8.734	(7.909)

Operating Financial Results

Quarter under review was quite affected by post Covid scenario, uncertainty prevailed in business community. Masses were afraid of recurrence of the virus but in spite of very tough prevailing market conditions your Company had performed reasonably well. Our company was able to achieve net turnover of Rs. 876.182 million as compared to Rs. 664.591 million during the corresponding period last year. The turnover of the company increased due to liquidation of yarn inventory coupled with increased yarn prices. In spite of increased sale our profitability not improved due to increase in raw material prices.

Estimation of current year Raw Cotton crop is not good and only 7.000 million cotton bales are expected to be harvested, which is far less then requirement of local Spinning industry. Geo political environment in post Covid scenario of the whole world particularly of our region is not good which will affect our performance in days to come.

Future Outlook

In order to achieve better results in days to come we have planned to replace some of our aging machinery with state of the art latest machines. We hope induction of latest machines will improve efficiency which will result I better profits.



SARITOW SPINNING MILLS LIMITED

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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

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

Syed Raza 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.

For and on behalf of the Board

Lahore
October 29, 2020


Chief Executive

ڈائریکٹرز رپورٹ

میسرز سار سہیل مینڈ کے ڈائریکٹرز براہ کرم مالی سال 20 - 2019 کی پہلی سہ ماہی کے 30 ستمبر، 2020 کو اختتام پذیر ہونے کے لیے مالی نتائج پیش کریں گے اور اس کے ساتھ ڈائریکٹرز رپورٹ بھی پیش کریں گے۔

آپریٹنگ نتائج

زیر نظر سہ ماہی کوویڈ کے اثرات سے بڑی طرح متاثر ہوئی۔ تاجر برادری میں غیر یقینی صورتحال پیدا ہوئی۔ لوگ اس وائرس کی نگرار سے خوفزدہ تھے لیکن مارکیٹ میں انتہائی سخت حالات کے باوجود آپ کی کمپنی نے مناسب کارکردگی کا مظاہرہ کیا ہے۔ ہماری کمپنی 876.182 ملین روپے کی خالص فروخت حاصل کرنے میں کامیاب رہی۔ جو کہ پچھلے سال اسی عرصے کے دوران 664.591 ملین روپے تھی کمپنی کی خالص فروخت دھماکے کے ذخیرہ کی فروخت اور قیمت فروخت میں زیادتی کی وجہ سے بڑھی۔ بڑھتی ہوئی فروخت کے باوجود ہمارا منافع خام مال کی قیمتوں میں اضافے کی وجہ سے بہتر نہیں ہوا۔

رواں سال خام کپاس کی فصل کا تخمینہ اچھا نہیں ہے اور صرف 7.000 ملین روٹی کی گانٹھوں کی کٹائی متوقع ہے جو اس وقت کی مقامی سپلائنگ صنعت کی ضرورت سے کہیں کم ہے۔ خاص طور پر ہمارے خطے کی پوری دنیا کے پوسٹ کوویڈ منظر میں جیو سیاسی ماحول اچھا نہیں ہے جو آنے والے دنوں میں ہماری کارکردگی کو متاثر کرے گا۔

مستقبل کا نظریہ

آنے والے دنوں میں بہتر نتائج حاصل کرنے کے لیے ہم نے کچھ پرانی مشینری کو جدید ترین مشینوں سے تبدیل کرنے کا منصوبہ بنایا ہے۔ ہم امید کرتے ہیں کہ جدید ترین مشینوں کی شمولیت سے کارکردگی میں بہتری آئے گی جس کے نتیجے میں بہتر نفع کی توقع ہے

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
مرد	7
عورت	کوئی نہیں
ساخت	
آزاد ڈائریکٹرز	سید رضا عباس جعفری
	جناب جمال نسیم
نان ایگزیکٹو ڈائریکٹرز	جناب محمد نسیم سہگل
	جناب محمد زید یوسف سہگل
	جناب محمد مراد سہگل
	جناب محمد عمر فاروق
ایگزیکٹو ڈائریکٹر	جناب سامر اقبال سہگل

کمیٹی

بورڈ کی کمیٹی کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

سید رضا عباس جعفری	چیئر مین / ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر
جناب جمال نسیم	ممبر

ایچ آر اینڈ مینجمنٹ کمیٹی

سید رضا عباس جعفری	چیئر مین / ممبر
جناب سامر اقبال سہگل	ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر

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

منجانب ویرائے بورڈ:

سامر اقبال سہگل

چیف ایگزیکٹو

لاہور

29 اکتوبر، 2020

Saritow Spinning Mills Limited
Condensed Interim Statement of Financial Position
as at September 30, 2020

