



**Interim Financial Report  
for the quarter ended  
September 30, 2017**



Saritow Spinning Mills Limited



## **CONTENTS**

<b>Company Information .....</b>	<b>2</b>
<b>Directors' Report .....</b>	<b>3</b>
<b>Condensed Interim Balance Sheet .....</b>	<b>5</b>
<b>Condensed Interim Profit and Loss Account .....</b>	<b>6</b>
<b>Condensed Interim Statement of Other Comprehensive Income.....</b>	<b>7</b>
<b>Condensed Interim Cash Flow Statement .....</b>	<b>8</b>
<b>Condensed Interim Statement of Changes in Equity .....</b>	<b>9</b>
<b>Notes to and forming part of Condensed Interim Financial Information .....</b>	<b>10</b>

## *Company Information*

### **BOARD OF DIRECTORS**

Mr. M. Azam Saigol	Chief Executive
Mr. M. Naseem Saigol	
Mr. M. Zeid Yousuf Saigol	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Omer Farooq	
Mr. Samir Iqbal Saigol	
Mr. Syed Haroon Rashid	NIT Nominee

### **AUDIT COMMITTEE**

Mr. Syed Haroon Rashid	Chairman/Member
Mr. M. Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member

### **HR & REMUNERATION COMMITTEE**

Mr. Syed Haroon Rashid	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 Sarfraz 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

### **SHARES REGISTRAR**

M/s. CORPLINK (PVT) LTD.  
Wings Arcade, 1-K Commercial, Model Town, Lahore.  
Tel: 042-35839182, 35887262, 35916719  
Fax: 042-35869037

### **REGISTERED OFFICE**

17-Aziz Avenue, Canal Bank,  
Gulberg-V, Lahore.  
Tel: 042-35717364-65, 35718274-75  
Fax: 042-35715105  
E-mail: shares@saigols.com

### **MILLS**

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

## Directors' Report

The Directors of M/s Saritow Spinning Mills Limited are please to present Financial Results for the 1st quarter ended September 30, 2017 along with director report thereon.

Financial High Lights	Quarter ending September 30, 2017 <i>Rupees in Million</i>	Quarter ending September 30, 2016 <i>Rupees in Million</i>
Net Sales	<b>673.380</b>	784.637
Gross Profit	<b>32.633</b>	39.611
After Tax Profit / (Loss)	<b>0.806</b>	10.544
Gross Profit Ratio to Sales	<b>4.85%</b>	5.05%
After Tax Profit Ratio to Sales	<b>0.12%</b>	1.34%

### Operating Financial Results

During the period under review your Company had achieved net sales of Rs. 673.380 million as compared to Rs. 784.636 million during same period last year. Net profit after tax for the year is Rs. 0.806 million as against profit of Rs.10.544 million in corresponding period last year.

The arrival of current year cotton crop started from the month of July and it took time to gain momentum. Phutti arrival picked up from the start of September 2017, till that time everybody was cautiously buying cotton due to different news prevailing about the size of crop. This cautious approach resulted in slow down of the overall activity in textile market and ultimately resulted in lower turnover and lower net profits for the period under review.

### Future Outlook

Alhamdulillah estimate for running year crop is very good and it is expected that 13 million bales will be harvested locally, further, cotton crop all over the globe is very good. We hope that raw material will remain available at competitive prices throughout the year Hope fully yarn prices will remain stable and our company will be able perform better during the current year.

For and on behalf of the Board

Lahore : October 30, 2017

Chief Executive

## ڈائیریکٹرز رپورٹ

سارینو سٹینگ ملز لمیٹڈ کے ڈائیریکٹرز بڑی مسرت کے ساتھ کمپنی کے رواں تین ماہ کے مالیاتی نتائج پیش کرتے ہیں جو کہ 30 ستمبر، 2017 کو مکمل ہو رہا ہے

## آپریٹل نتائج

زیر نظر مدت کے دوران الحمد للہ آپ کی کمپنی کی تمام اشیاء کی فروخت 673.380 ملین روپے رہی، اس کے مقابلے میں پچھلے اس عرصے کے دوران تمام مصنوعات کی فروخت 784.637 ملین روپے تھی۔ زیر نظر عرصہ میں آپ کی کمپنی نے 0.806 ملین روپے کا خالص منافع کمایا ہے جو گذشتہ سال 10.544 ملین روپے تھا

رواں سال کی کاٹن کی فصل کی پیداوار اس سال ماہ جولائی سے شروع ہوئی اور اس کو بھر پور پیداوار حاصل کرنے میں کچھ وقت لگا۔ کپاس کی منڈیوں میں بھر پور آمد ماہ ستمبر کے اوائل میں شروع ہوئی، اس وقت تک ہر کوئی کپاس کی پیداوار کے مختلف تخمینوں کی وجہ سے بڑی احتیاط کے ساتھ خریداری کرتا رہا۔ اس احتیاط کی وجہ سے مارکیٹ میں کاروبار بہت سست روی کا شکار ہو گیا۔ جس کی وجہ سے ہماری مصنوعات کی فروخت کم ہوئی اور نتیجتاً ہماری کمپنی کا خالص نفع بھی کم ہو گیا۔

## مستقبل کا نقطہ نظر

الحمد للہ رواں مالی سال کے لئے کپاس کی پیداوار کا تخمینہ بہت اچھا ہے اور امید کی جاتی ہے کہ رواں مالی سال میں کپاس کی پیداوار 13 ملین گاٹھیں ہوگی۔

علاوہ ازیں ساری دنیا میں کپاس کی پیداوار بہت اچھی ہے۔ ہم امید کرتے ہیں کہ خام مال سارا سال اچھی قیمت پر دستیاب رہے گا۔ ہم پُر امید ہیں کہ دھاگے کی قیمتیں مستحکم رہیں گی جس کی وجہ سے ہماری کمپنی رواں مالی سال میں بہتر کارکردگی کا مظاہرہ کرے گی۔ ہم بورڈ آف ڈائیریکٹرز کی جانب سے اپنے تمام کسٹمرز حضرات اور شیئر ہولڈرز کا شکریہ ادا کرتے ہیں اور ساتھ ہی کمپنی کے اہداف کو پورا کرنے کے لئے اپنے تمام ملازمین کی ان تھک محنت کو بھی سہراتے ہیں۔

بورڈ آف ڈائیریکٹرز کی جانب سے

میاں محمد اعظم سہگل

چیف ایگزیکٹو

لاہور 30 اکتوبر، 2017

## Condensed Interim Balance Sheet

as at September 30, 2017

	Note	September 30, 2017	June 30, 2017
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	4	298,406,070	298,406,070
Accumulated Profit		231,706,224	231,050,224
		530,112,294	529,456,294
<b>Surplus on revaluation of property, plant and equipment</b>		28,160,498	28,010,984
<b>Non-current liabilities</b>			
Loan from directors and family members - <i>unsecured, subordinate</i>		265,884,966	265,884,966
Long term finances - <i>Secured</i>		176,654,021	201,890,309
Liabilities against assets subject to finance lease - <i>Secured</i>		4,837,842	5,388,691
Long term deposits - <i>Unsecured</i>		8,000,000	8,000,000
Employees retirement benefits		60,233,231	59,307,597
Deferred taxation		152,949,760	152,949,760
		668,559,820	693,421,323
<b>Current liabilities</b>			
Trade and other payables		304,098,435	265,130,765
Accrued interest/mark-up		12,533,317	15,689,287
Short term borrowings - <i>Secured</i>		490,434,197	528,125,313
Current portion of non-current liabilities		111,303,588	115,368,415
		918,369,537	924,313,780
<b>Contingencies and commitments</b>	5	-	-
		2,145,202,149	2,175,202,381
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,299,709,307	1,315,578,169
Long term deposits		22,674,506	22,674,506
		1,322,383,813	1,338,252,675
<b>Current assets</b>			
Stores, spares and loose tools		20,078,960	19,540,628
Stock in trade		552,926,077	547,688,255
Trade receivables		96,387,080	98,890,257
Advances, deposits, prepayments and other receivables		72,339,196	83,354,832
Current taxation		66,583,025	63,946,040
Cash and bank balances		14,503,998	23,529,694
		822,818,336	836,949,706
		2,145,202,149	2,175,202,381

The annexed notes 1 to 12 form an integral part of this interim financial information.

**Condensed Interim Profit and Loss Account (Un-audited)**  
for the Quarter ended September 30, 2017

	Note	Quarter ended	
		September 30, 2017	September 30, 2016
		Rupees (Un-Audited)	Rupees (Un-Audited)
<b>Turnover - net</b>	7	673,380,047	784,636,579
Cost of sales	8	640,746,980	745,025,447
<b>Gross profit</b>		32,633,067	39,611,132
Selling and distribution expenses		655,799	1,917,909
Administrative and general expenses		13,414,653	11,712,232
		14,070,452	13,630,141
		18,562,615	25,980,991
Other operating income/(loss)		-	-
<b>Operating profit</b>		18,562,615	25,980,991
Finance cost		17,757,101	15,436,784
Other charges		-	-
		17,757,101	15,436,784
<b>Profit/(Loss) before taxation</b>		805,514	10,544,207
Taxation	9	-	-
<b>Profit/(Loss) after taxation</b>		805,514	10,544,207
<b>Earnings per share - basic and diluted</b>		0.05	0.64

The annexed notes 1 to 12 form an integral part of this interim financial information.

***Condensed Interim Statement of Comprehensive Income (Un-audited)***  
***for the Quarter ended September 30, 2017***

	Quarter ended	
	September 30, 2017	September 30, 2016
	<i>Rupees</i>	<i>Rupees</i>
	(Un-Audited)	(Un-Audited)
Incremental depreciation	(213,592)	(224,836)
<b>Other comprehensive income before taxation</b>	<b>(213,592)</b>	<b>(224,836)</b>
Taxation	(64,078)	(69,699)
<b>Other comprehensive income/(loss) after taxation</b>	<b>(149,514)</b>	<b>(155,137)</b>
<b>Profit/(Loss) after taxation</b>	<b>805,514</b>	10,544,207
<b>Total comprehensive income/(loss)</b>	<b>656,000</b>	10,389,070

*The annexed notes 1 to 12 form an integral part of this interim financial information.*

## Condensed Interim Cash Flow Statement (Un-audited)

for the Quarter ended September 30, 2017

	Quarter ended	
	September 30, 2017	September 30, 2016
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	805,514	10,544,207
Adjustments for non-cash items	38,839,057	36,998,481
<b>Operating profit before changes in working capital</b>	<b>39,644,571</b>	<b>47,542,688</b>
Changes in working capital	46,710,329	26,573,369
<b>Cash used in operations</b>	<b>86,354,900</b>	<b>74,116,057</b>
<b>Payments for:</b>		
Interest / mark-up	(20,913,071)	(17,871,240)
Employees retirement benefits	(4,287,460)	(3,207,644)
Income tax	(2,636,985)	(4,044,447)
	(27,837,516)	(25,123,331)
<b>Net cash used in operating activities</b>	<b>58,517,384</b>	<b>48,992,726</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	-	(377,800)
Proceeds from disposal of assets	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(377,800)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(29,301,115)	(6,400,000)
Liabilities against assets subject to finance lease - Secured	(550,849)	(4,117,647)
Net increase in short term borrowings	(37,691,116)	(33,153,079)
<b>Net cash flow from financing activities</b>	<b>(67,543,080)</b>	<b>(43,670,726)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,025,696)</b>	<b>4,944,200</b>
<b>Cash and cash equivalents as at beginning of the period</b>	<b>23,529,694</b>	<b>12,185,090</b>
<b>Cash and cash equivalents as at end of the period</b>	<b>14,503,998</b>	<b>17,129,290</b>

The annexed notes 1 to 12 form an integral part of this interim financial information.

***Condensed Interim Statement of Changes in Equity  
for the Quarter ended September 30, 2017***

	<b>Issued subscribed and paid-up capital</b>	<b>Accumulated (losses)/profit</b>	<b>Total</b>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
As at July 1, 2016	298,406,070	218,554,426	516,960,496
Profit after taxation for the year ended 30 June, 2017	-	13,779,334	13,779,334
Other comprehensive loss for the year ended 30 June, 2017	-	(1,283,536)	(1,283,536)
As at June 30, 2017	<u>298,406,070</u>	<u>231,050,224</u>	<u>529,456,294</u>
Profit / (Loss) for the Quarter ended September 30, 2017	-	805,514	805,514
Other comprehensive income for the Quarter ended September 30, 2017	-	(149,514)	(149,514)
<b>As at September 30, 2017</b>	<u><u>298,406,070</u></u>	<u><u>231,706,224</u></u>	<u><u>530,112,294</u></u>

*The annexed notes 1 to 12 form an integral part of this interim financial information.*

## Notes to the Condensed Interim Financial Information (Un-audited) for the Quarter ended September 30, 2017

### 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. 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, 2017.

#### 2.1 Statement of compliance

This condensed interim financial report of the Company for the Quarter ended September 30, 2017 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.

### 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, 2017.
- 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.

	September 30, 2017	June 30, 2017
	<i>Rupees</i>	<i>Rupees</i>
<b>4 ISSUED,SUBSCRIBED AND PAID-UP CAPITAL</b>		
Ordinary shares of Rs. 10 each:		
13,275,000 (June 30, 2016: 13,275,000) ordinary shares issued for cash	132,750,000	132,750,000
16,565,607 (June 30, 2016: 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>

### 5 CONTINGENCIES AND COMMITMENTS

#### Contingencies

There is no change in status and amount of contingencies since June 30, 2017.

**Notes to the Condensed Interim Financial Information (Un-audited)**  
for the Quarter ended September 30, 2017

<i>Note</i>	<b>September 30, 2017</b>	June 30, 2017
	<i>Rupees</i>	<i>Rupees</i>
<b>Commitments</b>		
Payments under irrevocable letters of credit for import of:		
Stores and spare	8,429,806	469,875
Raw material	32,063,818	47,923,004
	<u>40,493,624</u>	<u>48,392,879</u>

**6 PROPERTY, PLANT AND EQUIPMENT**

Net book value as at beginning of the period		1,315,578,169	1,356,543,840
Additions during the period	6.1	-	27,536,280
Net book value of assets disposed during the period	6.1	-	(1,825,492)
Depreciation charged during the period		(15,868,862)	(66,676,459)
Operating fixed assets at the end of the period		<u>1,299,709,307</u>	<u>1,315,578,169</u>
<b>Capital work in progress</b>			
Book value as at beginning of the period		-	4,386,240
Additions during the period		-	23,080,040
Transfer during the year		-	(27,466,280)
Book value at the end of the period		-	-
		<u>1,299,709,307</u>	<u>1,315,578,169</u>

**6.1 Additions and disposals**

	September 30, 2017		June 30, 2017	
	Additions <i>Rupees</i>	Disposals <i>Rupees</i>	Additions <i>Rupees</i>	Disposals <i>Rupees</i>
Building on freehold land	-	-	6,030,627	-
Plant and machinery	-	-	21,435,653	-
Vehicles	-	-	70,000	(1,825,492)
	-	-	<u>27,536,280</u>	<u>(1,825,492)</u>

	Quarter ended	
	September 30, 2017	September 30, 2016
	<i>Rupees</i>	<i>Rupees</i>
	(Un-Audited)	(Un-Audited)

**7 TURNOVER - NET**

Yarn	660,073,947	776,848,994
Waste	13,306,100	7,787,585
	<u>673,380,047</u>	<u>784,636,579</u>

## Notes to the Condensed Interim Financial Information (Un-audited) for the Quarter ended September 30, 2017

	Quarter ended	
	September 30, 2017	September 30, 2016
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
<b>8 COST OF SALES</b>		
Raw material consumed	498,069,207	495,756,329
Stores, spares and loose tools consumed	21,379,430	17,877,773
Power and fuel	86,318,442	96,826,354
Salaries, wages and benefits	74,006,840	72,476,603
Insurance	777,304	732,524
Repair and maintenance	2,707,045	3,795,739
Depreciation	15,868,862	16,610,742
Vehicle running and maintenance	646,783	414,259
Other manufacturing overheads	439,698	411,908
	<b>700,213,611</b>	<b>704,902,231</b>
Work in process		
Opening stock	38,534,085	28,898,614
Closing stock	(31,824,012)	(31,112,294)
	<b>6,710,073</b>	<b>(2,213,680)</b>
Cost of goods manufactured	<b>706,923,684</b>	<b>702,688,551</b>
Finished goods		
Opening stock	63,355,593	136,780,349
Closing stock	(129,532,297)	(94,443,453)
	<b>(66,176,704)</b>	<b>42,336,896</b>
	<b>640,746,980</b>	<b>745,025,447</b>

### 9 TAXATION

9.1 Provision for taxation has been made under section 113 (2014; section 113) of the Income Tax Ordinance, 2001 ("the Ordinance"). Due to availability of tax credits in access of provision, the provision for current tax amounting to Rs. 6.734 million has been reduced to nil.

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 sponsor directors and their family members, associated companies and key management personnel. 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.

### 11 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2017 by the Board of Directors of the Company

### 12 GENERAL

Figures have been rounded off to the nearest rupee.

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If Undelivered Please Return to:  
**SARITOW SPINNING MILLS LIMITED**  
17-Aziz Avenue, Canal Bank, Gulberg - V, Lahore.  
Tel: 042 - 35717364-65