

SARITOW SPINNING MILLS LIMITED

HALF YEAR REPORT

31-12-2022

(Un-Audited)

BOARD OF DIRECTORS

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

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

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 for the half year ended on December 31, 2022 along with Auditors Review report accompanied by Directors Report.

Financial Highlights

	Half Year Ending Dec 31, 2022	Half Year Ending Dec 31, 2021
Net Sales	2,137.403	2,122.663
Gross (Loss)/ Profit	(41.755)	136.189
Operating (Loss)/ Profit	(92.539)	101.549
(Loss)/ Profit before Tax	(154.605)	79.380
(Loss)/ Profit after Tax	(181.322)	52.846

Operating Financial Results

During the period under review your Company recorded net sales of Rs. 2,137.403 million as compared to Rs. 2,122.663 million during same period last year. Net Loss after tax was Rs. (181.322) million against net profit after tax of Rs. 52.846 million in corresponding period.

The period under review is very tough for raw materials. Local cotton crop is expected to fetch only 4.700 million bales, which shows continuous reduction in local crop increasing reliance on expensive import substitute.

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. 19,500/- per maund. During the period under review Yarn Price gone down quite considerably. The world is going through recession. Present economic and political scenario will also affect the future profitability of the company.

The period under review is marred by Economic Instability of the country. Due to Global recession trade activities are badly affected all over the World. Our country is worst affected by the multiple problems. First of all the heavy floods destroyed our local cotton crop and local production is reduced to 4.763 million bales which is almost 1/3 of local mills demand. In addition, due to scarcity of US \$ in local Banking Industry our imports are reduced to very low level resulted in scarcity of all types of raw materials used in textile industry.

Imports dropped to lowest level due to swear economic crises faced by the country. The General purchasing power of the masses have gone down badly resulting in reduced activity in local market.

Further at the moment Banks are not providing dollars for the already imported consignments which are lying at ports uncleared. Demurrages are piling up, adding to the cost of raw material. Till the availability of US \$ improves, in local Banking Industry and flow of imported raw material improves thing will remain sluggish.

Recently the Government have cancelled the special energy tariff allowed to export oriented industry. This will made local industry regionally uncompetitive and will result in further deterioration in the state of textile industry.



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Email: azamsaritow@saigols.com

The export of the country showing slight improvement and if Government reconsider its decision of cancelling energy tariff the thing can improve in times to come.

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 Murad Saigol	
Mr. Muhammad Omer Farooq	
Mr. Muhammad Zeid Yousuf Saigol	Executive Directors
Mr. Samir Iqbal Saigol	

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

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

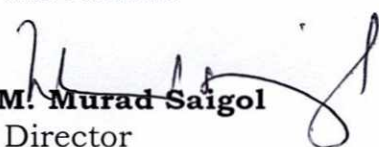
HR & REMUNERATION COMMITTEE

Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad 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


M. Zeid Yousuf Saigol
Chief Executive


M. Murad Saigol
Director

Lahore
February 28, 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SARITOW SPINNING MILLS LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SARITOW SPINNING MILLS LIMITED** [‘the Company’] as at **31 December 2022** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the ‘interim financial statements’). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended **31 December 2022** of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **ALI RAZA JAFFERY**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: 28 February 2023

UDIN: RR202210704d9KkpMsSH



SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31-Dec-22 Rupees [Un-Audited]	30-Jun-22 Rupees [Audited]
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		350,000,000	350,000,000
Issued share capital		298,406,070	298,406,070
Loan from director	6	102,000,000	-
Revaluation reserve		59,768,138	60,419,382
Retained earnings		279,036,455	459,708,048
TOTAL EQUITY		739,210,663	818,533,500
LIABILITIES			
NON-CURRENT LIABILITIES			
Loan from directors and other shareholders	7	265,884,966	265,884,966
Long term finances	8	51,307,915	63,954,583
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		96,080,600	106,848,193
Deferred taxation		108,773,194	108,773,194
Deferred grant	9	1,334,532	2,102,530
		529,391,207	553,573,466
CURRENT LIABILITIES			
Trade and other payables		539,759,798	535,626,440
Unclaimed dividend		485,351	485,351
Short term borrowings		712,644,225	548,252,220
Accrued interest		31,946,221	17,029,466
Current taxation		2,954,841	13,074,338
Current portion of non-current liabilities	10	26,829,332	48,983,181
		1,314,619,768	1,163,450,996
TOTAL LIABILITIES		1,844,010,975	1,717,024,462
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		2,583,221,638	2,535,557,962

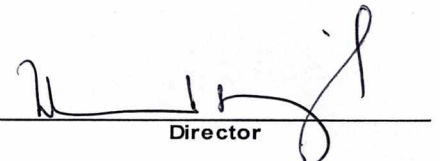
The annexed notes from 1 to 21 form an integral part of these interim financial statements.



Chief Executive



Chief Financial Officer



Director

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31-Dec-22 Rupees [Un-Audited]	30-Jun-22 Rupees [Audited]
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,242,524,547	1,270,574,480
Long term deposits		21,172,886	21,172,886
		1,263,697,433	1,291,747,366
CURRENT ASSETS			
Stores and spares		27,220,214	26,723,767
Stock in trade		871,957,063	820,325,025
Trade receivables		146,474,309	241,843,909
Short term deposits		86,577,832	86,577,832
Advances and other receivables		81,213,419	21,300,033
Cash and bank balances		106,081,368	47,040,030
		1,319,524,205	1,243,810,596
TOTAL ASSETS		2,583,221,638	2,535,557,962

The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	Six-month period ended		Three-month period ended	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net	12	2,137,403,158	2,122,663,052	890,547,498	1,205,753,752
Cost of sales	13	(2,179,158,522)	(1,986,473,775)	(934,854,802)	(1,157,737,175)
Gross (loss)/profit		(41,755,364)	136,189,277	(44,307,304)	48,016,577
Selling and distribution expenses		(12,813,085)	(4,238,923)	(5,313,192)	(2,971,677)
Administrative expenses		(37,970,329)	(31,487,487)	(19,893,902)	(16,792,795)
Other income		(50,783,414)	(35,726,410)	(25,207,094)	(19,764,472)
		-	1,086,183	-	1,086,183
Operating (loss)/profit		(92,538,778)	101,549,050	(69,514,398)	29,338,288
Finance cost		(62,066,519)	(22,169,275)	(38,099,759)	(12,709,644)
(Loss)/profit before taxation		(154,605,297)	79,379,775	(107,614,157)	16,628,644
Provision for taxation	14	(26,717,540)	(26,533,288)	(11,131,843)	(15,071,921)
(Loss)/profit after taxation		(181,322,837)	52,846,487	(118,746,000)	1,556,723
(Loss)/earnings per share - basic and diluted		(6.08)	1.77	(3.98)	0.05

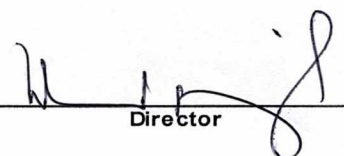
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Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Six-month period ended		Three-month period ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Other comprehensive income	-	-	-	-
(Loss)/profit after taxation	(181,322,837)	52,846,487	(118,746,000)	1,556,723
Total comprehensive (loss)/income	(181,322,837)	52,846,487	(118,746,000)	1,556,723

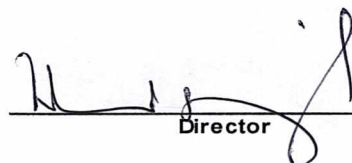
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Chief Executive



Chief Financial Officer



Director

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Share capital		Capital reserves		
	Issued share capital	Loan from director	Revaluation reserve	Retained earnings	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2021 - [Audited]	298,406,070	-	61,392,820	379,255,709	739,054,599
Comprehensive income					
Profit after taxation	-	-	-	52,846,487	52,846,487
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	52,846,487	52,846,487
Incremental depreciation	-	-	(685,519)	685,519	-
Transaction with owners	-	-	-	-	-
As at 31 December 2021 - [Un-audited]	298,406,070	-	60,707,301	432,787,715	791,901,086
As at 01 January 2022 - [Un-audited]	298,406,070	-	60,707,301	432,787,715	791,901,086
Comprehensive income					
Profit after taxation	-	-	-	38,567,804	38,567,804
Other comprehensive loss	-	-	-	(11,935,390)	(11,935,390)
Total comprehensive income	-	-	-	26,632,414	26,632,414
Incremental depreciation	-	-	(287,919)	287,919	-
Transaction with owners	-	-	-	-	-
As at 30 June 2022 - [Audited]	298,406,070	-	60,419,382	459,708,048	818,533,500
As at 01 July 2022 - [Audited]	298,406,070	-	60,419,382	459,708,048	818,533,500
Comprehensive income					
Loss after taxation	-	-	-	(181,322,837)	(181,322,837)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(181,322,837)	(181,322,837)
Incremental depreciation	-	-	(651,244)	651,244	-
Transaction with owners	-	-	-	-	-
Other transactions					
Loan from director transferred from short term borrowings	-	102,000,000	-	-	102,000,000
As at 31 December 2022 - [Un-audited]	298,406,070	102,000,000	59,768,138	279,036,455	739,210,663

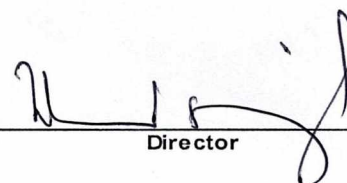
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Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Six-month period ended	
	31-Dec-22	31-Dec-21
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(154,605,297)	79,379,775
Adjustments for non-cash items		
Depreciation	30,619,302	31,242,645
Provision for employees retirement benefits	16,439,364	12,624,006
Gain on disposal of fixed assets	-	(1,285,940)
Interest on borrowings	55,547,110	22,169,275
	102,605,776	64,749,986
Operating (loss)/profit before changes in working capital	(51,999,521)	144,129,761
Changes in working capital		
Long term deposits	-	300,000
Stores and spares	(496,447)	(6,662,188)
Stock in trade	(51,632,038)	(412,482,619)
Trade receivables	95,369,600	(75,372,589)
Short term deposits	-	149,000
Advances and other receivables	(59,913,386)	(32,430,096)
Trade and other payables	4,133,358	237,309,685
Long term payables	(2,154,409)	(8,509,273)
	(14,693,322)	(297,698,080)
Net cash used in from operations	(66,692,843)	(153,568,319)
Payments for:		
Interest on borrowings	(40,630,355)	(23,499,644)
Income tax	(36,837,037)	(16,619,619)
Employees retirement benefits	(27,206,957)	(7,401,080)
Net cash used in operating activities	(171,367,192)	(201,088,662)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,604,707)	(17,261,039)
Proceeds from disposal of property, plant and equipment	35,338	6,474,098
Net cash used in investing activities	(2,569,369)	(10,786,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(33,414,106)	(23,721,851)
Net increase in short term borrowings	266,392,005	196,889,689
Net cash generated from financing activities	232,977,899	173,167,838
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	59,041,338	(38,707,765)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	47,040,030	103,517,664
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	106,081,368	64,809,899

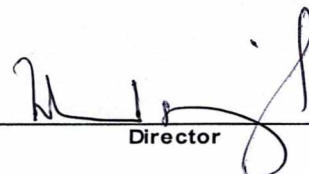
The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 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

These interim financial statements are un-audited and have 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 2022.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 30 June 2022 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended 31 December 2021 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 31 December 2022 and 31 December 2021 are neither audited nor reviewed.

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 February 2023.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 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 Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

3.2 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

3.3 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3.4 Annual Improvements to IFRS Standards 2018–2020

The annual improvements have made amendments to the following standards:

- **IFRS 1 - First Time Adoption of International Financial Reporting Standards** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9 - Financial Instruments** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 - Leases** - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41 - Agriculture** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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)
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
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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases)	01 January 2024

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Effective date (annual periods beginning on or after)
Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements)	01 January 2024

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 17 - Insurance contracts

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 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 30 June 2022.

6 LOAN FROM DIRECTOR

This represent loan from director transferred from short term borrowings. The loan is unsecured, interest free and payable at the discretion of the Company. The loan is presented as equity as per "Technical Release 32 - Accounting for Directors' Loan" issued by The Institute of Chartered Accountants of Pakistan.

7 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-Jun-22: 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. 26.38 million (30-Jun-22: Rs. 48.47 million) was waived by the lenders at their sole discretion.

	31-Dec-22 <i>Rupees</i> [Un-Audited]	30-Jun-22 <i>Rupees</i> [Audited]
8 LONG TERM FINANCES		
From banking companies		
As at beginning of the period/year	108,269,897	159,879,297
Accretion during the period/year	1,355,081	5,526,554
Repayments made during the period/year	(33,414,106)	(57,135,954)
As at end of the period/year	76,210,872	108,269,897
Current maturity presented under current liabilities	(24,902,957)	(44,315,314)
	51,307,915	63,954,583
9 DEFERRED GRANT		
As at beginning of the period/year	4,615,988	10,142,542
Amortized during the period/year	(1,355,081)	(5,526,554)
As at end of the period/year	3,260,907	4,615,988
Current maturity presented under current liabilities	(1,926,375)	(2,513,458)
	1,334,532	2,102,530

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	31-Dec-22 Rupees [Un-Audited]	30-Jun-22 Rupees [Audited]
10			
CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances	8	24,902,957	44,315,314
Gas infrastructure development cess		-	2,154,409
Deferred grant	9	1,926,375	2,513,458
		26,829,332	48,983,181
11			
CONTINGENCIES AND COMMITMENTS			
11.1			
Contingencies			
There is no significant change in status and amount of contingencies since 30 June 2022.			
11.2			
Commitments			
		31-Dec-22 Rupees [Un-Audited]	30-Jun-22 Rupees [Audited]
11.2.1			
Commitments under irrevocable letters of credit for :			
- purchase of raw material		256,019,128	324,695,705
- purchase of stores and spares		1,218,632	5,037,074
		257,237,760	329,732,779
11.2.2			
Commitments for capital expenditure		3,000,000	4,000,000
11.2.3			
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:			
		31-Dec-22 Rupees [Un-Audited]	30-Jun-22 Rupees [Audited]
- payments not later than one year		4,826,352	2,617,218
- payments later than one year		-	-
		4,826,352	2,617,218
(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:			
	Note	31-Dec-22 Rupees [Un-Audited]	30-Jun-22 Rupees [Audited]
- payments not later than one year		2,000,000	8,000,000
- payments later than one year		-	-
		2,000,000	8,000,000
12			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	1,228,000,967	1,247,694,460
Capital work in progress	12.2	14,523,580	22,880,020
		1,242,524,547	1,270,574,480

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

		31-Dec-22	30-Jun-22		
		Rupees	Rupees		
		[Un-Audited]	[Audited]		
12.1 Operating fixed assets					
Net book value at the beginning of the period/year		1,247,694,460	1,204,171,770		
Additions during the period/year					
Vehicles		-	9,327,155		
		-	9,327,155		
Net book value of assets disposed during the period/year		(35,338)	(5,188,159)		
Depreciation for the period/year		(30,619,302)	(63,599,227)		
Transfer from capital work in progress		10,961,147	102,982,921		
Net book value at the end of the period/year		1,228,000,967	1,247,694,460		
12.2 Capital work in progress					
As at beginning of the period/year		22,880,020	76,831,061		
Additions during the period/year		2,604,707	49,031,880		
Transfers to operating fixed assets		(10,961,147)	(102,982,921)		
As at end of the period/year		14,523,580	22,880,020		
	Note	Six-month period ended		Three-month period ended	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		Rupees	Rupees	Rupees	Rupees
		[Un-Audited]	[Un-Audited]	[Un-Audited]	[Un-Audited]
13 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET					
Yarn		2,072,806,334	2,085,909,830	879,734,777	1,188,702,932
Waste		64,596,824	36,753,222	10,812,721	17,050,820
		2,137,403,158	2,122,663,052	890,547,498	1,205,753,752
14 COST OF SALES					
Raw material consumed		1,557,236,893	1,615,676,652	650,598,976	912,945,443
Stores and spares consumed		49,834,602	62,067,258	18,639,147	32,300,542
Salaries, wages and benefits		175,013,783	187,831,485	82,760,704	94,969,256
Insurance		3,411,355	2,360,482	2,039,761	1,352,080
Repair and maintenance		11,422,345	18,550,526	4,673,647	7,858,026
Depreciation		28,041,233	28,319,154	14,043,452	14,831,041
Other manufacturing overheads		314,510,223	287,571,129	134,824,028	155,736,018
Manufacturing cost		2,139,470,434	2,202,376,686	907,579,715	1,219,992,406
Work in process					
as at beginning of the period		72,885,323	41,226,160	72,097,486	52,359,436
as at end of the period		(45,189,573)	(63,422,825)	(45,189,573)	(63,422,825)
		27,695,750	(22,196,665)	26,907,913	(11,063,389)
Cost of goods manufactured		2,167,166,184	2,180,180,021	934,487,628	1,208,929,017
Finished goods					
as at beginning of the period		485,497,220	261,779,256	473,872,055	404,293,660
as at end of the period		(473,504,881)	(455,485,502)	(473,504,881)	(455,485,502)
		11,992,339	(193,706,246)	367,174	(51,191,842)
		2,179,158,523	1,986,473,775	934,854,802	1,157,737,175
15 PROVISION FOR TAXATION					
Current taxation	15.1	26,717,540	26,533,288	11,131,843	15,071,921
Deferred taxation	15.2	-	-	-	-
		26,717,540	26,533,288	11,131,843	15,071,921
15.1	Provision for current tax has been made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001.				

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

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

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated company, key management personnel ['KMP'] and their close relatives. 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%
M. Zeid Yousuf Saigol	Key management personnel	Chief Executive Officer	8.39%
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%
Samir Iqbal Saigol	Key management personnel	Director	0.004%
Arshad Ismail Khan	Key management personnel	Director	0.00%
Amber Haroon Saigol	Close relative of KMP	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

	Six-month period ended		
	31-Dec-22 Rupees [Un-Audited]	31-Dec-21 Rupees [Un-Audited]	
16.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Key management personnel	Short term employee benefits	4,065,000	4,020,000
	Post employment benefits	660,000	660,000
Associated company	Generator rent	6,000,000	6,000,000
		31-Dec-22	30-Jun-22
		Rupees	Rupees
		[Un-Audited]	[Audited]

16.2 Balances with related parties

Nature of relationship	Nature of balance		
Close relative of KMP	Long term loans	63,534,966	63,534,966
Key management personnel	Long term loans	304,350,000	202,350,000
	Short term borrowings	-	102,000,000
	Short-term employee benefits payable	1,320,000	660,000
	Post employment benefits payable	15,180,000	14,119,711
Associated company	Generator rent payable	11,033,470	9,812,270

17 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
	[Un-Audited]	[Audited]
17.1 Financial assets		
<i>Cash in hand</i>	1,077,352	615,817
<i>Financial assets at amortized cost</i>		
Long term deposits	21,172,886	21,172,886
Trade receivables	146,474,309	241,843,909
Short term deposits	86,577,832	86,577,832
Advances to employees	5,313,332	5,593,863
Bank balances	105,004,016	46,424,213
	365,619,727	402,228,520
17.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Loan from directors and other shareholders	265,884,966	265,884,966
Long term finances	76,210,872	108,269,897
Long term deposits	6,010,000	6,010,000
Short term borrowings	712,644,225	548,252,220
Accrued interest	31,946,221	17,029,466
Trade creditors	272,063,251	233,356,907
Accrued liabilities	112,312,457	153,193,400
Unclaimed dividend	485,351	485,351
	1,477,557,343	1,332,482,207

18 FAIR VALUE MEASUREMENTS

18.1 Financial Instruments

18.1.1 Financial instruments measured at fair value

The Company measures some of its 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. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair value of these financial instrument are determined 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.

18.2 Financial instrument not measured at fair value

The management considers the carrying amount of all financial instrument not measured at fair value to approximate their carrying values.

18.3 Assets and liabilities other than financial instruments.

18.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as

	Level 1	Level 2	Level 3	31-Dec-22	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
				[Un-Audited]	[Audited]
Freehold land	-	101,370,000	-	101,370,000	101,370,000
Buildings	-	129,781,554	-	129,781,554	133,109,286
Plant and machinery	-	972,106,417	-	972,106,417	985,836,864

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

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	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. 5.07 million (30-Jun-22: Rs. 5.07 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a increase in fair value of buildings by Rs. 6.49 million (30-Jun-22: Rs. 6.66 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 period/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. 48.61 million (30-Jun-22: Rs. 49.29 million).

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

18.3.2 Non-recurring fair value measurements

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

19 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.

20 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.

21 GENERAL

21.1 There are no other significant activities since 30 June 2022 affecting the interim financial statements.

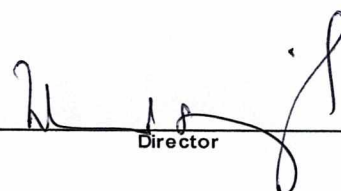
21.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.



Chief Executive



Chief Financial Officer



Director