	Note	September 30, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	4	298,406,070	298,406,070
Surplus on revaluation of property, plant and equipment		57,442,073	57,755,154
Accumulated Profit		213,635,867	204,588,957
Total Equity		569,484,010	560,750,181
Non-current liabilities			
Loan from directors and family members		265,884,966	265,884,966
Long term finances		150,896,006	237,430,692
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		85,449,739	84,313,128
Deferred taxation		118,631,945	118,631,945
Deferred grant		3,809,480	2,978,614
		630,682,136	715,249,345
Current liabilities			
Trade and other payables		397,761,106	408,177,418
Unclaimed dividend		485,351	485,351
Short term borrowings		519,549,013	675,711,452
Accrued interest		16,866,153	18,889,075
Current portion of non-current liabilities		47,557,171	49,973,521
		982,218,794	1,153,236,817
Total Liabilities		1,612,900,930	1,868,486,162
Contingencies and commitments	5	-	-
		2,182,384,940	2,429,236,343
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,136,125,358	1,143,274,680
Right-of-use-assets	7	69,663,760	70,545,580
Long term deposits		21,027,386	26,085,661
		1,226,816,504	1,239,905,921
Current assets			
Stores, spares and loose tools		26,039,011	21,828,549
Stock in trade		696,510,590	855,709,830
Trade receivables		38,226,878	35,405,841
Advances, prepayments and other receivables		125,628,719	213,195,032
Current taxation		-	40,295
Cash and bank balances		69,163,238	63,150,875
Total Assets		955,568,436	1,189,330,422
		2,182,384,940	2,429,236,343

The annexed notes 1 to 12 form an integral part of this interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Saritow Spinning Mills Limited
Condensed Interim Statement of Profit Or Loss
for the Quarter ended September 30, 2020

	Note	Quarter ended	
		September 30, 2020	September 30, 2019
		Rupees (Un-Audited)	Rupees (Un-Audited)
Sales - net	8	876,181,613	664,591,455
Cost of sales	9	818,607,261	624,323,028
Gross profit		57,574,352	40,268,427
Selling and distribution expenses		1,429,666	1,511,259
Administrative and general expenses		13,752,314	13,801,045
		15,181,980	15,312,304
		42,392,372	24,956,123
Other income		-	-
Operating profit		42,392,372	24,956,123
Finance cost		20,515,820	24,557,923
Other charges		-	-
		20,515,820	24,557,923
Profit before taxation		21,876,552	398,200
Taxation	10	(13,142,723)	(8,307,393)
Profit / (Loss) after taxation		8,733,829	(7,909,193)
Earnings per share - basic and diluted		0.53	(0.48)

The annexed notes 1 to 12 form an integral part of this interim financial information.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

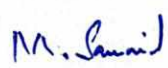
Saritow Spinning Mills Limited


Condensed Interim Statement of Comprehensive Income for the Quarter ended September 30, 2020

	Quarter ended	
	September 30, 2020	September 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
	(Un-Audited)	(Un-Audited)
Other comprehensive income / loss	-	-
Profit / (loss) after taxation	8,733,829	(7,909,193)
Total comprehensive income / (loss)	<u>8,733,829</u>	<u>(7,909,193)</u>

The annexed notes 1 to 12 form an integral part of this interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Saritow Spinning Mills Limited
Condensed Interim Cash Flow Statement
for the Quarter ended September 30, 2020

	Quarter ended	
	September 30, 2020	September 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	21,876,552	398,200
Adjustments for non-cash items	41,429,315	40,429,976
Operating profit before changes in working capital	63,305,867	40,828,176
Changes in working capital	230,148,608	(78,347,488)
Cash used in operations	293,454,475	(37,519,312)
Payments for:		
Interest / mark-up	(22,538,742)	(13,958,437)
Employees retirement benefits	(5,236,800)	(5,463,770)
Income tax	(13,102,428)	(4,316,196)
	(40,877,970)	(23,738,403)
Net cash used in operating activities	252,576,505	(61,257,715)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(6,508,942)	(1,082,878)
Proceeds from disposal of assets	-	21,476
Long term deposits	5,058,275	185,725
Net cash used in investing activities	(1,450,667)	(875,677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(88,951,036)	(10,151,655)
Liabilities against assets subject to finance lease - Secured	-	(2,241,160)
Net increase / (decrease) in short term borrowings	(156,162,439)	40,605,250
Net cash flow from financing activities	(245,113,475)	28,212,435
Net (decrease)/increase in cash and cash equivalents	6,012,363	(33,920,957)
Cash and cash equivalents as at beginning of the period	63,150,875	53,438,899
Cash and cash equivalents as at end of the period	69,163,238	19,517,942

The annexed notes 1 to 12 form an integral part of this interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Saritow Spinning Mills Limited
Condensed Interim Statement of Changes in Equity
for the Quarter ended September 30, 2020

