

# **SARITOW SPINNING MILLS LIMITED**

**3<sup>RD</sup> QUARTER REPORT**

**31-03-2022**

**(Un-Audited)**

**BOARD OF DIRECTORS**

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

Chairman  
Chief Executive Officer

**AUDIT COMMITTEE**

Mr. Jamal Nasim  
Mr. M. Murad 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. M. Murad 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

ISO 9001:2008 Certified

## **DIRECTORS' REPORT**

The Directors of M/s. Saritow Spinning Mills Limited are please to present Financial Results of the company for the 3<sup>rd</sup> quarter ended on March 31, 2022 along with Director Report in compliance with requirements of the Companies Act, 2017.

### **Financial High Lights**

	<b>Third Quarter Ending <u>March 31, 2022</u></b>	<b>Third Quarter Ending <u>March 31, 2021</u></b>
Net Sales	3,451.980	2,679.613
Gross Profit	245.862	278.232
Operating Profit	193.021	232.282
Profit before Tax	149.310	178.008
Profit after Tax	106.160	137.814
Gross Profit Ratio	7.12%	10.38%
Operating Profit Ratio	5.59%	8.67%

### **Operating Financial Results**

During the period under review Alhamdulillah, performance of your Company is quite satisfactory. Your Company recorded net sales of Rs. 3,451.980 million as compared to Rs. 2,679.613 million during same period last year. Net Profit after tax was Rs. 106.160 million against net profit after tax of Rs. 137.814 million in corresponding period. Increase in net profit of the company can be attributed to increased sales prices which were supported by running appropriate yarn counts at right time.

The period under review is very tough for raw materials. Local cotton crop fetched only 8.500 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. 21,500/- per maund. The New York future which determines imported cotton prices is traded at life time high of 136 Cents, creating unprecedented increase in imported cotton prices. Imported cotton availability is also affected by delay in shipping cargo. Further Gas supply was halted during November 2021 which is partially restored but at increased rate of 9 cents per MMBTU increasing the energy cost considerable.

We hope that increased sale volume will help increase the liquidity of the company which will help improve the profitability of the company.





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# SARITOW SPINNING MILLS LIMITED

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

Email: azamsaritow@saigols.com

## **COMPOSITION OF BOARD**

Composition of the Board of Directors is as under.

<b>TOTAL NUMBER OF DIRECTORS</b>	
Male	6
Female	1
<b>COMPOSITION</b>	
Independent Director	Mr. Jamal Nasim
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
Executive Directors	Mr. Muhammad Zeid Yousuf Saigol
	Mr. Samir Iqbal Saigol
Female Director	Mrs. Sadaf Kashif

## **COMMITTEE'S**

Detail of Committee's of Board is as under.

### **AUDIT COMMITTEE**

Mr. Jamal Nasim	Chairman/Member
Mr. M. Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mrs. Sadaf Kashif	Member

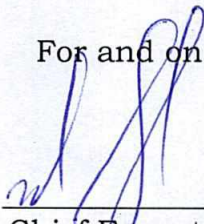
### **HR & REMUNERATION COMMITTEE**

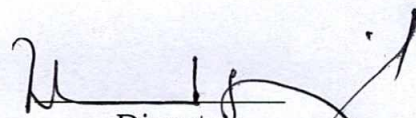
Mr. Jamal Nasim	Chairman/Member
Mr. M. Zeid Yousuf Saigol	Member
Mr. M. Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member

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

Lahore  
April 28, 2022

  
Chief Executive

  
Director

## ڈائریکٹرز رپورٹ:

ساریسٹنگ مل لمیٹڈ کے ڈائریکٹرز براہ کرم 31 مارچ 2022 کو ختم ہونے والی تیسری سہ ماہی کے لیے کمپنی کے مالیاتی نتائج کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق ڈائریکٹرز رپورٹ کے ساتھ پیش کرے۔

## اہم پیش نتائج

زیر جائزہ مدت کے دوران الحمد للہ آپ کی کمپنی کی کارکردگی کافی تسلی بخش ہے۔ آپ کی کمپنی نے روپے کی خالص فروخت 3,451.980 ملین روپے کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 2,679.613 ملین روپیہ ٹیکس کے بعد خالص منافع 106.160 ملین روپے ہائیکھلے سال اسی مدت میں خالص منافع 137.814 ملین روپے تھا۔ کمپنی کے خالص منافع میں اضافے کی وجہ فروخت کی بڑھتی ہوئی قیمتوں سے منسوب کی جاسکتی ہے جو کہ صحیح وقت پر مناسب یارن کے کٹتی چلا کر سپورٹ کرتے تھے۔

زیر نظر مدت ختم مال کے لیے بہت سخت ہے مقامی کپاس کی فصل سے صرف 8.500 ملین گائٹھیں حاصل ہوئیں، جو کہ مقامی فصل میں مسلسل کی کو ظاہر کرتا ہے کہ میٹنگ درآمدی متبادل پر انحصار بڑھ رہا ہے دنیا بھر میں روٹی کی قیمت بڑھنے سے انسانی ساختہ ریشوں کی قیمتوں میں بھی گزشتہ سال کے مقابلے قیمت میں زبردست اضافہ ظاہر ہوتا ہے۔ ان تمام عوامل کے یکجا ہونے کے باوجود ہماری کمپنی ختم مال کی بروقت خریداری اور ملوں کو موثر طریقے سے چلانے کی وجہ سے اچھی کارکردگی دکھانے میں کامیاب رہی۔

## مستقبل کا تقاضا

ہم خطرے کا عنصر ساختی قیمتوں پر ختم روٹی کی دستیابی ہے مقامی مارکیٹ میں روٹی کا بھاد -/21,500 روپے فی من ہو رہا ہے۔ نیویارک کا مستقبل جو درآمد شدہ کپاس کی قیمتوں کا تعین کرتا ہے 136 سینٹس کی زندگی بھر کی اونچائی پر ہے جس سے درآمد شدہ کپاس کی قیمتوں میں غیر معمولی اضافہ ہوتا ہے۔ درآمدی کپاس کی دستیابی بھی سامان کی ترسیل میں تاخیر سے متاثر ہوتی ہے۔ نومبر 2021 کے دوران مزید گیس کی سپلائی گیس روک دی گئی تھی جو جزوی طور پر بحال ہوگئی ہے لیکن 9 سینٹس فی

MMBTU کی بڑھتی ہوئی شرح سے توانائی کی لاگت میں خاطر خواہ اضافہ ہو رہا ہے

ہم امید کرتے ہیں کہ فروخت کا حجم بڑھنے سے کمپنی کی لیکویڈیٹی بڑھانے میں مدد ملے گی جس سے کمپنی کے منافع کو بہتر بنانے میں مدد ملے گی۔

## یورڈ کی ساخت

یورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
مرد	6
عورت	1
ساخت	
آزاد ڈائریکٹر	جناب جمال نسیم
نان ایگزیکٹو ڈائریکٹرز	جناب محمد نسیم سہیل
	جناب محمد مراد سہیل
	جناب محمد عمر فاروق
ایگزیکٹو ڈائریکٹرز	جناب محمد زید یوسف سہیل
	جناب سامر اقبال سہیل
نیمیل ڈائریکٹر	محترمہ مصطفیٰ کاشف

## کمیشنر

یورڈ کی کمیشنر کی تفصیل درج ذیل ہے۔

## آڈٹ کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب محمد مراد سہیل	ممبر
جناب محمد عمر فاروق	ممبر
محترمہ مصطفیٰ کاشف	ممبر

## ایچ آر اینڈ مینجمنٹ کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب محمد زید یوسف سہیل	ممبر
جناب محمد مراد سہیل	ممبر
جناب محمد عمر فاروق	ممبر

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

منجانب ویرائے یورڈ:

لاہور

28 اپریل، 2022

ڈائریکٹر

چیف ایگزیکٹو

# SARITOW SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Note	March 31, 2022 Rupees (Un-Audited)	June 30, 2021 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized capital</i>			
35,000,000 (June 30, 2020: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued share capital		298,406,070	298,406,070
Revaluation reserve		60,364,540	61,392,820
Retained earnings		486,444,227	379,255,709
<b>TOTAL EQUITY</b>		<b>845,214,837</b>	<b>739,054,599</b>
<b>NON-CURRENT LIABILITIES</b>			
Loan from directors and family members	5	265,884,966	265,884,966
Long term finances	6	73,861,724	108,256,455
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		93,034,074	84,946,625
Long term payables		-	2,154,409
Deferred grant	7	1,048,049	4,834,543
Deferred taxation		119,370,700	119,370,700
		<b>559,209,513</b>	<b>591,457,698</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		529,196,642	368,873,330
Unclaimed dividend		485,351	485,351
Short term borrowings		569,313,223	385,770,183
Accrued interest		18,193,374	11,977,202
Current taxation		20,876,418	3,226,568
Current portion of non-current liabilities	8	61,377,007	75,088,581
		<b>1,199,442,015</b>	<b>845,421,215</b>
<b>TOTAL LIABILITIES</b>		<b>1,758,651,528</b>	<b>1,436,878,913</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	2,603,866,365	2,175,933,512

The annexed notes 1 to 18 form an integral part of these interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

# SARITOW SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Note	March 31, 2022	June 30, 2021
		Rupees (Un-Audited)	Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	1,262,417,186	1,281,002,831
Right-of-use assets	11	-	-
Long term deposits		20,727,386	21,027,386
		1,283,144,572	1,302,030,217
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		30,025,967	22,990,126
Stock in trade		797,805,016	616,136,635
Trade receivables		194,408,718	18,912,007
Short term deposits		86,577,832	86,577,832
Advances and other receivables		90,911,299	25,769,031
Cash and bank balances		120,992,961	103,517,664
		1,320,721,793	873,903,295
<b>TOTAL ASSETS</b>		<b>2,603,866,365</b>	<b>2,175,933,512</b>

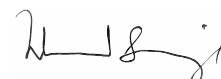
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# SARITOW SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Note	Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net	12	3,451,979,768	2,679,613,479	1,329,316,716	921,646,496
Cost of sales	13	(3,206,117,952)	(2,401,380,846)	(1,219,644,177)	(795,469,496)
<b>Gross profit</b>		<b>245,861,816</b>	<b>278,232,633</b>	<b>109,672,539</b>	<b>126,177,000</b>
Selling and distribution expenses		(6,901,845)	(3,586,679)	(2,662,922)	(963,005)
Administrative and general expenses		(47,325,233)	(45,620,489)	(15,837,746)	(18,215,605)
		(54,227,078)	(49,207,168)	(18,500,668)	(19,178,610)
Other income		1,386,199	3,256,445	300,016	1,204,211
<b>Operating profit</b>		<b>193,020,937</b>	<b>232,281,910</b>	<b>91,471,887</b>	<b>108,202,601</b>
Finance cost		(43,710,952)	(54,273,892)	(21,541,677)	(15,136,091)
<b>Profit/(loss) before taxation</b>		<b>149,309,985</b>	<b>178,008,018</b>	<b>69,930,210</b>	<b>93,066,510</b>
Provision for taxation	14	(43,149,747)	(40,194,201)	(16,616,459)	(13,824,697)
<b>Profit/(loss) after taxation</b>		<b>106,160,238</b>	<b>137,813,817</b>	<b>53,313,751</b>	<b>79,241,813</b>
<b>Earning/(loss) per share - basic and diluted</b>		<b>3.56</b>	<b>4.62</b>	<b>1.79</b>	<b>2.66</b>

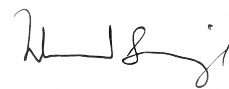
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



# SARITOW SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees	Rupees	Rupees	Rupees
Other comprehensive income	-	-	-	-
Profit/(loss) after taxation	106,160,238	137,813,817	53,313,751	79,241,813
Total comprehensive income/(loss)	<u>106,160,238</u>	<u>137,813,817</u>	<u>53,313,751</u>	<u>79,241,813</u>

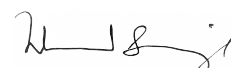
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# SARITOW SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	March 31, 2022	March 31, 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	149,309,985	178,008,018
<b>Adjustments for non-cash items</b>		
Depreciation	47,325,637	43,888,641
Provision for employees retirement benefits	18,936,009	19,120,249
Interest/markup on borrowings	43,710,952	54,273,892
	109,972,598	117,282,782
<b>Operating profit before changes in working capital</b>	259,282,583	295,290,800
<b>Changes in working capital</b>		
Stores, spares and loose tools	(7,035,841)	(5,591,855)
Stock in trade	(181,668,381)	85,003,404
Trade receivables	(175,496,711)	(5,614,609)
Advances, prepayments and other receivables	(65,142,268)	50,273,752
Trade and other payables	167,017,156	(62,607,146)
	(262,326,045)	61,463,546
<b>Net cash generated from/(used in) from operations</b>	(3,043,462)	356,754,346
<b>Payments for:</b>		
Interest/markup on borrowings	(37,494,780)	(58,655,944)
Income tax	(25,499,897)	(38,381,817)
Employees retirement benefits	(10,848,560)	(13,609,625)
<b>Net cash generated from/(used in) operating activities</b>	(76,886,699)	246,106,960
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(33,928,151)	(33,822,312)
Proceeds from disposal of long term investments	-	-
Long term deposit	300,000	-
Proceeds from disposal of property, plant and equipment	5,188,159	1,092,486
<b>Net cash used in investing activities</b>	(28,439,992)	(32,729,826)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(40,428,903)	(93,612,352)
Repayment of lease liability	-	(6,955,569)
Repayment of long term payable	(20,312,149)	-
Net increase/(decrease) in short term borrowings	183,543,040	(106,489,702)
<b>Net cash (used in)/generated from financing activities</b>	122,801,988	(207,057,623)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17,475,297	6,319,511
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	103,517,664	63,150,875
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	120,992,961	69,470,386

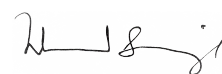
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# SARITOW SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Share capital	Capital reserves	Revenue reserves	Total
	Issued subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Accumulated profit	
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2020	298,406,070	57,755,154	204,588,957	560,750,181
Comprehensive loss				
Profit after taxation	-	-	137,813,817	137,813,817
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	137,813,817	137,813,817
Incremental depreciation	-	(939,242)	939,242	-
Transaction with owners	-	-	-	-
Balance as at March 31, 2021	298,406,070	56,815,912	343,342,016	698,563,998
Balance as at April 01, 2020	298,406,070	56,815,912	343,342,016	698,563,998
Comprehensive income				
Profit after taxation	-	-	36,612,989	36,612,989
Other comprehensive loss	-	4,526,815	(649,203)	3,877,612
Total comprehensive income	-	4,526,815	35,963,786	40,490,601
Incremental depreciation	-	50,093	(50,093)	-
Transaction with owners	-	-	-	-
Balance as at June 30, 2021	298,406,070	61,392,820	379,255,709	739,054,599
Balance as at July 01, 2021	298,406,070	61,392,820	379,255,709	739,054,599
Comprehensive income				
Profit after taxation	-	-	106,160,238	106,160,238
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	106,160,238	106,160,238
Incremental depreciation	-	(1,028,280)	1,028,280	-
Transaction with owners	-	-	-	-
Balance as at March 31, 2022	298,406,070	60,364,540	486,444,227	845,214,837

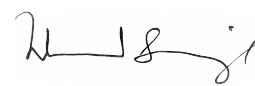
The annexed notes 1 to 18 form an integral part of these interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# SARITOW SPINNING MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

### 1 LEGAL STATUS AND OPERATIONS

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

### 2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2021.

#### 2.1 Statement of compliance

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

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board [IASB] as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, 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
Employee retirement benefits	Present value

#### 2.3 Judgments, estimates and assumptions

The preparation of interim 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.

#### 2.4 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

#### 2.5 Date of authorization for issue

This interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 28 April 2022.

### 3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

The following new and revised standards, interpretations and amendments are effective in the current period 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.

#### 3.1 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)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

#### 3.2 COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

### 4 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2021.

### 5 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 and short term borrowings 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% (30 June 2021: 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 period, interest amounting to Rs. 19.01 million (30 June 2021: Rs. 28.13 million) was waived by the lenders at their sole discretion.



# SARITOW SPINNING MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	<i>Note</i>	<b>March 31, 2022</b>	<b>June 30, 2021</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>6 LONG TERM FINANCES</b>			
<b>From Banking companies</b>			
As at beginning of the period/year		159,879,297	269,287,154
Obtained during the period/year		-	85,669,000
Accretion during the period/year		5,651,215	5,812,172
Repayments made during the period/year		(40,428,903)	(192,668,437)
Deferred grant recognised during the period/year		-	(8,220,592)
As at end of the period/year		125,101,609	159,879,297
Current maturity presented under current liabilities		(51,239,885)	(51,622,842)
		<b>73,861,724</b>	<b>108,256,455</b>
<b>7 DEFERRED GRANT</b>			
As at beginning of the period/year		10,142,542	-
Recognized during the period/year		-	15,954,713
Amortized during the period/year		(5,651,215)	(5,812,171)
As at end of the period/year		4,491,327	10,142,542
Current maturity presented under current liabilities		(3,443,278)	(5,307,999)
		<b>1,048,049</b>	<b>4,834,543</b>
<b>8 CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Long term finances	6	51,239,885	51,622,842
Deferred grant	7	3,443,278	5,307,999
Gas infrastructure development cess		6,693,844	18,157,740
		<b>61,377,007</b>	<b>75,088,581</b>

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There is no change in status and amount of contingencies since June 30, 2021.

### 9.2 Commitments

	<i>Note</i>	<b>March 31, 2022</b>	<b>June 30, 2021</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>9.2.1 Commitments under irrevocable letters of credit for import of:</b>			
Purchase of raw material		441,606,980	319,234,733
Purchase of machinery, stores, spare and loose tools		10,917,732	17,391,946
		<b>452,524,712</b>	<b>336,626,679</b>

### 9.2.2 Commitments under operating leases:

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

# SARITOW SPINNING MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Note	March 31, 2022	June 30, 2021
		Rupees	Rupees
		(Un-Audited)	(Audited)
- payments not later than one year		4,000,844	2,423,353
- payments later than one year		-	-
		<b>4,000,844</b>	<b>2,423,353</b>

### 10 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	10.1	1,262,417,186	1,204,171,770
Capital work in progress	10.2	-	76,831,061
		<b>1,262,417,186</b>	<b>1,281,002,831</b>

#### 10.1 Operating fixed assets

Net book value at the beginning of the period/year		1,204,171,770	1,143,274,680
Additions during the period/year			
Office equipment		-	454,626
Vehicles		7,776,290	12,698,530
		<b>7,776,290</b>	<b>13,153,156</b>
Revaluations during the period/year			
Freehold land		-	1,951,875
Buildings		-	3,626,676
Plant and machinery		-	3,050,254
		-	<b>8,628,805</b>
Net book value of assets disposed during the period/year		(5,188,159)	(1,614,054)
Depreciation for the period/year		(47,325,637)	(56,276,144)
Transfer from right-of-use assets		-	67,606,181
Transfer from capital work in progress		102,982,922	29,399,146
Net book value at the end of the period/year		<b>1,262,417,186</b>	<b>1,204,171,770</b>

#### 10.2 Capital work in progress

As at the beginning of the period/year		76,831,061	-
Additions during the period/year		26,151,861	106,230,207
Transfers to operating fixed assets		(102,982,922)	(29,399,146)
As at end of the period/year		-	<b>76,831,061</b>

### 11 Right-of-use assets

Net book value at the beginning of the period/year		-	70,545,580
Depreciation for the period/year		-	(2,939,399)
Transfer to property, plant and equipment		-	(67,606,181)
Net book value at the end of the period/year		-	-

# SARITOW SPINNING MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

Note	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees	Rupees	Rupees	Rupees
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
<b>12 Revenue from contracts with customers - net</b>				
Yarn	3,375,438,719	2,652,494,477	1,289,528,889	913,325,883
Waste	76,541,049	27,119,002	39,787,827	8,320,613
	<u>3,451,979,768</u>	<u>2,679,613,479</u>	<u>1,329,316,716</u>	<u>921,646,496</u>
Note	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees	Rupees	Rupees	Rupees
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
<b>13 COST OF GOODS SOLD</b>				
Raw material consumed	2,472,317,337	1,606,547,476	856,640,685	552,554,288
Stores, spares and loose tools consumed	96,918,498	80,669,654	34,851,240	25,452,026
Salaries, wages and benefits	287,460,091	256,744,292	99,628,606	85,587,096
Insurance	3,186,212	2,891,738	825,730	634,665
Repair and maintenance	24,851,263	26,199,222	6,300,737	9,649,064
Depreciation	42,898,636	41,433,768	14,579,482	13,835,714
Other manufacturing overheads	453,103,706	352,830,473	165,532,577	114,357,855
	<u>3,380,735,743</u>	<u>2,367,316,623</u>	<u>1,178,359,057</u>	<u>802,070,708</u>
Work in process				
as at beginning of the period	41,226,160	52,754,805	63,422,825	45,470,785
as at end of the period	(65,630,352)	(44,237,225)	(65,630,352)	(44,237,225)
	<u>(24,404,192)</u>	<u>8,517,580</u>	<u>(2,207,527)</u>	<u>1,233,560</u>
Cost of goods manufactured	<u>3,356,331,551</u>	<u>2,375,834,203</u>	<u>1,176,151,530</u>	<u>803,304,268</u>
Finished goods				
as at beginning of the period	261,779,256	207,853,345	455,485,502	174,471,930
as at end of the period	(411,992,855)	(182,306,702)	(411,992,855)	(182,306,702)
	<u>(150,213,599)</u>	<u>25,546,643</u>	<u>43,492,647</u>	<u>(7,834,772)</u>
	<u>3,206,117,952</u>	<u>2,401,380,846</u>	<u>1,219,644,177</u>	<u>795,469,496</u>
<b>14 TAXATION</b>				
Provision for taxation				
Current taxation	14.1	(43,149,747)	(40,194,201)	(16,616,459)
Deferred taxation	14.2	-	-	-
		<u>(43,149,747)</u>	<u>(40,194,201)</u>	<u>(16,616,459)</u>
		<u>(43,149,747)</u>	<u>(40,194,201)</u>	<u>(16,616,459)</u>

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

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

# SARITOW SPINNING MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

### 15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated company, key management personnel and sponsors, directors and their family members. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period 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	Director	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	Chief Executive Officer	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 are as follows:

		Nine months ended	
		March 31, 2022	March 31, 2021
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>15.1 Transactions with related parties</b>			
Nature of relationship	Nature of transaction		
Key management personnel	Short term employee benefits	6,030,000	4,950,000
	Post employment benefits	660,000	550,000
Associated company	Generator rent	9,000,000	9,000,000
		March 31, 2022	June 30, 2021
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>15.2 Balances with related parties</b>			
Nature of relationship	Nature of balance		
Directors and their family members	Long term loans	265,884,966	265,884,966
	Short term borrowing	102,000,000	102,000,000
Kohinoor Power Company Ltd	Generator Rent	9,395,947	7,566,750



# SARITOW SPINNING MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

### 16 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

### 17 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 interim financial statements.

### 18 GENERAL

18.1 There are no other significant activities since June 30, 2021 affecting the interim financial statements.

18.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

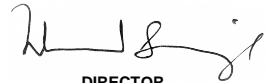
18.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR