

# **SARITOW SPINNING MILLS LIMITED**

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

**30-09-2024**

**(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**

M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co.  
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](mailto:shares@corplink.com.pk)

**REGISTERED OFFICE**

10-G, Mushtaq Ahmed Gurmani Road,  
Gulberg-II, Lahore  
Tel: 042-35920151-59 (Pabx) & 042-35920133 (Direct)  
E-mail: [shares@saigols.com](mailto:shares@saigols.com)

**MILLS**

51-KM, Multan Road,  
Phool Nagar, District Kasur



ISO 9001:2008 Certified

# SARITOW SPINNING MILLS LIMITED

10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore (Pakistan), Phone: 042-35920151-59 (Pabx)  
042-35920133 (Direct) Email: azamsaritow@saigols.com

## **DIRECTORS' REPORT**

The Directors of M/s. Saritow Spinning Mills Limited are please to present Financial Results for the 1st quarter ended September 30, 2024 along with Director Report thereupon.

<b><u>Financial Highlights</u></b>	<b><u>Quarter Ending Sept 30, 2024</u></b>	<b><u>Quarter Ending Sept 30, 2023</u></b>
Net Sales	0	1,117.889
Gross (Loss)	(20.047)	( 41.014)
Operating (Loss)	(26.389)	(63.914)
(Loss) after Tax	(28.096)	(117.430)
Earnings per share	(0.94)	(3.93)

## **Operating Financial Results**

During the period under Review your Company remaining temporarily closed due to consistent losses during past year.

The period under review is very hard for the industry. Overall business environment became very tough in the country which was badly affected by the geo political scenario of the world. Increase in major input costs like power and markup rates have eroded the profits of the company consistent decrease in yarn prices in another major factor contributing to the losses.

## **Future Outlook**

At the moment we are working on restarting/ revival of the project. During past few months mark-up rates have gone down and are expected to go down further. Further reduction in power rates will be a very healthy sign which will help in early start of the project.

## **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. Muhammad Zeid Yousuf Saigol	Executive Directors
Mr. Samir Iqbal Saigol	



ISO 9001:2008 Certified

# **SARITOW SPINNING MILLS LIMITED**

10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore (Pakistan), Phone: 042-35920151-59 (Pabx)  
042-35920133 (Direct) Email: azamsaritow@saigols.com

## **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

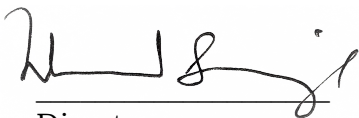
### **HR & REMUNERATION COMMITTEE**

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

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director

Lahore  
October 30, 2024

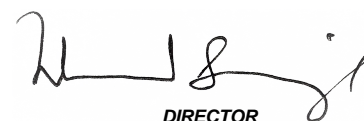
**Saritow Spinning Mills Limited**  
**Condensed Interim Statement of Financial Position**  
**as at September 30, 2024**

	Note	September 30, 2024	June 30, 2024
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>		<b>350,000,000</b>	<b>350,000,000</b>
Issued share capital	4	298,406,070	298,406,070
Loan from director		102,000,000	102,000,000
Revaluation reserve		57,879,529	57,879,529
Retained earnings		(227,132,523)	(199,035,722)
<b>Total Equity</b>		<b>231,153,076</b>	<b>259,249,877</b>
<b>Non-current liabilities</b>			
Loan from directors and other shareholders		265,884,966	265,884,966
Long term finances		12,324,275	12,324,275
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		20,939,680	20,938,680
Deferred taxation			
Deferred grant			74,172
		<b>292,834,646</b>	<b>305,233,093</b>
<b>Current liabilities</b>			
Trade and other payables		298,955,982	267,973,837
Unclaimed dividend		485,351	485,351
Short term borrowings		469,054,112	469,054,112
Accrued interest		1,487,892	11,350,217
Current taxation			
Current portion of non-current liabilities			28,182,352
		<b>769,983,337</b>	<b>777,045,869</b>
<b>Total Liabilities</b>		<b>1,062,817,983</b>	<b>1,094,159,559</b>
<b>Contingencies and commitments</b>	5	-	-
		<b>1,293,935,059</b>	<b>1,341,528,839</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,142,108,300	1,155,113,202
Long term deposits		19,236,860	19,236,860
		<b>1,161,345,160</b>	<b>1,174,350,062</b>
<b>Current assets</b>			
Stores and spares		21,789,571	21,789,571
Stock in trade			
Trade receivables		2,656,151	6,392,105
Short term deposits		86,577,832	86,577,832
Advances and other receivables		12,422,155	23,653,136
Cash and bank balances		9,144,190	28,766,133
<b>Total Assets</b>		<b>132,589,899</b>	<b>167,223,777</b>
		<b>1,293,935,059</b>	<b>1,341,573,839</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, 2024

	Note	Quarter ended	
		September 30, 2024	September 30, 2023
		Rupees (Un-Audited)	Rupees (Un-Audited)
Revenue from contracts with customers-net	7		1,117,889,406
Cost of sales	8	20,047,229	1,158,904,175
<b>Gross profit/(Loss)</b>		<b>(20,047,229)</b>	<b>41,014,769</b>
Selling and distribution expenses		465,360	5,413,765
Administrative and general expenses		5,876,976	17,765,227
		6,342,336	23,178,992
Other income		(26,389,565)	(64,193,761)
<b>Operating profit/(loss)</b>		<b>(26,389,565)</b>	<b>((63,914,125))</b>
Finance cost		1,707,236	39,541,762
Other charges		-	-
		1,707,236	39,541,762
<b>Profit/(Loss) before taxation</b>		<b>(28,096,801)</b>	<b>(103,455,887)</b>
Provision for taxation	9		(13,973,618)
<b>Profit/(Loss) after taxation</b>		<b>(28,096,801)</b>	<b>(117,429,505)</b>
<b>Earnings per share - basic and diluted</b>		<b>(0.09)</b>	<b>(2.54)</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, 2024**

	Quarter ended	
	September 30, 2024	September 30, 2023
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
Other comprehensive income/(loss)	-	-
<b>Profit(Loss) after taxation</b>	<b>(28,096,801)</b>	<b>(117,429,50)</b>
<b>Total comprehensive income/(Loss)</b>	<b>(28,096,801)</b>	<b>(117,429,505)</b>

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



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**

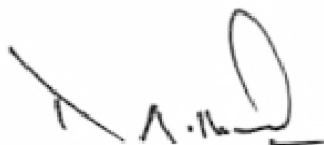
# **SARITOW SPINNING MILLS LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

	Share Capital		capital Reserve		
	Issued	Loan From	Revaluation	Retained	Total
	Share Capital	Directors	Reserve	Earning	Equity
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2024 - restated	298,406,070	102,000,000	59,116,893	(198,990,722)	259,249,877
Comprehensive income					
Loss after taxation					(28,096,801)
Other Comprehensive loss					
Total comprehensive loss incremental					(276,14,8441)
Transaction with owners					
Other transaction					
Loan from director transferred from short term borrowings					
As at 30 June 2024	298,406,070	102,000,000	59,116,893	(198,990,722)	231,153,076



**CHIEF EXECUTIVE**



**CFO**



**DIRECTOR**



# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2024

### 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 quarter ended September 30, 2024.

#### 2.1 Statement of compliance

This condensed interim financial report of the Company for the Quarter ended September 30, 2024 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 Appropriateness of the going concern assumption.** The Company has been facing a declining trend in profitability resulting in substantial losses. During the period ended 31 December 2023, the Company has incurred gross loss of Rs. 118.024 million and loss after taxation of Rs. 353.096 million. As at 31 December 2023, the Company has accumulated losses of Rs. 337.285 million and its current liabilities exceed its current assets by Rs. 91.207 million as at that date. Depressed yarn prices, increased production cost and underutilization of production capacity have contributed to the Company's challenging liquidity situation due to which the Company has mostly relied on the financial support of its directors and sponsors. The Board of Directors of the Company in its meeting held on 28 February 2024 has resolved to close the production facility for the time being. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following: (a) The Company has continued financial support of its directors and sponsors in the form of interest free loans. During the reporting period, directors and sponsors have provided financial support amounting to Rs. 417.400 million in the form of interest free loans. (b) Despite accumulated losses the Company has positive equity. (c) The Company has curtailed its production in order to minimize fixed costs which will reduce the financial burden on the Company providing immediate relief. (d) The Company has remained current in its debt servicing. (e) The management expects market conditions to improve with political uncertainty subsiding post General Elections 2024. The management believes that in view of the aforementioned, the Company will be able to continue as a going concern.

#### 2.4 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.

#### 2.5 Functional currency

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

#### 2.6 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, 2024	June 30, 2024
	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, 2024

### 5 CONTINGENCIES AND COMMITMENTS

#### Contingencies

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

	September 30, 2024	June 30, 2024
	Rupees	Rupees
<b>Commitments</b>		
Payments under irrevocable letters of credit for import of:		
Stores and spare		6,433,561
Raw material		140,400,055
		<u>146,833,616</u>
<b>6 Property, plant and equipment</b>		
Net book value at the beginning of the period/year	1,155,113,202	1,213,167,916
<b>Additions during the period/year</b>		
Revaluation of fixed assets-net	-	-
Plant and machinery		4,706,868
Buildings		4,229,707
Office equipment		-
Vehicles		-
		<u>4,706,868</u>
Net book value of assets disposed during the period/year	-	(35,337)
Depreciation for the period/year	<u>(13,004,902)</u>	<u>(14,674,361)</u>
	1,142,108,300	1,203,200,423
<b>Capital work in progress</b>	6.1	-
Net book value at the end of the period/year	<u>1,142,108,300</u>	<u>1,203,200,423</u>
<b>6.1 Capital work in progress</b>		
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, 2024	September 30, 2023
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
<b>7 REVENUE FROM CONTRACTS WITH CUSTOMERS- NET</b>		
Yarn		1,295,452,034
Waste		26,683,720
		<u>1,322,135,754</u>
Sales tax		(204,246,348)
		<u>1,117,889,406</u>

# Saritow Spinning Mills Limited

## Notes to and forming part of Condensed Interim Financial Statements for the Quarter ended September 30, 2024

	Quarter ended	
	September 30, 2024	September 30, 2023
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
<b>8 COST OF SALES</b>		
Raw material consumed		939,868,859
Stores, spares and loose tools consumed		35,854,677
Power and fuel	351,189	255,189,390
Salaries, wages and benefits.	5,959,387	100,775,737
Insurance	648,068	1,528,146
Repair and maintenance		8,305,697
Depreciation	13,004,902	13,650,144
Vehicle running and maintenance		951,020
Other manufacturing overheads	83,683	501,715
	<u>20,047,229</u>	<u>1,356,625,385</u>
Work in process		
Opening stock		33,060,240
Closing stock		(106,287,775)
		<u>(73,227,535)</u>
Cost of goods manufactured	<u>20,047,229</u>	<u>1,283,397,850</u>
Finished goods		
Opening stock		180,071,627
Closing stock		(304,565,302)
		<u>(124,493,675)</u>
	<u>20,047,229</u>	<u>1,158,904,175</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 postemployment 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, 2024	September 30, 2023
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transactions</b>		
Key management personnel	Short term employee benefits	1,980,000	1,980,000
	Post-employment benefits	660,000	660,000
Kohinoor Power Company Ltd	Generator Rent		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-long term	102,000,000	102,000,000
Kohinoor Power Company Ltd	Generator Rent	15,023,925	12,023,925

### 11 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR