

SARITOW SPINNING MILLS LIMITED

3RD QUARTER REPORT

31-03-2021

(UN-AUDITED)

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Jamal Nasim	Chairman/Member
Mr. M. Zeid Yousuf 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. Samir Iqbal 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



ISO 9001:2008 Certified

SARITOW SPINNING MILLS LIMITED

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

Email: azamsaritow@saigols.com

DIRECTORS' REPORT

The Directors of M/s Saritow Spinning Mills Limited are please to present Financial Results for the third quarter ended March 31, 2021 along with director report thereon.

<u>Financial High Lights</u>	<u>Third Quarter Ending March 31, 2021 Rs. in Million</u>	<u>Third Quarter Ending March 31, 2020 Rs. in Million</u>
Net Sales	2,679.613	2,415.222
Gross Profit	278.233	126.880
Profit before Tax	178.008	3.201
Profit / (loss) after Tax	137.814	(26.989)
Gross Profit Ratio	10.38%	5.25%
Net Profit Ratio	5.14%	(1.12%)

Operating Financial Results

During the period under review Alhamdulillah, your Company had performed exceptionally well as compared to same period last year. Your Company recorded net sales of Rs. 2,679.613 million as compared to Rs. 2,415.222 million during the same period last year. Net profit after tax jumped to Rs. 137.814 million against net loss after tax of Rs. (26.989) million in corresponding period. Increase in net profit of the company can be attributed to increased sales which were supported by running appropriate yarn counts at right time.

The year under review is very tough for raw materials. Local cotton crop fetched only 5.500 million bales, which shows continuous reduction in local crop increasing reliance on expensive import substitute. As the price of cotton goes up all over the Globe the price of manmade fibers also shows increase in price as compared to last year. In spite of all these factors combine our Company was able to perform well due to timely procurement of Raw Materials.

Future Outlook

The only major risk factor remains the availability of raw cotton. Due to Covid Imported Raw Cotton prices in international market are at its highest and at the moment we cannot predict the size of local cotton crop for the year 2021-22.

The textile industry have been informed by the concerned authorities that supply of natural gas will be discontinued and the entire industry will be shifted to Electricity Supply from disco's. If this happens, our electricity cost will be increased by almost Rs.4 per KWH. This increase will have huge financial impact in days to come. Further Electricity Supply from disco's is quite unreliable and fluctuation in Grid supply cause considerable production loss.

At the moment Yarn Market is very responsive and if the scenario remains the same we expect to close the year at very good note.



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COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

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

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

Mr. Jamal Nasim	Chairman/ Member
Mr. 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.

For and on behalf of the Boards

Chief Executive

Director

Lahore
April 30, 2021



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ڈائریکٹرز رپورٹ:

سارٹو سٹیننگ ملز لمیٹڈ کے ڈائریکٹرز بڑی مسرت کے ساتھ کہنی کے تیسری سہ ماہی کے مالیاتی نتائج پیش کرتے ہیں جو کہ 31 مارچ، 2021 کو مکمل ہوئے ہیں

آرٹیکل نتائج

الحمد للہ زیر نظر مدت کے دوران آپ کی کہنی نے گزشتہ سال کی اسی مدت کے مقابلے میں کافی بہتر کارکردگی کا مظاہرہ کیا تھا۔ آپ کی کہنی نے گزشتہ سال کی اسی مدت کے دوران 2,415,222 ملین روپے کے مقابلے میں 2,679,613 ملین روپے کی خالص فروخت ریکارڈ کی ہے۔ ٹیکس کے بعد خالص منافع اسی مدت میں 137,814 ملین روپے رہا جو کہ پچھلے سال اسی مدت میں (26,989) ملین روپے کا نقصان تھا۔ کہنی کے خالص منافع میں اضافے کی وجہ فروخت میں اضافہ کیا جا سکتا ہے جو مناسب وقت پر سوت کی مناسب تعداد کو چلانے کے ذریعے حاصل ہوئی ہے۔ زیر جائزہ سال خالص مال کے لئے بہت مشکل ہے۔ مقامی کپاس کی فصل میں صرف 5,500 ملین گانٹھوں کی ہی توقع ہے۔ جو کہ مقامی فصلوں میں متواتر کی دکھاتی ہے جس سے منگنے و درآمد کے متبادل پر اٹھنا پڑتا ہے۔ چونکہ پوری دنیا میں روٹی کی قیمت بڑھ رہی ہے۔ مصنوعی ریشوں کی قیمت میں بھی پچھلے سال کے مقابلے میں قیمت میں زبردست اضافہ دیکھا گیا ہے۔ ان تمام عوامل کے باوجود ہماری کہنی خالص مال کی بروقت خریداری کی وجہ سے اچھی کارکردگی کا مظاہرہ کرنے میں کامیاب رہی۔

مستقبل کا نقطہ نظر

خطرے کا واحد عنصر خالص کپاس کی دستیابی ہے۔ کوویڈ کی وجہ سے بین الاقوامی مارکیٹ میں خالص کپاس کی قیمتیں سب سے زیادہ ہیں اور اس وقت ہم سال 2021-22 میں مقامی کپاس کی فصل کی مقدار کا اندازہ نہیں لگا سکتے۔ ٹیکسٹائل انڈسٹری کو متعلقہ حکام نے مطلع کیا ہے کہ قدرتی گیس کی فراہمی بند کر دی جائے گی اور پوری صنعت کو ڈسکو سے بجلی کی فراہمی میں منتقل کر دیا جائے گا۔ اس طرح ہماری بجلی کی لاگت میں فی کلوواٹ میں تقریباً 4 روپے اضافہ ہو جائے گا۔ آنے والے دنوں میں اس اضافے کا بہت بڑا مالی اثر پڑے گا۔ مزید برآں ڈسکو سے بجلی کی فراہمی کافی حد تک ناقابل اعتماد ہے اور گزشتہ سال میں اتار چڑھاؤ کافی پیداواری نقصان کا سبب بنا ہے۔ اس وقت سوت مارکیٹ بہت ہی ساڑھا رہے اور اگر منظر نامہ ایک ہی رہا تو ہم توقع کرتے ہیں کہ سال بہت اچھے نوٹ پر بند ہو جائے گا۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

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

کیٹیگری

بورڈ کی کیٹیگری تفصیل درج ذیل ہے۔

آؤٹ کمیٹی

جناب جمال نسیم	چیئرمین امبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر
محترمہ صدف کاشف	ممبر

ایچ آر اینڈ ریگولیشن کمیٹی

جناب جمال نسیم	چیئرمین امبر
جناب سامر اقبال سہگل	ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہدول سے منظر پر ہیں۔ ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کہنی اپنے ملازمین کو سراہتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔
مخانب و برائے بورڈ:

لاہور

30 اپریل، 2021

ڈائریکٹر

چیف ایگزیکٹو
Savitri Singh

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Note	March 31, 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
35,000,000 (June 30, 2020: 35,000,000) ordinary shares of Rs. 10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital		298,406,070	298,406,070
Surplus on revaluation of property, plant and equipment		56,815,912	57,755,154
Accumulated profit		343,342,016	204,588,957
TOTAL EQUITY		<u>698,563,998</u>	<u>560,750,181</u>
NON-CURRENT LIABILITIES			
Loan from directors and family members	6	265,884,966	265,884,966
Long term finances	7	128,879,871	237,430,692
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		89,823,752	84,313,128
Gas infrastructure development cess		5,811,198	-
Deferred grant	8	225,732	2,978,614
Deferred taxation		118,631,945	118,631,945
		<u>615,267,464</u>	<u>715,249,345</u>
CURRENT LIABILITIES			
Trade and other payables		321,601,334	408,177,418
Unclaimed dividend		485,351	485,351
Short term borrowings		569,221,750	675,711,452
Accrued interest		14,507,023	18,889,075
Current taxation		1,772,089	-
Current portion of non-current liabilities	9	78,867,043	49,973,521
		<u>986,454,590</u>	<u>1,153,236,817</u>
TOTAL LIABILITIES		<u>1,601,722,054</u>	<u>1,868,486,162</u>
CONTINGENCIES AND COMMITMENTS	10	<u>2,300,286,052</u>	<u>2,429,236,343</u>

The annexed notes 1 to 19 form an integral part of these interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



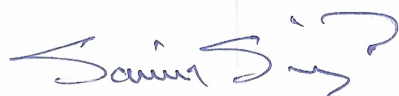
DIRECTOR

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Note	March 31, 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,134,761,324	1,143,274,680
Right-of-use assets	12	67,900,121	70,545,580
Long term deposits		26,085,661	26,085,661
		1,228,747,106	1,239,905,921
CURRENT ASSETS			
Stores, spares and loose tools		27,420,404	21,828,549
Stock in trade		770,706,426	855,709,830
Trade receivables		41,020,450	35,405,841
Advances, prepayments and other receivables		162,921,280	213,195,032
Current taxation		-	40,295
Cash and bank balances		69,470,386	63,150,875
		1,071,538,946	1,189,330,422
TOTAL ASSETS		2,300,286,052	2,429,236,343

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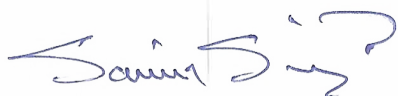
DIRECTOR

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Note	Nine months ended		Quarter ended	
		March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
Sales - net	13	2,679,613,479	2,415,222,292	921,646,496	814,525,558
Cost of sales	14	(2,401,380,846)	(2,288,342,684)	(795,469,496)	(776,504,260)
Gross profit		278,232,633	126,879,608	126,177,000	38,021,298
Selling and distribution expenses		(3,586,679)	(6,867,495)	(963,005)	(1,462,305)
Administrative and general expenses		(45,620,489)	(38,276,992)	(18,215,605)	(10,749,051)
Other income		(49,207,168) 3,256,445	(45,144,487) -	(19,178,610) 1,204,211	(12,211,356)
Operating profit		232,281,910	81,735,121	108,202,601	25,809,942
Finance cost		(54,273,892)	(78,534,138)	(15,136,091)	(28,194,158)
Profit/(loss) before taxation		178,008,018	3,200,983	93,066,510	(2,384,216)
Provision for taxation	15	(40,194,201)	(30,190,278)	(13,824,697)	(10,181,570)
Profit/(loss) after taxation		137,813,817	(26,989,295)	79,241,813	(12,565,786)
Earning/(loss) per share - basic and diluted		4.62	(0.90)	2.66	(0.42)

The annexed notes 1 to 19 form an integral part of these interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



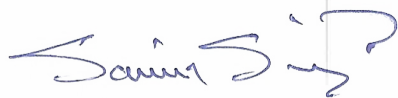
DIRECTOR

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees	Rupees	Rupees	Rupees
Other comprehensive income	-	-	-	-
Profit/(loss) after taxation	137,813,817	(26,989,295)	79,241,813	(12,565,786)
Total comprehensive income/(loss)	<u>137,813,817</u>	<u>(26,989,295)</u>	<u>79,241,813</u>	<u>(12,565,786)</u>

The annexed notes 1 to 19 form an integral part of these interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



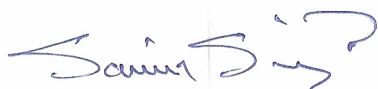
DIRECTOR

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	178,008,018	3,200,983
Adjustments for non-cash items		
Depreciation	43,888,641	45,131,087
Provision for employees retirement benefits	19,120,249	-
Interest/markup on borrowings	54,273,892	78,534,138
	117,282,782	123,665,225
Operating profit before changes in working capital	295,290,800	126,866,208
Changes in working capital		
Stores, spares and loose tools	(5,591,855)	2,995,640
Stock in trade	85,003,404	(184,312,460)
Trade receivables	(5,614,609)	92,969,511
Advances, prepayments and other receivables	50,273,752	(31,991,869)
Trade and other payables	(62,607,146)	71,161,966
	61,463,546	(49,177,212)
Net cash generated from/(used in) from operations	356,754,346	77,688,996
Payments for:		
Interest/markup on borrowings	(58,655,944)	(78,208,924)
Income tax	(38,381,817)	(13,387,718)
Employees retirement benefits	(13,609,625)	3,479,724
Net cash generated from/(used in) operating activities	246,106,960	(10,427,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33,822,312)	(6,208,314)
Proceeds from disposal of long term investments	-	18,918,490
Proceeds from disposal of property, plant and equipment	1,092,486	23,889
Net cash used in investing activities	(32,729,826)	12,734,065
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(93,612,352)	(36,735,787)
Repayment of lease liability	(6,955,569)	-
Net increase/(decrease) in short term borrowings	(106,489,702)	16,745,280
Net cash (used in)/generated from financing activities	(207,057,623)	(19,990,507)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,319,511	(17,684,364)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	63,150,875	157,038,198
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	69,470,386	139,353,834

The annexed notes 1 to 19 form an integral part of these interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

SARITOW SPINNING MILLS LIMITED


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Share capital	Capital reserves	Revenue reserves	Total
	Issued subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Accumulated profit	
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2019	298,406,070	58,691,100	264,534,174	621,631,344
Comprehensive loss				
loss after taxation	-	-	(26,989,295)	(26,989,295)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(26,989,295)	(26,989,295)
Incremental depreciation	-	(467,796)	467,796	-
Transaction with owners	-	-	-	-
Balance as at March 31, 2020	<u>298,406,070</u>	<u>58,223,304</u>	<u>238,012,675</u>	<u>594,642,049</u>
Balance as at April 01, 2020	298,406,070	58,223,304	238,012,675	594,642,049
Comprehensive income				
Profit after taxation	-	-	(31,215,066)	(31,215,066)
Other comprehensive loss	-	-	(2,676,802)	(2,676,802)
Total comprehensive income	-	-	(33,891,868)	(33,891,868)
Incremental depreciation	-	(468,150)	468,150	-
Transaction with owners	-	-	-	-
Balance as at June 30, 2020	<u>298,406,070</u>	<u>57,755,154</u>	<u>204,588,957</u>	<u>560,750,181</u>
Balance as at July 01, 2020	298,406,070	57,755,154	204,588,957	560,750,181
Comprehensive income				
Profit after taxation	-	-	137,813,817	137,813,817
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	137,813,817	137,813,817
Incremental depreciation	-	(939,242)	939,242	-
Transaction with owners	-	-	-	-
Balance as at March 31, 2021	<u>298,406,070</u>	<u>56,815,912</u>	<u>343,342,016</u>	<u>698,563,998</u>

The annexed notes 1 to 19 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

1 LEGAL STATUS AND OPERATIONS

Saritow Spinning Mills Limited [the Company] was incorporated in Pakistan on March 10, 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

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

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

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

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 April 30, 2021.

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

The following new and revised standards, interpretations and amendments are effective in the current year 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 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

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)
IFRS 17 - Insurance contracts (2017)	January 01, 2023
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
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020.	January 01, 2022
Amendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases).	January 01, 2021

Other than afore mentioned standards, interpretations and amendments, IABS 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 14 - Regulatory Deferral Accounts
IFRS 17 - Insurance contracts (2017)

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 have no 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 June 30, 2020.

6 LOAN FROM DIRECTORS AND FAMILY MEMBERS

This represents loan obtained from directors of the Company and their family members. The loan is unsecured.

The loan is subordinate to long term finances and short term borrowings of the Company. Accordingly the loan matures on March 31, 2021 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% per annum payable on maturity. The lenders may at their sole discretion waive the payment of interest. During the period/year, interest amounting to Rs. 20.28 million (June 30, 2020: Rs. 26.18 million) was waived by the lenders at their sole discretion.

	Note	March 31, 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
7 LONG TERM FINANCES			
From Banking companies			
As at beginning of the period/year		269,287,154	228,132,505
Obtained during the period/year		16,262,000	79,997,748
Accretion during the period/year		3,612,633	-
Repayments made during the period/year		(109,874,352)	(31,108,977)
Deferred grant recognised during the period/year		-	(7,734,122)
As at end of the period/year		179,287,435	269,287,154
Current maturity presented under current liabilities		(50,407,564)	(31,856,462)
		128,879,871	237,430,692
8 DEFERRED GRANT			
As at beginning of the period/year		7,734,122	-
Recognized during the period/year		-	7,734,122
Amortized during the period/year		(3,612,633)	-
As at end of the period/year		4,121,489	7,734,122
Current maturity presented under current liabilities		(3,895,757)	(4,755,508)
		225,732	2,978,614

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

9 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long term finances	7	50,407,564	31,856,462
Lease liability		6,405,982	13,361,551
Deferred grant	8	3,895,757	4,755,508
Gas infrastructure development cess		18,157,740	-
		78,867,043	49,973,521

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no change in status and amount of contingencies since June 30, 2020.

10.2 Commitments

	Note	March 31, 2021	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
10.2.1 Commitments under irrevocable letters of credit for import of:			
Purchase of raw material		237,654,574	172,610,696
Purchase of machinery, stores, spare and loose tools		41,507,199	15,345,638
		279,161,773	187,956,334

10.2.2 Commitments under operating leases:

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

	Note	March 31, 2021	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
- payments not later than one year		-	8,000,000
- payments later than one year		-	-
		-	8,000,000

11 PROPERTY, PLANT AND EQUIPMENT

Net book value at the beginning of the period/year		1,143,274,680	1,256,485,282
Additions during the period/year			
Office equipment		454,626	408,000
Plant and machinery		12,022,399	13,000,493
Vehicles		3,968,540	5,479,264
		16,445,565	18,887,757
Net book value of assets disposed during the period/year		(1,092,486)	(1,120,966)
Depreciation for the period/year		(41,243,182)	(60,431,813)
Transfer to right-of-use assets		-	(70,545,580)
Capital work in progress		17,376,747	-
Net book value at the end of the period/year		1,134,761,324	1,143,274,680

12 RIGHT-OF-USE ASSETS

Net book value at the beginning of the period/year		70,545,580	-
Depreciation for the period/year		(2,645,459)	-
Transfer from property, plant and equipment		-	70,545,580
Net book value at the end of the period/year		67,900,121	70,545,580

	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees	Rupees	Rupees	Rupees
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
13 SALES - NET					
Yarn		2,652,494,477	2,358,106,800	913,325,883	786,462,249
Waste		27,119,002	57,115,492	8,320,613	28,063,309
		2,679,613,479	2,415,222,292	921,646,496	814,525,558

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

Note	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees	Rupees	Rupees	Rupees
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
14 COST OF GOODS SOLD				
Raw material consumed	1,606,547,476	1,709,862,015	552,554,288	499,183,279
Stores, spares and loose tools consumed	80,669,654	77,174,395	25,452,026	22,365,411
Salaries, wages and benefits	256,744,292	247,003,478	85,587,096	86,867,783
Insurance	2,891,738	3,236,244	634,665	1,113,252
Repair and maintenance	26,199,222	20,184,049	9,649,064	7,405,644
Depreciation	41,433,768	45,131,085	13,835,714	16,543,754
Other manufacturing overheads	352,830,473	381,780,864	114,357,855	134,596,313
	2,367,316,623	2,484,372,130	802,070,708	768,075,436
Work in process				
as at beginning of the period	52,754,805	41,852,207	45,470,785	48,293,266
as at end of the period	(44,237,225)	(50,190,166)	(44,237,225)	(50,190,166)
	8,517,580	(8,337,959)	1,233,560	(1,896,900)
Cost of goods manufactured	2,375,834,203	2,476,034,171	803,304,268	766,178,536
Finished goods				
as at beginning of the period	207,853,345	75,281,067	174,471,930	273,298,278
as at end of the period	(182,306,702)	(262,972,554)	(182,306,702)	(262,972,554)
	25,546,643	(187,691,487)	(7,834,772)	10,325,724
	2,401,380,846	2,288,342,684	795,469,496	776,504,260
15 TAXATION				
Provision for taxation				
Current taxation	15.1	(40,194,201)	(30,190,278)	(13,824,697)
Deferred taxation	15.2	-	-	-
		(40,194,201)	(30,190,278)	(13,824,697)

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

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 and sponsors, directors and their family members. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Kohinoor Power Company Limited	Associated company	Common directorship	0.000%
Samir Iqbal Saigol	Key management personnel	Chief Executive Officer	0.004%
Naseem Saigol	Key management personnel	Chairman/Director	27.270%
M. Azam Saigol	Key management personnel	Director(late)	0.000%
M. Murad Saigol	Key management personnel	Director	8.370%
M. Zeid Yousuf Saigol	Key management personnel	Director	8.390%
Mr. Jamal Naseem	NIT Nominee	Director (Indipandent)	0.000%
Mrs. Sadaf Kashif	Key management personnel	Director	0.002%
Amber Haroon Saigol	Close family member of director	Spouse of director	16.930%

Transactions with directors and their family members are limited to provision of long term and temporary short term loans to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction. Details of transactions and balances with related parties are as follows:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

		Nine months ended	
		March 31, 2021	March 31, 2020
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
16.1	Transactions with related parties		
	Nature of relationship	Nature of transaction	
	Key management personnel	Short term employee benefits	4,950,000
		Post employment benefits	4,210,000
			550,000
	Associated company	Generator rent	465,000
			9,000,000
			9,000,000
		March 31, 2021	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)

16.2 Balances with related parties

Nature of relationship	Nature of balance	March 31, 2021	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
Directors and their family members	Long term loans	265,884,966	265,884,966
	Short term borrowing	102,000,000	102,000,000
Kohinoor Power Company Ltd	Generator Rent	7,156,978	5,215,909

17 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.

18 RECOVERABLE AMOUNTS AND IMPAIRMENT

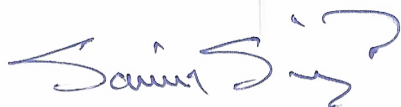
As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

19 GENERAL

19.1 There are no other significant activities since June 30, 2020 affecting the interim financial statements.

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

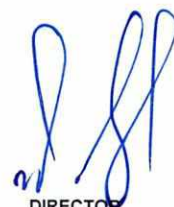
19.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR