

SARITOW SPINNING MILLS LIMITED

1st QUARTER REPORT

30-09-2023

(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. Muhammad 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. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member

COMPANY SECRETARY

Mr. Shakeel Ahmed

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
Condensed Interim Statement of Financial Position
as at September 30, 2023

	Note	September 30, 2023 Rupees (Un-Audited)	June 30, 2023 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		350,000,000	350,000,000
Issued share capital	4	298,406,070	298,406,070
Loan from director		102,000,000	102,000,000
Revaluation reserve		59,185,270	59,494,615
Retained earnings		(101,927,584)	15,192,576
Total Equity		357,663,756	475,093,261
Non-current liabilities			
Loan from directors and other shareholders		265,884,966	265,884,966
Long term finances		31,709,432	38,416,765
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		115,552,063	109,092,189
Deferred taxation		88,823,815	88,823,815
Deferred grant		811,015	811,015
		508,791,291	509,038,750
Current liabilities			
Trade and other payables		643,939,388	403,053,861
Unclaimed dividend		485,351	485,351
Short term borrowings		681,956,499	522,617,572
Accrued interest		33,324,511	34,050,914
Current taxation		14,343,487	7,494,275
Current portion of non-current liabilities		28,182,352	26,829,332
		1,402,231,588	994,531,305
Total Liabilities		1,911,022,879	1,503,570,055
Contingencies and commitments	5	-	-
		2,268,686,635	1,978,663,316
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,203,200,423	1,213,167,916
Long term deposits		21,172,886	21,172,886
		1,224,373,309	1,234,340,802
Current assets			
Stores and spares		27,952,832	23,194,279
Stock in trade		587,181,695	427,949,592
Trade receivables		244,742,526	138,956,042
Short term deposits		86,577,832	86,577,832
Advances and other receivables		51,293,967	21,104,919
Cash and bank balances		46,564,474	46,539,850
		1,044,313,326	744,322,514
Total Assets		2,268,686,635	1,978,663,316

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

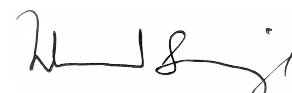
Saritow Spinning Mills Limited
Condensed Interim Statement of Profit Or Loss
for the Quarter ended September 30, 2023

	Note	Quarter ended	
		September 30, 2023	September 30, 2022
		Rupees (Un-Audited)	Rupees (Un-Audited)
Revenue from contracts with customers-net	7	1,117,889,406	1,246,855,660
Cost of sales	8	1,158,904,175	1,244,303,720
Gross profit/(Loss)		(41,014,769)	2,551,940
Selling and distribution expenses		5,413,765	7,499,893
Administrative and general expenses		17,765,227	18,076,427
		23,178,992	25,576,320
Other income		(64,193,761)	(23,024,380)
		279,636	-
Operating profit/(loss)		(63,914,125)	(23,024,380)
Finance cost		39,541,762	23,966,760
Other charges		-	-
		39,541,762	23,966,760
Profit/(Loss) before taxation		(103,455,887)	(46,991,140)
Provision for taxation	9	(13,973,618)	(15,585,697)
Profit/(Loss) after taxation		(117,429,505)	(62,576,837)
Earnings per share - basic and diluted		(3.94)	(2.10)

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

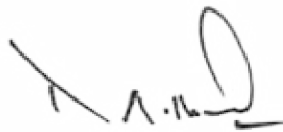
Condensed Interim Statement of Comprehensive Income for the Quarter ended September 30, 2023

	Quarter ended	
	September 30, 2023	September 30, 2022
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
Other comprehensive income/(loss)	-	-
Profit/(Loss) after taxation	(117,429,505)	(62,576,837)
Total comprehensive income/(Loss)	(117,429,505)	(62,576,837)


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, 2023

	Quarter ended	
	September 30, 2023	September 30, 2022
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(103,455,887)	(46,991,140)
Adjustments for non-cash items	63,507,627	45,565,878
Operating profit before changes in working capital	(39,948,260)	(1,425,262)
Changes in working capital	(59,080,661)	5,701,119
Cash used in operations	(99,028,921)	4,275,857
Payments for:		
Interest / mark-up	(40,268,165)	(20,007,386)
Employees retirement benefits	(2,831,630)	(6,233,538)
Income tax	(7,124,406)	(13,819,307)
	(50,224,201)	(40,060,231)
Net cash used in operating activities	(149,253,122)	(35,784,374)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(4,706,868)	(2,312,707)
Proceeds from disposal of assets	-	35,338
Net cash used in investing activities	(4,706,868)	(2,277,369)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(5,354,313)	(18,335,828)
Net increase / (decrease) in short term borrowings	159,338,927	116,328,376
Net cash flow from financing activities	153,984,614	97,992,548
Net (decrease)/increase in cash and cash equivalents	24,624	59,930,805
Cash and cash equivalents as at beginning of the period	46,539,850	47,040,030
Cash and cash equivalents as at end of the period	46,564,474	106,970,835

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

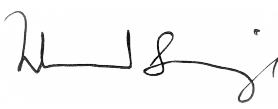
Saritow Spinning Mills Limited
Condensed Interim Statement of Changes in Equity
for the Quarter ended September 30, 2023

	<u>Share capital</u>		<u>Capital reserves</u>		<u>Total equity</u> <u>Rupees</u>
	<u>Issued share capital</u>	<u>Loan from directors</u>	<u>Revaluation resurve</u>	<u>Retained earnings</u>	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	
Balance as at July 1, 2022	298,406,070		60,419,382	459,708,048	818,533,500
Profit/(Loss) after taxation	-		-	(431,226,594)	(431,226,594)
Other comprehensive profit/(loss)	-		-	(14,213,645)	(14,213,645)
Total comprehensive profit/(loss)	-		-	(445,440,239)	(445,440,239)
Incremental depreciation	-		(924,767)	924,767	-
Transaction with owners :					
Loan from directorstransferred from short term borrowings	-	102,000,000	-	-	102,000,000
Balance as at June 30, 2023	298,406,070	102,000,000	59,494,615	15,192,576	475,093,261
Profit/(Loss) for the Quarter ended September 30, 2023	-		-	(117,429,505)	(117,429,505)
Other comprehensive income / (loss) for the Quarter	-		-	-	-
Total comprehensive profit/(loss)	-		-	(117,429,505)	(117,429,505)
Incremental depreciation	-		(309,345)	309,345	-
Balance as at September 30, 2023	298,406,070	102,000,000	59,185,270	(101,927,584)	357,663,756

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, 2023

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, 2023.

2.1 Statement of compliance

This condensed interim financial report of the Company for the Quarter ended September 30, 2023 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 30, 2023 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, 2023.

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, 2023	June 30, 2023
		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, 2023

5 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in status and amount of contingencies since June 30, 2023

	September 30, 2023	June 30, 2023
	Rupees	Rupees
Commitments		
Payments under irrevocable letters of credit for import of:		
Stores and spare	6,433,561	4,289,858
Raw material	140,400,055	115,680,435
	146,833,616	119,970,293

6 Property, plant and equipment

Net book value at the beginning of the period/year

1,213,167,916

1,247,694,460

Additions during the period/year

Revaluation of fixed assets-net

-

-

Plant and machinery

4,706,868

22,880,020

Buildings

-

4,229,707

Office equipment

-

-

Vehicles

-

-

4,706,868

27,109,727

Net book value of assets disposed during the period/year

-

(35,337)

Depreciation for the period/year

(14,674,361)

(61,600,934)

1,203,200,423

1,213,167,916

Capital work in progress

6.1

-

-

Net book value at the end of the period/year

1,203,200,423

1,213,167,916

6.1 Capital work in progress

Book value as at beginning of the period

-

22,880,020

Additions during the period in Buildings

-

4,229,707

Transfer during the year

-

(27,109,727)

Book value at the end of the period

-

-

	Quarter ended	
	September 30, 2023	September 30, 2022
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
7 REVENUE FROM CONTRACTS WITH CUSTOMERS- NET		
Yarn	1,295,452,034	1,421,768,754
Waste	26,683,720	53,784,103
	1,322,135,754	1,475,552,857
Sales tax	(204,246,348)	(228,697,197)
	1,117,889,406	1,246,855,660

Saritow Spinning Mills Limited

Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2023

	Quarter ended	
	September 30, 2023	September 30, 2022
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
8 COST OF SALES		
Raw material consumed	939,868,859	906,637,917
Stores, spares and loose tools consumed	35,854,677	31,195,455
Power and fuel	255,189,390	178,353,168
Salaries, wages and benefits	100,775,737	92,253,079
Insurance	1,528,146	1,371,594
Repair and maintenance	8,305,697	6,748,698
Depreciation	13,650,144	13,997,781
Vehicle running and maintenance	951,020	780,107
Other manufacturing overheads	501,715	552,920
	<u>1,356,625,385</u>	<u>1,231,890,719</u>
Work in process		
Opening stock	33,060,240	72,885,322
Closing stock	(106,287,775)	(72,097,486)
	<u>(73,227,535)</u>	<u>787,836</u>
Cost of goods manufactured	<u>1,283,397,850</u>	<u>1,232,678,555</u>
Finished goods		
Opening stock	180,071,627	485,497,220
Closing stock	(304,565,302)	(473,872,055)
	<u>(124,493,675)</u>	<u>11,625,165</u>
	<u>1,158,904,175</u>	<u>1,244,303,720</u>

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, 2023	September 30, 2022
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
Transactions with related parties			
Nature of relationship	Nature of transactions		
Key management personnel	Short term employee benefits	1,980,000	2,010,000
	Post employment benefits	660,000	660,000
Kohinoor Power Company Ltd	Generator Rent	3,000,000	3,000,000
Balances with related parties			
Sponsors and their family members	Interest free loan-long term	265,884,966	265,884,966
Sponsors and their family members	Interest free loan-long term	102,000,000	102,000,000
Kohinoor Power Company Ltd	Generator Rent	12,023,925	10,394,406

11 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR