

# **SARITOW SPINNING MILLS LIMITED**

**1<sup>st</sup> QUARTER REPORT**

**30-09-2022**

**(Un-Audited)**

**BOARD OF DIRECTORS**

Mr. M. Naseem Saigol  
Mr. Samir Iqbal Saigol  
Mr. M. Murad Saigol  
Mr. M. 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

## **DIRECTORS' REPORT**

The Directors of M/s. Saritow Spinning Mills Limited are please to present Financial Results for the 1st quarter ended September 30, 2022 along with Director Report thereupon.

<b><u>Financial High Lights</u></b>	<b><u>Quarter Ending Sept 30, 2022</u></b>	<b><u>Quarter Ending Sept 30, 2021</u></b>
Net Sales	1,246.856	916.909
Gross Profit	2.552	88.172
Operating Profit / (Loss)	(23.024)	72.210
Profit / (Loss) after Tax	(46.991)	51.290

## **Operating Financial Results**

During the period under review your Company recorded net sales of Rs. 1,246.856 million as compared to Rs. 916.909 million during same period last year. Net Loss after tax was Rs. (46.991) million against net profit after tax of Rs. 51.290 million in corresponding period.

The period under review is very tough for raw materials. Local cotton crop is expected to fetched only 6.000 million bales, which shows continuous reduction in local crop increasing reliance on expensive import substitute. In spite of all the hardship faced our Company was able to perform reasonably due to efficient running of the mills.

## **Future Outlook**

The major risk factor remains the availability of raw cotton and sale of yarn at competitive prices. In local market cotton is being traded at the rate of Rs. 17,500/- per maund. During the period under review Yarn Price gone down quite considerably and still in spite of reduction in cotton prices Yarn Price have gone further down. The world is going through recession. Present economic and political scenario will also affect the future profitability of the company.

## **COMPOSITION OF BOARD**

Composition of the Board of Directors is as under.

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

## **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.

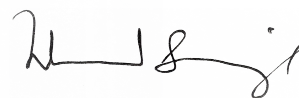
### **Acknowledgement**

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on Behalf of the board



Chief Executive



Director

Lahore  
October 28, 2022


# Saritow Spinning Mills Limited

## Condensed Interim Statement of Financial Position as at September 30, 2022

	Note	September 30, 2022 Rupees (Un-Audited)	June 30, 2022 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued share capital	4	298,406,070	298,406,070
Revaluation reserve		60,093,760	60,419,382
Retained earnings		397,456,833	459,708,048
<b>Total Equity</b>		<b>755,956,663</b>	<b>818,533,500</b>
<b>Non-current liabilities</b>			
Loan from directors and other shareholders		265,884,966	265,884,966
Long term finances		57,247,250	63,954,583
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		106,926,658	106,848,193
Deferred taxation		108,773,194	108,773,194
Deferred grant		1,576,898	2,102,530
		<b>546,418,966</b>	<b>553,573,466</b>
<b>Current liabilities</b>			
Trade and other payables		651,861,299	535,626,440
Unclaimed dividend		485,351	485,351
Short term borrowings		664,580,596	548,252,220
Accrued interest		20,988,840	17,029,466
Current taxation		14,840,728	13,074,338
Current portion of non-current liabilities		37,354,686	48,983,181
		<b>1,390,111,500</b>	<b>1,163,450,996</b>
<b>Total Liabilities</b>		<b>1,936,530,466</b>	<b>1,717,024,462</b>
<b>Contingencies and commitments</b>	5	-	-
		<b>2,692,487,129</b>	<b>2,535,557,962</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,257,564,734	1,270,574,480
Long term deposits		21,172,886	21,172,886
		<b>1,278,737,620</b>	<b>1,291,747,366</b>
<b>Current assets</b>			
Stores and spares		28,123,548	26,723,767
Stock in trade		924,770,455	820,325,025
Trade receivables		199,653,828	241,843,909
Short term deposits		86,577,832	86,577,832
Advances and other receivables		67,653,011	21,300,033
Cash and bank balances		106,970,835	47,040,030
<b>Total Assets</b>		<b>1,413,749,509</b>	<b>1,243,810,596</b>
		<b>2,692,487,129</b>	<b>2,535,557,962</b>

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# Saritow Spinning Mills Limited


## Condensed Interim Statement of Profit Or Loss for the Quarter ended September 30, 2022

	Note	Quarter ended	
		September 30, 2022	September 30, 2021
		Rupees (Un-Audited)	Rupees (Un-Audited)
Revenue from contracts with customers-net	7	1,246,855,660	916,909,300
Cost of sales	8	1,244,303,720	828,736,600
<b>Gross profit</b>		<b>2,551,940</b>	<b>88,172,700</b>
Selling and distribution expenses		7,499,893	1,267,246
Administrative and general expenses		18,076,427	14,694,692
		25,576,320	15,961,938
		(23,024,380)	72,210,762
Other income		-	-
<b>Operating profit</b>		<b>(23,024,380)</b>	<b>72,210,762</b>
Finance cost		23,966,760	9,459,631
Other charges		-	-
		23,966,760	9,459,631
<b>Profit before taxation</b>		<b>(46,991,140)</b>	<b>62,751,131</b>
Provision for taxation	9	(15,585,697)	(11,461,367)
<b>Profit after taxation</b>		<b>(62,576,837)</b>	<b>51,289,764</b>
<b>Earnings per share - basic and diluted</b>		<b>(2.10)</b>	<b>1.72</b>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# **Saritow Spinning Mills Limited**

## **Condensed Interim Statement of Comprehensive Income for the Quarter ended September 30, 2022**

	Quarter ended	
	September 30, 2022	September 30, 2021
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
Other comprehensive income / loss	-	-
Profit after taxation	(62,576,837)	51,289,764
Total comprehensive income	<u>(62,576,837)</u>	<u>51,289,764</u>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Saritow Spinning Mills Limited

## Condensed Interim Cash Flow Statement

### for the Quarter ended September 30, 2022

	Quarter ended	
	September 30, 2022	September 30, 2021
	Rupees (Un-Audited)	Rupees (Un-Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(46,991,140)	62,751,131
Adjustments for non-cash items	45,565,878	30,668,197
Operating profit before changes in working capital	(1,425,262)	93,419,328
Changes in working capital	5,701,119	(149,604,407)
Cash used in operations	4,275,857	(56,185,079)
Payments for:		
Interest / mark-up	(20,007,386)	(10,897,258)
Employees retirement benefits	(6,233,538)	(2,736,570)
Income tax	(13,819,307)	(4,989,376)
	(40,060,231)	(18,623,204)
Net cash used in operating activities	(35,784,374)	(74,808,283)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,312,707)	(25,304,877)
Proceeds from disposal of assets	35,338	-
Long term deposits	-	-
Net cash used in investing activities	(2,277,369)	(25,304,877)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(18,335,828)	(14,346,880)
Repayment of long term payable	-	(2,154,409)
Net increase / (decrease) in short term borrowings	116,328,376	68,215,849
Net cash flow from financing activities	97,992,548	51,714,560
Net (decrease)/increase in cash and cash equivalents	59,930,805	(48,398,600)
Cash and cash equivalents as at beginning of the period	47,040,030	47,040,030
Cash and cash equivalents as at end of the period	106,970,835	(1,358,570)

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Saritow Spinning Mills Limited

## Condensed Interim Statement of Changes in Equity

for the Quarter ended September 30, 2022

	Share capital subscribed and paid-up capital Rupees	Capital reserves revaluation of property, plant and equipment Rupees	Revenue reserves Accumulated profit Rupees	Total equity Rupees
Balance as at July 1, 2021	298,406,070	61,392,820	379,255,709	739,054,599
Profit after taxation for the year ended 30 June, 2022	-	-	91,414,291	91,414,291
Other comprehensive loss for the year ended 30 June, 2022	-	-	(11,935,390)	(11,935,390)
Total comprehensive loss	-	-	79,478,901	79,478,901
Incremental depreciation	-	(973,438)	973,438	-
Balance as at June 30, 2022	298,406,070	60,419,382	459,708,048	818,533,500
Profit for the Quarter ended September 30, 2022	-	-	(62,576,837)	(62,576,837)
Other comprehensive income / (loss) for the Quarter	-	-	-	-
Total comprehensive income	-	-	(62,576,837)	(62,576,837)
Incremental depreciation	-	(325,622)	325,622	-
Balance as at September 30, 2022	298,406,070	60,093,760	397,456,833	755,956,663

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2022

### 1 REPORTING ENTITY

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

### 2 BASIS OF PREPARATION

The interim financial information report is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2022.

#### 2.1 Statement of compliance

This condensed interim financial report of the Company for the Quarter ended September 30, 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of or directives issued under the Companies Ordinance, 1984.

#### 2.2 Basis of measurement

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

#### 2.3 Judgements, estimates and assumptions

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

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

#### 2.4 Functional currency

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

#### 2.5 Date of authorization for issue

This financial information was authorized for issue on October 28, 2022 by the Board of Directors of the Company.

### 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2022.

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

Note	September 30, 2022	June 30, 2022
	Rupees	Rupees
4 ISSUED SHARE CAPITAL		
Ordinary shares of Rs. 10 each:		
13,275,000 (June 30, 2021: 13,275,000) ordinary shares issued for cash	132,750,000	132,750,000
16,565,607 (June 30, 2021: 16,565,607) ordinary shares issued as consideration on merger	165,656,070	165,656,070
	<u>298,406,070</u>	<u>298,406,070</u>

# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2022

### 5 CONTINGENCIES AND COMMITMENTS

#### Contingencies

There is no change in status and amount of contingencies since June 30, 2022

	September 30, 2022	June 30, 2022
	Rupees	Rupees
<b>Commitments</b>		
Payments under irrevocable letters of credit for import of:		
Stores and spare	1,769,497	5,037,074
Raw material	168,088,836	324,695,705
	<u>169,858,333</u>	<u>329,732,779</u>
<b>6 Property, plant and equipment</b>		
Net book value at the beginning of the period/year	1,247,694,460	1,204,171,770
<b>Additions during the period/year</b>		
Revaluation of fixed assets-net	-	-
Plant and machinery	-	102,982,921
Office equipment	-	-
Vehicles	-	9,327,155
	-	112,310,076
Net book value of assets disposed during the period/year	(35,338)	(5,188,159)
Depreciation for the period/year	<u>(15,287,115)</u>	<u>(63,599,227)</u>
	1,232,372,007	1,247,694,460
<b>Capital work in progress</b>	25,192,727	22,880,020
Net book value at the end of the period/year	<u>1,257,564,734</u>	<u>1,270,574,480</u>
<b>6.1 Capital work in progress</b>		
Book value as at beginning of the period	22,880,020	76,831,061
Additions during the period	2,312,707	49,031,880
Transfer during the year	-	(102,982,921)
Book value at the end of the period	<u>25,192,727</u>	<u>22,880,020</u>

	Quarter ended	
	September 30, 2022	September 30, 2021
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
<b>7 RAVENUE FROM CONTRACTS WITH CUSTOMERS- NET</b>		
Yarn	1,421,768,754	1,074,035,479
Waste	53,784,103	19,702,402
	1,475,552,857	1,093,737,881
Sales tax	<u>(228,697,197)</u>	<u>(176,828,581)</u>
	<u>1,246,855,660</u>	<u>916,909,300</u>

# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2022

	Quarter ended	
	September 30, 2022	September 30, 2021
	Rupees (Un-Audited)	Rupees (Un-Audited)
<b>8 COST OF SALES</b>		
Raw material consumed	906,637,917	702,731,209
Stores, spares and loose tools consumed	31,195,455	29,766,716
Power and fuel	178,353,168	130,579,280
Salaries, wages and benefits	92,253,079	92,862,229
Insurance	1,371,594	1,008,402
Repair and maintenance	6,748,698	10,692,500
Depreciation	13,997,781	13,488,113
Vehicle running and maintenance	780,107	464,071
Other manufacturing overheads	552,920	791,760
	<b>1,231,890,719</b>	<b>982,384,280</b>
Work in process		
Opening stock	72,885,322	41,226,160
Closing stock	(72,097,486)	(52,359,436)
	<b>787,836</b>	<b>(11,133,276)</b>
Cost of goods manufactured	<b>1,232,678,555</b>	<b>971,251,004</b>
Finished goods		
Opening stock	485,497,220	261,779,256
Closing stock	(473,872,055)	(404,293,660)
	<b>11,625,165</b>	<b>(142,514,404)</b>
	<b>1,244,303,720</b>	<b>828,736,600</b>

### 9 TAXATION

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

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

### 10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

		Quarter ended	
		September 30, 2022	September 30, 2021
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Key management personnel	Short term employee benefits	2,010,000	1,650,000
	Post employment benefits	660,000	550,000
Kohinoor Power Company Ltd	Generator Rent	3,000,000	3,000,000
<b>Balances with related parties</b>			
Sponsors and their family members	Interest free loan-long term	265,884,966	265,884,966
Sponsors and their family members	Interest free loan-short term	102,000,000	102,000,000
Kohinoor Power Company Ltd	Generator Rent	10,394,406	7,959,122

### 11 GENERAL

Figures have been rounded off to the nearest rupee.

**Saritow Spinning Mills Limited**

**Notes to and forming part of Condensed Interim Financial Statements  
for the Quarter ended September 30, 2022**

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CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR