

SARITOW SPINNING MILLS LIMITED

ANNUAL REPORT 2021

BOARD OF DIRECTORS

Mr. M. Naseem Saigol
Mr. Samir Iqbal Saigol
Mr. Muhammad Murad Saigol
Mr. Muhammad Zeid Yousuf Saigol
Mr. Muhammad Omer Farooq
Mrs. Sadaf Kashif
Mr. Jamal Nasim

Chairman
Chief Executive Officer

AUDIT COMMITTEE

Mr. Jamal Nasim
Mr. M. Zeid Yousuf Saigol
Mr. Muhammad Omer Farooq
Mrs. Sadaf Kashif

Chairman/Member
Member
Member
Member

HR & REMUNERATION COMMITTEE

Mr. Jamal Nasim
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 35th Annual General Meeting of Shareholders of **SARITOW SPINNING MILLS LIMITED** will be held on **Thursday, October 28, 2021 at 10:30 A.M.**, at 06-Egerton Road, Lahore to transact the following business: -

1. To confirm the minutes of the last Extraordinary General Meeting held on March 22, 2021.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2021 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, 2021

Notes:

1. Share Transfer Books of the Company will remain closed from **October 22, 2021 to October 28, 2021 (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, 2021** 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, 2021 have been placed on the Company's website i.e. www.saritowspinningmillsltd.com



SARITOW SPINNING MILLS LIMITED

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

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

بذریعہ نوٹس بذمہ مطلع کیا جاتا ہے کہ ساریٹو سپننگ ملز لمیٹڈ کے حصص داران کا بیٹیتھ سواں (35th) سالانہ اجلاس عام 28 اکتوبر 2021 بروز جمعرات 10:30 بجے صبح 06-انجمن روڈ، بلتھماہل LDA Plaza، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

- 1۔ 22 مارچ 2021 کو منعقد ہونے والے غیر معمولی اجلاس عام کی کارروائی کی تصدیق۔
- 2۔ مالی سال ختم 30 جون 2021 کی بابت کمپنی کے سالانہ آڈٹ شدہ حلیات بھر ادا ان پڑاؤ انٹیکٹران و آڈیٹران کی رپورٹس کی وصولی اور ان کی قبولیت۔
- 3۔ اگلے سالانہ اجلاس کے اختتام تک عہدہ پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 4۔ صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

لاہور: 07 اکتوبر 2021

محکم پورڈ
کمپنی سیکرٹری

نوٹس:

- 1۔ کمپنی کی حصص کی منتقلی کی کتابیں 22 اکتوبر 2021 تا 28 اکتوبر 2021 (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئرز رجسٹر آف ایس ایم ایس کارپ لنک (پرائیویٹ) لمیٹڈ، بنگلہ آرکیڈ، 1-K، کمرشل، ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 21 اکتوبر 2021 کو کاروبار بند ہونے تک قابل قبول ہوں گی۔
- 2۔ اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر پر کسی مقرر کر سکتا ہے۔ پراکسیاں تا آئندہ موثر ہو سکیں، اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے صدر دفتر (17- عزیز ایونیو، کینال بینک بک، لاہور) میں لازماً وصول ہونی چاہئیں اور باقاعدہ ممبر زدہ دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔
- 3۔ وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں انہیں اسے کہ وہ اپنے اصلی شناختی کارڈ یا پاسپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کیلئے ہمراہ لائیں۔
- 4۔ ممبران سے التماس ہے کہ اپنے پیسہ میں کسی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔
- 5۔ 30 جون 2021 کو ختم ہونے والے مالی سال کے کمپنی کے سالانہ آڈیٹڈ اکاؤنٹس کمپنی کی ویب سائٹ www.saritowspinningmillsld.com پر جاری کر دیئے گئے ہیں۔

6۔ کمپیوٹرائزڈ قومی شناختی کارڈ/بیسس ٹیکس نمبر کی تفویض کی ضرورت (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے تحت ڈیویڈ اینڈ وارنٹ پر شیئرز ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ ہونا لازمی ہے۔ فنانس ایکٹ 2019 کے تحت کی جانے والی ترمیم کے مطابق ڈیویڈ اینڈ وارنٹ پر ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت دو ہولڈنگ ٹیکس کی کوئی فائلر کیلئے 15 فیصد اور نانا فائلر کیلئے 30 فیصد ہوگی۔

7۔ منافع کی الیکٹرونک ادائیگی

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

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

8۔ سالانہ مالی رپورٹ کی ترسیل بذریعہ E-mail

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

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

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 787(1) 2014 مورخہ 31 مئی 2016 کے تحت کمپنی کے سالانہ اکاؤنٹس، نفع اور نقصان کے کھاتے، آڈیٹرز رپورٹ اپنے ممبرز کو CD/DVD/USB پر ممبرز کے رجسٹرڈ پیسہ فراہم کرنے کی اجازت دی ہے۔ تاہم کوئی بھی حصہ دار چھپے ہوئے سالانہ مالیاتی گوشوارے حاصل کرنے کیلئے کمپنی سیکرٹری کو (17- عزیز ایونیو، کینال بینک بک، لاہور) پر درخواست بھیج سکتا ہے، جو کہ اس کو بغیر کسی معاوضہ کے طلب کے 7 دن کے اندر اندر فراہم کئے جائیں گے۔

10۔ زکوٰۃ ڈیکلیریشن (CZ-50)

زکوٰۃ اور عشوائی من کے تحت ڈیویڈ اینڈ وارنٹ سے زکوٰۃ کی کوئی شیئرز کی ادائیگہ رقم (10 روپے فی حصص) پر 2.5 فیصد کے حساب سے کی جائے گی اور متعلقہ اتھارٹیز کو ترمیم شدہ مدت میں جمع کروادی جائے گی۔ برائے مہربانی استغنی کے خواہشمند افراد زکوٰۃ اور عشر آرڈیننس 1980 CZ-50 فارم زکوٰۃ کے قوانین (کنوٹی اور واپسی) کے قانون نمبر 4 کے تحت اپنے زکوٰۃ ڈیکلیریشن فارم اپنے بروکریٹسنٹرل ڈیپازٹری کمپنی لمیٹڈ (شیئرز کے انوٹیکٹرکا کاؤنٹس سرورسز میں CDC میں ہونے کی صورت میں) یا ہمارے شیئرز رجسٹر آف کارپ لنک (پرائیویٹ) لمیٹڈ، بنگلہ آرکیڈ، 1-K، کمرشل، ماڈل ٹاؤن، لاہور کو ارسال کریں (شیئرز کے پیسہ چیکنگ کی صورت میں ہونے پر)۔ شیئرز ہولڈرز زکوٰۃ ڈیکلیریشن ارسال کرتے ہوئے اپنی کمپنی کا نام اور اگلے متعلقہ فوئیو نمبر ضرور فراہم کریں۔

CHAIRMANS' REVIEW REPORT

I am pleased to present the Chairman's Review Report of the company for the year ending 30 June 2021, pertaining to the overall performance of the board and its role in achieving the company's objectives.

During the year the Board committees continue to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with the business. The Human Resource and Remuneration Committee has ensured that the HR Policies regarding performance management, HR staffing, compensation and benefits are market driven and are properly aligned to the Company's performance, shareholder's interest and the long-term success of the company.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has developed a mechanism for the evaluation of performance of the Board of Directors. During the year a comprehensive questionnaire was circulated among all members of the board for the evaluation of performance of the Board of Directors. 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, 2021, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an on-going process leading to action plan. The overall assessment as satisfactory is based on an evaluation of integral component including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiencies in carrying out the Board's business.

The Board of Directors of the Company, received agendas and supporting written material including follow up materials in sufficient time prior to the board and its Committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and Independent directors are equally involved in important decisions.

On an overall basis, I believe the strategic direction of the Company is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of the Company's objective are commendable.



M. NASEEM SAIGOL

(CHAIRMAN)

06 October, 2021



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 year ended June 30, 2021 along with Auditors Report and Director Report thereupon.

Financial High Lights

	Year Ending June 30, 2021	Year Ending June 30, 2020
Net Sales	3,653.463	2,812.843
Gross Profit	379.791	122.937
Operating Profit	315.767	63.972
Profit before Tax	228.669	(39.292)
Profit / (loss) after Tax	172.261	(58.204)
Gross Profit Ratio	10.40%	4.37%
Operating Profit Ratio	8.64%	2.27%
Net Profit Ratio	4.71%	(2.07%)
Earning Per Share	5.77	(1.95)

Operating Financial Results

During the period under review Alhamdulillah, your Company had performed exceptionally well as compared to last year. Your Company recorded net sales of Rs. 3,653.463 million as compared to Rs. 2,812.843 million during last year. Net Profit after tax jumped to Rs. 172.261 million against net loss after tax of Rs. (58.204) million in corresponding year. Increase in net profit of the company can be attributed to increased sales which were supported by running appropriate yarn counts at right time.

The year under review is very tough for raw materials. Local cotton crop fetched only 6.500 million bales, which shows continuous reduction in local crop increasing reliance on expensive import substitute. As the price of cotton goes up all over the Globe the price of manmade fibers also shows huge increase in price as compared to last year. In spite of all these factors combine our Company was able to perform well due to timely procurement of Raw Materials and efficient running of the mills.

Future Outlook

The major risk factor remains the availability of raw cotton at competitive prices. In local market cotton is being traded at the rate of Rs. 14,500/- per maund. Local crop for the ongoing season is expected to fetch only 8.5 million bales which is far less the local mills consumption of 16 million bales. The New York future which determines imported cotton prices is traded at life time high of 108.93 Cents. Creating unprecedented increase in imported cotton. Imported cotton availability is also affected by the ongoing shipping crises. Cotton shipments are delayed due to non-availability of cargo ships. At the moments huge cargo's are piled up at transit ports like Singapore awaiting vessel for destination ports.

We hope that in coming days things will improve otherwise raw material prices can cross all limits affecting future profitability of Industries. Shipping crises have also affected exporters very badly. Their finished cargo's are lying awaiting shipment resulted in reduction in local yarn sales. At the moment local yarn market is very sluggish due to delay in lifting of export cargo's.



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

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 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.

Names	Category
Mr. Jamal Nasim	Independent Director
Mrs. Sadaf Kashif	Female Director/ Independent Director
Mr. M. Naseem Saigol	Non-Executive Directors
Mr. Muhammad Zeid Yousuf Saigol	
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mr. Samir Iqbal Saigol	Executive Director



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

Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mrs. Sadaf Kashif	Member

HR & REMUNERATION COMMITTEE

Mr. Jamal Nasim	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 Boards

Chief Executive

Director

Lahore
October 06, 2021

DIRECTORS' REPORT

FORM 34

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

1.1 Name of the Company

SARITOW SPINNING MILLS LIMITED

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

30-06-2021

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
208	1	100	5,131
253	101	500	76,210
195	501	1,000	155,350
241	1,001	5,000	638,647
52	5,001	10,000	427,793
26	10,001	15,000	339,867
12	15,001	20,000	224,786
23	20,001	25,000	540,353
10	25,001	30,000	289,500
6	30,001	35,000	192,573
4	35,001	40,000	157,000
1	40,001	45,000	40,500
3	45,001	50,000	150,000
4	50,001	55,000	206,000
1	55,001	60,000	55,500
1	60,001	65,000	62,093
3	65,001	70,000	206,500
1	70,001	75,000	75,000
2	80,001	85,000	166,000
1	85,001	90,000	89,000
1	95,001	100,000	100,000
2	100,001	105,000	203,170
1	115,001	120,000	119,000
1	130,001	135,000	130,136
1	140,001	145,000	140,500
1	145,001	150,000	149,745
3	195,001	200,000	600,000
1	205,001	210,000	208,500
1	220,001	225,000	223,000
1	235,001	240,000	240,000
1	1,305,001	1,310,000	1,309,435
1	1,945,001	1,950,000	1,948,500
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
1,067			29,840,607

DIRECTORS' REPORT

SARITOW SPINNING MILLS LIMITED

Catagories of Shareholding required under Listed Companies (Code of Coprorate Governance)
Regulations, 2019 as on June 30, 2021

Sr.No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:		-	-
Mutual Funds:			
1	PRUDENTIAL STOCK FUND LTD (CDC)	5,000	0.0168
Directors and their Spouse and Minor Chidren:			
1	MR. M. NASEEM SAIGOL (CDC)	8,138,150	27.2721
2	MR. SAMIR IQBAL SAIGOL	1,123	0.0038
3	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,503,123	8.3883
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MR. MUHAMMAD OMER FAROOQ	2,881	0.0097
6	MRS. SADAF KASHIF	500	0.0017
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 intrest 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 (CDC)	2,503,123	8.3883
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MRS. SEHYR SAIGOL (CDC)	2,179,462	7.3037
6	KHAWAJA USMAN ARIF (CDC)	1,948,500	6.5297
All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:			
S. No.	NAME	SALE	PURCHASE
	NIL		

DIRECTORS' REPORT

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	15,322,739	51.3486
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	1,019	12,504,869	41.9055
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	1	4,566	0.0153
Joint Stock Companies	15	363,281	1.2174
Foreign Companies	6	17,807	0.0597
	<u>1,067</u>	<u>29,840,607</u>	<u>100.0000</u>

ڈائریکٹرز رپورٹ

ساریٹو شپنگ ملز لمیٹڈ کے ڈائریکٹرز سالانہ رپورٹ پیش کرنے پر خوش محسوس کرتے ہیں ساتھ میں آڈٹ شدہ مالی بیانات اور آڈیٹرز کی رپورٹ کے ساتھ ساتھ 30 جون 2021 کو ختم ہونے والے سال کے لئے ڈائریکٹرز کی رپورٹ بھی پیش کی گئی ہے۔

آپ بیک اپاتی نتائج

آپ کی کمپنی نے زیر نظر سال کے دوران 3,653.463 ملین روپے کا دو گنا گہ فروخت کیا جو کہ پچھلے سال 2,812.843 ملین روپے تھا مال کی فروخت میں اضافے کی وجہ سے کمپنی کا خالص منافع بڑھ کر 172.261 ملین روپے ہو گیا جو کہ پچھلے سال اسی عرصے کے دوران (58.204) ملین روپے کا نقصان تھا کمپنی کے خالص منافع میں اضافے کو فروخت میں اضافے سے منسوب کیا جاسکتا ہے جو مناسب وقت پر مناسب یارن کی پیداوار کی وجہ سے ممکن ہوئی۔

زیر نظر سال خام مال کی دستیابی کے لئے بہت مشکل تھا۔ مقامی کپاس کی فصل کی کل پیداوار (6.500 ملین) سچسٹھ لاکھ گانٹھیں ہوئی جو کہ مقامی کپاس کی پیداوار میں متواتر کمی کو ظاہر کرتی ہے۔ اس کمی کی وجہ سے درآمدی کپاس پر انحصار بہت بڑھ گیا پوری دنیا میں خام کپاس کی قیمتوں میں اضافے کی وجہ سے مصنوعی ریشے کی قیمتوں میں بہت اضافہ دیکھا گیا

ان تمام عوامل کے کچکا ہونے کے باوجود ہماری کمپنی خام مال کی بروقت خریداری اور ملوں کو موثر انداز میں چلانے کی وجہ سے اچھی کارکردگی کا مظاہرہ کرنے میں کامیاب رہی۔

مستقبل کا نقطہ نظر

سب سے اہم ریسک عنصر مسابقتی قیمتوں پر خام کپاس کی دستیابی ہے مقامی مارکیٹ میں کپاس کی رواں مالی سال کے دوران قیمت فروخت 14,500 روپے فی من ہے رواں سال میں مقامی فصل سے صرف 8.5 ملین گانٹھیں پیداوار تو قع ہے جو کہ مقامی ملوں کی 16 ملین گانٹھوں کی کھیت سے بہت کم ہے۔ نیو پاک کام مستقبل جو کپاس کی درآمدی قیمتوں کا تعین کرتا ہے وہ 108.93 سینٹ ہے درآمد شدہ کپاس میں بے مثال اضافہ درآمد شدہ کپاس کی دستیابی اور چارجی شپنگ بحرانوں سے متاثر ہوتی ہے کارگو جہازوں کی عدم دستیابی کی وجہ سے کپاس کی ترسیل تاخیر کا شکار ہے اس وقت بہت زیادہ مال درمیانی بندرگاہوں جیسے کہ سنگا پور میں جمع ہے اور اس کو منزل مقصود کے لئے بحری جہاز دستیاب نہیں۔

ہم امید کرتے ہیں کہ آنے والے دنوں میں حالات بہتر ہوں گے ورنہ خام مال کی قیمتیں صنعتوں کے مستقبل کے منافع کو متاثر کرنے والی تمام حدیں عبور کر سکتی ہیں۔ جہاز رانی کے بحران نے برآمد کنندگان کو بھی بری طرح متاثر کیا ہے ان کا تیار شدہ کارگو شپمنٹ کے انتظار میں پڑا ہے جس کے نتیجے میں مقامی یارن کی فروخت میں کمی واقع ہوئی ہے اس وقت مقامی یارن مارکیٹ ایکٹیو پورٹ کارگو کو اٹھانے میں تاخیر کی وجہ سے بہت سست ہے۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
مرد	6
عورت	1
ساخت	
عورت ڈائریکٹر (آزاد ڈائریکٹر)	محترمہ صدف کاشف
آزاد ڈائریکٹر	جناب جمال نسیم
نان اگزیکیوٹو ڈائریکٹرز	جناب محمد نسیم سہگل
	جناب محمد زید یوسف سہگل
	جناب محمد مراد سہگل
	جناب محمد عمر فاروق
اگزیکیوٹو ڈائریکٹر	جناب سامرا اقبال سہگل

کمیٹی

بورڈ کی کمیٹی کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر
محترمہ صدف کاشف	ممبر

ایک آڈیٹر ریفرنس کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب سامرا اقبال سہگل	ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر

ہم تمام حصہ داروں کے بھرپور تعاون کے تہہ دل سے مشکور ہیں۔ ہم یہ اعلان کرتے ہوئے خوش 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۔

مجاہد ویرائے پورڈ:

لاہور

06 اکتوبر، 2021

ڈائریکٹر

چیف اگزیکیوٹو

پیٹرن آف شیئر ہولڈنگ

30 جون 2021

نمبر شمار	کمپنی آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	15,322,739	51.3486
2	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔	-	-	-
3	این آئی ٹی اور آئی سی پی	3	1,349,991	4.5240
4	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	8	30,337	0.1017
5	انسورنس کمپنیز	2	108,784	0.3646
6	مدار بہ اور میوچل فنڈز	4	8,097	0.0271
7	عام عوام	1,019	12,504,869	41.9055
8	دوسرے (خصوص کیا جائے گا)			
	پینشن فنڈز	1	130,136	0.4361
	دوسری کمپنیز	1	4,566	0.0153
	جوائنٹ سٹاک کمپنیز	15	363,281	1.2174
	غیر ملکی کمپنیز	6	17,807	0.0597
	کل تعداد	1,067	29,840,607	100.0000

تعداد حصص

-	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔
5,000	میوچل فنڈز
15,322,739	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔
-	ایگزیکٹوز
-	پبلک سیکل کمپنیز اور کارپوریشنز
272,354	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انسورنس کمپنیز، مدار بہ اور پینشن فنڈز
22,319,941	پانچ فیصد یا اس سے زیادہ کے حصص داران
	لسٹڈ کمپنیز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید و فروخت

نمبر شمار	نام	فروخت	خرید
			کوئی نہیں

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	3
Mr. Samir Iqbal Saigol	4
Mr. Muhammad Murad Saigol	2
Mr. Muhammad Omer Farooq	4
Mrs. Sadaf Kashif	2 (Appointed as on 22-03-2021)
Mr. Jamal Nasim	3 (Appointed as on 07-10-2020)
Syed Raza Abbas Jaffari	2 (Retired as on 22-03-2021)

- 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>
Mr. Muhammad Zeid Yousuf Saigol	3
Mr. Muhammad Omer Farooq	4
Mr. Jamal Nasim	3
Mrs. Sadaf Kashif	1
Syed Raza Abbas Jaffari	2

- 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>
Mr. Jamal Nasim	0
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, 2021 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

A handwritten signature in blue ink, appearing to read 'Saim Singh', is written over a horizontal line.

CHIEF EXECUTIVE OFFICER

Lahore: October 06, 2021

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

Name of company: **SARITOW SPINNING MILLS LIMITED**
Year ending: **JUNE 30, 2021**

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: **Six**
- b) Female: **One**

2. The composition of the Board is as follows:

Names	Category
Mr. Jamal Nasim	Independent Director
Mrs. Sadaf Kashif	Female Director/ Independent Director
Mr. M. Naseem Saigol	Non-Executive Directors
Mr. Muhammad Zeid Yousuf Saigol	
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mr. Samir Iqbal Saigol	Executive Director

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 Board has arranged Directors' Training program for the following:

- 1. Mr. M. Naseem Saigol (Exempted)
- 2. Mr. Samir Iqbal Saigol -
- 3. Mr. M. Murad Saigol (DTP)
- 4. Mr. M. Zeid Yousuf Saigol (DTP)
- 5. Mr. Muhammad Omer Farooq (DTP)
- 6. Mrs. Sadaf Kashif -
- 7. Mr. Jamal Nasim (Exempted)

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. Jamal Nasim
 2. Mr. Muhammad Zeid Yousuf Saigol
 3. Mr. Muhammad Omer Farooq
 4. Mrs. Sadaf Kashif
- b) **HR and Remuneration Committee:**
1. Mr. Jamal Nasim
 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 07, 2020
 2. October 29, 2020
 3. February 26, 2021
 4. April 30, 2021
- b) **HR and Remuneration Committee:**
1. October 07, 2020
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 the Regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Explanation as required under the Regulation 6(1) is mentioned below;
- “The Company currently has two elected independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a third independent director.”



(M. Naseem Saigol)
Chairman

SARITOW SPINNING MILLS LIMITED

FINANCIAL HIGHLIGHTS - Six Years at a Glance

Particulars	2,021	2,020	2,019	2,018	2,017	2,016
<u>Operating Performance (Rupees in Thousands)</u>						
Turnover- Net	3,653,463	2,812,843	3,494,805	2,993,265	2,934,545	2,470,387
Gross Profit	379,791	122,937	258,413	178,403	162,762	41,699
Profit/(Loss) before tax	231,719	(39,292)	94,771	46,760	27,560	(88,436)
Profit/(Loss) after tax	174,427	(58,204)	52,501	17,868	13,779	(66,156)
<u>Financial Position (Rupees in Thousands)</u>						
Share Capital	298,406	298,406	298,406	298,406	298,406	298,406
Shareholders,Equity	739,055	560,750	621,631	571,263	557,467	544,522
Operating Fixed Assets	1,281,003	1,213,820	1,256,485	1,298,134	1,315,578	1,360,930
Total Assets	2,175,934	2,424,172	2,277,369	2,175,900	2,175,202	2,061,806
Bank Borrowings	569,115	963,116	767,346	790,299	850,773	703,299
<u>Ratio Analysis</u>						
<u>Profitability</u>						
Gross Profit Marign-% age	10.40	4.37	7.39	5.96	5.55	1.69
Profit/(Loss)after tax-% age	4.77	(2.07)	1.50	0.60	0.47	(2.68)
Earning/(Loss)Per Share-Rupees	5.85	(1.95)	1.76	0.60	0.46	(2.22)
<u>Activity</u>						
Sales to Operating Fixed Assets-Times	2.85	2.32	2.78	2.31	2.23	1.82
<u>Liquidity</u>						
Current Ratio-Times	1.03	1.03	1.01	0.98	0.91	0.96
Break up Value Per Share-Rupees	24.77	18.79	20.83	19.14	18.68	18.25

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 **30 June 2021**, 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 30 June 2021 and of the profit, other comprehensive income, 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. Valuation of stock in trade</p> <p>Stock in trade amounts to Rs 616 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.</p> <p>The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices.</p>	<p>To address the valuation of stock in trade, we assessed historical costs recorded in the stock in trade 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 stock in trade.</p> <p>We also assessed management's determination of the net realizable value of stock in trade by performing tests on the sales prices secured by the Company for similar or comparable items of stock in trade.</p>

RSRIR

Key audit matter

How our audit addressed the matter

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

The disclosures in relation to stock in trade are included in note 25 to the annexed financial statements.

2. 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 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

BSRIR

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).

RSR

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: 06 October 2021



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 **30 June 2021** 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. 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.

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 **30 June 2021**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore: 06 October 2021



SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6	350,000,000	350,000,000
Issued share capital	7	298,406,070	298,406,070
Revaluation reserve	8	61,392,820	57,755,154
Retained earnings		379,255,709	204,588,957
TOTAL EQUITY		739,054,599	560,750,181
LIABILITIES			
NON-CURRENT LIABILITIES			
Loan from directors and other shareholders	9	265,884,966	265,884,966
Long term finances	10	108,256,455	237,430,692
Lease liabilities	11	-	-
Long term deposits	12	6,010,000	6,010,000
Employees retirement benefits	13	84,946,625	84,313,128
Long term payables	14	2,154,409	-
Deferred taxation	15	119,370,700	118,631,945
Deferred grant	16	4,834,543	2,978,614
		591,457,698	715,249,345
CURRENT LIABILITIES			
Trade and other payables	17	368,873,330	403,113,544
Unclaimed dividend		485,351	485,351
Short term borrowings	18	385,770,183	675,711,452
Accrued interest		11,977,202	18,889,075
Current taxation	19	3,226,568	-
Current portion of non-current liabilities	20	75,088,581	49,973,521
		845,421,215	1,148,172,943
TOTAL LIABILITIES		1,436,878,913	1,863,422,288
CONTINGENCIES AND COMMITMENTS			
	21		
TOTAL EQUITY AND LIABILITIES		2,175,933,512	2,424,172,469

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

Director

Chief Financial Officer

Chief Executive

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	22	1,281,002,831	1,143,274,680
Right-of-use assets	23	-	70,545,580
Long term deposits	24	21,027,386	26,085,661
		1,302,030,217	1,239,905,921
CURRENT ASSETS			
Stores and spares		22,990,126	21,828,549
Stock in trade	25	616,136,635	855,709,830
Trade receivables	26	18,912,007	35,405,841
Short term deposits	27	86,577,832	163,125,101
Advances and other receivables	28	25,769,031	45,006,057
Current taxation	19	-	40,295
Cash and bank balances	29	103,517,664	63,150,875
		873,903,295	1,184,266,548
TOTAL ASSETS		2,175,933,512	2,424,172,469

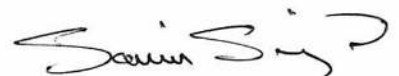
The annexed notes from 1 to 53 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Revenue from contracts with customers - net	30	3,653,462,696	2,812,842,619
Cost of sales	31	(3,273,671,211)	(2,689,905,327)
Gross profit		379,791,485	122,937,292
Selling and distribution expenses	32	(5,943,651)	(8,968,726)
Administrative expenses	33	(59,550,251)	(51,119,130)
		(65,493,902)	(60,087,856)
Other income	34	4,519,789	1,122,437
Operating profit		318,817,372	63,971,873
Finance cost	35	(69,361,115)	(103,181,530)
Other charges	36	(17,736,882)	(82,568)
		(87,097,997)	(103,264,098)
Profit/(loss) before taxation		231,719,375	(39,292,225)
Provision for taxation	37	(57,292,569)	(18,912,136)
Profit/(loss) after taxation		174,426,806	(58,204,361)
Earnings/(loss) per share - basic and diluted	38	5.85	(1.95)

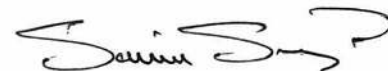
The annexed notes from 1 to 53 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive


RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligation	13.4	(914,371)	(3,770,144)
Taxation relating to remeasurements of defined benefit obligation	15	265,168	1,093,342
		(649,203)	(2,676,802)
Revaluation surplus recognized during the year	8	5,578,551	-
Taxation on revaluation surplus recognised during the year	8	(1,051,736)	-
		4,526,815	-
		3,877,612	(2,676,802)
<i>Items that may be reclassified subsequently to profit or loss</i>			
		-	-
Other comprehensive income/(loss)		3,877,612	(2,676,802)
Profit/(loss) after taxation		174,426,806	(58,204,361)
Total comprehensive income/(loss)		178,304,418	(60,881,163)

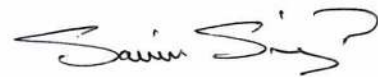
The annexed notes from 1 to 53 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Capital reserves	Revenue reserves	
	Issued share capital	Revaluation reserve	Retained earnings	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2019	298,406,070	58,691,100	264,534,174	621,631,344
Comprehensive income				
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 30 June 2020	298,406,070	57,755,154	204,588,957	560,750,181
Balance as at 01 July 2020	298,406,070	57,755,154	204,588,957	560,750,181
Comprehensive income				
Profit after taxation	-	-	174,426,806	174,426,806
Other comprehensive loss	-	4,526,815	(649,203)	3,877,612
Total comprehensive income	-	4,526,815	173,777,603	178,304,418
Incremental depreciation	-	(889,149)	889,149	-
Transaction with owners	-	-	-	-
Balance as at 30 June 2021	298,406,070	61,392,820	379,255,709	739,054,599

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



Director



Chief Financial Officer



Chief Executive

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	39	715,370,873	(151,133,411)
Payments for:			
Employees retirement benefits		(20,992,465)	(18,033,364)
Finance cost		(76,272,988)	(109,009,319)
Income tax		(54,073,519)	(18,201,264)
Net cash generated from/(used in) operating activities		564,031,901	(296,377,358)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(119,383,363)	(18,887,757)
Proceeds from disposal of property, plant and equipment		1,257,866	1,913,889
Proceeds from disposal long term investments		-	18,835,922
Long term deposits		5,058,275	1,653,120
Net cash (used in)/generated from investing activities		(113,067,222)	3,515,174
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(192,668,437)	(31,108,977)
Long term finances obtained		85,669,000	79,997,748
Lease liability		(13,361,551)	(8,429,762)
Net increase in short term borrowings		(289,941,269)	158,289,094
Net cash (used in)/generated from financing activities		(410,302,257)	198,748,103
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,662,422	(94,114,081)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		63,150,875	157,038,198
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(295,633)	226,758
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40	103,517,664	63,150,875

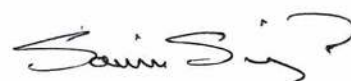
The annexed notes from 1 to 53 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Land, building and plant machinery	Revalued amounts
Employee retirement benefits	Present value

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 5.5.2)

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. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

(b) Significant increase in credit risk (see note 44.1)

As explained in note 44.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

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 follows:

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 5.22.1)

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. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 2.244 million (2020: Rs. 3.979 million).

(b) Revaluation of property, plant and equipment (see note 5.1)

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. Refer to note 46.2.1 for an analysis of sensitivity of revalued amounts of property, plant and equipment.

(c) Obligation under defined benefit plan (see note 5.4.2)

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.

(d) Taxation (see note 5.17)

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 and tax contingencies. 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.

(e) Net realizable values of stock in trade (see note 5.3).

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. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These financial statements were authorized for issue on 06 October 2021 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 interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 Definition of Material (Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease

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)	01 January 2023
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
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Effective date (annual periods beginning on or after)
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Amendments to IFRS 17	01 January 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases).	01 January 2021
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)	01 April 2021
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023

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

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 not have a material impact on the Company's financial statements other than in presentation/disclosures.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property, plant and equipment

Land, buildings and plant and machinery held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land, buildings and plant and machinery is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land, buildings and plant and machinery is recognized as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

All other items of property, plant and equipment (services and other equipment, office equipment, furniture and fixtures, scooters and cycles, arms and ammunitions and vehicles) are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Depreciation is recognized in profit or loss, using rates specified in note 22.1, so as to write off the cost or revalued amounts of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method, with the exception of right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method.

Depreciation on an item of property, plant and equipment commences from the month in which the item is ready for intended use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Incremental depreciation being the difference between depreciation based on the revalued amounts recognized in profit or loss and depreciation based on the historical cost, net of tax, is reclassified from the revaluation reserve to retained earnings. On the subsequent disposal or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such items is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

5.2 Stores and spares

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.

5.3 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. Cost is determined using the following basis:

Category	Basis of determination of cost
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.

5.4 Employee benefits

5.4.1 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.

5.4.2 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5.5 Financial instruments

5.5.1 Recognition

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

5.5.2 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.

(b) *Financial assets at fair value through profit or loss*

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(c) *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.

5.5.3 Measurement

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

5.5.4 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 are discharged or cancelled.

5.5.5 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.

5.5.6 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.

5.6 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.

5.7 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5.8 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives
- Variable lease payments that depend on an index or rate, initially measured using the
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in profit or loss.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of use asset is recognized in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments

5.9 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5.10 Trade and other payables

5.10.1 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.

5.10.2 Non-financial liabilities

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

5.11 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. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. 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.

5.12 Trade and other receivables

5.12.1 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.

5.12.2 Non-financial assets

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

5.13 Contracts with customers

5.13.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue from a contract with customer when the Company satisfies an obligation specified in that contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Yarn and Waste	Performance obligations are satisfied when goods are dispatched to the customers. Invoices are generated at that point in time and are usually payable within a period ranging from 30 days to 120 days. There are no customer loyalty programs or warranty provisions. However, some contracts allow for return of goods if those do not meet the requirements or specifications provided in the contract.	Revenue is recognised at a point in time when the goods are dispatched to customers.

5.13.2 Contract assets

Contract assets represent work performed upto the reporting date which has not been invoiced to customers because the related performance obligations remain partially unsatisfied as at the reporting date.

5.13.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5.14 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'.

5.15 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.

5.16 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount of grant is recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the tenure of loan.

5.17 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.

5.17.1 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.

5.17.2 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.

5.18 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5.19 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.

5.20 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company is a single operating segment based on internal reporting to the Chief Executive Officer of the Company.

5.21 Foreign currency transactions and balances

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

5.22 Impairment

5.22.1 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.

5.22.2 Non-financial assets

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

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

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5.23 Dividend distribution to ordinary shareholders

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

6 AUTHORIZED SHARE CAPITAL

30-Jun-21	30-Jun-20		30-Jun-21	30-Jun-20
No. of shares	No. of shares		Rupees	Rupees
35,000,000	35,000,000	Ordinary shares of Rs. 10 each	350,000,000	350,000,000
35,000,000	35,000,000		350,000,000	350,000,000

7 ISSUED SHARE CAPITAL

30-Jun-21	30-Jun-20		30-Jun-21	30-Jun-20
No. of shares	No. of shares		Rupees	Rupees
		Ordinary shares of Rs. 10 each		
13,275,000	13,275,000	Issued for cash	132,750,000	132,750,000
16,565,607	16,565,607	Issued as consideration on merger	165,656,070	165,656,070
29,840,607	29,840,607		298,406,070	298,406,070
			30-Jun-21	30-Jun-20
			Rupees	Rupees

8 REVALUATION RESERVE

As at beginning of the year	57,755,154	58,691,100
Surplus recognized during the year		
Surplus for the year	5,578,551	-
Deferred taxation	(1,051,736)	-
	4,526,815	-
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	(1,252,322)	(1,318,234)
Deferred taxation	363,173	382,288
	(889,149)	(935,946)
As at end of the year	61,392,820	57,755,154

9 LOAN FROM DIRECTORS AND OTHER SHAREHOLDERS

This represents loan obtained from directors of the Company and other shareholders. The loan is unsecured.

The loan is subordinate to long term finances (see note 10) and short term borrowings (see note 18) of the Company. Accordingly the loan matures on 29 October 2025 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% (2020: 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. 28.13 million (2020: Rs. 26.18 million) was waived by the lenders at their sole discretion.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
10 LONG TERM FINANCES			
These represent long term finances utilized under interest arrangements from banking companies			
Term Finances ['TF']			
TF - I	10.1	24,354,527	197,023,528
Refinance Scheme ['RS']			
RS - I	10.2	57,231,005	72,263,626
Temporary Economic Refinancing Facilities ['TERF']			
TERF - I	10.3	14,885,763	-
TERF - II	10.4	63,408,002	-
		78,293,765	-
		159,879,297	269,287,154
Current maturity presented under current liabilities	20	(51,622,842)	(31,856,462)
		108,256,455	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 other shareholders and personal guarantees of the Company's Directors. The finance carries interest at three months KIBOR plus 2.5% (2020: three months KIBOR plus 2.5%) per annum, payable quarterly. The finance was originally repayable in twenty eight unequal installments with the first installment due on January 2018. During the year, repayment of the finance was rescheduled, whereby the outstanding liability is repayable in eighteen equal installments commencing from July 2021.

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, subordination of loan from directors and other shareholders and personal guarantees of the Company's Directors. The finance carries interest at a below-market rate of 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 10.26% being the prevailing market rate of interest for the similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (see note 16). The details are as follow.

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Face value of finance		59,998,312	79,997,748
Unamortized deferred grant	16	(2,767,307)	(7,734,122)
		57,231,005	72,263,626

10.3 TERF - I has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company and subordination of loan from directors and other shareholders. The finance carries interest at a below-market rate of 3.75% per annum, payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in December 2021. The amortized cost of this finance has determined using a discount rate of 11.14% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 16). The details are as follows:

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Face value of finance		16,262,000	-
Unamortized deferred grant	16	(1,376,237)	-
		14,885,763	-

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- 10.4 TERF - II has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company and subordination of loan from directors and other shareholders. The finance carries interest at a below-market rate of 3.75% per annum, payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in January 2022. The amortized cost of this finance has determined using a discount rate of 11.18% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 16). The details are as follows:

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Face value of finance		69,407,000	-
Unamortized deferred grant	16	(5,998,998)	-
		63,408,002	-

- 10.5 For mortgages and charges on assets as security for liabilities, refer to note 47 to the financial statements.

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
11 LEASE LIABILITIES			
Present value of minimum lease payments	11.1 & 11.2	-	13,361,551
Current portion presented under current liabilities	11.1 & 11.2	-	(13,361,551)
		-	-

- 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% (2020: three to 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:

	30-Jun-21 Rupees	30-Jun-20 Rupees
Not later than one year	-	13,773,147
Later than one year but not later than five years	-	-
Total future minimum lease payments	-	13,773,147
Finance charge allocated to future periods	-	(411,596)
Present value of future minimum lease payments	-	13,361,551
Not later than one year	-	(13,361,551)
Later than one year but not later than five years	-	-

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 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
13.1 Movement in present value of defined benefit obligation			
As at beginning of the year		84,313,128	75,196,686
Charged to profit or loss for the year	13.2	20,711,591	23,379,662
Benefits paid during the year		(20,992,465)	(18,033,364)
Remeasurements recognized in other comprehensive income	13.4	914,371	3,770,144
As at end of the year		84,946,625	84,313,128
13.2 Charge to profit or loss			
Current service cost		14,437,155	13,949,011
Interest cost		6,274,436	9,430,651
		20,711,591	23,379,662
13.3 The charge to profit or loss has been allocated as follows			
Cost of sales	31.2	17,948,983	17,900,815
Selling and distribution expenses	32.1	433,067	484,503
Administrative expenses	33.1	2,329,541	4,994,344
		20,711,591	23,379,662
13.4 Remeasurements recognized in other comprehensive income			
Actuarial loss arising from changes in:			
Demographic assumptions		-	-
Financial assumptions		-	-
Experience adjustments		914,371	3,770,144
		914,371	3,770,144
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, TRT Associates. The principal assumptions used in determining present value of defined benefit obligation are:			
		30-Jun-21	30-Jun-20
Discount rate		10.00%	8.50%
Expected rates of increase in salary		9.00%	7.50%
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 30 June 2022 amounts to Rs. 25.248 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:			

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	30-Jun-21		30-Jun-20	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		Rupees		Rupees
Discount rate	+ 1%	77,671,036	+ 1%	76,870,398
	- 1%	92,905,785	- 1%	93,236,245
Expected rate of increase in salary	+ 1%	92,903,731	+ 1%	93,236,245
	- 1%	77,670,082	- 1%	76,742,693

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.

14 LONG TERM PAYABLES

This represents Gas Infrastructure Development Cess ['GIDC'] levied by Sui Northern Gas Pipelines Limited ['SNGPL'] and Sui Southern Gas Pipelines Limited ['SSGCL']. The Company and others had filed suits but The Supreme Court of Pakistan ['SCP'] decided the case against the petitioners dismissing all petitions. According to SCP decision, GIDC upto July 2020 would be recovered from consumers in equal monthly installments with the first installment due in September 2020. It is classified as 'financial liabilities at amortized cost' under IFRS 9 which is measured at amortized cost determined using a discount rate of 7.00%.

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Face value		21,184,030	-
Unamortized notional interest	14.1	(871,881)	-
		20,312,149	-
Current portion presented under current liabilities		(18,157,740)	-
		2,154,409	-

14.1 Unamortized notional interest

As at beginning of the year	-	-
Recognized during the year	1,724,527	-
Amortization for the year	(852,646)	-
As at end of the year	871,881	-

15 DEFERRED TAXATION

Deferred tax liability on taxable temporary differences	15.1	238,293,051	236,855,267
Deferred tax asset on deductible temporary differences	15.1	(118,922,351)	(118,223,322)
		119,370,700	118,631,945

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30-Jun-21			
	As at 01-Jul-20 Rupees	Recognized in profit or loss Rupees	Recognized in equity Rupees	As at 30-Jun-21 Rupees
Deferred tax liabilities				
Operating fixed assets	220,271,899	16,969,416	1,051,736	238,293,051
Right-of-use assets	16,583,368	(16,583,368)	-	-
	236,855,267	386,048	1,051,736	238,293,051
Deferred tax assets				
Employees retirement benefits	(24,450,807)	81,454	(265,168)	(24,634,521)
Unused tax losses and credits	(92,500,090)	(763,927)	-	(93,264,017)
Impairment allowance for expected credit losses	(1,272,425)	248,612	-	(1,023,813)
	(118,223,322)	(433,861)	(265,168)	(118,922,351)
	118,631,945	(47,813)	786,568	119,370,700

	30-Jun-20			
	As at 01-Jul-19 Rupees	Recognized in profit or loss Rupees	Recognized in equity Rupees	As at 30-Jun-20 Rupees
Deferred tax liabilities				
Operating fixed assets	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

15.2 Deferred tax has been calculated at 29% (2020: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

16 DEFERRED GRANT

The State Bank of Pakistan ['SBP'] through IH&SMEFD circular no. 1 of 2020 dated 17 March 2020, introduced a 'Temporary Economic Refinance Facility' ['TERF']. Further SBP through IH&SMEFD circular no. 6 of 2020 dated 10 April 2020, introduced a 'Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Bussinss Concern' ['the Refinance Scheme']. The purpose of these schemes 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. 79.998 million under the Refinance Scheme (see note 10.2) and of Rs. 85.669 million under TERF (see note 10.3, 10.4). 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:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
As at beginning of the year		7,734,122	-
Recognized during the year	10.2	8,220,592	7,734,122
Amortized during the year		(5,812,172)	-
As at end of the year		10,142,542	7,734,122
Current maturity presented under current liabilities	20	(5,307,999)	(4,755,508)
		4,834,543	2,978,614

17 TRADE AND OTHER PAYABLES

Trade creditors	17.1	108,056,169	108,854,311
Accrued liabilities		110,924,114	165,718,167
Advances from customers		84,578,529	90,263,388
Workers' Profit Participation Fund	17.2	12,285,634	6,105,609
Workers' Welfare Fund	17.3	4,422,828	-
Deductions against vehicle scheme	17.4	2,606,607	2,093,650
Sales tax payable	17.5	26,542,632	-
Other payables	17.6	19,456,817	30,078,419
		368,873,330	403,113,544

17.1 Trade creditors include an amount of Rs. 7,566,750 (2020: 5,215,909) due to a related party against rent of generator.

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
17.2 Workers' Profit Participation Fund			
As at beginning of the year		6,105,609	5,343,610
Interest on funds utilized by the Company	17.2.1	194,143	761,999
Charged to profit or loss for the year	36	12,285,634	-
Reversal of excess liability	34	(235,653)	-
Paid during the year		(6,064,099)	-
As at end of the year		12,285,634	6,105,609

17.2.1 Interest is charged at 9.85% (2020: 14.26%) per annum.

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
17.3 Workers' Welfare Fund			
As at beginning of the year		-	2,030,572
Charged to profit or loss for the year	36	4,422,828	-
Paid during the year		-	(2,030,572)
As at end of the year		4,422,828	-

17.4 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.

17.5 This liability is paid subsequent to the reporting period.

17.6 These include withholding tax payable amounting to Rs. 16.33 million (2020: Rs. 23.54 million) which have been paid in subsequent period.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
18 SHORT TERM BORROWINGS			
<i>Secured</i>			
These represent short term finances utilized under interest arrangements from banking companies			
Running finances	18.1	234,553,183	343,004,844
Term loans	18.1	49,217,000	230,706,608
		283,770,183	573,711,452
<i>Unsecured</i>			
Loan from director	18.2	102,000,000	102,000,000
		385,770,183	675,711,452
18.1	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 2.5% (2020: one to three months KIBOR plus 2 % to 2.5%) per annum, payable quarterly.		
	The aggregate available short term funded facilities amounts to Rs. 795 million (2020: Rs. 795 million) out of which Rs. 511.23 million (2020: Rs. 221 million) remained unavailed as at the reporting date.		
18.2	This represents temporary loan obtained from director of the Company. The loan is unsecured and interest free.		
	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
19 CURRENT TAXATION			
Provision for taxation		57,340,382	42,192,639
Advance income tax/income tax refundable		(54,113,814)	(42,232,934)
		3,226,568	(40,295)
20 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances	10	51,622,842	31,856,462
Lease liabilities	11	-	13,361,551
Gas infrastructure development cess	14	18,157,740	-
Deferred grant	16	5,307,999	4,755,508
		75,088,581	49,973,521
21 CONTINGENCIES AND COMMITMENTS			
21.1 Contingencies			
21.1.1	Various banking companies have issued guarantees on behalf of the Company as detailed below:		
		30-Jun-21 Rupees	30-Jun-20 Rupees
Bank guarantees		80,980,000	80,980,000
21.1.2	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.		

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

21.2 Commitments

21.2.1 Commitments under irrevocable letters of credit for:

	30-Jun-21	30-Jun-20
	<i>Rupees</i>	<i>Rupees</i>
- purchase of raw material	319,234,733	172,610,696
- purchase of stores and spares	17,391,946	15,345,638
	336,626,679	187,956,334

21.2.2 Commitments for capital expenditure

5,000,000

-

21.2.3 Commitments under short term leases

(a) Rented office premises

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:

	30-Jun-21	30-Jun-20
	<i>Rupees</i>	<i>Rupees</i>
- payments not later than one year	2,423,353	2,243,846
- payments later than one year	-	-
	2,423,353	2,243,846

(b) Rented generator

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:

	30-Jun-21	30-Jun-20
	<i>Rupees</i>	<i>Rupees</i>
- payments not later than one year	8,000,000	8,000,000
- payments later than one year	-	-
	8,000,000	8,000,000

22 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	22.1	1,204,171,770	1,143,274,680
Capital work in progress	22.2	76,831,061	-
		1,281,002,831	1,143,274,680

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

22.1 Operating fixed assets

	30-Jun-21												
	COST / REVALUED AMOUNTS						DEPRECIATION						Net book value as at 30-Jun-21
	As at 01-Jul-20	Additions	Revaluation	Disposals	Transfers	As at 30-Jun-21	Rate	As at 01-Jul-20	Revaluation	For the year	Adjustment	As at 30-Jun-21	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	
Freehold land	99,418,125	-	1,951,875	-	-	101,370,000	-	-	-	-	-	-	101,370,000
Buildings	326,906,844	-	8,751,429	-	-	335,658,273	5	184,303,345	5,124,753	7,130,175	-	196,558,273	139,100,000
Plant and machinery	1,709,299,805	-	5,967,675	-	121,791,750	1,837,059,230	5	824,970,800	2,917,421	45,409,586	24,786,423	898,084,230	938,975,000
Services and other equipment	2,976,737	-	-	-	-	2,976,737	10	2,435,710	-	54,103	-	2,489,813	486,924
Office equipment	9,517,420	454,626	-	(442,813)	-	9,529,233	10	7,653,003	-	193,140	(86,625)	7,759,518	1,769,715
Furniture and fixtures	7,627,523	-	-	-	-	7,627,523	10	6,849,482	-	77,804	-	6,927,286	700,237
Scooters and cycles	49,355	-	-	-	-	49,355	20	49,069	-	57	-	49,126	229
Arms and ammunitions	122,790	-	-	-	-	122,790	10	78,335	-	4,445	-	82,780	40,010
Vehicles	41,764,012	12,698,530	-	(5,964,128)	-	48,498,414	20	28,068,187	-	3,406,834	(4,706,262)	26,768,759	21,729,655
	2,197,682,611	13,153,156	16,670,979	(6,406,941)	121,791,750	2,342,891,555		1,054,407,931	8,042,174	56,276,144	19,993,536	1,138,719,785	1,204,171,770

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	COST / REVALUED AMOUNTS						DEPRECIATION						
	As at 01-Jul-19 Rupees	Additions Rupees	Revaluation Rupees	Disposals Rupees	Transfers Rupees	As at 30-Jun-20 Rupees	Rate %	As at 01-Jul-19 Rupees	Revaluation Rupees	For the year Rupees	Adjustment Rupees	As at 30-Jun-20 Rupees	Net book value as at 30-Jun-20 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	-	165,602	-	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

22.1.1 Freehold land of the Company is located at District Kasur with a total area of 311 Kanal 18 Marla (2020: 311 Kanal 18 Marla).

22.1.2 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.

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

22.1.3 Disposal of operating fixed assets

30-Jun-21						
Cost/revalued amount	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
Rupees	Rupees	Rupees	Rupees	Rupees		
Office equipment						
Laptop R-897	442,813	86,625	356,188	-	(356,188)	Negotiation Samir Iqbal Saigol, Lahore.
Vehicles						
Honda Civic	2,387,550	1,865,982	521,568	521,568	-	Book value Mr. Muhammad Shamil, Lahore.
Suzuki Cultus	1,102,363	915,683	186,680	186,680	-	Book value Mr. Javed Maan, Sheikhpura.
Suzuki Cultus	1,061,475	857,418	204,057	204,057	-	Book value Mr. Noman Maqbool, Lahore.
Honda City	1,365,740	1,037,554	328,186	328,186	-	Book value Mr. Aslam Kamal, Lahore.
Honda CD - 70	47,000	29,625	17,375	17,375	-	Book value Mr. Muhammad Asghar, Lahore.
5,964,128	4,706,262	1,257,866	1,257,866	-		
6,406,941	4,792,887	1,614,054	1,257,866	(356,188)		
30-Jun-20						
Cost/revalued amount	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
Rupees	Rupees	Rupees	Rupees	Rupees		
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		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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

22.2 Capital work in progress

	30-Jun-20			
	As at 01-Jul-19 <i>Rupees</i>	Additions <i>Rupees</i>	Transfers <i>Rupees</i>	As at 30-Jun-20 <i>Rupees</i>
Building	-	-	-	-
Plant and machinery	-	13,000,493	(13,000,493)	-
	-	13,000,493	(13,000,493)	-

RSRIR
for identification only.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

23 RIGHT-OF-USE ASSETS

30-Jun-21										
	COST				Rate	DEPRECIATION				Net book value as at 30-Jun-21
	As at 01-Jul-20	Additions	Disposals	Transfers		As at 01-Jul-20	For the year	Adjustment	As at 30-Jun-21	
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
Plant and machinery	92,392,604	-	-	(92,392,604)	5	21,847,024	2,939,399	(24,786,423)	-	-
	92,392,604	-	-	(92,392,604)		21,847,024	2,939,399	(24,786,423)	-	-

30-Jun-20										
	COST				Rate	DEPRECIATION				Net book value as at 30-Jun-20
	As at 01-Jul-19	Additions	Disposals	Transfers		As at 01-Jul-19	For the year	Adjustment	As at 30-Jun-20	
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
Plant and machinery	92,392,604	-	-	-	5	18,134,098	3,712,926	-	21,847,024	70,545,580
	92,392,604	-	-	-		18,134,098	3,712,926	-	21,847,024	70,545,580

23.1 Depreciation for the year is charged to cost of sales

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
24 LONG TERM DEPOSITS			
Financial institutions		7,690,976	12,749,251
Others	24.1	13,336,410	13,336,410
		21,027,386	26,085,661
<p>24.1 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.</p>			
	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
25 STOCK IN TRADE			
Raw material	25.1	313,131,219	595,101,680
Work in process		41,226,160	52,754,805
Finished goods	25.2	261,779,256	207,853,345
		616,136,635	855,709,830
<p>25.1 These include stock in transit valued at Rs. 28,698,875 (2020: Rs. Nil).</p> <p>25.2 Stock of finished goods include stock of waste valued at net realizable value of Rs. 14,671,834 (2020: Rs. 6,802,622).</p> <p>25.3 Finished goods as at 30 June 2021 include yarn valued at net realizable value of Rs. 3,243,075 resulting in a write down of Rs. 39,505 recognized in cost of sales. There were no write downs as on 30 June 2020.</p> <p>25.4 Details of stock pledged as security are referred to in note 47 to the financial statements.</p>			
	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
26 TRADE RECEIVABLES			
Trade receivables		22,442,395	39,793,512
Impairment allowance for expected credit losses	26.1	(3,530,388)	(4,387,671)
		18,912,007	35,405,841
<p>26.1 Impairment allowance for expected credit losses</p> <p>As at beginning of the year</p>		4,387,671	4,490,427
Recognized during the year	36	376,599	-
Reversal during the year	34	(1,233,882)	(102,756)
As at end of the year		3,530,388	4,387,671
27 SHORT TERM DEPOSITS			
These represent deposits with banking companies against under lien with providers of debt finances.			
	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
28 ADVANCES AND OTHER RECEIVABLES			
Advances to suppliers		4,504,696	16,817,579
Advances to employees	28.1	5,542,583	6,339,578
Prepayments		3,138,580	2,970,405
Letters of credit		12,583,172	9,996,513
Sales tax refundable		-	8,881,982
		25,769,031	45,006,057

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

28.1 These represent advances to employees against future salaries and post employment benefits in accordance with the Company policy.

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
29 CASH AND BANK BALANCES			
Cash in hand		413,122	1,008,826
Cash at banks			
Current accounts - local currency		98,671,517	57,396,816
Current accounts - foreign currency		4,433,025	4,745,233
		103,104,542	62,142,049
		103,517,664	63,150,875
30 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Yarn		4,307,123,836	3,257,627,427
Waste		53,631,475	76,374,169
		4,360,755,311	3,334,001,596
Sales tax		(707,292,615)	(521,158,977)
		3,653,462,696	2,812,842,619
31 COST OF SALES			
Raw material consumed	31.1	2,277,079,565	1,929,793,795
Power and fuel		472,881,221	432,194,400
Stores and spares consumed		109,438,029	81,620,536
Salaries, wages and benefits	31.2	346,168,377	301,834,809
Entertainment		1,049,650	698,504
Insurance		3,850,500	4,166,982
Repair and maintenance		46,007,443	20,717,126
Traveling and conveyance		135,584	2,001,460
Vehicle running and maintenance		1,810,601	2,137,678
Depreciation	22.1.4 & 23.1	55,533,263	57,278,692
Others		2,114,244	936,221
Manufacturing cost		3,316,068,477	2,833,380,203
Work in process			
As at beginning of the year		52,754,805	41,852,207
As at end of the year		(41,226,160)	(52,754,805)
		11,528,645	(10,902,598)
Cost of goods manufactured		3,327,597,122	2,822,477,605
Finished goods			
As at beginning of the year		207,853,345	75,281,067
As at end of the year		(261,779,256)	(207,853,345)
		(53,925,911)	(132,572,278)
		3,273,671,211	2,689,905,327
31.1 Raw material consumed			
As at beginning of the year		595,101,680	448,301,893
Purchased during the year		1,995,109,104	2,076,593,582
As at end of the year		(313,131,219)	(595,101,680)
		2,277,079,565	1,929,793,795

31.2 These include charge in respect of employees retirement benefits amounting to Rs. 17,948,983 (2020: Rs. 17,900,815).

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
32 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	32.1	3,320,707	3,023,350
Commission		2,308,858	5,623,194
Vehicle running and maintenance		155,606	164,870
Others		158,480	157,312
		5,943,651	8,968,726
32.1	These include charge in respect of employees retirement benefits amounting to Rs. 433,067 (2020: Rs. 484,503).		
	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
33 ADMINISTRATIVE EXPENSES			
Directors' meeting fee		60,000	25,000
Salaries and benefits	33.1	32,518,398	30,490,979
Rent, rates and utilities		5,490,220	5,109,110
Printing and stationery		758,078	518,988
Communication		2,961,682	1,388,364
Repair and maintenance		934,633	304,898
Vehicles running and maintenance		1,414,023	1,614,801
Fee and subscription		1,534,003	671,634
Traveling and conveyance		1,571,652	923,914
Legal and professional		2,432,000	1,525,000
Auditor's remuneration	33.2	975,000	875,000
Entertainment		582,837	589,162
Insurance		1,628,000	1,573,106
Depreciation	22.1.4	3,682,280	3,153,121
Others		3,007,445	2,356,053
		59,550,251	51,119,130
33.1	These include charge in respect of employees retirement benefits amounting to Rs. 2,329,541 (2020: Rs. 4,994,344).		
	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
33.2 Auditor's remuneration			
Annual statutory audit		750,000	675,000
Limited scope review		125,000	125,000
Review report on corporate governance		75,000	50,000
Out of pocket expenses		25,000	25,000
		975,000	875,000
34 OTHER INCOME			
Gain on financial instruments			
Exchange gain		-	226,758
Reversal of Impairment allowance for expected credit losses	26	1,233,882	102,756
		1,233,882	329,514
Other income			
Gain on disposal of property, plant and equipments		-	792,923
Reversal of impairment allowance on plant and machinery	22.1	3,050,254	-
Reversal of excess liability	17	235,653	-
		3,285,907	792,923
		4,519,789	1,122,437

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
35 FINANCE COST			
Interest on:			
loan from directors and other shareholders		28,130,629	26,189,669
long term finances		13,032,037	31,860,283
lease liabilities		483,950	2,041,401
short term borrowings		52,868,158	65,647,343
Interest waived	35.1	(28,130,629)	(26,189,669)
		66,384,145	99,549,027
Interest on workers' profit participation fund	17.2	194,143	761,999
Bank charges and commission		2,782,827	2,870,504
		69,361,115	103,181,530

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	30-Jun-21 Rupees	30-Jun-20 Rupees
36 OTHER CHARGES			
Loss on financial instruments			
Impairment allowance for expected credit losses	26.1	376,599	-
Exchange loss		295,633	-
Accrued profit on long term investment written-off		-	82,568
		672,232	82,568
Other expenses			
Workers' Profit Participation Fund	17.2	12,285,634	-
Workers' Welfare Fund	17.3	4,422,828	-
Loss on disposal of property, plant and equipments		356,188	-
		17,064,650	-
		17,736,882	82,568

37 PROVISION FOR TAXATION			
Current taxation			
for current year	37.1	57,340,382	42,192,639
for prior year		-	1,052,002
		57,340,382	43,244,641
Deferred taxation	15.1		
for current year		(47,813)	(24,332,505)
adjustment attributable to changes in tax rates		-	-
		(47,813)	(24,332,505)
		57,292,569	18,912,136

37.1 Provision for taxation has been made under section 18 (2020: section 113) of the Income Tax Ordinance, 2001 [the Ordinance]. There was no relationship between aggregate tax expense and accounting profit for year ended 30 June 2020. Accordingly no numerical reconciliation has been presented for year ended 30 June 2020. Reconciliation between average effective tax rate and applicable tax rate for the year ended 30 June 2021 is as follows:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Unit	30-Jun-21
Profit before taxation	Rupees	231,719,375
Provision for taxation	Rupees	57,292,569
Average effective tax rate	%	24.72
Tax effects of:		
Adjustments for prior years	%	-
Admissible deductions, losses and tax credits	%	4.25
Deferred taxation	%	0.02
Applicable tax rate	%	29.00

- 37.2 The income tax assessments of the Company up to and including tax year 2020 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.
- 37.3 In respect of Tax Year 2014, 2018 and 2019 the Company received notice under section 138(1) on account of WWF of the Income Tax Ordinance, 2001. In compliance to notice, an online reply has been submitted to Income Tax Department. The proceedings are still under process.

	Unit	30-Jun-21	30-Jun-20
38 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED			
Profit/(loss) attributable to ordinary shareholders	Rupees	174,426,806	(58,204,361)
Weighted average number of ordinary shares outstanding during the year	No. of shares	29,840,607	29,840,607
Earnings/(loss) per share - Basic	Rupees	5.85	(1.95)

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

	30-Jun-21	30-Jun-20
	Rupees	Rupees
39 CASH GENERATED FROM OPERATIONS		
Profit/(loss) before taxation	231,719,375	(39,292,225)
Adjustments for non-cash and other items		
Finance cost	69,361,115	103,181,530
Foreign exchange loss/(gain)	295,633	(226,758)
Provision for employees retirement benefits	20,711,591	23,379,662
Reversal of impairment allowance for expected credit losses	(1,233,882)	(102,756)
Impairment allowance for expected credit losses	376,599	-
Reversal of impairment allowance on plant and machinery	(3,050,254)	-
Loss on disposal of property, plant and equipment	356,188	(792,923)
Accrued profit on long term investment written-off	-	82,568
Excess liability written back	(235,653)	-
Depreciation	59,215,543	60,431,813
	145,796,880	185,953,136
Operating profit before changes in working capital	377,516,255	146,660,911
Changes in working capital		
Stores and spares	(1,161,577)	1,248,906
Stock in trade	239,573,195	(290,274,663)
Trade receivables	17,351,117	113,795,218
Short term deposits	76,547,269	(163,125,101)
Advances and other receivables	19,237,026	4,424,131
Trade and other payables	(34,004,561)	36,137,187
Long term payables	20,312,149	-
	337,854,618	(297,794,322)
Cash generated from/(used in) operations	715,370,873	(151,133,411)

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
40 CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	103,517,664	63,150,875
		103,517,664	63,150,875

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:

		30-Jun-21 Rupees	30-Jun-20 Rupees
41.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Key management personnel	Short-term employee benefits	6,660,000	5,605,000
	Post employment benefits	2,097,796	1,932,388
Associated company	Generator rent	12,000,000	12,000,000
41.2 Balances with related parties			
Nature of relationship	Nature of balance		
Directors and their family members	Long term loans	265,884,966	265,884,966
	Short term borrowings	102,000,000	102,000,000
Key management personnel	Short-term employee benefits payable	550,000	930,000
	Post employment benefits payable	11,020,520	8,922,724
Associated company	Generator rent payable	7,566,750	5,215,909

42 CONTRACTS WITH CUSTOMERS

42.1 Contract balances

The information about receivables and contract liabilities from contracts with customers is as follows:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Nature of balance	Presented in financial statements as	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Receivables	Trade receivables	26	18,912,007	35,405,841
Contract liabilities	Advances from customers	17	84,578,529	90,263,388
			103,490,536	125,669,229
42.2 Changes in contract liabilities				
Significant changes in contract liabilities are as follows:				
			30-Jun-21 Rupees	30-Jun-20 Rupees
As at beginning of the year			90,263,388	89,507,929
Revenue recognized against contract liability as at beginning of the year			(90,263,388)	(89,507,929)
Net increase due to cash received in excess of revenue recognized			84,578,529	90,263,388
As at end of the year			84,578,529	90,263,388
42.3 Impairment lossess				
The Company during the year has recognized Rs. 376,599 (2020: Rs. nil) as impairment allowance for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers. Further, impairment allowance amounting to Rs. 1,233,882 (2020: Rs. 102,756) was reversed during the year on actual recovery. See note 26.1.				
43 FINANCIAL INSTRUMENTS				
The carrying amounts of the Company's financial instruments by class and category are as follows:				
		Note	30-Jun-21 Rupees	30-Jun-20 Rupees
43.1 Financial assets				
<i>Cash in hand</i>		29	413,122	1,008,826
<i>Financial assets at amortized cost</i>				
Long term deposits		24	21,027,386	26,085,661
Trade receivables		26	22,442,395	35,405,841
Advances to employees		28	5,542,583	6,339,578
Short term deposits		27	86,577,832	163,125,101
Bank balances		29	103,104,542	62,142,049
			239,107,860	294,107,056
43.2 Financial liabilities				
<i>Financial liabilities at amortized cost</i>				
Loan from directors and other shareholders		9	265,884,966	265,884,966
Long term finances		10	159,879,297	269,287,154
Lease liabilities		11	-	13,361,551
Long term deposits		12	6,010,000	6,010,000
Short term borrowings		18	385,770,183	675,711,452
Accrued interest			11,977,202	18,889,075
Trade creditors		17	108,056,169	108,854,311
Accrued liabilities		17	110,924,114	165,718,167
Unclaimed dividend			485,351	485,351
			1,048,987,282	1,524,202,027

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

44 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

44.1 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.

44.1.1 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: 12-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

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

44.1.2 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	30-Jun-21 Rupees	30-Jun-20 Rupees
Financial assets at amortized cost			
Long term deposits	24	21,027,386	26,085,661
Trade receivables	26	22,442,395	39,793,512
Advances to employees	28	5,542,583	6,339,578
Short term deposits	27	86,577,832	163,125,101
Bank balances	29	103,104,542	62,142,049
		238,694,738	297,485,901

44.1.3 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 Rupees	Loss allowance Rupees
Long term deposits	24	N/A	N/A	12-month ECL	21,027,386	-
Trade receivables	26	N/A	Performing	Lifetime ECL	18,912,888	881
		N/A	Doubtful	Lifetime ECL	3,529,507	3,529,507
					22,442,395	3,530,388
Advances to employees	28	N/A	Performing	12-month ECL	5,542,583	-
Short term deposits	27	A1+	N/A	12-month ECL	86,577,832	-
Bank balances	29	A3 - A1+	N/A	12-month ECL	103,104,542	-
					238,694,738	3,530,388

(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' as there is no significant increase in credit risk in respect of these receivables since initial recognition except for trade receivables amounting to Rs. 3,529,507 which are considered doubtful. The ageing analysis of trade receivables as at the reporting date is as follows:

	30-Jun-21 Rupees	30-Jun-20 Rupees
Neither past due nor impaired	8,863,714	23,240,061
Past due by upto 30 days	2,724,077	4,397,127
Past due by 31 days to 180 days	7,325,097	7,789,957
Past due by 181 days or more	3,529,507	4,387,671
	22,442,395	39,814,816

(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 30 JUNE 2021

(d) Short term deposits

These are deposited with 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

(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.

44.1.4 Concentrations of credit risk

There are no significant concentrations of credit risk, except for trade receivables. The Company's four (2020: two) significant customers account for Rs. 16.373 million (2020: Rs. 14.868 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2020: 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.

44.1.5 Collateral held

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

44.1.6 Changes in impairment allowance for expected credit losses

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

44.2 Liquidity risk

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

44.2.1 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.

44.2.2 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.

	30-Jun-21				
	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 other shareholders	265,884,966	387,732,980	28,130,629	359,602,351	-
Long term finances	159,879,297	184,639,184	63,330,328	121,308,856	-
Long term deposits	6,010,000	6,010,000	-	6,010,000	-
Short term borrowings	385,770,183	385,770,183	385,770,183	-	-
Accrued interest	11,977,202	11,977,202	11,977,202	-	-
Trade creditors	108,056,169	108,056,169	108,056,169	-	-
Accrued liabilities	110,924,114	110,924,114	110,924,114	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	1,048,987,282	1,195,595,183	708,673,976	486,921,207	-

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	30-Jun-20				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to five years <i>Rupees</i>	More than five years <i>Rupees</i>
Loan from directors and other shareholders	265,884,966	285,527,218	285,527,218	-	-
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	165,718,167	165,718,167	165,718,167	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	1,531,936,149	1,636,836,407	1,321,961,307	314,875,100	-

44.3 Market risk

44.3.1 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:

	30-Jun-21 <i>Rupees</i>	30-Jun-20 <i>Rupees</i>
Financial assets		
Bank balances		
USD	4,433,025	4,745,233
	4,433,025	4,745,233
Financial liabilities	-	-
Net balance sheet exposure	4,433,025	4,745,233
Foreign currency commitments		
USD	(334,499,930)	(186,903,349)
EUR	(2,126,749)	(1,052,985)
	(336,626,679)	(187,956,334)
	(332,193,654)	(183,211,101)

(c) Exchange rates applied as at reporting date

The following spot exchange rates were applied as at reporting date.

	30-Jun-21 <i>Rupees</i>	30-Jun-20 <i>Rupees</i>
EUR	187.27	188.61
USD	157.54	168.05

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

(d) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US \$ would have decreased profit for the year by Rs. 0.443 million (2020: Rs. 0.475 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.

44.3.2 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 rate

(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:

	30-Jun-21	30-Jun-20
	Rupees	Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	138,292,077	79,997,748
Variable rate instruments		
Financial assets	-	-
Financial liabilities	308,124,710	784,096,531

(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. 3.081 million (2020: Rs. 7.841 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.

44.3.3 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.

45 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:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Unit	30-Jun-21	30-Jun-20
Total debt	Rupees	350,237,805	556,267,793
Total equity	Rupees	739,054,599	560,750,181
		1,089,292,404	1,117,017,974
Gearing	% age	32.15%	49.80%

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).

46 FAIR VALUE MEASUREMENTS

46.1 Financial Instruments

46.1.1 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.

46.2 Assets and liabilities other than financial instruments.

46.2.1 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	30-Jun-21 Rupees	30-Jun-20 Rupees
Freehold land	-	101,370,000	-	101,370,000	99,418,125
Buildings	-	139,100,000	-	139,100,000	142,603,499
Plant and machinery	-	938,975,000	-	938,975,000	954,874,585

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

Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.
		A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 4.97 million (2020: Rs. 4.97 million).

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Valuation technique	Significant inputs	Sensitivity
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. 6.96 million (2020: Rs. 7.13 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. 46.95 million (2020: Rs. 47.74 million).

Reconciliation of fair value measurements categorized in Level 3 is presented in note 22.1.

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

46.2.2 Non-recurring fair value measurements

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

	30-Jun-21	30-Jun-20
	Rupees	Rupees
47 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	1,568,000,000	1,568,000,000
Charge over operating fixed assets	1,138,000,000	1,138,000,000
Pledge		
Raw material	242,811,073	518,147,963
Finished goods	65,911,291	98,264,278

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.

48 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:

	30-Jun-21		
	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees
Managerial remuneration	4,400,004	-	10,434,363
Allowances and perquisites	2,199,996	-	5,217,139
Meeting fee	-	60,000	-
Post employment benefits	2,097,796	-	1,162,002
	8,697,796	60,000	16,813,504
Number of persons	1	1	5

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	30-Jun-20		
	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	1,932,388	-	1,288,750
	7,512,388	25,000	16,753,750
Number of persons	1	1	5

48.1 Meeting fee includes Rs. 60,000 (2020: Rs. 25,000) paid to non-executive directors of the Company.

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

49 SEGMENT INFORMATION

49.1 The Company is a single reportable segment.

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

49.3 All sales of the Company have originated from Pakistan.

50 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	30-Jun-21	30-Jun-20
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	2,697,234	2,157,675

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.

51 NUMBER OF EMPLOYEES

	30-Jun-21	30-Jun-20
Total number of employees	826	1,373
Average number of employees	834	1,145

52 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.

53 GENERAL

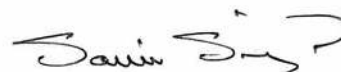
Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



Director



Chief Financial Officer



Chief Executive

Form of Proxy

35th 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 35th Annual General Meeting of the Company to be held on October 28, 2021 at 06-Egerton Road, Lahore at 10:30 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this _____ day of _____ 2021.

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.

35 واں سالانہ عمومی اجلاس عام۔

لیجر فولیو

موجودہ قصص

--

میں/ہم۔۔۔۔۔ کا کے بحیثیت ممبران ساریٹو پیڈنگ مل لمینڈ اور حامل عام حصص محترم /محترمہ۔۔۔۔۔ یا ان کے حاضر نہ ہو سکے کی صورت میں۔۔۔ کو اپنے / ہمارے ایماء پر کمپنی کے 28 اکتوبر 2021 بروز جمعرات 10:30 بجے صبح 06- ایگریئن روڈ، لاہور میں منعقد ہونے والے 35 واں سالانہ عمومی اجلاس عام میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور نمائندہ (پراسسی) مفکر کرتا /کرتے ہیں۔

بظور گواہ آج بتاریخ۔۔۔۔۔اکتوبر 2021 میرے ہمارے دستخط ہوئے۔

گواہان:

<p>نام (1) _____</p> <p>پتہ: _____</p> <p>قومی شناختی کارڈ نمبر _____</p>	<p>نام (2) _____</p> <p>پتہ: _____</p> <p>قومی شناختی کارڈ نمبر _____</p>
---------------------------------------------------------------------------	---------------------------------------------------------------------------

اہم نکات:

1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حقدار ہے کمپنی کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 52 کے تحت ہر کسی کا تقرر کر سکتا ہے۔ ہر اکیساں اسی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17- عزیز الہینیو، کینال بک، گلیگر، V، لاہور) میں موصول ہونا ضروری ہیں۔ ہر اکیسوں پر رسیدی ٹکٹ رکن کے دستخط اور گواہان کے دستخط ہونا ضروری ہیں۔

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

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

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

(ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دخل خط کے نمونے (اگر پہلے جمع نہ لرایا ہو) کمپنی میں ہر ایک فارم کے ساتھ جمع کرانی ہوگی۔

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