	Share capital	Capital reserves	Revenue reserves	Total equity
	Issued subscribed and paid-up capital	revaluation of property, plant and equipment	Accumulated profit	
	Rupees	Rupees	Rupees	Rupees
Balance as at July 1, 2019	298,406,070	58,691,100	264,534,174	621,631,344
Loss after taxation for the year ended 30 June, 2020	-	-	(58,204,361)	(58,204,361)
Other comprehensive loss for the year ended 30 June, 2020	-	-	(2,676,802)	(2,676,802)
Total comprehensive loss	-	-	(60,881,163)	(60,881,163)
Incremental depreciation	-	(935,946)	935,946	-
Balance as at June 30, 2020	298,406,070	57,755,154	204,588,957	560,750,181
Profit for the Quarter ended September 30, 2020	-	-	8,733,829	8,733,829
Other comprehensive income / (loss) for the Quarter	-	-	-	-
Total comprehensive income	-	-	8,733,829	8,733,829
Incremental depreciation	-	(313,081)	313,081	-
Balance as at September 30, 2020	298,406,070	57,442,073	213,635,867	569,484,010

The annexed notes 1 to 12 form an integral part of this interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Saritow Spinning Mills Limited

Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2020

1 REPORTING ENTITY

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

2 BASIS OF PREPARATION

The interim financial information report is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2020.

2.1 Statement of compliance

This condensed interim financial report of the Company for the Quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of or directives issued under the Companies Ordinance, 1984.

2.2 Basis of measurement

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

2.3 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

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

2.5 Date of authorization for issue

This financial information was authorized for issue on October 29, 2020 by the Board of Directors of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

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

	Note	September 30, 2020	June 30, 2020
		Rupees	Rupees
4 ISSUED,SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary shares of Rs. 10 each:			
13,275,000 (June 30, 2020: 13,275,000) ordinary shares issued for cash		132,750,000	132,750,000
16,565,607 (June 30, 2020: 16,565,607) ordinary shares issued as consideration on merger		165,656,070	165,656,070
		<u>298,406,070</u>	<u>298,406,070</u>

5 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in status and amount of contingencies since June 30, 2020

Saritow Spinning Mills Limited

Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2020

	September 30, 2020	June 30, 2020
	Rupees	Rupees
Commitments		
Payments under irrevocable letters of credit for import of:		
Stores and spare	922,243	6,332,287
Raw material	199,811,461	129,070,673
	<u>200,733,704</u>	<u>135,402,960</u>
6 Property, plant and equipment		
Net book value at the beginning of the period/year	1,143,274,680	1,182,226,776
Additions during the period/year		
Plant and machinery	6,434,442	13,000,493
Office equipment	-	408,000
Vehicles	74,500	5,479,264
	6,508,942	18,887,757
Net book value of assets disposed during the period/year	-	(1,120,966)
Depreciation for the period/year	(13,658,264)	(56,718,887)
Net book value at the end of the period/year	<u>1,136,125,358</u>	<u>1,143,274,680</u>
6.1 Capital work in progress		
Book value as at beginning of the period	-	-
Additions during the period		
Transfer during the year	-	13,000,493
	-	(13,000,493)
Book value at the end of the period	-	-
7 Right-of-use-assets		
Net book value at the beginning of the period/year	70,545,580	74,258,506
Additions during the period/year		
Depreciation for the period/year	(881,820)	(3,712,926)
Net book value at the end of the period/year	<u>69,663,760</u>	<u>70,545,580</u>
	Quarter ended	
	September 30, 2020	September 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
8 SALES - NET		
Yarn	864,584,683	656,063,451
Waste	11,596,930	8,528,004
	<u>876,181,613</u>	<u>664,591,455</u>
	Quarter ended	
	September 30, 2020	September 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
9 COST OF SALES		
Raw material consumed	522,162,469	574,365,913
Stores, spares and loose tools consumed	28,401,502	28,947,903
Power and fuel	106,581,134	115,460,515
Salaries, wages and benefits	87,101,132	80,840,575
Insurance	1,033,702	1,028,538
Repair and maintenance	8,773,624	6,128,321
Depreciation	13,785,622	14,286,234
Vehicle running and maintenance	418,421	713,874
Other manufacturing overheads	1,512,660	509,236

Saritow Spinning Mills Limited

Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2020

Work in process	769,770,266	822,281,109
Opening stock	52,754,805	41,852,207
Closing stock	(45,708,760)	(41,730,796)
	7,046,045	121,411
Cost of goods manufactured	776,816,311	822,402,520
Finished goods		
Opening stock	207,853,345	75,281,067
Closing stock	(166,062,395)	(273,360,559)
	41,790,950	(198,079,492)
	818,607,261	624,323,028

10 TAXATION

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

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

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and undertakings, key management personnel and sponsor directors and their family members. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term and post employment benefits. Transactions with sponsors and their family members are limited to provision of interest free loans to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

		Quarter ended	
		September 30, 2020	September 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
Transactions with related parties			
Nature of relationship	Nature of transaction		
Key management personnel	Short term employee benefits	1,395,000	1,395,000
	Post employment benefits	465,000	465,000
Kohinoor Power Company Ltd	Generator Rent	3,000,000	3,000,000
Balances with related parties			
Sponsors and their family members	Interest free loan-long term	265,884,966	265,884,966
Sponsors and their family members	Interest free loan-short term	102,000,000	102,000,000
Kohinoor Power Company Ltd	Generator Rent	5,875,476	2,782,607

12 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR